



**“Closer funder relationships have bred more relationships and more funding.”**

## **A Conversation with Grace Matlhape of [SmartStart](#)**

**Ambika Samarthya-Howard**  
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**Ambika Samarthya-Howard:** Can you tell me about your work, yourself and how you would define SmartStart.

**Grace Matlhape:** I've always been in the social justice field. I come from mental health. I was at [loveLife](#), an organisation focused on HIV prevention for about 14 years. I ran the organisation for about 9 of those 14 years. In fact, it was my predecessor, who was the founding CEO of loveLife, who called me to say he's got another idea and asked if I was interested.

I didn't conceptualize SmartStart. The original idea didn't come from me. [The idea developed from] the three philanthropic organizations that founded SmartStart and had been funding early childhood development for a while. They believed in the power of it but were not seeing any shifts. They were not quite clear how to stimulate the environment to grow and move in the direction of solving the early childhood development challenge, which in South Africa is twofold.

One, is that there is a big gap in access to quality early learning. The assumptions behind the mechanism in place assume that there will always be a set of entrepreneurs who will start early childhood development centers, and that the demand will be made that way. But this doesn't work. There are areas where there's market failure, and so the poorest children end up being totally excluded. They're just not reached. That's the first challenge.

The second challenge is a poor quality of early childhood development provision. That quality gap is about the market solution that is not adequately supported by government and government regulations. Therefore, what people end up earning from parent fees is just not enough to continue with inputs that enable quality. Plus, early childhood development [ECD] qualifications are very expensive, and largely are privately provided, and not within reach. That's the challenge of early childhood development.

**Ambika Samarthya-Howard:** You mentioned market failures. Can you tell me more about what a market failure looks like in early childhood education?

**Grace Matlhape:** The provision is private, but it's regulated. You can run an early childhood development program, but you have to be registered with the government in order for you to do that. In order to be registered with the government, you have to meet certain norms and standards. The norms and standards are really all good but for most communities, taking into consideration the massive inequality in our country, they are just not within reach. That means private operators in those communities will never register. They'll never be able to register. They just don't have the infrastructure for it.

That infrastructure is similar to where people in that community live. If people live in shacks and children sleep there at night in a shack, expecting the entrepreneur in that community to have the ability to build a brick-and-mortar infrastructure, they would not be able to do it because shared communities are usually unplanned. People just occupy them. To build there will never happen. You can't, unless you build illegally.

These are massive structural excluders. That means that there might be potential suppliers of early learning, but there's a massive gap between demand and supply. The normal processes of demand and supply fall apart. It just doesn't follow. Just because there's an average of four children per family in this neighborhood and 20% of them are under five doesn't mean you've got a customer market to plan your early childhood program on.

**Ambika Samarthya-Howard:** Can you talk about the SmartStart approach? How does it help fill the gap and how do you know it's working?

**Grace Matlhape:** The SmartStart approach is based on the market solution. We're not assuming that the government must be the provider. We still think communities are best to provide early learning. We actually build supply. We go into communities, we recruit unemployed and underemployed women, and those women with interest. We recruit women who are attracted to the proposition as we presented. We screen them, make sure that they are the right people.

Once they qualify, we will invite them for training. Then they are a part of this value chain of work. We don't do pre-qualification in SmartStart. We focus on building competency. We will bring them on board. We will train them. We will assign them a coach. The coach is a full-time qualified employee who works for us and that is on our frontline services.

**Ambika Samarthya-Howard:** When you said you'll assign them a coach do you mean individuals or that you'll assign an early childhood development center a coach?

**Grace Matlhape:** I'm talking about our journey to build new supply. We recruit you, we train you, and we assign you a coach. Typically, you are a small, owner-led entity at that point. You probably don't yet think of yourself as a principal, you think of yourself as a practitioner. We use a franchise model. Our franchise model is really our quality assurance mechanism. We have the coach and then we also form them into clubs and communities of support for one another. The club meets once a month. The club meeting is a platform of ongoing training, and the coach is in contact with everyone at the level of their own center, but the coach also attends all club meetings. They also invite other people [for instance], someone to talk about child abuse.

The club is a very powerful platform for all kinds of capacity building: intellectual capacity, social capital, all kinds of fantastic things. They go through this journey with us, which starts with a five-day training. Three months thereafter, the mechanism, our whole central system will trigger that it's time for a quality visit. The coach will go and visit, observe them practice over the whole day. Once they are green, which is a goal for us, they are ready for the next thing. If they're not green or if they're red, sometimes we revoke the lessons. That's our supply mechanism.

