



ADVICECUBE

Bahrain Education Sector Report

August 2022

Table of contents

Market Outlook	3
KEY GROWTH DRIVERS	4
CHALLENGES	4
TRENDS	5
GOVERNMENT SPENDING	5
Market Structure and Regulatory Environment	6
PRIVATE EDUCATION INSTITUTES IN BAHRAIN (2015 – 2019):	6
NUMBER OF SCHOOLS IN BAHRAIN (2015 – 2019):	7
Pre-Primary Schools	7
STUDENT ENROLMENTS AND ENROLMENT RATIO	7
TEACHERS STATISTICS	8
MARKET SIZE AND ESTIMATES	8
RECENT DEVELOPMENTS IN THE PRE-PRIMARY SEGMENT:	8
PIPELINE OF PRE-PRIMARY SCHOOLS	8
Primary and Secondary Schools	9
STUDENT ENROLMENTS AND ENROLMENT RATIO	9
TEACHERS STATISTICS	10
MARKET SIZE AND ESTIMATES	11
PRIVATE SCHOOLS' PIPELINE:	11
TOP PLAYERS IN THE K12 MARKET	12
PEST Analysis	13
Investment Opportunity	13
Recent M&A Deals	14

Market Outlook

Despite its magnitude and smaller population compared to its neighboring nations, Bahrain boasts the region's largest established education system and one of the highest literacy rates in the GCC region.¹

Student enrolment in private schools is growing at an estimated 6% rate, which has been caused by several factors such as the quality of education provided in the private sector, as well as the increase in the population of expats. Moreover, Bahrain is poised to become the regional hub for private sector education.

Over 60% of students have made their way to Bahrain from the GCC for education and training purposes, which is particularly due to Bahrain's strategic development in education relative to their GCC counterparts.²

Moreover, the private education sector accounts for 3% of the Real GDP and experienced a 2.5% Real GDP Growth for the period 2020-21, despite being halted by the disruptions caused by the Covid-19 pandemic. The recovery indicates a normalization across the majority of the sectors.³

In addition, Bahrain's Economic Vision 2030 comprises various strategies, one of which includes private education as a priority. The strategies compiled would enable the nation to grow over the next decade or so. Moreover, the country is making strides in improving the development of teachers, and the education standards across all segments, as well as limiting the reliance on expatriate talent by cultivating the local talent accessible.⁴

Our report revolves predominantly over the **K-12 segment** (pre-primary to secondary) which has been the fastest growing segment, as student enrolments have increased by 47% from 2013 to 2020, averaging 7.2% increase per annum.⁵ Additionally, the K-12 segment was valued at \$400 million in 2017 and has the potential to expand to \$700 million by 2023, according to Boston Consulting Group (BCG).⁶

¹ **Source:** Alpen Capital – 2021 Education Sector Report

² **Source:** EDB – Invest in Education

³ **Source:** Tamkeen – 2021 Private Education Sector Report)

⁴ **Source:** Oxford Business Group

⁵ **Source:** EDB – Invest in Education

⁶ **Source:** Zawya

Key Growth Drivers

- **Rising Population:** A key driver of demand in the education sector is the rising population since its projected to increase by approximately 25 per cent to over 2 million by 2030. ⁷
- **Increase of Private School Enrolments:** The private sector enrolment increased over the years and the demand for it continues to grow due to added benefits of attaining higher quality education and career opportunities. As of 2020, 85% of Bahrain's population has attained a high school education, the largest in the GCC.⁸
- **Government Support:** In 2021, The Ministry of Education were in the process of a project which included aims to invest in 18 new schools, and 23 new buildings and renovate about 65 schools over the next few years, at a multi-million-dinar budget. ⁹ Bahrain's education has been listed as a top priority by the Government as the 2030 vision consists of various strategies, such as integrating technology into day-to-day operations, which is anticipated to be done by providing the finest technological infrastructure for schools.

