

# Investing in edtech: Collaboration, policy reform is key to success

By [Nyari Samushonga](#)

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As with all other facets of our lives, we are seeing the transformative use of digital tooling in the education sector. The classroom is being disrupted all the way from early childhood education right through to tertiary. E-learning is not just replacing physical spaces with digital ones, it is also digitising textbooks, pencils, and notebooks. The use of tech in education, commonly referred to as edtech, has fast become a necessity. As workplaces become increasingly digital, it is imperative that the learning environment mirrors this format. Whether one aspires to become a lawyer, accountant, doctor or teacher, digital literacy will be a required core competency and the classroom is where the journey to acquire it should begin.



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Unfortunately, the adoption of edtech across the country has not been widespread. While private and well-resourced schools have made the switch, most South African learners are being left behind. When Covid forced a rapid shift to remote learning, it exposed the extent of the digital divide. Lack of access to devices, data, and prior experience to an e-learning environment went from being a debate on privilege to a full barrier to learning.

If the benefits of edtech are widely known and understood, and recent events have exposed the urgent need for widespread adoption, why do we appear to be taking so long to adapt? The challenge, it seems, is that edtech is woefully underfunded. This is evident when it is compared to the fast-growing world of fintech. [KPMG estimates](#) that investments in African fintech's doubled to \$1.6bn in 2021 compared to \$800m in 2020. Most of this funding came from foreign venture capital and private equity investors. What's more, the investments include funding for fintechs geared towards financial inclusion. Start-ups like Yoco, Fundrr and Pineapple are rapidly growing businesses that provide financial services to previously underserved segments of our society. Edtech on the other hand, raised a total of \$14m in 2020. 1.75% of the quantum of investment in fintechs.

By leveraging growing penetration of mobile phones and increasing access to data, venture funding is enabling fintechs to increase financial inclusion. While this is going on, the growth in edtech is painfully slow. Fintechs are cashing in on their ability to deliver direct and quick returns on investment, while the long plays for inclusive edtech are not attractive to investors.



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### An opportunity in the crisis

But while edtech is underfunded, South Africa is a big investor in education. The government spent R27bn on education in 2021, up by 15% from 2020. The [World Bank estimates](#) that this spend is 6.8% of the country's GDP, higher than developed countries like the United States (6.2%) and the United Kingdom (5.4%). It is only behind Scandinavian states like Norway (7.9%) and Sweden (7.6%). With this high spend, however, the quality of education outcomes remains unsatisfactory. Data from the department of education shows that only 37% of those entering the education system matriculate and only 6% will end up with a university degree.

At the same time that edtech is struggling to attract venture funding, education, in general, is managing to attract enviably high levels of government investment. Edtech with its cost savings, operational efficiencies, superior data collection and analysis, and overall alignment to the future workplace, may well be an opportunity to revamp the education system and start to produce better returns on the existing levels of investment.

Viewed from this perspective, the underfunding of edtech is less an issue of there not being enough money from the private sector and more a sign of the need to redirect existing government spending.



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A core reason for the slow adoption of edtech by the public sector is that education policy frameworks are highly regulated, and the change process is slow and tedious. The government prefers to invest in proven models and is sceptical of sudden shifts. The critique of this is that while caution and pragmatism are hallmarks of sound public policy, where they are not moderated, they become a barrier to progress.

In truth, while edtech may seem like a new thing, it has been around for decades. Private providers like Spark Schools have built robust models for digitally enabled learning and proven that edtech can successfully be delivered affordably and at scale. Their journey to success served as a pilot for edtech implementations in the South African context that are modelled on global best practice. Making it easier for such organisations to access public funding will enable accelerated

delivery of edtech. Their proven methodologies are untapped repositories of policy frameworks that can be replicated to accelerate the digital transformation of South African education at a national level.

The future we speak of is upon us. The opportunity to leverage the qualities of digital platforms to address rampant unemployment and future-proof South Africa's workforce beckons. Achieving this success at scale will require collaboration as well as updated policies that will allow edtech investment to be directed towards learning models that are relevant in today's digitalised world and achieve better outcomes to prepare learners for the future.

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