It's a whole 18-month process, which includes getting them to a place where they can now be registered with the government, where it's possible. Often it isn't possible to even go beyond that. That was the way we started. That's the model of SmartStart, social franchising: build a supply and help them to generate demand. We have another frontline worker whose job [title] is community activator. They do awareness and recruitment and activations so that they generate demand through community conversations for all of the centers that we set up.

As we understood that the gap in access is largely in the poorest communities, we realized that what we were doing was not enough. Some of our centers were just not

sustainable because parents couldn't afford to pay fees. We needed to unlock the funding that must come from the state. That is how we started to work with the state.

**Ambika Samarthya-Howard: How do you define impact? Is it going to scale through state or government support?**

**Grace Matlhape:** Our first impact isn't sustainability. Our first impact is whether we're getting the child outcomes we are aiming for. Are children adequately prepared for school? Are we creating better prospects for children for the future? That's our first impact. We've done two evaluations of the work. We started in 2015, so our first evaluation was in 2018. That one was to find out, does this thing work? It's a very pragmatic solution.

People are not pre-qualified. They're straight off the street. Let's get on with the work of working. I was extremely anxious for almost 10 years waiting for the results of that first study, because [I wondered] are we making any difference? That particular [study] proved that we're getting the child outcomes we were looking for. It gave us insights into what works, what doesn't work. What we amplify and what the real predictor of success is at child level. That's our first indicator of success.

The second [measure of impact] is sustainable supply. Are we building a sustainable supply? In those early years, we really experienced very high attrition. It was a new thing. The parents were skeptical about whether quality can come out of a shack. Not just parents, government, other early childhood education operators— nearly everyone who has an idea of what quality looks like. Quality in the context of high poverty was not convincing to many people. So attrition was quite a thing. We had to more deeply understand some of the challenges of reaching sustainability.

It is a little bit of the market expectations and perceptions. But it is also about what are the assumptions behind policy and regulations, and legislation that we have in place. The assumptions were blind to the ultra poor, to the poorest 40% of the population. It was assumed that it's easy enough to build a center, set up, and get registered. If you are not registered, you're breaking the law. We succeeded in partnership with a well-run government department to understand the elements of legislation that needed to change.

Now we're sitting with a children's amendment bill. We seconded a senior technical advisor into government to help with the writing of the bill, and to [think through]: mechanisms and elements, norms and standards, and lowering the barriers of access for entrepreneurs in poor communities. So that they are able to start micro-enterprises

that deliver quality, and are sustainable, registered and funded by the state. That's where we are now.

**Ambika Samarthya-Howard:** Can you tell me a little bit about this legislation?

**Grace Matlhape:** We're still sitting at the bill [stage]. It will be debated soon in Parliament. The children's act, as it existed before, required a number of things. Firstly, it requires that if you are going to look after seven or more children, you should meet these following requirements and that once you've met those requirements, you should be registered. Then once you're registered, you may be funded by the government.

It's meant for the poorest children. It's meant to be a contribution to the early education of the poorest children. It requires that you have a qualification in early childhood development. It had all of those specific assumptions that anyone can qualify in early childhood development [for instance].

It also had provisions [for what happens] if a social worker or government official visits and finds that you are an ECD operator and you don't meet certain compliance requirements. We've changed a few things. We removed all of those requirements for prequalification. We added competency instead of qualification. Now if the minister finds out that you don't comply, the minister has a duty to see that you are compliant, rather than shutting you down. The tone behind the legislation is one of policing, checking, and inspecting, not appreciating.

In the first place, it is a duty of our government to educate its children, especially a government that said two years of early childhood development are critical for the success of our education outcomes. We were trying to change the tone of the legislation from this prescriptive, pointing your fingers, to a partnership between government and civil society. Where we are now, we have a mechanism in South Africa that was introduced towards the end of the last minister's tenure. We know that what we are doing now is aiming for the government to invest in infrastructure improvements because that's usually the biggest thing that holds registration back.

Now we have a process where everybody can register right now. It's quite frankly a process where everyone can just get themselves in the main database. That is a way of the minister realizing that they exist. Then when the government thinks of their own annual budget, we'll have a target every year of how many they're going to support to get to compliance.