Challenges

- **Shortage of Nationally Skilled Teachers:** Bahraini nationals make up only 30% of the workforce in the private education sector, which is ranked 7th in 18 of the sectors in the Kingdom. Reliance on expatriate talent is a shortcoming for the industry as the growth of the sector is restricted and remains to be unsustainable. ¹⁰
- **Lack of qualified teachers in the pre-primary segment:** Just above 50% of teachers in the pre-primary sector have obtained the minimum required qualifications, a segment in which Bahrain disappoints compared to other GCC countries.¹¹
- **Consumers pursuing higher education abroad:** A trend observed is local students traveling primarily to the U.S or to countries in Europe to complete their higher education, however returning to Bahrain in search of a job. Moreover, expatriates also complete their higher education in their home country with the main factor being affordability. The following challenges cause lower enrolment across the tertiary segment and imply a lack of options for the tertiary segment

⁷ Source: EDB - Invest in Education

⁸ Source: EDB – The future of Education Part 1

⁹ Source: Zawya – Budget Allocated for Building 18 schools in Bahrain

¹⁰ Source: Tamkeen – Private Healthcare Sector Report 2021

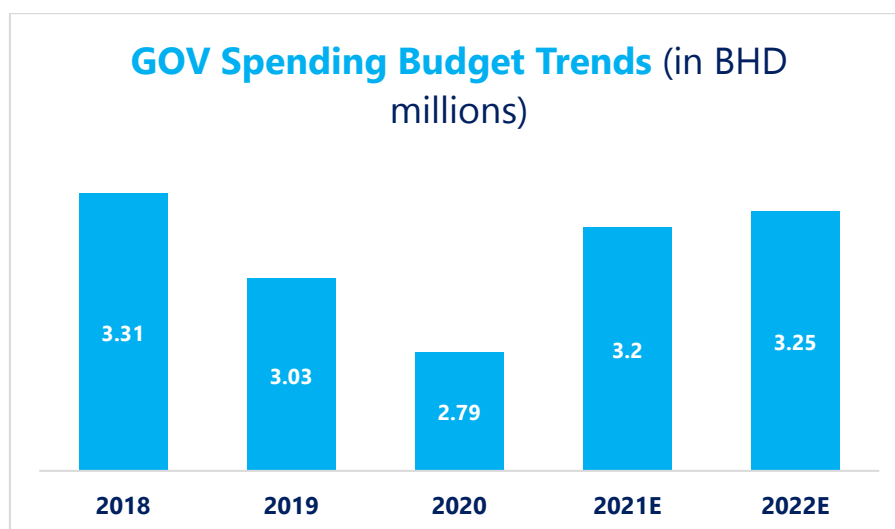
¹¹ Source: Ministry of Education

Trends

- **Digital Transformation:** Pandemic preparedness had accelerated institutes across all segments to integrate digital transformation into their day-to-day operations, such as shifting to distance learning as well as providing students options to apply to schools/universities through individual websites. The growth of technological capabilities has provided a hybrid option for students which was quite the norm as soon as the pandemic situation became normalized. Moreover, institutes across all segments have been offering courses online as the method had gained popularity over the course of the past two years.¹²
- **Encouragement of Private Public Partnerships (“PPP”):** As the Government’s budget expenditure has become stringent due to the Covid-19 crisis, the nation has recognized private institutes’ to be the key to yielding economic prosperity to the education sector. This opens up the opportunity for foreign investment in the private sector and a rise for “PPP”.¹³

Government Spending

- **Spending Relative to GDP:** Government expenditure relative to GDP is at **2.2%** as of 2020, which is quite low when compared to neighboring developed countries such as UAE and KSA which have GDPs was **3.9%** and **7.8** respectively¹⁴.
- **Budget Expenditure:** For the year 2022, the Ministry of Education has allotted a budget worth 325,526,000 BHD, which represents 9.9% of the total budget for all sectors. The allotted budget is higher as compared to the previous three years, which highlights the growing support of the government for the education sector¹⁵.



Source: Ministry of Education, UNESCO

**E = Estimated*

¹² **Source:** Tamkeen – Private Healthcare Sector Report 2021

¹³ **Source:** Alpen Capital – 2021 Education Sector Report

¹⁴ **Source:** UNESCO – Bahrain Page

¹⁵ **Source:** Ministry of Education (Bahrain)

Market Structure and Regulatory Environment

Bahrain's education market is divided into five different segments, which are Pre-Primary, Primary, Secondary, Tertiary, and Vocational / Educational.

The pre-primary segment is offered only by the private sector for children aged typically from 3-5 years old and is regulated by the Ministry of Social Development and Ministry of Education. Whereas the primary and secondary segment is regulated by the Ministry of Education and includes public and private schools. The tertiary segment includes Universities which is regulated by the Higher Education and Council (HEC). Finally, Vocational Education does not have a regulatory body and belongs in the private sector.

