

Investing in Education



Innovations for Africa's education sector

July 2025



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Acknowledgments

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Executive Summary

Learning outcomes across Africa are in decline. Gaps in teaching quality, infrastructure, and learning resources persist. Despite education being the second-largest household expense, 9 in 10 children in sub-Saharan Africa cannot read by age 10. A youthful population and rising entrepreneurial energy create immense potential for scalable, tech-enabled solutions — but just 3% of all VC funding in Africa goes to education ventures.

In response, **Acumen launched the Acumen East Africa Education Facility (AEF)** in 2020 to tackle systemic challenges in sub-Saharan Africa’s education sector through Patient Capital, ecosystem support, and performance-based financing. Over five years, AEF deployed \$6 million across five early-stage ventures in East Africa, collectively reaching over 3 million children, 200,000 teachers, and 8,000 schools. This report distills key lessons for **funders, entrepreneurs, and impact investors** committed to unlocking the transformative potential of educational innovation.

AEF’s early research mapped out the critical pain points among key education stakeholders and shaped our investment thesis around school operational efficiency, financial inclusion, teacher support, and personalized learning. The portfolio yielded key lessons:

- **Solve a real problem for both the buyer and the user.** Products must align with the needs and incentives of both the end-user (teacher/student) and the payor (school/parent).
- **The route to market is often unpaved.** Distribution strategies must adapt to fragmented systems, infrastructure gaps, and affordability constraints.
- **Price for value and cash flow.** Solutions must be priced to fit school and household payment cycles.

- **Government endorsement helps, but customer validation matters more.** Traction often begins outside centralized systems, through decentralized procurement or partnerships.
- **Finding product-market fit takes time.** On average, it took four years to achieve traction. Patient, flexible capital is critical.

The Facility was designed as a returnable grant invested through equity and convertible note instruments combined with technical assistance and performance-based financing (PBF). Technical assistance supported product development and commercialization. PBF rewarded ventures for meeting impact targets, offering a replicable model for linking capital to outcomes.

A new way forward

This report demonstrates that education investment in Africa demands both innovation and intentional capital design. There are major opportunities to address pain points in education. **Funders** can allocate more resources to back models with strong business fundamentals and public value. And **impact investors** must continue to experiment; because the stakes are far too high to settle for business as usual. With capital fully deployed, AEF now transitions to portfolio management and reflection. As we look ahead, we’re building on what we’ve learned and shifting our focus beyond K–12 to vocational training, post-secondary education, other upskilling pathways, and labor-matching. Acumen will continue to test performance-linked financing and support ventures with the time, tools, and flexibility needed to achieve scale and sustainability.



Investing in East Africa education

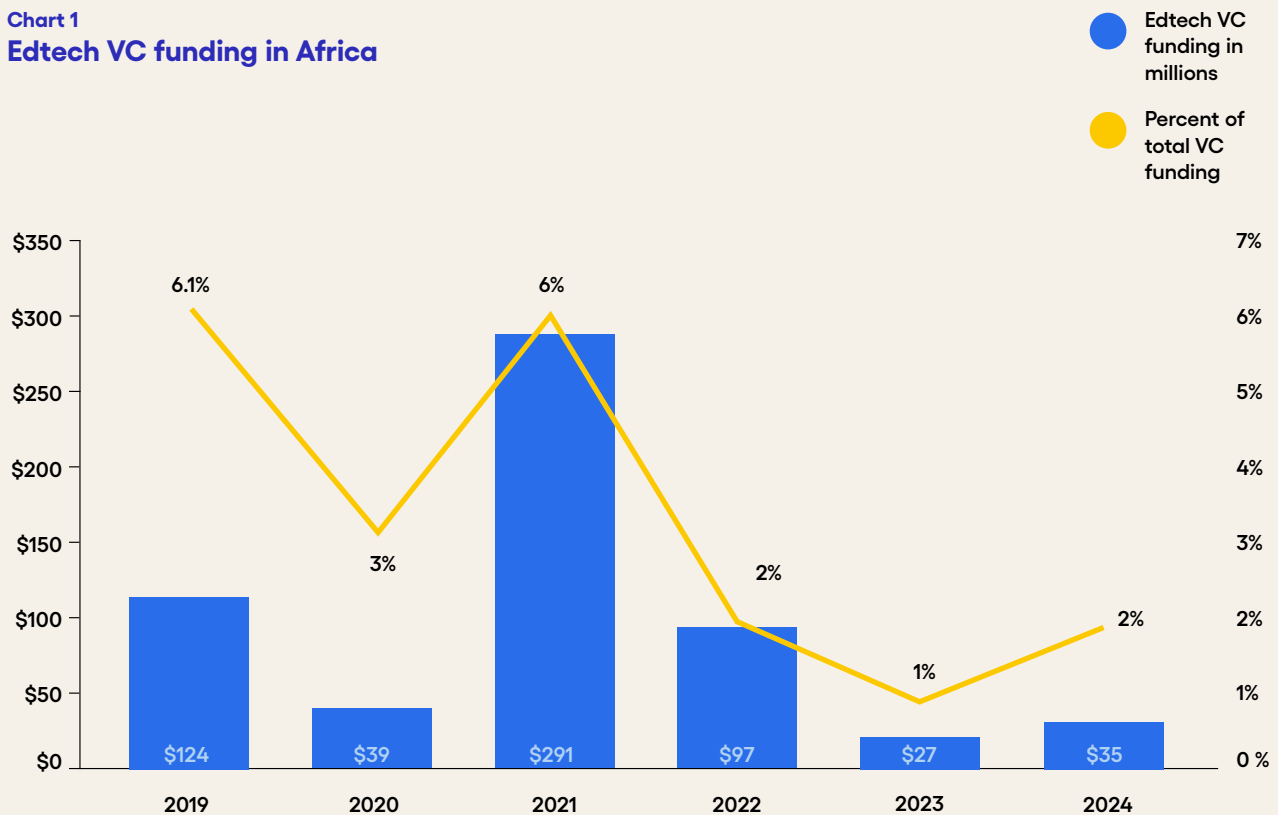
Africa faces a learning crisis. Between 1970 and 2010, the number of children completing primary school increased from 46% to 68%. But completion alone is not the goal. When it comes to actual learning, 9 in 10 children in sub-Saharan Africa cannot read a simple text by age 10.¹ Efforts to adopt a competency-based curriculum are floundering, not because of content gaps, but due to resource and infrastructure constraints. In 2020 there was one teacher for every 65 primary students in East Africa, far exceeding the global benchmark of one teacher for every 25 students.²

The key barriers to quality education in sub-Saharan Africa are widely documented and consistently highlighted across the region:

- **Infrastructure:** Poor facilities are exacerbated by unreliable or limited access to essential utilities. A third of African primary schools lack electricity; only 8% have reliable internet.³
- **Investment:** Governments have inadequate resources for capitation grants, while private schools struggle to borrow from commercial banks. One study found that just 16% of private schools had accessed a bank loan.⁴
- **Teachers (both numbers and qualifications):** One estimate found that teacher quality contributes 35% to students' academic performance.⁵ One in five teachers in Africa is untrained.⁶ Administrative tasks take up 40% to 50% of teachers' productive time each week, reducing the teacher-student engagement that is crucial for learning outcomes.
- **Learning resources:** Critical inputs such as books, tutors, and e-learning modules are often unavailable or unaffordable due to ancillary costs, including those for devices and data. In sub-Saharan Africa, the student-to-textbook ratio varies significantly across countries, with some public schools reaching ratios as high as 10:1.⁷

The potential, however, is immense. Africa's workforce is projected to expand significantly over the next 30 years. Nearly 60% of the population is under the age of 25. This demographic momentum has already sparked a wave of creativity and entrepreneurship in the education space, with founders building adaptive, tech-enabled solutions. However, innovation needs capital to thrive, and capital often needs innovation to prove itself — a vicious cycle. Yet investors have not responded with urgency. Over the last five years, less than 3% of VC funding has gone into education ventures on the continent — significantly lower than the 10% to 20% received in other regions, and ranking among the bottom five sectors for VC funding in Africa in 2024.

Chart 1
Edtech VC funding in Africa



Source: Partech Africa Tech Venture Capital Reports from 2019 to 2024

Behind these low investment levels are structural barriers that make scale — and, consequently, venture capital — difficult to secure. On the consumer side, affordability limits market demand. Low-income households spend up to 40% of their income on education, leaving little room for discretionary education products. Even where demand exists, mobile data costs in East Africa are nine times higher as a share of wages than in India, dampening uptake of digital solutions.

On the institutional side, public schools dominate. For example, 90% and 74% of primary schools in South Africa and Kenya, respectively, are public institutions.^{8,9} However, they remain difficult to access. Without legitimizing procurement policies and clear access-to-market pathways,

education technology (“Edtech”) ventures struggle to scale within public systems. These barriers make it more difficult for education ventures to find the right model for the market, which in turn makes funders more hesitant to step in until there is evidence of scale.

Acumen created the Facility to address these gaps using Patient Capital, technical assistance, and performance-linked financing. Over five years, we deployed \$6 million across five East African companies to support innovative, early-stage models with the potential for high impact on the education system and learning outcomes. This report shares lessons from these investments, and how capital structures and investing strategies can be reimaged to help transform education across the region.

Investable pain points in the education sector

The education sector in Africa is a paradox. Education is the second-highest household expenditure in the region after food and a major component of national budgets. Yet the gap between government investments and outcomes remains wide. Entrepreneurial efforts have been made to fill these gaps, but too few models have scaled to achieve system-wide impact.

When Acumen began exploring education investments in East Africa, it was a brand-new sector for us in the region. We had previously invested in education in India and Pakistan, primarily focusing on brick-and-mortar schools. While those experiences taught us valuable lessons — particularly around the public sector’s role in serving learners from low-income families — they also revealed the limits of scale without innovation. We saw an opportunity for private sector innovation to bring new solutions and investment into the system, and turned our focus to finding what models could work in practice in East Africa.

We began with deep listening. In 2020, COVID delayed the start of our investments. We used that time to conduct market research with parents, teachers, and school owners, as well as civil society actors, investors, and government stakeholders. This early research conducted via SMS, online surveys, and interviews helped crystallize pain points that we hoped passionate entrepreneurs could address:¹⁰

1. School owners wanted to invest more in their facilities and classrooms but lacked access to capital and struggled to collect fees from parents. Less than a quarter were using any kind of school management system.
2. Teachers struggled to engage parents in their children’s education and wanted more tools for the classroom and their own professional development.
3. Parents were generally satisfied with their children’s schools but desperately needed help paying over time for school fees that are due in lump sums at the start of term. They also wanted more resources for their children, such as tutoring and exam preparation.

Table 1

Major pain points identified by stakeholders in the education ecosystem

Stakeholder	Pain Point 1 (% of respondents)	Pain Point 2 (% of respondents)	Pain Point 3 (% of respondents)
School owners and Administrators	Access to additional funds (39%)	School fee collection (33%)	Access to learning materials (10%)
Teachers	Lack of learning materials (39%)	High student numbers (15%)	Lack of technology (11%)
Parents	School fee payment (35%)	Communication (13%)	Weak academics (8%)



These insights shaped our investment thesis. We aimed to find solutions that could address these needs by improving operational efficiency for schools, strengthening teacher engagement, and making learning more accessible and personalized. **At the core of this approach is stakeholder alignment: for Edtech to succeed, it must meet the needs of various stakeholders, offering investable solutions that address their pain points.**

The role of Edtech entrepreneurs

Entrepreneurs in Africa, and their supporters, have the opportunity to address systemic education challenges. But this requires iterative stakeholder engagement throughout the product cycle to ensure that products genuinely

meet the needs of students, educators, and administrators. The stakes are high in educational investment; the standards must be too.

Africa has seen examples of well-intentioned, rapidly scaled education platforms that failed to deliver meaningful learning outcomes. When technology is deployed without sufficient alignment to context, systems, and end-users, the risk is not only wasted capital but diminished credibility. For African markets, the message is clear: technology for education must be designed to strengthen — not circumvent — public systems, and it must align with what educators, learners, and governments need. Edtech for the public good must be public in accountability and good in outcomes.

The Acumen Education Facility strategy

The Acumen East Africa Education Facility (“AEF” or “the Facility”) was established to invest Patient Capital (primarily equity and convertible notes) in early-stage companies that provide scalable solutions to the region’s most pressing education challenges for youth ages 18 and under. AEF was the first equity fund exclusively focused on African education, and that singular focus allowed the investment team to specialize and made the Facility highly visible to entrepreneurs working across the sector.

Our goal was to invest in and grow scalable models that addressed key pain points for schools, teachers, and parents. And while Edtech offered promising solutions for reach and personalization, we recognized that many pain points — like school financing and teaching quality — remained unsolved by purely digital products. The Facility was therefore designed to look at Edtech, but also beyond it, seeking solutions that could support system-level transformation, whether software-based or not.

To accomplish that goal, we built the Facility with several key features:

- **A systems approach.** We sought to understand the interactions of resources, stakeholders, and infrastructure required to develop students holistically, as well as the gaps and pain points within that system. Rather than concentrate on a single aspect of the education system, we invested across the value chain — from school finance to edutainment.
- **Deliberate risk-taking.** We aimed to build a portfolio that took calculated risks on high-impact ventures, always with an eye toward their potential for ecosystem-wide impact. Local knowledge was crucial to enable that intentional risk-taking, which is why we moved, for the first-time, to an Investment Committee that was majority-based in East Africa.
- **A returnable grant structure.** The Facility’s \$6 million in investment capital was funded via a returnable grant, which enabled Acumen to take risks on early-stage ventures while allowing partners to recycle any returns into future philanthropic investments.
- **Dedicated performance-based financing.** A separate pool of grant capital was reserved to incentivize companies to focus on solutions for lower-income learners.