It has been a really powerful two to three years of partnering with the Department of Basic Education, as well as, a few other partner organizations focused on enabling legislation that is relevant to the context of many children in South Africa, and enabling awareness of the early years as a critical period for government and other civil society investment. This recently culminated in a strategy document for the country where we now have a national early childhood development strategy for the country. We are busy working on a roadmap to 2030, the year where we all hope for universal access to quality early learning.

We are part of an ever increasing voice that is shifting big systemic excluders of children from early childhood development. In the meantime, SmartStart continues to grow our platform. We now have 13,000 practitioners, and many of them are now employers of people. We're maturing as a delivery platform that has learned the kinds of things that would be important for the government to know, in order for them to support organizations like us to emerge more and more until you have a stronger national response.

**Ambika Samarthya-Howard: Can you share more about SmartStart's funding journey and your ideas for SmartStart sustainability related to philanthropy.**

**Grace Matlhape:** Philanthropy is massive in the life of SmartStart. Three philanthropic organizations initially thought of SmartStart, a delivery platform for scale to help close the gap in access to quality early learning.

**Ambika Samarthya-Howard: Who were the three organizations?**

**Grace Matlhape:** DG Murray Trust. It's a South African philanthropic organization. The Hollard Foundation Trust and the ELMA Philanthropies. They all started with what is to us now a little money. They all started with collectively R20,000 a month, which we struggled to spend. We didn't even spend a half of it. It was just the three of them for the first two years. The three organizations and myself make up the board.

Jointly, in those first years of the startup, we were recruiting other funders to support the venture, collectively. In the first three years we brought a South African entity on board, the FirstRand Foundation. We started to build a network of venture philanthropies. The common identity of the people who've supported SmartStart, up to this point, are venture philanthropists. People who are investing in the entrepreneur, who are listening to the vision of the entrepreneur and they want to back that up.

Rippleworks was among the ones we met in the early days, not as a funder. We met Rippleworks as a potential partner along the journey, as we were figuring things out. Initially, we were talking about needing a proper technology platform for what we are building. At that time, we were too small and we didn't have capacity. The way they work, they want to have a full-time project manager so that they are building capacity around that one person. We didn't have that relationship, but kept in touch with them at a distance until it was the right time, two years ago, when we did our first project.

**Ambika Samarthya-Howard: What was the first project you started with Rippleworks?**

**Grace Matlhape:** We did an organizational development project. It was at the time when we were changing the pace of scale. When we were moving into exponential growth, we needed a different structure, and to strengthen our leadership and distribute it better within the organization.

I met with Rippleworks and I was describing the expert that I want, and I was thinking, I don't know that that person exists. It's a pink unicorn with purple dots —and they delivered a pink unicorn with purple dots. That's crazy. It was just crazy.

**Ambika Samarthya-Howard: Can you tell me about the expert? What made that a pink unicorn with purple dots experience?**

**Grace Matlhape:** I was looking for somebody with a good understanding of delivery systems. In my mind, I'd never heard the word "delivery system" before I said it. Even as I said, an expert in delivery systems, I was wondering where I heard the phrase "delivery system" in the first place. We needed someone with a good sense of not-for-profit delivery system. How not-for-profits deliver programming, but also a good understanding of public systems and how they connect into that. Also, like an organisational development person with public policy understanding. They found Wagner Denuzzo, who is an organisational person. He describes his work as strategic human capital development.

**Ambika Samarthya-Howard: This was your two-year project with them. Do you have any feedback about their funding model for project-based grants?**

**Grace Matlhape:** I don't experience their funding model as project-based grants. They just have an amazing kind of approach to partnership. It feels like they set up a partnership. They buy into your vision, they are energized by what you want to achieve, and they want to help you achieve it.

The way they start to work with you is by understanding all the things that you want to do. What is the one thing that if we push this lever, it's going to help us move to the next level? That feels like a really cool way of working in a respectful way. Understanding that you know what you know, you know what's needed, what you want, you have your own dream, but you don't always have the technical expertise in everything that is needed to move you forward.

The partnership is in that you iterate and iterate until you have clarity and they can very much help you get to a certain point, which we did with them. At the point when they are satisfied about something, they said, "You are on our list for consideration for a capital grant." Then there is a due diligence process around the capital grant. I haven't really experienced that.