Private Education Institutes in Bahrain (2015 – 2019):

Educational Segments	No of institutes- 2015	No of Institutes - 2019
Pre-Primary Schools	151	201
Primary and Secondary Schools	74	70
Tertiary Segment	9	12
Total	234	283

Source: Ministry of Education, BQA

**Pre-Primary segment includes nurseries and kindergartens*

**Public universities: University of Bahrain, Bahrain Polytechnic are excluded.*

In terms of size, the pre-primary schools remain the biggest, whereas there are plenty of primary and secondary schools in Bahrain. Moreover, the pre-primary segment is the fastest growing segment and has plenty of room for growth, as entries are made by new schools that provide a different kind of curriculum and teaching methods such as the American School of Bahrain and Quest International School.¹⁶ Pre-Primary schools have increased by 33.1% from 2015 to 2019.

Two private universities were launched between the period 2015-2019, which are American University of Bahrain (AUBH) and The British University of Bahrain (BUB).

AUBH is an American-styled university that mirrors the standards of education provided in the United States of America. AUBH was established in 2018 and provides undergraduate degrees spanning Business Management, Engineering, and Media & Design.¹⁷

¹⁶ **Source:** EDB – Invest in Education

¹⁷ **Source:** American University of Bahrain

BUB opened its entrants for students in 2019 and is affiliated with the University of Salford, Manchester. The University provides numerous undergraduate courses ranging from Business, Engineering, and ICT.¹⁸

Number of Schools in Bahrain (2015 – 2019):

Educational Institution	No of schools - 2015	No of schools - 2019
Public Institutes	207	210
Private Institutes	225	271
Total	432	481

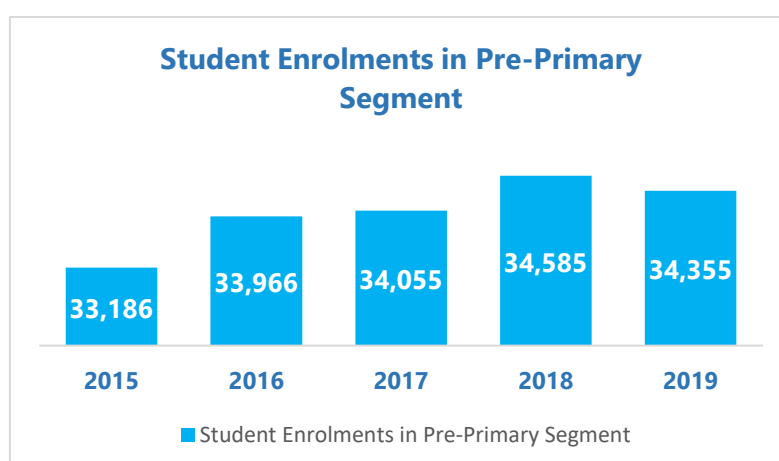
Source: Ministry of Education – Bahrain

**Private Institutes includes kindergarten and nurseries*

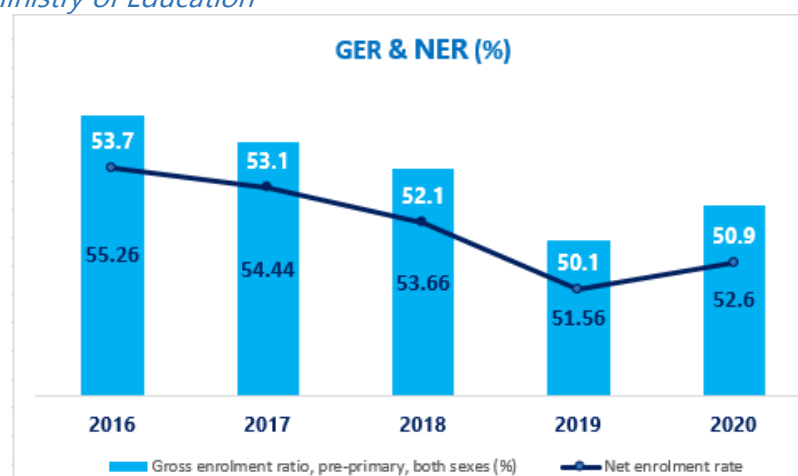
Over the 5 years, the total number of schools has progressively increased by 11.3%, with the private schools witnessing a sharper increase compared to public schools.

