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Favela Fundos / Central Única das Favelas (CUFA) / Fundação Dom Cabral (FDC)

Favela Business School

Brazilian favelas and their peripheries are powerful territories, economically, financially, and geographically. Many organisations have seen the potential of these areas, but often face the challenge of accessing and building content that is both solid and relevant to the reality, language, and characteristics of favela entrepreneurship. From this scenario and from the partnership of Fundação Dom Cabral (FDC) and Central Única das Favelas (CUFA), the Favela Business School was born.

In late September 2022, ten favela entrepreneurs completed their training in the Favela Business School programme. Shortly thereafter, in November 2022, another 136 favela entrepreneurs also finished their training as part of the second class of the Favela Business School. Brazil currently has more than 13,151 favelas, which are home to about 17.1 million people (Data Favela, 2022). If all Brazilian favelas were combined in a single state, it would be the fourth largest in the country.

17.1m

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Characterised by their precariousness, unfavourable socio-economic conditions, and the lack or scarcity of basic public services, favelas are often associated with violence and poverty, while their residents are subject to various stigmas and prejudices based on negative stereotypes. Moreover, a large part of the favela population belongs to marginalised groups, in Brazil, favelas are synonymous with black people, as pointed out by Data Favela (2022), which recorded that 67% (around 11.5 million people) of favela residents identified as a black person.

Favelas are very often considered in terms of their poverty, however here we present them as areas of potential, starting from a perspective that sees them as places of creativity, resilience, and innovative capacity, where people have to develop solutions to overcome the many challenges they face on a daily basis. Often driven by hunger and living constantly on the edge of life, marginalised people, such as favela residents, have higher problem-solving abilities than people with better living conditions. Treating favelas as a potential does not mean romanticising the challenges faced by those who live there, but recognising that with access to opportunities it is possible to build a fairer and more equal society. In this context, we focus on favela entrepreneurs.

Despite a reality marked by precarious access to income, in recent years at least R$180.9 billion have been earned in favelas, an income larger than 21 of the 27 Brazilian states, according to Data Favela (2022). In the same survey, 76% of favela residents had or intend to have their own business, either because they identified an opportunity or out of necessity. Seven out of ten of those who don't yet have their own business intend to start one catering to local residents. Despite such expressive data, one of the major difficulties for favela entrepreneurs is being able to communicate with the business world, hence the Favela Business School was created.

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The Favela Business School

The Favela Business School is an ecosystem boosting entrepreneurship through curatorship, training, funding and access to markets, with the aim of transforming the reality of Brazilian favelas and marginalised communities. Through a digital platform with content closer to the daily challenges and vocabulary of favela residents (a business school that speaks their language), entrepreneurs from these communities learn specific practical knowledge that can be applied directly to their business and reality.

The Favela Business School is a joint creation of Fundação Dom Cabral (FDC) and Central Única das Favelas (CUFA). Fundação Dom Cabral, one of the best business schools in the world in executive education, is responsible for co-constructing the educational methodology of the Favela Business School, with proprietary content focused on career, management, business, pricing, marketing and sales, with appropriate language and formats, which generates greater value for businesses.

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CUFA is responsible for mobilising the favela entrepreneurs. It is a Brazilian non-governmental organisation founded 20 years ago to represent and promote the interests of people living in the favelas of Brazil, using all the articulation and action in these territories to attract entrepreneurs. CUFA and the interlocutors have a leading role in this initiative, structuring the courses with practical and scientifically-based content, incorporating local perspectives and challenges. That's why it is said to be the school that speaks the favela language, not only from the linguistic perspective, but also in the formats, dynamics and the content dedicated to this section of the public.

In this ecosystem, investment in entrepreneurial business from the favelas is conducted by the partner Favela Fundos. The partners soon realised there was a need to deliver entrepreneurial education prior to offering financial investment, so entrepreneurs were equipped with the knowledge to apply the offered financial resources appropriately.

