



SESSION OBJECTIVES

- 1 Align demand and supply side stakeholders in education sector financing
- 2 Understand nature of existing obstacles and ways to overcome them
- 3 Understand why education sector reflects a valuable investment opportunity for impact investors

WHERE ARE THE OPPORTUNITIES?

- 1 Funding the missing middle
- 2 Educational inclusion in areas not addressed by private or public schooling system
- 3 Measuring impact and learning outcomes

WHAT IS THE DEVELOPMENT OBJECTIVE?



SDG 4: Ensure inclusive and equitable quality education and promote lifelong opportunities for all

NDP goal: At least 90% of learners pass English & Maths with more than 50% by 2030



SESSION SECTOR CONTEXT

- 1 Covid-19 accelerated investor opportunities
- 2 Pandemic has caused government to consider technological inclusion for learners
- 3 Those displaced by the pandemic are being reskilled across education and technology
- 4 Some standards to measure learning outcomes in the education sector have emerged. For example, edtechs have begun measuring numeracy or literacy outcomes and some are starting to measure both in the short and long term
- 5 The education sector has proved to generate risk-adjusted returns and is attracting more potential investors

DEMAND SIDE CHALLENGES

- 1 **Defining and evaluating impact** in the education sector in South Africa.
- 2 The **perception of low or non-commercial returns** in the education sector resulting in the government being the default client of the edtech.
- 3 There is a lack of patient and long term capital in the space and many funders still use grants as instruments.
- 4 Due to the perception of low returns resulting in a lack of a customer base, edtechs tend to focus on either impact or returns and struggle to prioritise both.

SUPPLY SIDE CHALLENGES

- 1 **Finding investable opportunities**
 - Suppliers often receive opportunities where solutions have been developed in siloes and as a result the solution lacks a clear understanding of the problem in the context of the intended beneficiary.
 - The entrepreneurs often do not develop their opportunities in a lean manner where capital can be gradually increased as the business scales. They often demand funding upfront.
 - Entrepreneurs sometimes do not collect sufficient data and therefore their solutions are often not comparable nor do they measure impact.
- 2 **Education entrepreneurship ecosystem challenges**
 - There is often a lack of a customer in the education space and as a default it is typically the government. Entrepreneurs do not have adequate comprehension of what it takes to have the government as a customer.

SOLUTIONS ALIGNED TO DEMAND AND SUPPLY OF EDUCATION FINANCING

- Small businesses need not work in silos. It is critical that they collaborate where they lack skills.
- It is important to learn from other developing countries how data is collected for entrepreneurs to be able to more effectively collect the data required from the supply side
- Education solutions should be designed for impact outcomes, including planning to be able to do effective Monitoring & Evaluation.
- Education solutions should be designed with a robust theory of change in place.
- Data gaps can be closed through designing small experiments that help entrepreneurs fail fast and quickly and gather insights
- It is important for the Department of Education, Investors and NGOs to work together to ensure scalability across the sector on all interventions and collaborate on their best practices.
- It is critical that educational solutions create relevant outcomes for learners to develop to be active citizens.
- Entrepreneurs need to collect data that indicates impact instead of low-hanging fruit data like number of users on an Edtech solution.

"The ecosystem in South Africa is very nascent and if you want to have real entrepreneurship in the ecosystem, there are critical elements necessary.

- *You need entrepreneurs,*
- *You need an enabling legislative framework that allows people to have impact and be revenue generating,*
- *There needs to be cutting edge research in the sector,*
- *You need incubators and accelerators and other types of intermediaries."* – **Sonja Giese**

THANK YOU TO ALL OF OUR SPEAKERS FOR THEIR PARTICIPATION



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