



SIFEM

SWISS INVESTMENT FUND
FOR EMERGING MARKETS



CASE STUDY EDUCATION

CIRA





THE INVESTEE

CIRA

Region: Egypt

Sector: Education

Fund Intermediary: Abraaj North Africa Fund II (ANAF II)

Fund manager: The Abraaj Group (Abraaj)

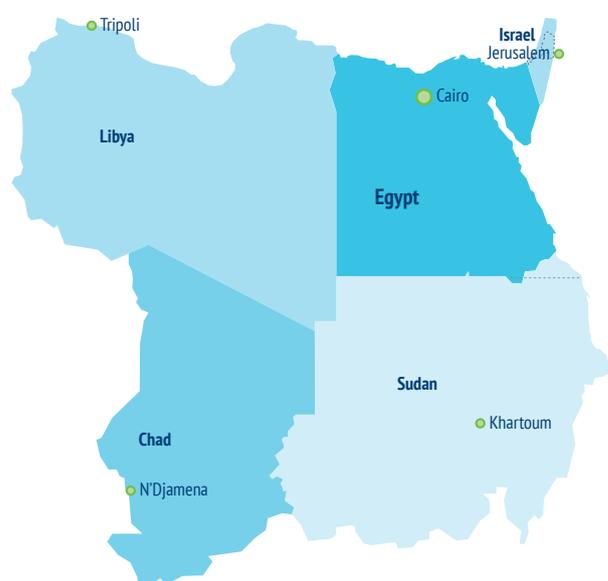
SIFEM investment in ANAF II: USD 10 million

ANAF II investment into CIRA: USD 20.2 million

Employment: 2,687 employees

> www.futuresnet.net

CIRA is the largest K-12 education group in Egypt, with more than 20 schools operating under the brand “Futures Schools”. The schools were initiated with a mission to help enhance quality and equity in education as a whole, by establishing an educational model which would be replicable, affordable, and economically viable. CIRA builds, owns and operates schools which offer English national and international curricula as well as British, American, French and German education tracks in select institutions.



2014
Investment Year



USD 20.2 million
Investment by the Fund



2,687
Employees



EGYPT'S EDUCATION SECTOR

- **With a growing population of 93 million, Egypt is a young and dynamic country.** A lack of economic and employment opportunities have led to social turmoil, and with the new Egyptian government working to restore stability and security as a priority, investment in public sector education has been minimal.
- **Egypt ranks extremely low (139/140) for its quality of primary, secondary, and tertiary education** in the recent World Economic Forum Global Competiveness Report (2015). There are very limited alternatives to the overcrowded public school systems for lower and middle class students.
- **Long-term funding from traditional Banking sources for education has been, and continues to be, almost non-existent.** This exacerbates rather than alleviates the bottleneck on public education, resulting in a situation where both public and private expenditure cannot meet the needs of the young and growing Egyptian population.
- **Due to regional turmoil a continuously increasing number of refugees have arrived in Egypt, the existing facilities and infrastructure are stretched and progressively unavailable.** Frustratingly, refugee children are denied access to the public education system, which results in negative long-term effects.

DEVELOPMENT EFFECTS IN A NUTSHELL

- **CIRA provides high quality education services to Egyptian families at an affordable price.** This is accomplished through the implementation of an efficient school construction and rollout process, with a centralized management platform.
- **New technologies and educational concepts are implemented in CIRA schools,** leading the way as a role model for the entire education sector in Egypt. By serving students in parallel to the public schooling system, CIRA is lightening the burden on the overstretched public infrastructure.
- **Equity funding from Abraaj North Africa Fund II allowed CIRA to continue its expansion** to meet the demand for high quality middle-class education through several new Futures Schools facilities and a new University in Cairo.
- **A pilot project by CIRA was put in place to utilise Futures Schools' buildings after regular school hours to school Syrian refugees,** with a largely reduced cost per student. There are presently 800 students enrolled in the program and just as many on a waiting list; the project is a very welcome offering to the local refugee community.



