UAE & Dimensions of Incursion into Egypt Education Sector

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The past few years have witnessed expansion of the UAE investments in vital Egyptian economic sectors such as medicines, private hospitals, medical analysis labs, telecommunications, maritime transport, and ports. The most recent expansion of Emirati investment is in the Egyptian private education sector, including acquisitions in the field of operation, management, and ownership of a number of international schools in Egypt.

In light of statements of Emirati officials that the UAE economic influence in Egypt includes acquisition of ventures in the infrastructure and vital sectors such as energy, housing, food security, education, vocational training, health care, and transportation; it is significant to monitor and analyze dimensions of this influence in those sectors, to find out whether this is an Emirati public policy or it is just investment expansion based on individual initiatives from the UAE private sector seeking opportunities.

In this context, this paper aims to monitor and analyze the extent of Emirati influence in the Egyptian education sector, in terms of the investment size, objectives, and returns; building and managing international and private schools, in addition to their related services such as software, books, educational means, student transport; and the governing considerations of this incursion.

First: UAE incursion into Egyptian education sector and size of investment

Major UAE investment groups, such as Global Education Management Systems (GEMS), known also as GEMS Education, have reportedly moved to expand their investments in Egypt’s private education sector, whether in operation or acquisition of international schools. Since GEMS Education entered into the Egyptian market early 2018, it has shifted from operation of several schools to acquisition of them using relatively large investments.

On 24 December 2018, GEMS Education, one of the most famous and largest providers of private education services in the UAE, announced that it exercised an option under an existing partnership to acquire an initial 50% stake in four schools in Egypt, which it has been managing since it entered the Egyptian market in early 2018. The four schools that GEMS Education acquired (from the Talaat
Moustafa Group (TMG)) are located in Madinaty and Al Rehab, Cairo, two of which run the British system while the other two follow the national curriculum, namely: British International School in Madinaty (BISM), Madinaty Language School (MLS), Madinaty Integrated Language Schools (MILS), and The British School in Al Rehab (TBS).

In this context, GEMS Education seeks, within the framework of the company’s 50:50 joint venture with Egypt’s biggest listed investment bank EFG Hermes, to inject significant investments in the education sector in the next five years via multiple forms, including acquisition.

The activities of the Emirati group are not limited to ownership of profitable schools only, but they also include a 5-year expansion plan, with investment in the educational process complementary activities, such as teacher training operations and student transportation services as well as the building of new international schools. In this regard, GEMS Egypt for Education Services announced in December 2019 acquisition of a majority stake in Option Travel, a leading transportation provider in the Egyptian market, as part of its strategy of creating a one stop shop for top tier education services in Egypt, as it will provide transportation services for students with high levels of safety, according to the company officials.

Although the Ministry of Education had issued a decision that limit the shares of foreigners and dual nationals, individually or collectively, to 20% of stakes of the legal person that owns an international school, GEMS Education owns 50% of the capital of the Egypt Education Fund, established by EFG Hermes in partnership with the Emirati GEMS Education group, which raised about $133 million in 2019.

The group continues to expand at a rapid pace to control a significant stake in the international education market in Egypt. On 16 April 2020, it announced plans to acquire more than 30 schools across Egypt through investment of $300 million in the education sector within two years under EFG Hermes’ Egypt Education Fund, which doubles the absorption capacity of the company’s schools from 6 thousand to 25-30 thousand students. The group is also studying expansion of investment in services related to educational activity, including the manufacture of school uniforms, offering meals, and student transport, in addition to teacher training.
Some may argue that investing these small amounts in 30 schools does not constitute more than 5 per thousand of the number of Egyptian private schools that exceed 7750 schools, according to the data of the Ministry of Education; and even with their numerical targets they do not constitute a large number in an educational system absorbing more than 22.1 million students in pre-university education. However, investing an amount close to half a billion dollars or 7 billion pounds on fewer than 35 schools, including the current situation and targets within two years, raises many questions, as this amount is considered a high percentage when compared to government investment spending on education in Egypt.

The World Bank data show that 94% of government allocations to education went to salaries during the past six years, about 5% to purchases of goods and services, and only 1.4% for investments, which means that we are facing a large Emirati private investment in a vital Egyptian sector, education, that must be taken seriously. Considering that the number of international schools in Egypt is only 217, then the ownership of 35 schools the UAE alone means that it ownership and operation of 16% of the international schools in Egypt.

This expansion carried out by only one group of Emirati companies reveals the extent of the UAE's incursion into building and managing international and private schools, as well as their related services such as software, books, educational means, student transport, whether according to indicators of the size of investment, the number of students targeted to join those schools, or the targeted influential class in the Egyptian society.