The funding is co-funding. It's not prescriptive. The project is actually over. We've delivered it. We have a new team of leaders. We now have this organization that's on its way. The funding can go anywhere where you think you need to invest it.

**Ambika Samarthya-Howard: Can you tell me about your new project?**

**Grace Matlhape:** This new project is about IT. We have a whole suite of technology solutions. They're conflicting and not properly working together. I'm not the champion of that. I have a broader leadership team [attached to it]. The project ended up being about helping us to figure out the profile of a head of IT, and how to make sure that there's a stronger match. We've lost three heads of IT in one year. There's a proper match between the work of SmartStart and what we need in an IT professional. But it is a very competitive recruitment environment for IT professionals.

**Ambika Samarthya-Howard: How are you going to use the grant from Rippleworks to scale? What's your vision for the grant money?**

**Grace Matlhape:** The way we use all of the philanthropic money that comes in. We try very hard not to get into restricted funding. We do have one or two people who fund specific things, but we tend to go for that if we are testing something specific before we take it to scale. All of the philanthropic funding is going into these communities. We now have this automated way of telling us where the gap is higher. We have an interactive platform for recruiting women from scratch, building that pipeline etc. Funding is linked to our unit cost per franchisee. How many franchisees are we aiming for next year? That's where all of the philanthropic money goes.



**Ambika Samarthya-Howard:** So it basically goes to thinking about the strategy of scaling to the franchise?

**Grace Matlhape:** That's right, and operationalizing that strategy. 100%.

**Ambika Samarthya-Howard:** You have a very trusting relationship with Rippleworks, and that's really important to get things to scale. Some people want more touchpoints and impact evaluations and questions about results. Other people prefer fewer touch points. How do you feel about that, because both have their benefits and drawbacks?

**Grace Matlhape:** That's a really cool question. More touchpoints, not restricted connections. More touchpoints is really welcome for us. The relationship feels like a partnership. It feels like you are buying into our risks and are in the trenches with us to solve. We are inclined to more touchpoints, and we try to keep contact, and try to keep you informed. Even when we write, we have one implementation report for everyone. We give a general update: 'This is how we're doing. We're done with this, we're excited about this. We're beginning to struggle with this. We just didn't quite get to that,' etc. We have one implementation where it's hard to keep to that one implementation because people are interested in different things. They might be interested in our implementation report, but every time I talk to them, I have a feeling they have not read that thing.

We have these meetings once a year that are just amazing, where they're trying to help us figure out our pathway to scale. Every year we have this conversation about what are the milestones we're working towards, how we get to cheap enough, how we get to big enough, how we get to good enough etc. It's a one pager. They don't want a lot of stuff. Over and above the implementation report, they'll have their one pager update on the milestones but the bigger story for everyone will always be that implementation report. We're telling one story, we're doing one thing, we're bringing everyone on board around this one thing that has various elements to it.

When you are reporting on restricted funding, it's a fragmented thing. It's to take cuts of what we are doing, and share how good that thing is separately from the bigger thing that's going on.

**Ambika Samarthya-Howard:** There's a general consensus around restricted funding and seems like less consensus around unrestricted funding, like how many requirements should there be and should it be based on results and impact.

**Grace Matlhape:** I feel the same. Closer funder relationships have bred more relationships and more funding. Many of those venture philanthropists we've got, I meet with them about once a month. I do find that they tend to remain excited about what we are doing and are more likely to introduce us to the next person and then those ones again to the next person and so on.

There are some things I feel are too much. Too much for me would be the sense of being pressured to do an evaluation before it's the right time. It's hard to find the balance but if you have a good open relationship, you should be able to talk about those things. To say, 'we don't think it's the right time yet, let's give it another year.' Not everybody will say yes. More touchpoints feels right, not prescriptive, but listening and interacting, advising and helping.

**Ambika Samarthya-Howard:** Can you share a little bit about what hasn't worked and what advice you would give to people doing what you're doing?

**Grace Matlhape:** It feels like everything we did, we first did it wrong and then did it right. Everything. The assumptions we had in the beginning. When we started we were going to get to universal access by 2025 because our model was designed as a two-day program. [The premise was], we get all 1.5 million children in South Africa who don't have quality access to preschool, three to five-year-olds. We want to reach all of them, make sure that there's a practitioner who can give them two days of stimulation every day, and we will have solved the problem.