Acumen has invested in five portfolio companies across East Africa, serving schools, parents, teachers, and students. We deployed \$6 million in equity or convertible notes through Pre-seed, Seed, and Series A rounds, with tickets ranging from \$300,000 to \$1 million. The remaining capital is reserved for follow-on investments to scale solutions that work.

Each company in our portfolio addresses a distinct stakeholder group, giving us insight into how different parts of the system reinforce one another — and where small shifts could make a big difference to learning. Together, the portfolio reflects a systems-thinking approach, aligned with our early ecosystem mapping.

Visual 1
Education ecosystem mapping

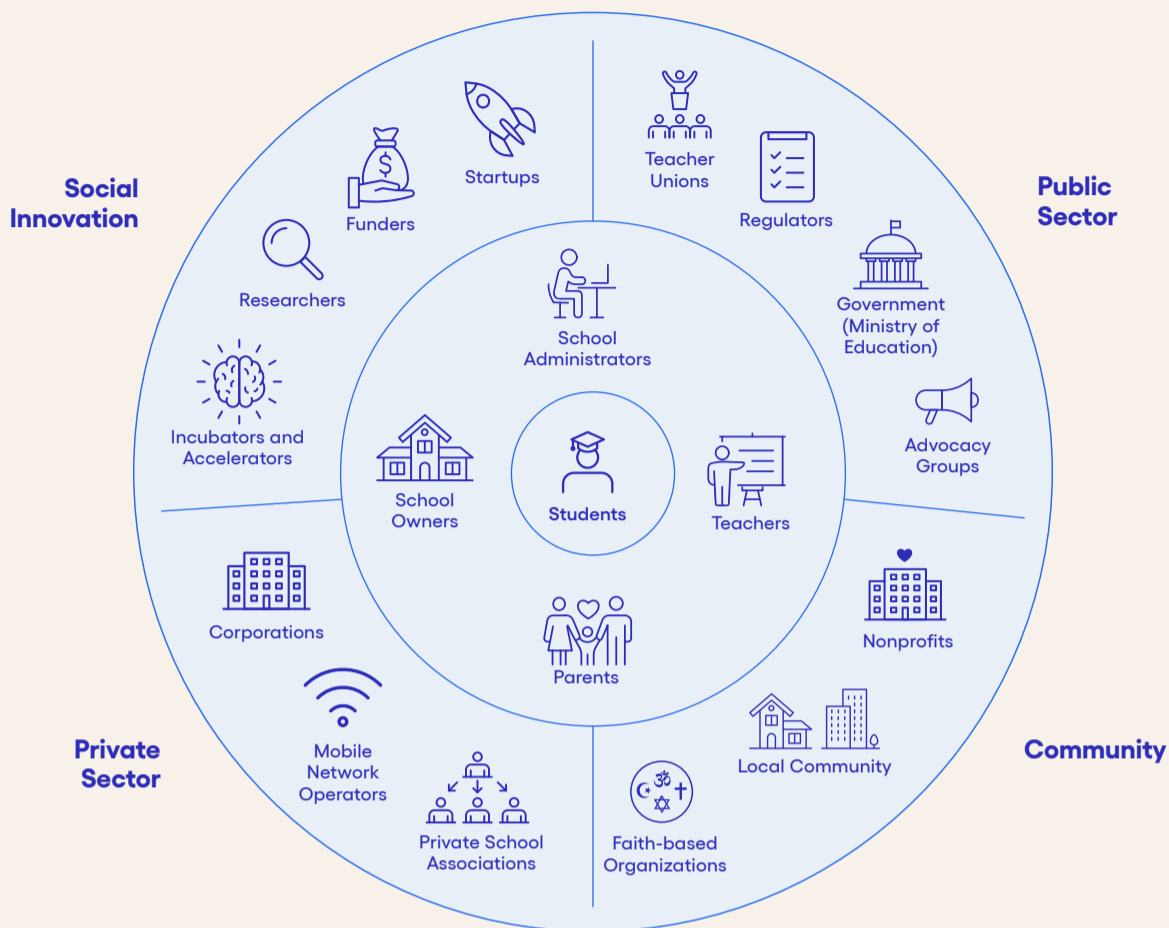















Table 2
Acumen portfolio companies in the education ecosystem

Company	Stakeholders served	Problem	Solution	Impact	
 Ed Partners	 School Owners	Less than 20% of low-cost private schools in urban Africa have ever accessed a bank loan	Provides infrastructure loans to low-cost private schools to enhance quality of education	More than 100,000 children now benefit from improved school infrastructure	
 Akili Network	 Parents	 Students	Lack of edutainment content for Kenya's children, who make up 48% of the population	Operates a 24/7 children's TV channel dedicated to edutainment	Kenya's #1 kids' channel, reaching over 8 million children and 5 million parents each week
 Silabu	 Parents	 Students	Accessing supplemental tutoring services is inefficient and costly	Connects students with vetted tutors for affordable online or in-person tutoring	68,000 students access tutoring, and 31,000 tutors earn additional income
 Zeraki	 School Administrators	 Teachers	Operational inefficiencies contribute to poor quality education	Offers school management software for tasks such as grade analytics and reporting, fee reconciliation, and parent engagement	Used by over 7,600 schools (85% public) supporting 180,000 teachers and 3 million students
 Kurasa	 Teachers	Teachers spend excessive time on administrative tasks	Provides a digital platform for lesson planning and assessments aligned with Kenya's curriculum	Used by over 3,000 teachers delivering education across Kenya	

Portfolio Impact

Halfway through the ten-year term of the Facility, Acumen's education portfolio has had remarkable impact:



This reflects the kind of scale we set out to achieve through high-growth, early-stage investments in companies that address pain points in the education system. From 2021 to 2024, every dollar we invested catalyzed an additional two dollars of investment, a ratio we expect to grow rapidly in coming years.

Our approach to impact measurement

In education, the depth of need is undeniable. Across sub-Saharan Africa, 9 in 10 children cannot read or do basic math by age 10. But need alone does not create impact. We've seen that focusing only on where the perceived need is greatest — without asking whether products are actually used — can lead to interventions that fall apart once external support ends.

That insight shaped how we approached impact. The Facility's original thesis centered on improving the quality of education, to be measured through gains in student learning outcomes. But we quickly realized that **direct measurement of learning outcomes is difficult and expensive**, especially for early-stage ventures.