Pre-Primary Schools

Student Enrolments and Enrolment Ratio



Source: Ministry of Education

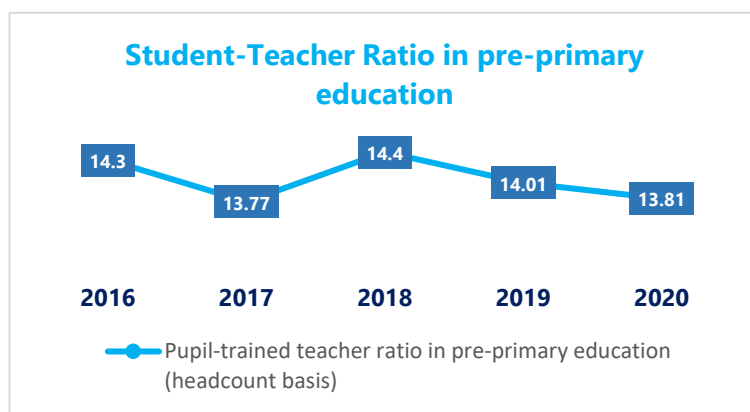


Source: UNESCO

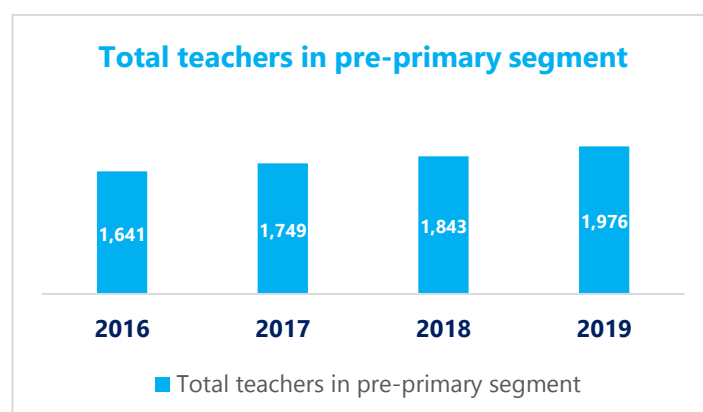
¹⁸ **Source:** British University of Bahrain

The Gross Enrolment Ratio in the preschool segment has gradually picked up the pace despite a decline in the previous year and has the potential to grow due to favorable dynamics such as the new developments of pre-schools, growing demand and Bahrain's forecasted increase of population.

Teachers Statistics



Source: UNESCO



Source: Ministry of Education

The sector suffers a shortage of teachers despite an increase in teachers over the rate of **20.4%** over the years 2016-2019.

Market Size and Estimates

According to Gulf Finance House, enrolments in the pre-primary segment are projected to exceed 42,000 enrolments by the end of 2023. The segment is expected to grow at a CAGR of 4% from the period 2018-23. Moreover, the Gross Enrolment Ratio is expected to improve to 59.2% in 2023 from 52.6% in 2019.¹⁹

Recent Developments in the pre-primary segment:

School	Location	Launch
*Quest International School	Budaiya	2019
*American School Bahrain	Riffa	2020

**Pre-primary and primary school*

Pipeline of pre-primary schools

School	Location	Launch
*Al Redha Kindergarten	N/A	Undisclosed
*Al Wisam Kindergarten	N/A	Undisclosed

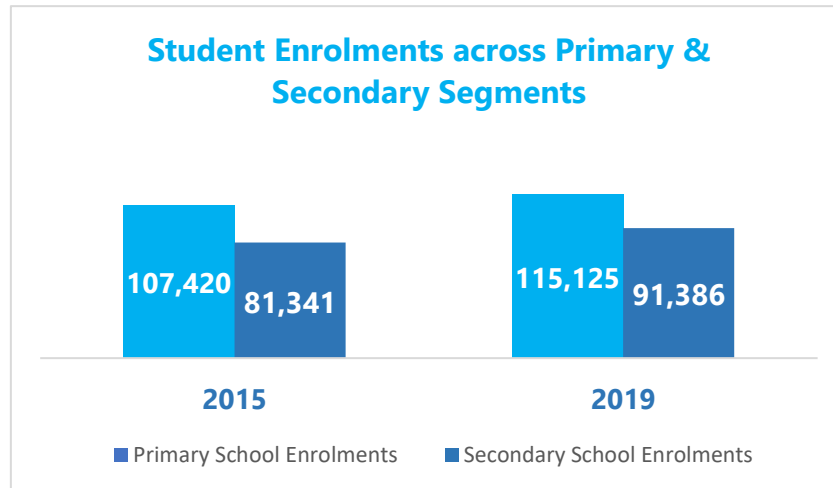
¹⁹ Source: Gulf Finance House – 2020 Education Sector Report