CIRA'S CONTRIBUTION

HELPING TO FILL THE GAPS IN THE EDUCATION SYSTEM

FUTURES SCHOOLS

CIRA is the largest K-12 education group in Egypt, with more than 20 schools operating under the brand "Futures Schools". The group has experienced firm growth, with a current student enrolment of almost 20,000 students, following an average annual student enrolment growth of approximately 8%. By the end of 2016, CIRA will have 25 Futures schools in full operation.

CIRA began in 1992, owned by a group of friends with a vision to create an education management company aimed at serving the Egyptian middle class, with highest quality standards implemented in each school. The Egyptian middle class makes up approximately half of the population, and beyond public schools, which have significant capacity constraints, there are very limited schooling options for these students. The Futures Schools provide affordable high-quality education, with skills-based activities integrated into the curriculum, including benefits such as technology integration or foreign languages, options which are otherwise scarcely available at a prohibitive cost in Egypt.

BADR UNIVERSITY IN CAIRO

Upon completion, Badr University in Cairo (Badr) will house 15 departments with a capacity for 20,000 students. Although final completion for Badr is planned for 2018, it already commenced operations in 2014 with approximately 2,000 students in five of the departments with positive operating figures. As with K-12 education, the demand for private higher education is huge, as a result of overcrowding and a grade-based admission process in the public Universities. 50 government scholarships are currently offered for students seeking to attend Badr, validating both the need for Badr and its already high quality and standards. Additional internally-offered scholarships and an efficient management approach allow Badr University to offer an affordable and high-quality education.



DEVELOPING EDUCATION

CIRA's level of professionalism and steady growth has not gone unnoticed by the Egyptian Education Ministry. On several occasions, CIRA's management has collaborated with Government to provide training and assistance to Government and Military schools, a demonstration of the clear leadership practices and high standards which are in place. In addition, as part of CIRA's commitment to the development of the national Education sector, it also offers free online educational resources for use by both teachers and students with a reach of eight million users.

The director and CEO of CIRA believes the educational landscape in Egypt is changing, and is already implementing projects in preparation for the future demand. With the overcrowding of schools and the increase of internet access, the CEO has started a pilot project to combine self-learning and traditional schooling. This is Egypt's first blended learning program, and it will offer 2.5 days of face-to-face education, and 2.5 days of education via an online connection from home. The program, "Mavericks", will nurture and promote students' self-learning, whilst maximizing a school's resources and infrastructure, and reducing the cost of education. 150 students have already enrolled to begin from September 2016.



« OUR VISION FOR THE FUTURES SCHOOLS IS FOR KIDS TO ENJOY THEIR TIME AND FOR PARENTS TO RECEIVE A VERY HIGH QUALITY EDUCATION FOR THEIR CHILDREN AT AN AFFORDABLE PRICE.. »

- DR MOHAMED EL KALLA, CIRA
DIRECTOR AND CEO -



GOING THE EXTRA MILE

REACHING OUT TO UNDERSERVED TARGET GROUPS

CREATING OPPORTUNITIES FOR WOMEN

While women make up approximately 50% of the population in Egypt, they only represent 23% of the workforce; often women receive no further education, instead opting to work in their homes, caring for children and elderly family members, and perhaps accessorially taking on an informal job . CIRA places an emphasis on bringing women back into the workforce once their children are at School, by offering training to students' mothers to work as Teachers and aides in Futures Schools classrooms. In this manner CIRA currently provides employment for over 2,600 people across Futures Schools, 1,760 of which are women. Via this effort, CIRA contributes to increase gender equality in Egypt, by assisting women in gaining employment and offering them opportunities in the formal sector.

PROVIDING EDUCATION TO REFUGEES

In 2015, there were an estimated 130,000 registered Syrian refugees in Egypt. Public funding shortfalls and unstable Government policies mean that the refugees struggle with the daily demands of life such as finding affordable housing, receiving appropriate medical care, and providing adequate education for their children.

