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Information Note

Title

Saudi Arabia- Update

Action

For information only

Audience

MENA Community of Practice; Directors of International

Executive Summary

This note draws together recent developments in Saudi Arabia including the recent change of leadership in the Ministry of Education, ongoing changes to the administration of Saudi national scholarship funds, the outcomes of the recent budget statement, and the publication of the Saudi Arabia - 'Vision 2030' and the National Development Programme 2020.

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Executive Summary

The Ministry of Education has undergone a recent change in Minister and significant reorganisation of its structure. The main government scholarship programme has also undergone major changes to limit the number and eligible destinations of the Custodian of the Two Holy Mosques Scholarships, including to the UK. The Ministry has additionally published a revised list of accepted undergraduate and postgraduate degrees for government scholarships and for qualifications for entry to the public labour market in Saudi Arabia.

The Saudi budget has markedly shrunk, although the education and health sectors retain a significant proportion of funding, with the fall in oil prices a significant factor in the reduction in spending. In order to prepare for a post-oil dependent future, Muhammad bin Salman, Saudi Arabia's Deputy Crown Prince, announced the landmark long-term blueprint to safeguard a post-oil future for the Kingdom- 'Vision 2030' in April. This was followed in early June by the announcement of the National Development programme which transforms the aspirations of Vision 2030 into tangible objectives, across all government ministries, including the Ministry of Education where key skills training, education quality and graduate employability for a burgeoning youth population are the primary focus.

Ministry of Education

In November 2015, Dr. Azzam bin Mohammed Al-Dakhil was succeeded by HE Dr Ahmed bin Mohammed Al-Issa as Minister for Education. Dr Al-Issa's background is in education development and he holds a PhD in Curriculum and Instruction from the University of Pennsylvania. He is seen to be politically moderate with an innovative approach to education. Dr Al-Issa has previously held several positions within higher education and industry in Saudi Arabia.

The Ministry for Education has undergone a significant reorganization, which occurred as a result of the merger between the Ministry of Education and Ministry of Higher Education- with 39 administrative offices in Riyadh being condensed into 10. The Ministry is now responsible for all levels of education in Saudi Arabia, including higher education. A new Minister for Technical and Vocation Education and Training, HE Dr Ahmed bin Fahd Al-Fuhaid, has also been appointed. The Ministry of Education continues to operate a designated higher education scholarships office.

A proposal to decentralize regulatory powers in the higher education system has been put forward and in time could result in more autonomy for higher education institutions. Since taking up his post, however, Dr Al-Issa appears to have further consolidated the Ministry's authority and control over universities. For example, online courses, which have been offered by King Saud University for many years, have recently been closed at the behest of the Ministry of Education. Similarly, a proposal to enable Colleges of Excellence to run autonomously was also put forward but this project has now been postponed. The Colleges were intended to provide high quality vocational and skills training to Saudi students.

The British Council Saudi Arabia Country Director, Charlie Walker, recently accompanied a delegation of Conservative MPs to meet with Dr Ahmed Al-Issa and shared the outcomes of this meeting at the most recent UK-Saudi Interest Group, held at the end of March 2016. Together with general positive sentiment towards the UK and its higher education system, Dr Al-Issa expressed an interest in curriculum reform in Saudi Arabia, which might include using a UK model, particularly in reference to developing students' independent critical thinking skills at degree level. Dr Al-Issa indicated that the establishment of international branch campuses in Saudi Arabia could be a possibility in future, though we have yet to see any signs of a change in policy to support this.

On 20th April the Ministry of Education launched a revised list of acceptable undergraduate and postgraduate courses. This list is primarily used for judging eligibility of degrees for students applying for government funding to undertake the programmes but is also used by the Ministry of Education in order to assess qualifications' eligibility for the job market and therefore is used widely by non-government funded students when selecting their degree programme and destination.

The criteria for the acceptability of institutions has not been published but crucially is closely aligned for both postgraduate and undergraduate courses to the outcomes of the 2014 Research Excellence Framework (REF). This has resulted in a significant reduction in the number of acceptable undergraduate programmes on the list, despite the REF not being used as a mechanism to assess undergraduate degrees directly. Institutions that do not appear on list are advised to contact the Saudi Arabian Cultural Bureau in London to discuss the criteria and approval of qualifications further.