That fell flat. We did an evaluation and that first evaluation confirmed that two days was good enough in terms of child outcomes. We can get child outcomes, but parents don't want to pay and they don't understand why they pay if you're not providing childcare. The understanding of early learning is separate from childcare.

We tried and tried to separate early learning from childcare. The market has them totally connected. If you don't provide full-time, we don't want to pay, and so our practitioners were struggling a lot to establish sustainable enterprises. Then when we changed it to have a more deliberate, full-time provision, all of our practitioners ran a daily program, and suddenly our unit costs increased perhaps three times. As a sustainable organization on paper, we were going to actually get to this at a very reasonable unit cost within a short space of time. But suddenly, we are so much more expensive than we thought.

**Ambika Samarthya-Howard:** Why was that?

**Grace Matlhape:** With our modeling, if we did two mornings a week, a practitioner was going to work with about 20 children a week. Our child numbers are regulated in South Africa. When you have more than 10, you have to have an assistant. That same law says if you are operating alone from your home, you can't have more than six children. That's one of the pieces I was describing about the Children's Act. You don't have to register, but you won't be funded by the government. Now we had to move from a model based on 20 children per practitioner to a model of 6 children per practitioner. That totally makes us unaffordable overnight and so we had to start from scratch. That was one of the biggest problems we had.

Then there are already existing early childhood development operators in all of these communities. They are struggling because it's a hard enterprise, especially home-based ones that are not as valued as they should be. When we come, we come with a model that is very well designed. The curriculum is so powerful and strong. We have resources for every practitioner we set up. Overnight, parents move from wherever they've been to the SmartStart one that looks well-thought through and shiny and wonderful. It's shiny even in a shack. It's a beautiful thing. The idea is that we want to close the gap, but we end up building vulnerability in the existing provision in a particular community. That increases hostility.

**Ambika Samarthya-Howard: How did you bridge that gap of vulnerability and overcome the hostility?**

**Grace Matlhape:** It's ongoing. Now, when we go into a community, we first meet existing people, this is who we are, this is what we want to do. Many of them say, "No, don't come here. There are not a lot of children." But actually we know that there are many children who are not receiving service. We work with them, not at first, but they are welcome to be part of the SmartStart network. We keep that to a maximum of 30% in any particular area, so 30% of existing ECD operators can also be part of SmartStart. They'll benefit from SmartStart, they'll get free toys, they'll get training, they'll get everything that the new people get. Almost everything, except business skills training.

**Ambika Samarthya-Howard: What are the top three things that you need to unlock scale and sustainability?**

**Grace Matlhape:** The first thing that always comes to mind would be government regulations and policy. That is the real holistic effect. That's your exponential change effect.

The second thing is a longer, deeper mindset shift journey because the things that we've learned over time is that the problem you are trying to solve has remained a problem for a long time for a reason. There are things that are keeping that problem in place. To solve it at a superficial level would not take it away.

The problem of childcare, on one hand, is the huge, deep, negative gender norms about care. That care is a woman's job. It's her job to do it, and so we don't value it enough and don't pay her enough. There is a deep mindset shift [needed]. There are also the ones that say, in our environment, quality is beauty. It's what you see with your eyes, not what you experience.

In childcare education, qualities they experience is in the interaction between the practitioner and the child. In the most impoverished environments, you see children thrive in amazing ways. That's another really big lever, to shift mindsets around very tightly held beliefs. If we managed to shift those mindsets, it would unlock demand and supply in wonderful ways.

The third one is money, but beyond money. Stable relationships of trust with funders, with an investment community. It's the kind of thing where funding begets funding. It's like success attracts success. There's freedom to fail and test new things quicker rather than hiding for a long time until your venture collapses. But you have an active relationship where you are dealing with these challenges on an ongoing basis. That relationship for me is one of the biggest enablers. In a way, even though it's not necessarily a hockey stick, it's a stability, it's a foundation thing. It keeps you there.

**Ambika Samarthya-Howard: Thank you.**

*Ambika Samarthya-Howard (she/her) is the Solutions Journalism Network's Chief Innovation Officer: She leads on innovation and technology, leverages communication platforms for the network strategy and creates cool content. She has an MFA from Columbia's Film School and has been creating, teaching and writing at the intersection of storytelling and social good for two decades. She has produced content for Current TV, UNICEF, Havas, Praekelt.org, UNICEF, UNFPA, Save the Children, FCDO, Global Integrity and Prism.*

*\* This interview has been edited and condensed.*