We adapted our strategy by focusing on two core pillars:

- **Improving the quality of education inputs** from teaching and pedagogy, to school operations and financing.
- **Developing proxies for learning outcomes** which are measurable and directly attributable to the companies to evaluate depth of impact. These proxies also enabled us to implement performance-based financing (discussed below).

Although learning outcomes through randomized control trials have typically been the "gold standard" for proving Edtech effectiveness, we took a more practical, user-focused approach. We prioritized:

- **Usage as a proxy for value:** How often parents, teachers, or school administrators voluntarily engage with the product — daily, weekly, monthly.
- **Demand as a driver of durability:** Focusing on solutions that show persistent, repeated use across time and context, not just in controlled study periods.

Measuring what matters

This shift has real implications. For example, Zeraki has school clients who have used its platform consistently for eight years — a level of sustained engagement almost unheard of in research-funded education pilots, which often run for just two to three years. Validation of Zeraki's model does not come from trials, it comes from continued use by over 7,600 schools and 180,000 teachers on their platform.

We believe that impact cannot be assumed from need; it must be achieved through demand. Usage is the engine of sustained educational improvement. Products that are voluntarily used, even at low price points, are far more likely to drive meaningful, long-term learning outcomes than those that are perfectly designed but rarely opened.

Table 3
Depth indicators and perspectives

Company	Depth	Perspective
 <p>Ed Partners</p>	<p>71% of owners reporting quality of school very much improved</p>	<p>“My school has improved because I have better infrastructure after I built more classrooms and renovated the existing ones. Due to the expanded capacity of the school, we were able to admit more students.” - School owner</p>
 <p>Akili Network</p>	<p>45% of parents mention children performing better in math and sciences</p>	<p>“My 4-year-old daughter could not do numbering well. After she started watching the channel, she can number well. She is not lagging behind class.” - Parent of child, 4</p>
 <p>Silabu</p>	<p>41% of parents reporting very much improved academic performance</p>	<p>“I thank God because my children are performing very well in their examinations, and the notes from Silabu are excellent.” - Parent of two children, 10 and 11</p>
 <p>Zeraki</p>	<p>89% of teachers reporting decreased time spent on administrative tasks</p>	<p>“It has made work easier compared to before when I was doing things manually and there was time wastage. With Zeraki, within an hour you are done. Even the parent can access results from Zeraki.” - Male teacher, 28</p>
 <p>Kurasa</p>	<p>95% of teachers reporting improved instructional practices based on data</p>	<p>“I enjoy teaching and walking around in class. The manual method meant I am writing most of the time and rarely got time to give valuable interaction with learners. Kurasa has allowed me to do my job as I ought to.” - Female teacher, 31</p>

Insights from our portfolio

From investing in these five companies through this approach, we derived key insights on what it takes for education ventures to thrive — and where many early-stage models fall short.

Successful ventures solve a real problem for the buyer and the user

Solving a real problem for the right stakeholders is still the biggest predictor of how investable a business will be. It is not enough to build a visually appealing product. To succeed in Edtech, companies must solve a specific, painful problem that matters to both the person using the product and the person paying for it. Often, they are not the same.

Two-thirds of the companies that entered our pipeline focused on e-learning and content development. Many had great intentions and strong user experience; they

made learning more engaging. However, few aligned with both the real constraints of the education system and the everyday pain points of the people expected to pay.

This disconnect is common in early-stage Edtech companies. Students and teachers may benefit most from a product, but it is often parents, school administrators, or even finance managers who decide what gets paid for — and each of them has different pain points, incentives, and decision criteria.

To build a viable education business, founders must first understand whose problem they are solving. Then they must understand who the payor is, and how to design for their incentives. Sometimes that means making the case to the person with the budget, even if the value is felt most by someone else.



“In the Edtech field, you need to switch from selling vitamins to selling painkillers. When solutions address a direct pain point, the value proposition is a lot more compelling.”

— Isaac Nyangolo, Co-founder & CEO, Zeraki

Customer discovery leads to product-market fit

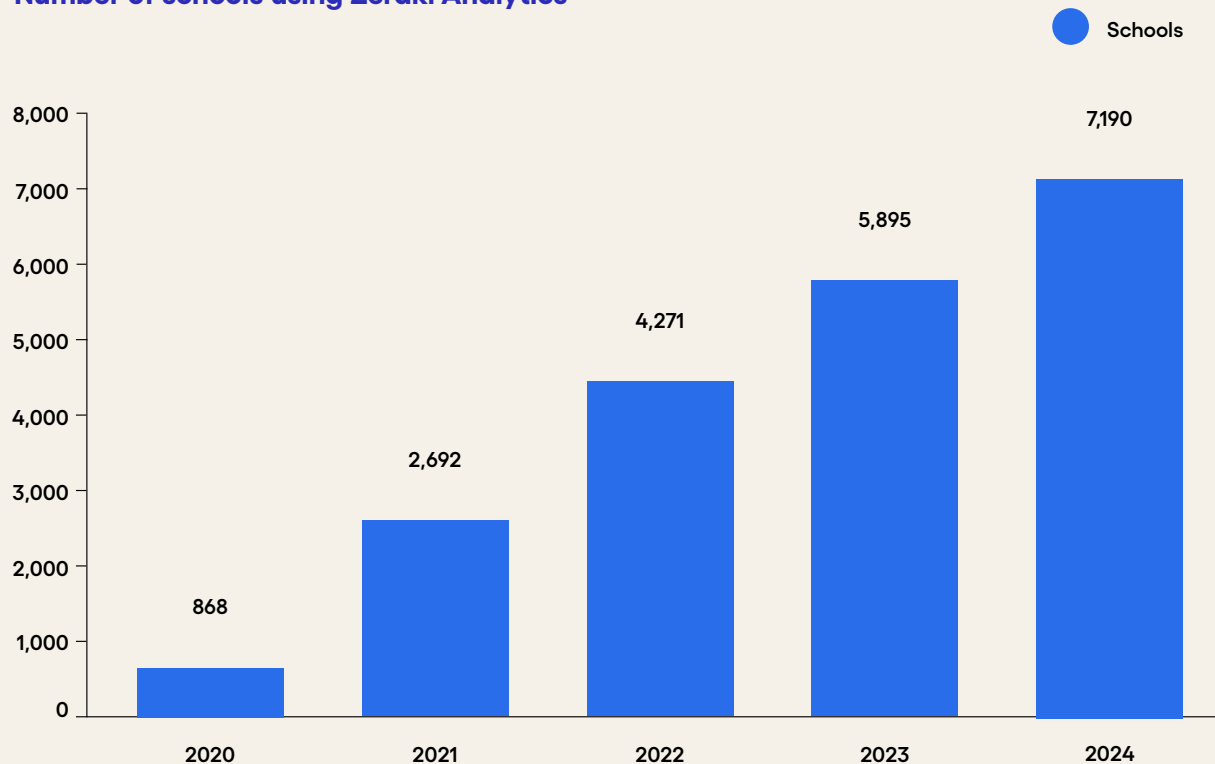
Zeraki, a Kenyan education technology company in our portfolio, offers a clear example of how solving the right problem for both buyer and user drives traction. Zeraki’s product journey illustrates how product-market fit starts with solving a real problem for both the buyer and the user. Their first product was a desktop administrative tool — it didn’t gain traction. Next came an e-learning platform, which was also unsuccessful, as Zeraki could not demonstrate value to school administrators or parents. There are a number of e-learning products in the market; parents use what schools recommend, and so the willingness to use a product the school has not recommended — however good it is — is minimal.