Custodian of the Two Holy Mosques Scholarship

Following the death of King Abdullah in January 2015, the Saudi Government Scholarship programme was renamed the Custodian of the Two Holy Mosques Programme, and has been reconfigured (it was formally the 'King Abdullah Scholarship', and is still referred to as such by many sources). This scholarship covers full tuition and a maintenance grant for students and their dependents or chaperones. The former Minister for Education made significant changes to the scholarship in the summer of 2015. The scholarship is now granted to individual students on the basis that, following successful completion of the degree (or in some cases specific HND course) students will return to Saudi Arabia to take up positions in government-owned companies- such as Saudi Airlines. Accordingly, there has been a narrowing of focus for the scholarship towards Science Technology Engineering and Mathematics (STEM) subjects, and particularly engineering, medicine and IT.

The global list of eligible universities at which government funded students may study is updated every year, but is only accessible - via an online platform - for a two week period in July during which students must apply for the scholarship. This list is accessible only to those with a valid Saudi National Identification number.

UK universities were largely absent from the most recent edition of the approved universities list for students applying for the government scholarship, despite ongoing discussions involving UK HE sector representatives, the Cultural Bureau in London and the International Unit.

For the 2016-17 academic year we understand that 4,000 scholarships have already been granted globally although no official confirmation of this has been published by the Ministry of Education. All of these scholarships have been granted by the Ministry of Health. A further 4,000 scholarships are expected to be granted globally for enrolment for the 2016-17 academic year. In previous years, between 9,000 and 15,000 King Abdullah Scholarships have been granted to Saudi students globally.

Previously students could also apply to a UK university directly and then be granted a scholarship on receipt of an offer via the so-called 'attachment method'- where a student already enrolled overseas could be granted a scholarship to support the remainder or continuation of their studies. However, most recent intelligence suggests that this method is now only open to students who have already undertaken one full academic year of a degree programme paid for with private funding (previously students were only required to complete a pre-sessional English programme which may have been less than one academic year in duration. This in effect excludes any full-time, one-year taught Masters students from applying to the UK using this scholarship scheme.

In order to now be eligible for the attachment scheme awarding institutions also either need to appear in the top-100 universities as determined by the Ministry of Education (a ranking that appears to be a conflation of Shanghai ARWU, QS, and THE rankings) or, in the top 50 ranking using the same method by subject for IT/Computer Science, STEM and Agriculture and Business and Humanities. The International Unit has highlighted the limitations of such an approach in conversations with officials and will continue to advocate along these lines.

The Saudi government reiterates in the Saudi Arabia Vision 2030 with the commitment to steer scholarship opportunities "towards prestigious international universities and be awarded in the fields that serve...national priorities". A detailed list of national priorities can be found as an annex to this document and are presented under the following five categories:

- Water
- Energy
- Advanced materials science and technology
- Biotechnology
- Building and construction

The ranking requirements for the scholarship programme aforementioned do not apply to students applying for medical degrees. In order to be eligible for the scholarship, the programme must simply be recognised on the Ministry of Higher Education website¹.

¹ Saudi Ministry of Higher Education Approved University List for Self-Funded Students
<https://ru.moe.gov.sa/Search> (In Arabic) [accessed 16.05.16]

The Saudi Budget and Government Spending on Education

Oil production has historically been at the forefront of the Saudi economy, and the downturn in prices in the past 18 months has led the Saudi government to reassess government spending commitments.

On January 19th 2016 the International Energy Agency (IEA), a prominent energy forecaster, issued a stark warning: “The oil market could drown in oversupply.” This, combined with recent projections suggesting that oil prices will not recover until 2017², is a cause for concern among nations with a high economic dependency on oil, including Saudi Arabia.

