FAVELA FUNDOS, FDC AND CUFA:
FAVELA BUSINESS SCHOOL
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EXECUTIVE SUMMARY

Entrepreneurship in Brazilian favelas is characterized by a significant flow of income and a high number of entrepreneurs in these neighborhoods. Nevertheless, the inaccessibility to markets and the difficulty in communicating with the business world are major obstacles for these entrepreneurs. In this context, the Favela Business School was created in 2022. Favela Business School is an ecosystem composed of Favela Fundos, which provides financial investments to entrepreneurs; Central Única das Favelas (CUFA), responsible for attracting entrepreneurs from favelas; and Fundação Dom Cabral (FDC), in charge of the School’s educational content.

This network operates as an ecosystem to boost favela entrepreneurship, with the goal of transforming the reality of Brazilian favelas and marginalized communities. The School offers curatorship, training, funding, and market access to entrepreneurs through a digital platform with content closer to the daily challenges and vocabulary of favela residents. This initiative emphasizes the importance of recognizing favelas as a potential, not only due to the creativity and resilience of their residents, but also as a path for building a fairer and less unequal society.

The target audience is entrepreneurs from Brazilian favelas, regardless of the maturity level of their business, and the School’s methodology is based on three fronts: mobilization, engagement, and education. Currently, phase 3 of the School is already underway, with the expectation of training up to 6,000 entrepreneurs, in addition to facilitating the interaction of these entrepreneurs with investors.
In late September of 2022, ten favela entrepreneurs completed their training in the Favela Business School program. 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 state in the country.

Characterized by their precariousness, unfavorable socioeconomic 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 marginalized groups, such as Black people. In Brazil, favelas are synonymous with Black people, as pointed out by the Data Favela (2022), which mapped that 67% (around 11.5 million people) of favela residents identify themselves as a Black person.

If on the one hand favelas are remembered for their poverty, here we present them as potential, that is, we start from a perspective that sees favelas as places that propel creativity, resilience, and innovative capacity, where people need to develop solutions to overcome the many challenges they face on a daily basis. In an environment of hardship, people have to make the best out of the situation. Often driven by hunger and living constantly on the edge of life, marginalized people, such as favela residents, have higher problem-solving abilities than people with better living conditions. Treating favelas as a potential does not mean romanticizing the challenges faced by the people who live there, but recognizing that with access to opportunities it is possible to build a fairer and less unequal society. In this context, we focus on favela entrepreneurs.

Despite a reality marked by precarious access to income, in recent years at least BRL 180.9 billion have been earned in favelas, an income larger than 21 of the 27 Brazilian states, according to Data Favela (2022). According to 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 open a business within the community and cater to local residents. Despite such expressive data, one of the major difficulties for favela entrepreneurs
is being able to communicate with entrepreneurs and the business world. It is in this context that the Favela Business School was born.

Favela Business School is an ecosystem to boost entrepreneurship through curatorship, training, funding and access to markets, with the aim of transforming the reality of Brazilian favelas and marginalized communities. Through a digital platform with content closer to the daily challenges and vocabulary of favela residents themselves (a Business School that speaks their language), entrepreneurs from marginalized communities learn specific knowledge with practical application to their business and reality, connecting opportunities and creating a healthy economic development within the communities.

The Favela Business School is a joint creation of Fundação Dom Cabral (FDC), Central Única das Favelas (CUFA) and Favela Fundos. In this ecosystem, Favela Fundos aims to invest in businesses of entrepreneurs from favelas and marginalized communities. However, the partners realized the need to bring entrepreneurial education to these entrepreneurs prior to the financial investment, qualifying them to have access to credit and use it in the most appropriate way for their business.

CUFA is involved in bringing in favela entrepreneurs, while FDC was invited to jointly build the School’s educational methodology. Each of these actors will be further detailed in this document (p. 5).
Nádia Rampi (FDC), Celso Athayde (CUFA) and Antonio Batista (FDC).
THE CHALLENGE

A common complaint among favela entrepreneurs is the lack of money to invest in their businesses, which stems from the difficulty in obtaining credit and from the tricky communication between the favela public and the business world, as they are not familiar with the language of each other. For example, many Brazilian favela entrepreneurs do not know what “share”, “trade” or “network” mean, common terms of the business language or, as favela residents often say, “asphalt language”, an expression regularly used by people from marginalized communities to refer to those who are not part of their social and physical space.