Customer feedback from a school administrator changed the company’s trajectory. The administrator shared with Zeraki’s CEO that his school didn’t need a better learning app, they needed an app that could help track learners. School administrators had no easy way of managing a student’s journey and records efficiently. They actually had a budget for administrative tools, but the offerings in the market didn’t alleviate their pain.

Zeraki adapted to the customer’s needs and designed a mobile application for their school administration tool, Zeraki Analytics. This was the game changer. Through the mobile application, Zeraki solved a key problem for public schools: administrative inefficiencies, which take up to 40% or 50% of the teachers’ working hours each week. Today, Zeraki reaches over 7,600 schools across Africa, serving more than 3 million students.

The company faced similar challenges when rolling out its next product, Zeraki Finance, which helps schools manage their finances and collect school fee payments. Initially, school directors didn’t see significant value above the status quo. Eventually, Zeraki realized that directors were taking cues from school accountants — who were the actual users of Zeraki Finance and had a completely different set of needs and performance metrics. Moreover, Zeraki’s marketing teams weren’t used to speaking with financial professionals. Zeraki redesigned their marketing and hiring to focus on school accountants, which enabled the Zeraki Finance product to take off.

Chart 2
Number of schools using Zeraki Analytics



The route to market in African Edtech is frequently unpaved — it requires a strong go-to-market strategy

Justin Kan, the co-founder of Twitch, famously wrote that “First-time founders are obsessed with product. Second-time founders are obsessed with distribution.”

For Edtech founders in Africa, the distribution challenge is a defining constraint. Reaching low-income students means navigating uncertain technology access, fragmented

school systems, patchy infrastructure, variable platforms (like mobile, web, and USSD), limited digital literacy, affordability constraints, and uncertain government endorsement. Without taking these into account, entrepreneurs risk over-engineering a product that has no viable route to market.

Market entry strategy matters just as much as the product itself. In many cases, companies in our portfolio had to adapt their distribution strategies when early market assumptions did not hold and users could not easily access the product.

“Introducing in-person events bridged the gap between our sponsors and their intended audience (families that watch Akili TV). These events have proven to be a strong go-to-market strategy with sponsors gaining a better appreciation of Akili’s reach and influence and a better understanding of the profile and potential purchasing power of our audience. They are therefore more willing to pay for airtime on our network resulting in a higher conversion rate.”

— Jeff Schon, Co-founder & CEO, Akili Network

Creative strategies to build viable routes to market

Akili is the first TV network in Africa focused entirely on educational programming for children and families. It relies heavily on advertising revenue to sustain its programming. Initially, Akili’s strategy involved pitching directly to clients or to the advertising agencies hired by the clients. However, advertisers often struggled to see the value in Akili’s demographic. Even when they did, they did not have ready-to-air commercials.

This was a clear case of the road to market being unpaved. Akili had strong engagement from families, but the advertiser market wasn’t there. They had to build it.

To address this challenge, Akili began organizing in-person events, including a treasure hunt where families were invited to participate and visit each sponsor’s setup. Their most recent event, in April 2025, was attended by over 6,000 children and families and featured 20 sponsors. This direct interaction between sponsors

and families helped shift perceptions, demonstrating the value of Akili’s audience and leading to a notable increase in the conversion rate from sponsors to advertising clients. At the same time, Akili began producing commercials for interested advertisers, providing the creative collateral for clients who didn’t have it, so that Akili could sell airtime.

Silabu is a Tanzanian tutor-matching platform. Their initial focus was one-on-one tutoring. But the company quickly saw that the price point for individual tutoring was out of reach for many lower-income households. In response, the company developed a group tutoring offering, where students (and parents) could self-organize into groups of up to 10 and access supplementary tutoring at 30% of the original price. More than 54,000 students have accessed group tutoring through this model, and a third of the company’s revenues now come from it.

Price for value

Edtech price elasticity varies depending on whether the solution is supplemental or essential. But in general, purchasing power is limited and free alternatives are present, so elasticity is high. It is therefore imperative to get the price right to attract and retain the remaining base of clients.

Both public and private schools face deep financial constraints: tight budgets, unpredictable cash flows, and pressure to maintain quality with limited resources. A pricing strategy that aligns with how schools actually manage their finances is crucial.

For example, public schools rely on government funding to meet their budgets. Government capitation grants are structured on a per-learner basis and disbursed annually, so pricing per-learner, per-year is aligned with the expected cash flows and the costing language understood by public school administrators. Alternatively, for private schools that collect fees every term, pricing per-student, per-term better reflects their cash flows and financial planning cycles.

However, in practice, payments are often delayed or incomplete. This means successful ventures must go further — building trust, designing around real-world constraints, and staying flexible.

When pricing reflects reality, products scale

Kurasa provides teacher lesson planning tools to public and private schools. Its pricing model is tailored to school type. For public schools, a **price per-learner per-year** aligns with capitation grants. For private schools, a **price-per-classroom-per-term** mirrors tuition cycles and school financial planning. Kurasa's pricing reflects a deep understanding of school operations and has been key in unlocking the company's entry into public schools.

Ed Partners offers school improvement loans to affordable private schools. Unlike traditional lenders, Ed Partners aligns repayment schedules with school cash flow. The company's repayment model spans eight months of the year — timed to when schools are in session and collecting fees from parents. This makes the product both affordable and predictable for Ed Partners' borrowers (mainly low-cost private primary schools). This responsiveness has been key to Ed Partners' growth.

Government endorsement is valuable, but customer validation matters more

In most African countries, public education dominates the landscape. In Kenya, more than 70% of primary schools are state-sponsored. It is understandable, then, that many Edtech founders view government endorsement or licensure as the key to scale. But for early-stage ventures, this assumption can lead to delays and dead ends.