Source: Zawya

**Press release mentioned approval for kindergartens*

Primary and Secondary Schools

Student Enrolments and Enrolment Ratio

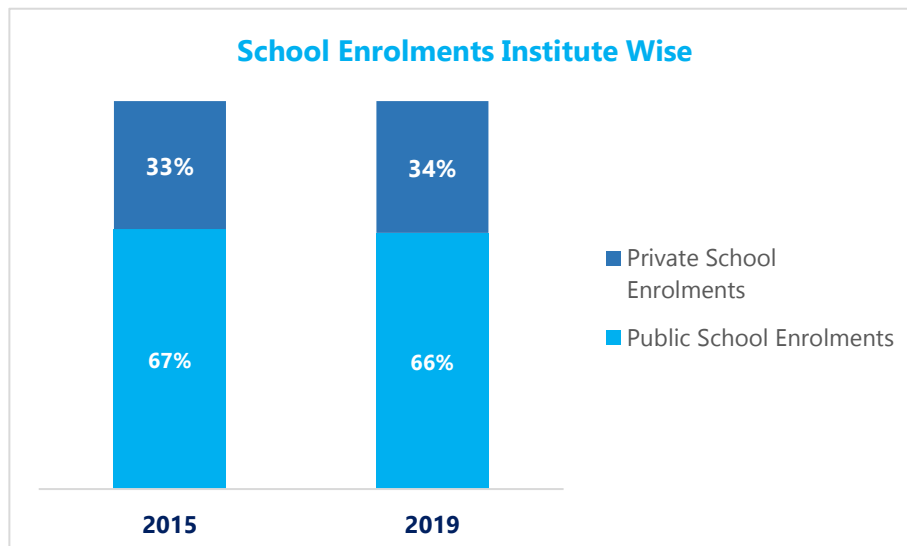


Source: Ministry of Education

**Secondary Education includes intermediate level and across public and private sectors*

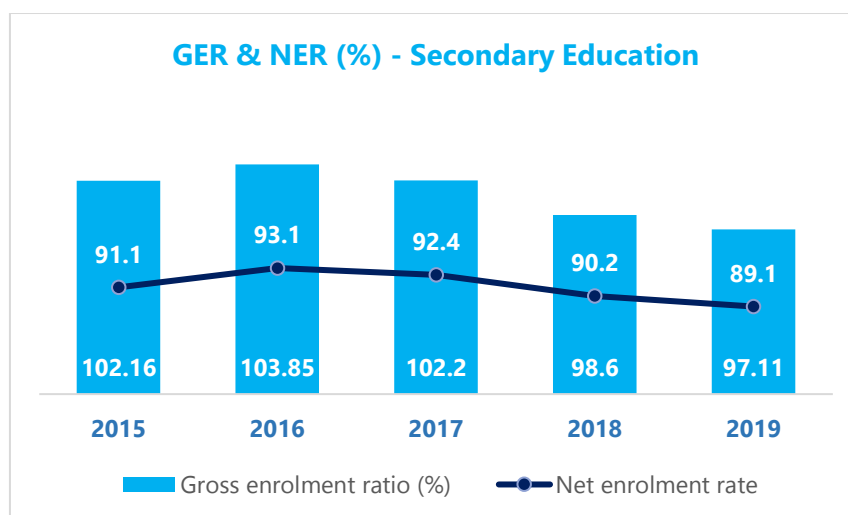
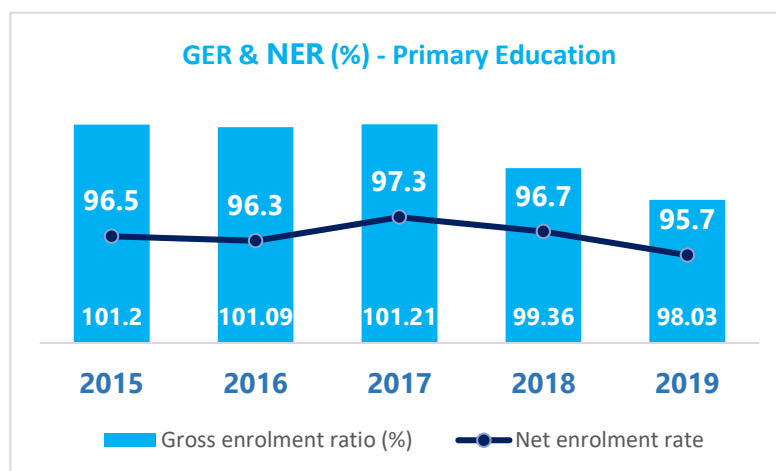
**Numbers cover private and public schools*