The lifting of E3+3 (comprising the UK, France, Germany, US, Russia and China) and EU trading sanctions with Iran is an added element to consider and is likely to prolong the suppression of oil prices. Now the EU’s embargo on Iranian oil has been lifted, at current prices, Iran could potentially increase its revenue from oil exports by \$10bn (£6.9bn) by next year.³

This has led the Saudi Ministry for Finance to put in place a set of policies and procedures designed to achieve wide structural reforms in the national economy and to reduce its dependence on oil. Specifically, as well as reducing bureaucratic processes and improving accountability, proposals have included creating an investment environment which contributes to the creation of new jobs in the private sector, providing partnership opportunities between public, private and non-profit sectors, and improving the economy’s competitiveness and integration with the global economy. The economic state of Saudi Arabia also forms an integral part of the Saudi Vision 2030, published on 25 April 2016.

The budget also identifies the need to invest in development projects and programmes which ‘serve the citizen directly’, including in education, health and scientific research. The budget allocated SAR 191 billion (£35.2 billion⁴) to education, constituting 23% of the total budget. Combined, education and healthcare remain the focus of government spending, accounting for 35% of the total.⁵

Nonetheless, the tightening of the Saudi budget in the face of economic factors aforementioned has resulted in a reduction in spending in all areas, including education and healthcare, which have declined by 12% and 34% respectively compared to 2015 levels. However, the budget report highlights there are still a number of projects being funded from the previous budget’s surpluses, indicating that both of these sectors will continue to benefit from investment.⁶

As further evidence of the budgetary pressures facing the Saudi government, in November 2015 the International Exhibition and Conference on Higher Education (IECHE), the flagship higher education event organized by the Ministry for Higher Education, was cancelled.

A replacement event- the International Exhibition and Forum for Education (IEFE) was held between the 12 and 14 April. This event has a focus on developments in the private education sector at all levels in Saudi Arabia and the Gulf Cooperation Council (GCC) more widely, international education partnerships and enhancing professional and technical qualifications. 14 UK universities attended this event. Additionally, the British Council Saudi Arabia team has confirmed that all of its planned school and higher education recruitment fairs, which must be licensed by the Ministry, have been approved and will go ahead in 2016-17.

Saudi Arabia Vision 2030 and National Development Programme

Muhammad bin Salman, Saudi Arabia’s Deputy Crown Prince, announced the landmark long-term blueprint to safeguard a post-oil future for the Kingdom- Vision 2030 on 25 April 2016. The Vision is built around three key pillars- detailing Saudi social, economic and global aspirations and has been lauded by global commentators for its transparency and ambition⁷. To accompany the Vision, a National Development Program 2020 was approved

² <http://www.economist.com/news/briefing/21688919-plunging-prices-have-neither-halted-oil-production-nor-stimulated-surge-global-growth?zid=308&ah=e21d923f9b263c5548d5615da3d30f4d> [accessed 15.04.16]

³ <http://www.bbc.co.uk/news/business-35317159> [accessed 15.04.16]

⁴ As at 09.06.16

⁵ Saudi Arabia 2016 Fiscal Budget <http://susris.com/2015/12/29/saudi-arabias-2016-fiscal-budget-jadwa/> [accessed 05.01.16]

⁶ Jadwa Investment “Saudi Arabia’s 2016 Fiscal Report” <http://susris.com/wp-content/uploads//2015/12/151229-2016-Budget-EN.pdf> published 28.12.2015, accessed 05.01.16

⁷ Reuters ‘Analyst View: Saudi Arabia’s Vision 2030 Reform Plan’ <http://www.reuters.com/article/us-saudi-plan-reaction-idUSKCN0XM1FX> [accessed 11.05.16]

on the 7 June 2016 transforming the vision for the next four years into a range of ministry-led objectives and targets, including for K-12 and higher education. A link to the Saudi Vision 2030 can be found [here](#). The National Development Programme can be found [here](#).

Economy

The principle, and most widely reported, element of the Vision is the ambition to end Saudi Arabia's dependency on oil by the year 2030, including the intention to sell up to 5% of the Aramco Oil Company in shares. This move has the potential to be the biggest public offering in history- estimated at \$2trillion and has been described as an unprecedented 'reimagining of the Saudi economy'⁸.