To meet this challenge, CIRA has implemented a pilot project which has been very well-received. Using the existing infrastructure of a Futures day school they have established an evening school for the Syrian refugee children, taught by teachers from the same refugee community in Cairo. By running the evening school from 3 to 7 PM after the regular school hours on the premises of the existing Futures school CIRA is able to keep the costs for tuition affordable for the Syrian refugees. The project is a success, with 800 enrolled students and a waiting list of more than 1000. CIRA is working to obtain government permits to roll out this model at additional schools.



THE FUND'S CONTRIBUTION

SUPPORTING QUALITY INSTITUTIONS AND RAISING STANDARDS

FINANCING SCHOOL EXPANSIONS

Schools in Egypt are generally single, family-owned entities, and as such, long-term funding from Banks for Education has been almost non-existent. Prior to investment from ANAF II, CIRA struggled to raise the expansion capital required to meet the obvious demand, which also supported the value of CIRA's mission: to provide high quality education in each of the Futures Schools.

It was the expansion funding from ANAF II which allowed for CIRA to continue its growth, but it was the support of the Abraaj team alongside the funding which allowed for the growth to be supported by the mission.

IMPROVING MANAGEMENT CAPACITY

Abraaj's North Africa team is continuing to support the CIRA management, particularly in terms of improvement of administration and finance functions and systems. These internal systems increase CIRA's professionalism and enable the company to manage its steady growth. By being locally-based, the Abraaj North Africa team has been able to offer support and pertinent advice on a day-to-day basis, backed also by its local network.

SUPPORTING GOOD GOVERNANCE PRACTICES

CIRA has demonstrated a history of good Corporate Governance practices, which have been augmented and improved since the investment from ANAF II. The other shareholders of CIRA are working with the Abraaj North Africa team to grow their internal infrastructure and processes to meet the rapid growth of the company, including the centralization of internal controls and continuation of their policy of open financial books. The demonstration of good Governance practices by CIRA sets an example in Egypt, and increases capacity and professionalization of the private Education sector.

« WITH ABRAAJ'S EXPERTISE IN THE GLOBAL EDUCATION SECTOR, WE ARE CONFIDENT THEY ARE THE IDEAL PARTNER FOR US TO CONTINUE PROVIDING BOTH AFFORDABLE AND WORLD CLASS EDUCATION OPPORTUNITIES TO THE EGYPTIAN PEOPLE. »

- DR HASSAN EL KALLA, CIRA CHAIRMAN -

ABOUT OBVIAM

Obviam is an independent investment advisor specialised in long-term investments in emerging and frontier markets. Obviam advises public, institutional, and private clients, including the Swiss Investment Fund for Emerging Markets (SIFEM), the Development Finance Institution (DFI) of the Swiss Confederation. Obviam offers investors an opportunity to capture attractive returns and generate sustainable positive impact in emerging and frontier markets, via a proven and responsible investment approach.

ABOUT SIFEM

The Swiss Investment Fund for Emerging Markets (SIFEM) is the Swiss Development Finance Institution. It provides longterm finance to private equity funds and financial institutions in emerging markets. SIFEM's primary focus is on institutions investing in the small and medium enterprise (SME) sector. On a selective basis, SIFEM also invests in microfinance. SIFEM's investment philosophy is guided by the belief that investing in commercially viable emerging market SMEs can provide investors risk adjusted returns, as well as generate sustainable, long-term development effects in local communities. SIFEM is fully owned by the Swiss Confederation and managed by Obviam, a privately owned management advisory group.

CONTACT

For further information please visit our website or contact us directly at the address below:

SIFEM AG, C/O OBVIAM AG

Bubenbergplatz 11, 3011 Bern, Switzerland
T +41 (0)31 310 09 30, Fax +41 (0)31 310 09 39
www.sifem.ch, www.obviam.ch
info@sifem.ch, info@obviam.ch