Second: Objectives and Policies

Following are some of the objectives of the UAE expansion of its investment in the education sector:

1- Supporting the soft power of the United Arab Emirates and implementing the UAE Ministry of Foreign Affairs and International Cooperation’s strategy of cultural diplomacy and economic diplomacy, as education is the most important tool for this soft power, for establishing and promoting influence abroad, as the ministry works closely with investment promotion agencies, the private sector, sovereign wealth funds, business councils and other active Emirati economic entities to ensure successful results through economic diplomacy with the aim of enhancing the economic strength of the State.
2- Exploiting the current golden era in light of the Egyptian military institution’s incursion into the education sector, whether in administration of the Ministry of Education or through establishment of international school chains and private universities that are built by retired army officers or by the military institution itself, or through penetration into pre-university education through school food supply chains or even supplying food to hostels of various Egyptian universities. The penetration is aimed at practicing pressure to cancel the idea of university coordination offices in exchange for providing more investment in private education that is profitable for both local and international parties.

3- Using media outlets to ridicule the outputs of Egyptian education, as happens in video clips of street presenters that mock the knowledge of school students to expose deterioration of public education, whether intentionally or unintentionally.

4- Exploitation of the upper classes’ willingness to spend more money on education to obtain international certificates that enable them to receive scholarships, and then having access to the financial and economic world easily, as the tuition fees of these schools are not within the reach of more than 90% of Egyptians. According to the website of one of these schools, tuition fees start from LE71,610 per year for the pre-primary stage up to LE149,520 for the secondary stage, not including fees of transportation services (ranging between LE13,500-18,000 annually) that are optional.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition Fees</th>
<th>First Installment 30th August 2019</th>
<th>Second Installment 30th November 2019</th>
<th>Third Installment 28th February 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS1</td>
<td>71,610</td>
<td>29,500</td>
<td>22,705</td>
<td>19,405</td>
</tr>
<tr>
<td>FS2</td>
<td>95,275</td>
<td>39,000</td>
<td>29,900</td>
<td>25,475</td>
</tr>
<tr>
<td>Year 1</td>
<td>124,774</td>
<td>50,900</td>
<td>38,890</td>
<td>34,984</td>
</tr>
<tr>
<td>Year 2</td>
<td>124,774</td>
<td>50,900</td>
<td>38,890</td>
<td>34,984</td>
</tr>
<tr>
<td>Year 3</td>
<td>134,739</td>
<td>55,000</td>
<td>41,880</td>
<td>37,859</td>
</tr>
<tr>
<td>Year 4</td>
<td>134,739</td>
<td>55,000</td>
<td>41,880</td>
<td>37,859</td>
</tr>
<tr>
<td>Year 5</td>
<td>137,213</td>
<td>56,000</td>
<td>42,635</td>
<td>38,980</td>
</tr>
<tr>
<td>Year 6</td>
<td>137,213</td>
<td>56,000</td>
<td>42,635</td>
<td>38,980</td>
</tr>
<tr>
<td>Year 7</td>
<td>141,007</td>
<td>57,940</td>
<td>44,080</td>
<td>39,977</td>
</tr>
<tr>
<td>Year 8</td>
<td>141,007</td>
<td>57,940</td>
<td>44,080</td>
<td>39,977</td>
</tr>
<tr>
<td>Year 9</td>
<td>141,997</td>
<td>57,940</td>
<td>44,080</td>
<td>39,977</td>
</tr>
<tr>
<td>Year 10</td>
<td>149,520</td>
<td>60,300</td>
<td>45,860</td>
<td>43,360</td>
</tr>
<tr>
<td>Year 11</td>
<td>149,520</td>
<td>60,300</td>
<td>45,860</td>
<td>43,360</td>
</tr>
<tr>
<td>Year 12</td>
<td>149,520</td>
<td>60,300</td>
<td>45,860</td>
<td>43,360</td>
</tr>
</tbody>
</table>
This puts the Emirati group among the 10 most expensive international schools in Egypt. These schools and their counterparts contribute to transforming education for the upper social classes into a “pride” commodity, where children compete for enrollment in schools with higher tuition fees, which later develops into entitlements for promotion and access to leading positions, whether in the government or in the world of finance and business that also leads to the government in societies where power and wealth intersect.

Third: Exporting the Emirati model of investment in private education - Impact and implications:

In addition to investment and profits, there is a state of fascination of the Emirati education model that is being promoted in Egypt, both in terms of indicators based on businessmen’s assessments at the Davos Forum, which ranks education internationally, with Egypt coming at the lowest positions. The pro-regime media then promote these rankings as evidence of the decline in the educational levels in Egypt. In fact, many Egyptians that promote this model do not know that 58% of Emiratis send their children to private schools, rising up to 90% in Dubai compared to 72% in Abu Dhabi, thanks to one of the highest levels of income over the world.