Such a move is designed to diversify the Saudi Arabian economy beyond oil and gas to a more sustainable model, while increasing overall revenue. Specifically, the vision commits to raising the share of non-oil exports in non-oil GDP from 16% to 50% by 2030 and to increase non-oil government revenue from SAR 163 billion to SAR 1 Trillion.

Global Outlook

Although primarily focused on the benefits to Saudi citizens, in order to fulfil its objectives the Vision also details Saudi Arabia's global aspirations- highlighting the Kingdom's position not only as the 'heart of the Arab and Islamic worlds' but also as a 'global hub' connecting Asia, Africa and Europe. This indicates willingness on the part of the Saudi government to engage more globally, initially in a trade and business context, but which could also extend to other aspects of policy, including education, over time.

There is undoubted aspiration by the Saudi Government to develop a reputation for excellence in higher education. One of the aims highlighted in the Vision is to have at least five Saudi universities among the top 200 universities in international rankings by 2030. This is an ambitious project: currently only two universities- King Abdulaziz University and King Saud University appear in the top 200 universities according to the 2015 ARWU World University Rankings, with a further two- King Abdullah University of Science and Technology and King Fahd University of Petroleum and Minerals- appearing in the top 500⁹.

Education

The Vision places education as a central theme, again framing it in a broadly economic and business-focused context- with the commitment to "build an education system aligned with market needs and creating economic opportunities for the entrepreneur, the small enterprise as well as the large corporation". The National Development Programme converts this commitment into a series of objectives but broadly focusses on improving the learning environments, curriculum and teaching methods at K-12 level, including raising Saudi students' performances in international metrics including through the Programme for International Student Assessment (PISA) and Progress in International Reading Literacy Study (PIRLS) tests and developing citizenship through education and extra-curricular activity.

Nonetheless higher education is at the forefront of addressing concerns relating to the Saudi workforce, particularly around unemployment. In particular the Programme refers to assessing graduate employment six months after graduation and also to increasing the percentage of students in non-government higher education from a 6% benchmark to 15% in 2020. There is also a commitment to improve recruitment, training and development of teachers.

The decision to place education at the heart of the Vision is timely and reflects the need of the Saudi government to address the demographic challenges it faces. In 2014, the level of graduate unemployment (15.5%) exceeded the level of unemployment for those who have school leaving qualifications only (9.5%). These figures mask a substantial disparity between male graduates, of whom 3.9% are unemployed compared to 32.0% of female graduates¹⁰, although several targets relating specifically to 'empowering women and materialising their potential' across a number of have been put forward in the National Development Programme. The future prospects of

⁸ Bloomberg Analysis "What's in Saudi Arabia's Blueprint For Life After Oil?"

<http://www.bloomberg.com/news/articles/2016-04-25/key-elements-of-saudi-arabia-s-blueprint-for-life-post-oil> [accessed 10.05.16]

⁹ ARWU World University Rankings- Saudi Arabia <http://www.shanghairanking.com/World-University-Rankings-2015/Saudi-Arabia.html> [accessed 10.05.16]

¹⁰ "Is Saudi Arabia Training Too Many Graduates?"

<http://www.universityworldnews.com/article.php?story=20150714013422488> [accessed 10.05.16]

Saudi Arabia's youth population has also been identified as an area of particular concern: more than 46% of the population is under 25 and more than 27% under 14.

Summary

A focus on employability ties in to the changes made to the government scholarship programmes- with its closer alignment with business and national priorities. By transforming the eligibility criteria and reducing the number of government scholarships the Saudi Government is seen to be refocusing its energies on domestic provision for its students and limiting the opportunities for overseas providers. This inevitably means there will be few scholarships available to students wishing to study in the UK (and globally) and in a narrower range of disciplines.

However, this shift does not necessarily undermine the UK's higher education sector's relationship with the Kingdom. Instead it provides an opportunity for the UK sector to reassess and strengthen its relationship with Saudi Arabia and to present itself, not only as a global leader in education quality, but also to be a leading example of the integration between employability skills and academic excellence.