Enrolments across primary and secondary have increased particularly due to the rising population in addition enrolling into schools have become compulsory for children ages 6-14. Student enrolments have increased in Primary and Secondary Education by 7% and 12.3% respectively.



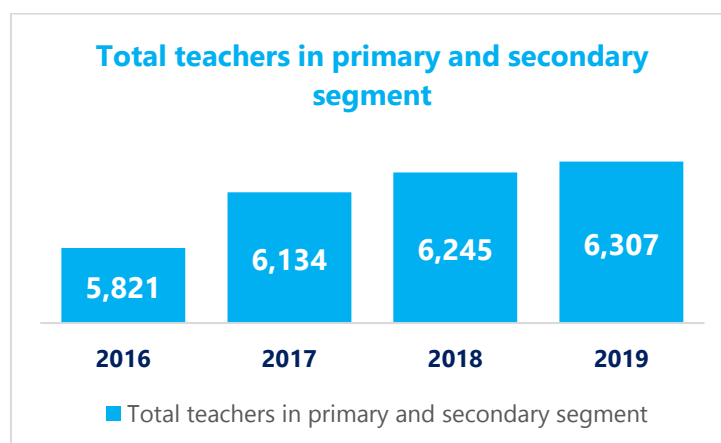
Source: Ministry of Education

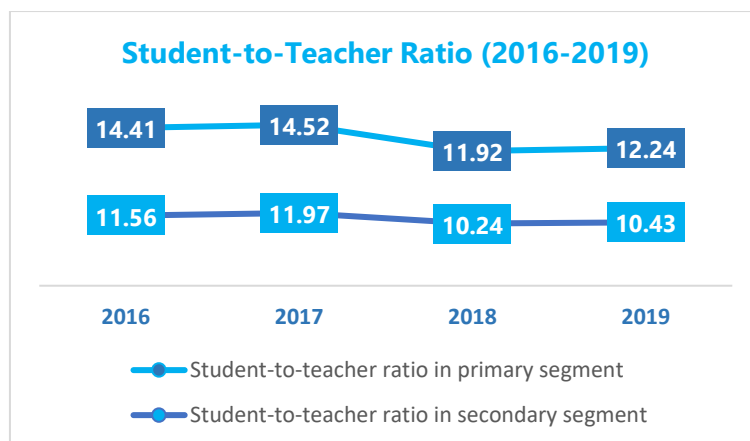
Despite recent shift of preferences towards private education, the ratio of public school and private school enrolments have remained consistent over the 5-year period.



Source: UNESCO

Teachers Statistics





Source: Ministry of Education

Similar to the pre-primary segment, there is a shortage of teachers in the primary and secondary segments despite the increase Teachers in both primary and secondary segments have increased at a rate of **8.35%** from the years 2016-2019.

Market Size and Estimates

According to Gulf Finance House, student enrolments across the primary education segment are estimated to ascend at a CAGR of 3.5% in 2023. Enrolments are anticipated to reach 135,000 by the end of 2023 from 113,878 in 2018. Moreover, the Gross Enrolment Rate is expected to improve from 99.36% in 2018 to 107% in 2023, a key determinant is a compulsory education for children between the ages of 6-14.