Government endorsement can be powerful. Top education companies globally, such as Pearson and Macmillan, derive significant shares of revenue from government contracts. But getting that endorsement is slow. Bureaucracy, opaque procurement systems, and the challenge of demonstrating value to a centralized decision-making system often

stall momentum. While governments are slowly becoming more supportive of Edtech solutions — seen in initiatives like the African Union’s Digital Education Strategy — most startups cannot afford to wait.¹¹

What works instead? Finding early traction by securing user validation and product-market fit outside the centralized public school system. Companies have gained momentum by engaging decentralized public schools (for example in Kenya with its devolved county-level governance), low-cost private schools, and teacher associations. In many cases, as long as the product does not directly affect curriculum, individual schools have buying power, and companies can pitch them a product on its merits. As a result, these channels allow companies to demonstrate value directly to decision-makers, even in the absence of government directives or endorsement.

"The strategic partnership with KEPSHA and the value demonstrated to public schools in replacing manual grade books with digitized reports has been crucial in spurring uptake without the need for a formal Ministry of Education directive."

— William Nguru, Founder & CEO, Kurasa

Bypassing bottlenecks through customer validation

Kurasa’s partnership with Kenya Primary Schools Headteachers Association (KEPSHA) has been a catalyst for their entry into the public segment. Kurasa offers digitized lesson planning for teachers and digital grade reports that replace manual, admin-heavy grading systems and can be more easily shared

with parents. Public schools on the Kurasa platform are saving teachers time, reducing administrative burdens, and cutting costs per report. By demonstrating clear value to KEPSHA members, Kurasa gained traction, attracting subscriptions without waiting on a Ministry of Education directive. A similar pilot in four regions of Ghana showed comparable results, making the case for market expansion.



Insights from capital design

When we launched the East Africa Education Facility, we were experimenting with a different way of structuring capital to unlock impact in a complex sector. In addition to our core investment and the ecosystem approach discussed earlier, the Facility brought together three capital elements: a returnable grant model, performance-based finance, and technical assistance to build synergies.

Not all of these were intentional; the market and systems mapping was enabled partly because of a forced hiatus due to COVID. Likewise, the returnable grant structure was a welcome condition from the funders of this initiative. But taken together, they point towards something wholly new, a different way of investing in problems, and a framework we hope to build on significantly in the future.

In this section, we unpack each of the core elements of the Facility's capital design.

Returnable grants can unlock impact-first investment

Acumen's Patient Capital model — investing philanthropic capital as equity in high-potential enterprises serving people living in poverty — was a novel innovation that helped pioneer impact investing. But the world has changed drastically since then, in part because of that model. Between 2014 and 2021, the number of venture funds operating out of Nairobi grew from 69 to 650, with a compound annual growth rate of 32%. In 2023 alone, Nairobi raised \$500 million in venture capital, living up to its name as the Silicon Savannah.¹²

Our approach to capital is also evolving, becoming more context-specific and adapting to what poverty challenges demand. Today, Acumen deploys a full

spectrum of capital, from Angels awards to commercial funds, with ticket sizes ranging from \$25,000 grants to \$5 million equity investments.

Education in East Africa is semi-organized but highly fragmented. The early-stage companies we planned to invest in were digitally-based, asset-light models, with promising paths to scale across both public and private schools. Yet, the sector remained undercapitalized. Most funders either sought market-rate returns that the sector could not provide, or avoided the sector altogether due to its long time-horizon and complex stakeholder landscape.

Given this context, we co-designed a returnable grant structure with our Partners to align funding and investment with the nuances of the education sector. Philanthropy was essential; no other funding mechanism could absorb the kind of risk and timeframe that the sector required. However, the innovation was in how the grant was structured around both the nature of the investment lifecycle, and the flexibility early-stage education ventures need to thrive:

- **60%** of the returnable grant capital was invested directly into the companies in the form of equity and convertible notes, with a capped return of 1x back to the funders, and Acumen retaining any excess returns.
- **30%** was used to cover essential aspects of administering the Facility, including due diligence, deal making, and technical assistance. No part of this was returned.
- **10%** was allocated to an impact carry, rewarding success while ensuring alignment with long-term impact.

At a time when most blended finance structures still focus on de-risking commercial capital, this model made space for funders who truly understood the value of concessionary capital, not just to absorb risk, but to build entirely new investable ecosystems driving long-term public value.

This structure enabled the risk-taking and diversification that we believed the sector required, but that traditional capital rarely supports. We believe it can serve as a blueprint for other sectors where depth and breadth of sustainable impact require bold ideas, and capital structures intentionally designed to meet them.

Aligning capital with outcomes through performance-based finance

Traditional equity investments reward financial performance but rarely build in direct incentives for social outcomes. With the East Africa Education Facility, Acumen aimed to change that by introducing performance-based financing (PBF) — a conditional partnership between a funder, investor, and portfolio companies in which financial incentives are tied to progress towards collaboratively-defined impact targets. Funds are distributed upon achievement of the targets, tracked through following baseline, midline, and endline studies.

We believed these incentives could ensure we focused on what was important, and that outcomes would be embedded in core strategy, not just reporting. We hoped that PBF would ensure that learners are placed firmly at the center of educational investments and interventions, and that by doing so, we would signal to the market what quality looks like in early-stage education ventures.

To operationalize this, the Facility was designed with three tiers of impact, each with its own weighting:

- **Breadth (20%):** number of people reached
- **Poverty Focus (30%):** proportion of customers below the poverty line
- **Depth (50%):** how the product or service improves the quality of education and is linked to proven improved educational outcomes

Silabu drives impact and unlocks funding with performance-based financing

Silabu is a platform that connects students with tutors in Tanzania for supplementary tutorial services. Acumen and Silabu developed impact targets across the three tiers, informed by a baseline survey conducted in 2022. To achieve these targets, Silabu took on a number of actions.

- To increase breadth, they introduced free peer-to-peer classes, as an entry point for lower-income students, and as a referral engine for group and one-on-one tutoring.

- To drive user engagement and improved educational outcomes (depth), Silabu introduced longer tutoring packages to encourage parents to commit and provided parents with weekly assessments and feedback on how they could help their children improve. They also trained tutors and introduced a new retention metric which prioritized assignments for tutors who kept students engaged.