The UK's undoubted strength in these areas is articulated in research commissioned by the IU which found that overall the UK is second only to the US in terms student satisfaction in relation to student employability prospects across all levels of study¹¹ and is the top destination for undergraduate students. Added to this there is an opportunity for the UK to attract the young middle classes of Saudi Arabia, and families who have not previously, but are able to, pay for western higher education. Less constrained by the limitations of government funding, these students are likely to choose the UK as a preferred destination of study offering high quality education and the opportunities to develop skills necessary to succeed in the labour market.

¹¹ The Competitive Advantage Reports can be accessed through the International Unit website <http://www.international.ac.uk/media/3722395/IU-report-summary-double-page-.pdf>

Top-Five list of research area in Saudi Arabia.

1. **Water**

Includes following subfields:

- a) **Water Desalination**
 - a. Thermal Desalination
 - b. Membrane Desalination
 - c. Hybrid Desalination
- b) **Drinking Water Treatment**
 - a. Membrane Treatment
 - b. Chemical Treatment
 - c. Ionic Exchange
 - d. Decontamination
 - e. Filtration
- c) **Wastewater Treatment**
 - a. Biological Treatment
 - b. Biological Membrane Treatment
 - c. Chemo physical Treatment
 - d. Advanced Treatment
- d) **Water Resources Management**
 - a. Water Conservation
 - b. Water Reuse and Recycling
 - c. Groundwater Recharge
 - d. Rain Harvest
 - e. Cloud Seeding

2. **Energy**

Includes the following areas:

- a) **Renewable Energy Production**
 - 1. Thermal collectives
 - 2. Solar photovoltaic
 - 3. Fuel cell
 - 4. Wind turbine
 - 5. Hydrogen production
- b) **Conventional Energy Production**
 - 1. Turbines
 - 2. Multi-generation
 - 3. Combined cycle
- c) **Electricity Energy Distribution and Transferring**
 - 1. Transformers
 - 2. Cables
 - 3. Networks
 - 4. Circuit breakers
- d) **Energy Conservation and Management**
 - 1. Air conditions
 - 2. Lighting
 - 3. Building envelope
 - 4. Building energy management
 - 5. Boiler
 - 6. Furnace
 - 7. Heat exchangers
 - 8. Electricity motors
 - 9. Heat recovery

e) Energy Storage

1. Batteries
2. Hydrogen storage

f) Internal Combustion Engine

- a) Performance efficiency
- b) Fuel
- c) Emission reduction

3. Advanced materials science and technology

- a) advanced ceramics
- b) biodegradable materials
- c) composite materials
- d) corrosion-resistant materials
- e) degradable pesticides
- f) food packaging materials
- g) Membranes
- h) non-destructive testing
- i) Polymers
- j) smart glass
- k) sulfur-resistant materials
- l) petrochemical catalysts

4. Biotechnology

- a) Bioinformatics
- b) Biopolymer
- c) Bioreactors
- d) Biorecycling
- e) Bioremediation
- f) Biosensor
- g) crop genetic diversity
- h) crop genetic improvement
- i) disease molecular diagnosis
- j) disease resistant crop
- k) genetic agricultural productivity
- l) genetically modified food safety
- m) Genomics
- n) Microbial diversity
- o) Monoclonal antibodies production
- p) Nanobiotechnology
- q) Proteomics
- r) Tissue engineering

5. Building and construction

In order to fulfill the strategic objectives and the kingdom's needs, considering national issues, economical impact, optimization and sustainability, stakeholders identified major R&D programs to be:

- Safety:
 1. Durable and serviceable structural systems (design, construction and maintenance).
 2. Fire proofing materials and systems.

3. Smart and advanced electro-mechanical materials and systems.

- Health:

1. Moisture and damping Insulation.
2. Sound proofing.
3. Advanced materials and systems for Floors and walls.
4. Smart windows and openings systems.

- Energy:

1. Solar.
2. Heat Insulation.
3. Buildings envelop orientation.

- Environment:

1. Water conservation.
2. Construction/ demolition waste reusing and recycling.
3. Environmental friendly Synthesis materials development.

- New Trends:

1. Low cost structural systems (design, construction and maintenance).
2. Fiber Composite materials (Polymer, Plastic, Glass, Carbon, etc.).
3. Smart (concrete, Masonry and composite) materials and systems.
4. Advanced ceramics and alloyed materials and systems.