Enrolments in the secondary education segment, like the primary segment, are expected to grow at a CAGR of 3.5% to increase the numbers to 117,000 in 2023, which is quite massive when compared to the enrolments in 2018 which was 99,026. From 2018-2023, the GER displays a lot of potential as the figure is forecasted to improve from 98.6% to 106.2% ²⁰

Private schools' pipeline:

School	Location	Estimated Launch
Abdul Rahman Kanoo International School	Diyar Al Muharraq	September 2022
Nadeen School	Dilmunia	2023

There appears to be a focus on development particularly in the Muharraq Governorate not only for private schools, but other institutes such as public schools, which a few are forecasted to open within Diyar Al Muharraq (part of Muharraq Governorate), as well as

²⁰ **Source:** Gulf Finance House – Education Sector Report 2020

Applied Science University and a Medical University which would heavily assist in tackling the issue of national talent within the healthcare sector. ²¹

Top players in the K12 Market

Schools	Curriculum	Review Scale	Fee Structure (BHD) / annum
Bahrain School	IB / American	N/A	9,392 – 10,382
Riffa Views International School	IB	Outstanding	3,600 – 9,200
St Christopher School	British	Outstanding	3,294 – 8,043
British School of Bahrain	English National	Outstanding	3,003 – 7,620
Bahrain Bayan School	IB / Bahraini	Outstanding	4,116 – 5,405
Ibn Khaldoun National School	IB	Outstanding	2,810 – 4,745
Naseem International School	IB	N/A	2,183 – 4,105
Al Hekma International School	American	Satisfactory	1,354 – 3,704
Britus Education	IB	N/A	1,331 – 2,891
Abdulrahman Kanoo International School	IB	Satisfactory	1,066 – 2,690
Modern Knowledge School	IB	Satisfactory	1,288 – 2,169
Al Noor International School	Bahraini, CBSE, British	Satisfactory	N/A

**Source: Individual School Websites, International Schools Database and BQA*

**Beacon Private School fees till Grade 10*

**IB = International Baccalaureate*

** Fees structure is from pre-primary to secondary education*

**Fee structure unavailable for Al Noor International School*

²¹ **Source:** Diyar Al Muharraq

** In order of highest fees to lowest*

PEST Analysis

PEST Factors	Comments
Political	<ul style="list-style-type: none"> ▪ Bahrain allows up to 100% Foreign Ownership for the majority of non-oil sectors²² ▪ The nation's recognition of the potential of the private sector as part of Bahrain's 2030 vision provides an opportunity for foreign schools to set up their operations in Bahrain.
Economic	<ul style="list-style-type: none"> ▪ Bahrain's inflation rate is estimated to remain stable at around 2% by the end of the year.²³ ▪ In April 2022, Bahrain's Real GDP has risen to approximately 3.3%.²⁴ ▪ Major banks within Bahrain have started to introduce education loans for students which would assist students to achieve their educational aspirations²⁵.
Social	<ul style="list-style-type: none"> ▪ The government is providing valiant support to the education sector as the latest figures imply that 9.9% of the budget is going to invest in the following sector. ²⁶ ▪ Historical trends suggest the education sector makes up on average 2.2% of the nation's GDP. ²⁷
Technological	<ul style="list-style-type: none"> ▪ Bahrain Fintech Bay launched its incubator back in 2019 which aims to assist startups and foreign investments with high growth potential to reach massive heights. ²⁸ ▪ Foreign corporations would have to seek assistance from Bahrain EDB for undertaking their business in Bahrain.

Investment Opportunity

With the rising population of Bahrain and growth in enrolments and forecasted enrolments at Pre-Primary levels, it's a perfect occasion to invest in the pre-primary segment. The Kingdom holds around 130 kindergartens and 71 nurseries as of 2019, which implies the

²² **Source:** Bahrain EDB - Homepage

²³ **Source:** International Monetary Fund (IMF)

²⁴ **Source:** International Monetary Fund (IMF)

²⁵ **Source:** NBB, BBK, Al Salam Bank, BDB (individual websites)

²⁶ **Source:** Ministry of Education (Bahrain)

²⁷ **Source:** Ministry of Education (Bahrain)

²⁸ **Source:** Bahrain Fintech Bay, Bahrain EDB

market remains quite big with room for growth. Pre-Primary segment is growing in demand and is likely to be considered by families particularly due to the recent increase of working females in the Kingdom.²⁹

The reputation of private schools was hit by a major setback as about 32% of private schools were deemed inadequate for review as reported by Zawya in 2020. The figure reflects the lack of quality education present in the Kingdom of Bahrain, which presents prospects for foreign investment in the private school segment.³⁰ Moreover, the burgeoning consumer preference for private schools and the government's aspirations to improve the standard of education presents an opportunity for growth for the segment.