In 2024, we conducted a midline review, shown in Table 4. Based on the results, Silabu was able to unlock non-dilutive funding from Acumen that improved the company’s financial sustainability and attracted further grant funding from develoPPP to train tutors — strengthening instructional quality and learner outcomes.¹³

Table 4
Midline review of Silabu students based on Acumen’s performance-based financing impact tiers

Impact metric and weighting	Variance from baseline results
Breadth (20%): Total number of students on the platform Data source & collection: Silabu	196% increase
Poverty Focus (30%): Percentage living below poverty line Data source & collection: 60 Decibels survey of parents ¹⁴	10% decrease
Depth Quantitative (25%): Percentage of students averaging 2+ hours of tutoring a week Data source & collection: Silabu	3% decrease
Depth Qualitative (25%): Percentage of parents reporting ‘very much improved’ academic performance Data source & collection: 60 Decibels survey of parents	23% increase



Key lessons on performance-based financing implementation

1. **PBF surveys provide strategic insights:** For Silabu, a key lesson was that the average parent customer has two school-age children, most of whom were not Silabu clients. The company used this knowledge to design a new ‘sibling discount,’ which enabled households to save on a second learner, and provided additional income for tutors. Actionable insights like these position the company to unlock funding from external capital providers.
2. **PBF enhances the business model:** As companies chart their pathway to sustainability, the PBF design helps shape strategies around maintaining affordability, quality, and access for lower-income households. These strategies are not only beneficial for poverty inclusion, but also for retention and scaling offtake to reach sustainability.
3. **Impact measurement for Edtech solutions is an art:** The impact thesis for Edtech solutions is that they enhance learner outcomes and/or the learning experience either directly or indirectly. For Edtech solutions that do not benefit the student directly, for example, a school management system, we have to rely on teachers' perception of the improvement in learner outcomes as a result of enhanced administrative and teaching efficiencies. The weighting across the various tiers allows us to balance the objective with the subjective components of the desired impact.
4. **PBF design is an iterative and collaborative process:** Given that PBF is a fairly new impact financing structure,

the best approach to designing involves consultations with not just the company but third-party impact research firms and the funder advisory council. It also involves learning from the implemented reviews and results to further optimize the design.

Technical Assistance can enhance commercial performance

In addition to Patient Capital and performance-based finance, the Facility funded additional initiatives through Technical Assistance (TA). These projects enhance companies' commercial and impact performance, and added value to our portfolio companies in the following ways:

- **Product Development:** Helped Kurasa integrate AI into its solutions, to improve accuracy and efficiency of grading.
- **Commercialization:** Supported the commercialization efforts of early-stage companies, including go-to-market strategies.
- **Marketing:** Leveraged synergies to fund commercials that were produced and aired by Akili Network for other companies in our portfolio, opening new leads for the companies.
- **Board Development:** Provided a grant to identify and recruit a qualified female director for one portfolio company, as a means of increasing their gender intentionality.

TA offered flexible, timely support that accelerated and improved products, teams, and strategies — ultimately improving commercial and impact performance.

Insights from our investment strategy

Rethinking scale beyond infrastructure and content

Historically, investors have sought to scale education impact by investing in low-cost school chains, financing infrastructure, or online learning content. But these models struggled: school chains faced thin margins and high operational complexity, lending portfolios were not disbursed.

By contrast, the AEF portfolio revealed a different path to scale. **Ed Partners, Zeraki, Kurasa, Akili, and Silabu have reached millions without owning a single school or building.** Their success came from designing tools that aligned with school needs and leveraged existing infrastructure. Rather than funding bricks-and-mortar, we focused on enabling platforms, services, and models that could plug into existing systems and scale more affordably and efficiently.

This insight reshaped how we approached capital design, and represents a critical narrative shift for funders and investors:

- You don't need bricks-and-mortar to achieve scale.
- High-leverage opportunities exist in school finance, teacher productivity, data and analytics, and edutainment.
- Patient Capital can unlock these models when combined with deep ecosystem insight and performance-based support.

Market signaling builds confidence, not just companies

Throughout AEF's deployment, one of Acumen's most influential roles was not just backing companies, but building confidence in the sector. Many funders

express interest in education — citing the youth bulge, digital opportunity, and social returns. Yet few go on to invest. This is what they tell us:

- "The models all look the same."
- "There's not enough market data."
- "We don't know what good looks like."

Education is perennially "interesting," but rarely "investment-ready." That's why AEF's capital strategy emphasized not only direct support but also market-making:

- **Crowding in capital** by translating local ventures into compelling investment stories.
- **De-risking co-investments** by publishing usage data and strategic insights.
- **Highlighting viable models** that align social outcomes with scalable delivery.

To truly make education investible, we must treat it like a market — complete with benchmarks, competition, and shared learning. That means:

- Funding more nuanced market research
- Supporting product diversity in overlooked areas
- Publishing commercial and usage data — not just pilot results
- Creating platforms for investor peer learning

Acumen's experience shows this is possible — but curiosity alone is not enough. It takes intentional signaling to turn interest into investment.

Recommendations

This report set out to answer, what does it take to build sustainable, scalable education solutions in Africa?

Our portfolio shows that success does not come from innovation alone. Solutions gain traction when they align to contexts, constraints, and stakeholder needs to solve urgent problems.

The challenge of universal access to quality education remains an immense one. But when it comes to bringing more private sector solutions to bear, different actors have key roles to play:

Funders can:

- Prioritize education interventions with a strong business case at their core.
- Allocate more resources to private sector investment.
- Support entrepreneurs to engage with public systems through grant capital and funded pilots.

- De-risk participation of governments by cataloging private sector innovations and providing dedicated funding pools for tech procurement from vetted solutions.

Impact investors should:

- Incorporate more blended instruments such as performance-based finance and returnable grants.
- Acknowledge the centrality of government to successful Edtech models, and lean into partnerships and ecosystem building that can make it easier for companies to scale.

In the final analysis, there is no breakthrough that will solve Africa's learning crisis. However, by innovating where the problems are and aligning capital to meet them, we can build an education system that delivers concrete learning outcomes.



Appendix

Akili Network

Akili Network is Kenya's (and East Africa's) first and only dedicated free-to-air children's learning TV channel. Akili Network has proven that their engaging and educational programming is a trusted destination for parents and children, with sustained viewership of over 20 million children and adults per month on free television and satellite.

In Kenya, and across Africa, children continue to face both access and quality barriers when it comes to education. Before COVID-19, 57% of the world's out of school children were African. In terms of quality of education, when students do make it to the classroom, less than 15% of primary school students reach minimum proficiency levels in numeracy and literacy.

A 2015 study by the Edtech Hub, a global nonprofit research organization supported and funded by the World Bank, UK aid, and the Bill and Melinda Gates Foundation, found that 81% of respondents said that television was the most accessible medium for Kenyan households.

Lean Data studies from Akili Network and others in the industry confirm strong alignment with Acumen's poverty focus with 22% to 44% of households watching television living below the poverty line in Kenya. This number only continues to grow as more low-income Kenyans have access to electricity. Indeed, television ownership is aspirational and is often the first household appliance purchased when a household gains access to electricity.