If this model of interest in private and international education is appropriate for the conditions of a “transit” country such as the UAE, given that it hosts people from various nationalities, where the Emiratis are only a minority among expatriates who seek international education for their children in anticipation of returning home; however, the promotion of this type of education in Egypt seems meaningless except for the wealthiest classes that are captives of the Dubai model. In the UAE, the Emirati investors push towards establishment of free zones for education to attract international schools and universities to invest in private education through business incubators that attracted more than 24 branches of foreign universities in Dubai alone until 2018, according to some reports, with student enrolment ratio up to 56,000 students against decreased enrolment rates in the UAE public universities.

This policy also has many potential impacts and consequences on the Egyptian educational system and the Egyptian society in general. In fact, the Ministry of Education has no authority over this type of international and private education in which major international companies invest, including the UAE companies, in terms of curricula, tests, evaluation, or even issuance of certificates.
Such a policy allows the United Arab Emirates to gain access to decision-making circles and have more influence with the private sector, as graduates of this type of international schools will have a kind of pride over their counterparts of graduates of unpopular private schools or (experimental) government-run language schools or government-run Arabic schools. In an economy where the private sector controls the largest percentage of employment rates, interviewers of new employees would inevitably prefer graduated that hold pre-university education certificates from those reputable international or private language schools.

Certainly, a large percentage of those who review these forms and make the decision to accept a new employee in their company will prefer a person graduated from those schools; and based on this logic, investors in this type of schools guarantee an extended influence. In this regard, Egyptian officials boast that their children and grandchildren are graduates of such schools; Dr. Ahmed Fa’hi Sorour, the Speaker of the People’s Assembly (parliament) during the Mubarak era and a former education minister, expressed his pride that his sons and grandchildren, as well as many of the elite sons, turned to foreign education, ‘not for love of this kind of education, but to escape Egypt’s failed and substandard educational system.

When we talk about a future, where tens of thousands of graduates from these international and private schools affiliated with the Emirates, with many of them employed in decision-making institutions by virtue of the nature of proud societies that are highly subject to the effects of political money, we are talking about the influence of the United Arab Emirates that may exceed that of the United Kingdom or the United States that do not have such amount of investments in the education sector, or such number of graduates from schools that apply their curricula. In fact, we are facing an influence that may exceed the influence of an institution of the size and history of Al-Azhar in any of the African countries.

**Conclusion**

Several studies have stressed that it is significant for the weak countries to diversify partners as the criterion of partner concentration is one of the indicators of dependency; and accordingly, based on the above review, we are facing an Emirati incursion into vital sectors, which urgently requires diversification of sources of foreign investment and controlling and diversifying foreign investments in vital sectors such as education, as this diversification provides more freedom and independence to
the state’s movement in the external sphere and more opportunities for public policy makers associated with the education sector and other vital sectors to choose from alternatives away from the control of a single investor that may have influence in the policy in question.

Although the Emirati expansion in the education sector in Egypt may seem narrow in scope in terms of the reality of its investment expansion in the past three years and the number of schools and students, it is needless to underestimate its goals and its relation to the UAE public policy both in terms of the interconnection of companies providing educational services with the Emirati ruling family and the UAE foreign policy-making circles on the one hand, and the local elites and policy-making circles in Egypt, which requires further follow-up and research in the future.

The public policy of the Egyptian regime in the education sector that abandoned the state’s role in favor of further privatization over the past six years has provided favorable opportunities to one of the regime's strategic allies, the UAE, for expansion of its investment in this sector, which the UAE has exploited in expanding its influence in Egypt in the future. Anyway, the UAE is not to blame for this move, but what must be blamed is the Egyptian regime that seeks further privatization of a vital sector such as education, and emptying it of one of its significant aspects as a lever for economic and social activity in favor of the rule of ‘Those that can pay more, will get a better education and be promoted faster’; thus money becomes the basis of social promotion and influence as an alternative to education.

The societal forces seeking reform and change should pay attention to the seriousness of the systematic campaigns to discredit the government-run education and underestimate it; and differentiate between criticizing its poor conditions and demolishing the foundations on which it has been built, whether the principle of considering education a right to Egyptians that must be provided for free while ensuring that it is accessible to all with an acceptable level of quality and managing its resources and policies efficiently, so that we do not destroy the educational system that should produce citizens with some degree of integration, harmony, and equality in knowledge with disregard of their social diversity and without allowing money to be the key element in judging the output of this type of education.