The Challenge

A common complaint among favela entrepreneurs is the lack of money available to invest in their businesses, this stems from the difficulty in obtaining credit and from the tricky communication between the favela public and the business world - neither are familiar with the language of the other. For example, many Brazilian favela entrepreneurs do not know what 'share', 'trade' or 'network' mean, common terms in business language or, as favela residents often say, 'asphalt language', an expression regularly used by people from marginalised communities to refer to those who are not part of their social and physical space. On the other hand, favela entrepreneurs may use expressions that are not easily understood by the market and potential investors. We start from the belief that such entrepreneurs need to have a better understanding of the language of business to increase their chances of success. At the same time, the business world needs to learn a little of their language to be capable of approaching these entrepreneurs.

PHOTO COURTESY FDC

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Another issue, already mentioned, is the level of effort that entrepreneurs from favelas have to make to reach investors. And when they do manage to gain access to funds, using them in the most efficient way in order to sustain their business.

Based on these challenges and believing in i) education as a cornerstone for social transformation, ii) entrepreneurship as economic development within favelas, and iii) social promotion through market microcredit to kickstart businesses, the Favela Business School was created as an ecosystem aiming to:

1. Contribute to the transformation of the economy of the spaces by promoting entrepreneurship.
2. Train entrepreneurs from marginalised communities and favelas in management and business etiquette using language and content appropriate for the target beneficiaries.
3. Facilitate microcredits to drive business growth.
4. Develop strategies for connecting, networking and boosting local businesses through onsite hubs in the community.

The School's target audience is entrepreneurs from Brazilian favelas and marginalised communities, regardless of the level of maturity of their businesses.

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The L&D Initiative

The Favela Business School's methodology is based on three fronts, defining the scope of its portfolio. The first front is mobilisation, responsible for publicising, attracting, communicating, and marketing the School. The second front is related to engagement - attracting and encouraging commitment to the actions of the target audience. Finally, the third front is education, that is, the process of training and building the entrepreneurs' knowledge.

The gateway to the School is an event called Expo Favela, held by Favela Holding in partnership with CUFA to mobilise people from the favela. Expo Favela is a business fair, whose exhibitors are entrepreneurs and startups from favelas. The goal is to give visibility to these initiatives and thus provide a stage to meet with investors who can accelerate these ventures and create business from the opportunities revealed during these events. In addition, the event also offers initiatives including presentations, workshops, exhibitions, business rounds, startup pitches, mentoring, debates, courses, concerts, movie screenings and shows created by favela residents from all over the country.

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The Impact

With the ultimate purpose of promoting marginalised entrepreneurship by offering tailored knowledge (professional training) and credit, the School in its first year of operation and after completing the training of two classes, achieved the following results:

1. Free training for 146 favela entrepreneurs.
2. Classes totaling 57 hours and 30 minutes.
3. Mentoring totaling 19 hours.
4. Livestreams totaling 4 hours and 30 minutes.
5. Content ranging from basic management knowledge to soft skills.
6. Increased interest from individual and institutional investors in supporting the project, in addition to venture capital funds.
7. Expectations of training, annually, more than 6,000 entrepreneurs as of 2023.

PHOTO COURTESY FDC

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Thoughts

The Favela Business School is an initiative that breaks through the challenge of accessing peripheral territories and builds a solid content that adheres to the reality, language and characteristics of favela entrepreneurship. Through partnerships between FDC and CUFA, the school is an ecosystem to boost peripheral and favela entrepreneurship, seeking to transform the reality of Brazilian favelas and peripheries. Despite the stigmas and prejudices based on negative stereotypes, the school views the favela as a potent, creative environment. The Favela Business School uses a digital platform with a language that is closer to the day-to-day challenges faced by the residents of the favelas, with specific content and practical application to the business and reality of the entrepreneurs, connecting opportunities and contributing to healthy economic development within the favelas.