Akili differentiates itself from the competition by focusing on children and families and curating content for that audience: preschool on TV for young daytime viewers;

safe learning and entertainment for tweens and teens after school; and programming prime time with safe, fun, family-friendly content. Akili recognized TV would allow it to have maximum reach and impact, and the company has a free-to-air commercial TV broadcasting license issued by the Communications Authority of Kenya (CAK). One of CAK's mandates is to provide children with educational content, and they have found Akili to be the right partner to deliver on this. CAK now considers Akili TV a critical thought partner in increasing the amount of children's content on Kenyan television

Akili Network's partnership goes beyond the present day and accounts for future shifts in the market. For example, although internet-based television and content consumption is still many years into the future for Africa, Akili has partnered with Safaricom, to provide children's content for their BAZE mobile-only video on demand platform.

These partnerships are sustainability lifelines for Akili Network, and have resulted in interest for replicating in other African countries like Nigeria, Uganda, Ghana, Zambia, Namibia, Tanzania, Malawi, and Rwanda. Akili Network's plan is to expand into these and other countries through television, digital platforms, and in-person events.

Ed Partners

Ed Partners Africa Limited was founded in 2018 and is a non-banking financial institution transforming the education sector by providing financial solutions to schools. Ed Partners aims to replicate a business model that's proven effective in Varthana, the largest school loan company and fastest growing student loan company

in India. Ed Partners has the potential to replicate this success, in Kenya and across East Africa.

Ed Partners' business model and strategy aim to replicate the success of Varthana's business model in Africa by capitalizing on an underserved customer segment. Ed Partners provides two to six-year securitized loans to affordable private schools, with use of funds restricted to infrastructure improvements or for purchasing assets (such as school buses). Varthana has been highly successful in this niche in India.

Their business model focuses on service, with relationship managers acting as "travel sales people" visiting schools to generate leads, but then also facilitating the loan transaction through door-step service. Ed Partners uses detailed cash flow analysis to determine credit worthiness, then uses direct-debiting to automate collections directly from the school's bank account. Ed Partners' loan products are \$4,500 to \$45,000 in size, and charge an interest rate of 20% to 28% per annum. Lastly, Ed Partners supports schools with "beyond loan" services, such as training, aimed at improving the capacity and operations of the school.

The Ed Partners' model seeks to contribute directly to the UN's Sustainable Development Goal 4 (SDG 4), Quality Education, enabling schools to improve the quality of education they provide students. The provided loans often address some of the most notable challenges in schools such as overcrowding, lack of technological resources, and school resiliency by providing the financial support for construction and renovations, purchasing of technological equipment such as computers and smart boards, and additional value streams for private schools such as dormitories and school buses.

For Edtech ventures designing for financially constrained customers, aligning with user cash flow can be a game-changer. Unlike traditional lenders, Ed Partners aligns repayment schedules with school cash flow. The company's repayment model is timed to when schools are in session and collecting fees from parents — making their product both affordable and predictable for the schools they serve.

Kurasa

Public schools lack efficiency, and the improvement of such is a huge pain point for teachers who feel like they're in the dark. Teachers want to connect with the real world, be up to date, and digitally connect in terms of their operations. Kurasa helps them do that.

Kurasa is a comprehensive education product used by teachers, parents, and school administrators. The product has generated strong teacher usage, engagement, and feedback. Kurasa is a for-profit Kenyan Edtech venture that developed a competency based curriculum (CBC) assessment web app which aims to "ensure each learner's progress can be monitored and relevant interventions introduced in a prompt fashion." These interventions include digital gradebooks and attendance/performance tracking as well as lesson planning modules that allow teachers to put in lesson plans and perform self-evaluations.

The venture is focused on using SaaS technology to improve parental-teacher-student engagement and supplemental learning which directly influences learning outcomes.

Kurasa seeks to build a community by partnering with teachers through the creation of technical capacity building, allowing teachers to generate insights on CBC assessment. The program scales by consciously addressing pricing objections through automated payment methods.

Silabu

Silabu is an Edtech venture that connects students to top tutors across East Africa to improve the quality of education and promote an inclusive economy for all teachers to earn an income. Silabu Company Limited, a for-profit Tanzanian enterprise, developed Silabu, a web-based tutoring and mobile app platform that matches learners to qualified and vetted tutors on-demand to improve their learning outcomes (via online or in-person tutoring). Their vision is to develop a peer-to-peer platform that creates a community of learners for Africa's 200 million students.

Silabu's business model currently allows students to book top tutors on their platform for various subjects of interest, in an individual or group format. The platform allows students with similar interests (under the age of 25) to register and match to top tutors on demand paying as low as \$2 per hour for the service. To achieve its mission, Silabu has consistently tapped into top tutors by capitalizing on student and parent reviews, and coupled with teaching experience, effectively matches students to the right tutors depending on their learning strengths and weaknesses through the company's robust and rigorous selection process. Silabu also enables peers to form a group and matches them to tutors on-demand, with fees 70% cheaper than one-on-one tutoring. Additionally, Silabu allows for teachers and schools to start groups, and students can join for a fraction of the price.

Silabu's journey highlights how user-driven design, flexible pricing, and group learning models can help Edtech ventures achieve both impact and scale.

Zeraki

Zeraki is a suite of products that reduces the pain parents, teachers, students, and schools face in attaining their educational goals by easing the burdens arising from administration, complementary education, and school finance management. The initial product, Zeraki Analytics (a school management software product), is a mobile-first platform that makes burdensome administration easier for teachers, and was used by more than 7,600 schools, including more than 60% of secondary schools in Kenya as of 2025. Most impressively, more than 85% of all schools using Zeraki Analytics are public schools, a notoriously difficult customer segment to acquire.

Zeraki's product journey provides notable lessons to Edtech entrepreneurs. When Zeraki launched, the company first created a web-based minimum viable product (MVP) platform whose key was data analytics and whose goal was to solve the data management problems of teachers. However, most schools did not find this solution compelling. The company paused work and focused on their digital learning platform, Zeraki Learning. This was more successful. However, a year later, the company learned that most schools were purchasing Zeraki Learning but not using it due to a lack of resources such as computer labs and computers to support digital learning.

As with most startups, the company had exhausted all of their resources and could not proceed to drive the usage of Zeraki

Learning. As the team collected feedback from clients, one of the schools suggested they needed a data management platform more than an e-learning platform. The school specifically wanted a platform that was accessible on mobile phones. In response, Zeraki developed the Zeraki Analytics app and shifted its product roadmap from a web-first to a mobile-first enterprise system. This shift made it much easier for teachers to input grading and analyze student performance on the go (reducing time spent on administrative tasks and increasing core teaching and student engagement time). Nine schools paid for this solution in 2017. By the end of 2018, the company had signed up 84 schools and was learning substantial lessons in developing a repeatable sales model for Zeraki Analytics.

The incremental successes of these product iterations offer valuable insights for African Edtech entrepreneurs and highlight the value of integrating community feedback into all stages of a product or services rollout.

Endnotes

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¹⁴ 60 Decibels is an impact measurement company that conducts Lean Data studies to survey customers, employees, or beneficiaries of a social enterprise.



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