Bahrain is currently in a transition phase of concentrating on the non-oil sectors as the pandemic had revealed the flaws in the Kingdom's strategy since they were particularly reliant on oil for the thriving of their economy. Bahrain aims to convert the nation into a knowledge hub by investing in the sector and promoting private school entrants and Public-Private Partnerships. Bahrain's expenditure on education is expected to increase to BHD 3.25mn in 2022 from 2.87mn in 2018

Recent M&A Deals

Acquirer	Acquirer Country	Target	Target Country	Year	% Sought	Considerate (In USDmn)
Inspired Education	United Kingdom	British School of Bahrain	Bahrain	2018	100%	N/A
Gulf Finance House	Bahrain	Britus Education	Bahrain	2019	100%	>200
Gulf Finance House	Bahrain	Athena Private School for Special Education	Bahrain	2019	100%	N/A
Gulf Finance House	Bahrain	AMA International University	Bahrain	2020	100%	>100
Esterad Investment Co. BSC	Bahrain	Madeleine Pre School	Bahrain	2022	61%	0.8

Source: *Gulf Finance House, Bahrain Bourse,*

In 2019, Gulf Finance House ("GFH") acquired Britus Education over a USD200 Million deal. Britus Education operates six branches across the Globe. Britus Education had taken control of the AMA International School; thus, the branch was rebranded to "Britus International

²⁹ **Source:** Tamkeen – Private Healthcare Report

³⁰ **Source:** Zawya – 87 schools in Bahrain are deemed inadequate in review

School". Moreover, another transaction occurred within the same year with GFH Acquiring "Athena Private School," the biggest private school for special children in Bahrain. The school's ownership was assigned to Britus Education and thus the school had been renamed to "Britus Education for Special Education."³¹

In 2020, Gulf Finance House had acquired "AMA International University" alongside their strategic partners with the deal exceeding a USD 100 million. The 2nd largest university had rebranded as "University of Technology Bahrain", additionally, the university holds over 2500 students and provides undergraduate programs spanning Finance and Business Administration, Computer Science, and Engineering.³²

In 2018, Inspired Education Group from the U.K acquired the British School of Bahrain ("BSB"). The school was previously owned by Gulf Finance House (GFH) and the firm exited in 2017. As of 2020, BSB provides education to around 2,500 students.³³

Esterad's acquisition of Madeleine Pre School in the previous quarter this year displays that there are countless investors who have already observed the potential of the Pre-School Market in Bahrain.

About the Author



Anas Zubair – Research Analyst

Anas holds a Bachelor of Science (**BSC**) in Banking and Finance Degree from the University of Bangor with First Class Honors and wishes to pursue a career in the Financial Industry. Moreover, he is planning to pursue further qualifications to improve his practical and theoretical knowledge.

Contact: anaszubair8@gmail.com

³¹ **Source:** Gulf Finance House – Portfolio

³² **Source:** Gulf Finance House - Portfolio

³³ **Source:** Gulf Finance House – 2020 Education Report

Stay Connected with Us



admin@advicecube.net



+973 1759 8749



[/company/
advicecube](#)



www.advicecube.net



ADVICECUBE

The report has been published by Advicecube Consultancy W.L.L

Contact: +973 1751 849

Website: www.advicecube.net

Disclaimer

Advicecube is a Limited Liability Company, registered with the Ministry of Industry, Commerce, and Tourism (MOICT), Kingdom of Bahrain. It is operating under CR no 120736-1 and 152273-1 as a management consultancy firm and bookkeeping/accounting firm respectively.

The information contained herein has been compiled by Advicecube based on publicly available information, internally developed data, and other third-party sources believed to be reliable. Advicecube has made every attempt to ensure the accuracy and reliability of the information included in this publication. However, Advicecube has not independently verified information obtained from public and third-party sources and makes no representations or warranties as to the accuracy, completeness, or reliability of such information.

All opinions and views constitute judgments as of the date of the publication without regard to the date on which the reader may receive or access the information, subject to change at any time without notice with no obligation to update. As such, neither Advicecube, nor its directors, representatives, or employees accepts any liability for any direct or consequential loss or damage arising out of the use of all or any part of the research information contained herein.

The information and opinions contained herein constitute neither an invitation nor an offer or recommendation to use a service, to buy/sell investment instruments, nor to perform any other transaction, but serve purely for information purposes.



ADVICECUBE