On the other hand, this entrepreneur uses several expressions that are not easily understood by the market and potential investors. We start from the belief that this entrepreneur needs to have a better understanding of the language of the business world to increase the 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.

Another point of concern is the effort that entrepreneurs from favelas have to make to reach investors. And when they manage to gain access to funds, another challenge is how to use them in the most efficient way, contributing to the sustainability of their business. During testing and conversations with the entrepreneurs, it has been identified the need to address a gap in entrepreneurial knowledge for this public to be able to reach and properly apply the offered financial resources.

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 that aims to:

1. Contribute to the transformation of the economy of the spaces by promoting entrepreneurship.
2. Train entrepreneurs from marginalized 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 on-site hubs in the community.

The School’s target audience are entrepreneurs from Brazilian favelas and marginalized communities, regardless of the level of maturity of their businesses.
THE COMMITMENT

The management of Favela Business School is based on the principles established by the Governance Contract between FDC, CUFA and Favela Fundos. The strategic partnership, with collaborative interactions between FDC, CUFA and Favela Fundos, values decisions taken jointly and in an integrated manner by these three organizations that form an ecosystem.

Favela Fundos, created in 2017 and relaunched in 2022, is a venture capital fund focused on investing in the businesses of entrepreneurs from favelas and marginalized communities. Favela Fundos seeks to support entrepreneurs from all over the country, at various stages, whether they are founders of traditional businesses or startups. The fund is part of Favela Holding, a group of companies whose main goal is the development of favelas and their residents. Favela Fundos acts with community entrepreneurs, fostering and promoting new business opportunities, entrepreneurship, and employability. The project was conceived by Celso Athayde, former coordinator of CUFA, when he identified the need to change the economy of the favelas, which is mostly based on the informal economy.

Celso Athayde always says that favelas have great potential, so people need to know the value, capability, and resilience of the favela entrepreneur. For the entrepreneur, the Fund has exactly this objective: “to raise the potential of entrepreneurs who every day have to deal with adversities very different from those faced by regular businesspeople”. Athayde believes that the next revolution will be economic and start in the favelas. This revolution is inevitable, and in his view, it can be accelerated if companies and investors associate themselves with the favelas so that the favela’s intelligence and the asphalt’s strategy can scale and reach the most varied spaces.

CUFA has been operating for over 20 years and is the largest non-governmental organization in Brazil. Founded in 1998, in the city of Rio de Janeiro, by Celso Athayde, along with rappers Nega Gizza and MV Bill, it is currently active in over 5 thousand Brazilian favelas, under the presidency of Preto Zezé, promoting social actions, social inclusion and integration as well as seeking ways to boost entrepreneurship in marginalized communities.
During the Covid-19 pandemic, for example, CUFA created two programs (CUFA Against the Virus and Mothers of the Favelas) in order to fight the social and economic impacts of the period. The program assists families in more than 5,000 favelas throughout Brazil and has mobilized more than BRL 425 million, impacting over 13 million people, which highlights the capacity for collective organization that favela communities have.

CUFA goes beyond providing assistance to people in situations of social vulnerability. Soraia Novaes, manager of educational projects at Favela Fundos, believes that CUFA’s vision is different from other social change organizations, in that it is not limited to philanthropy or charity, although it recognizes the importance of these movements. According to Novaes, CUFA also “is concerned with promoting actions in favelas and projects that will raise money to foster these communities”.

FDC is a Brazilian business school that for 46 years has strived to contribute to the sustainable development of society by bringing Executive, Academic and Social Education together to develop managers, executives and entrepreneurs from public, private and third sector organizations. FDC’s social action began with the award of scholarships, and in 2005 the institution was invited by Goldman Sachs to train 800 of the 10,000 women from the bottom of the social pyramid selected in several developing countries around the world. In 2020, during the Covid-19 pandemic, FDC launched its Social Education through the FDC - Cardinal Dom Serafim Social Center, which has consolidated projects that existed prior to the creation of the segment and fostered the development of new initiatives. The FDC - Social Center carries out activities that promote education, management, sustainability, and citizenship, with a focus on young people living in vulnerable conditions, management of social organizations, and popular entrepreneurship. Its goal is to offer business education and knowledge about management to an audience that historically and globally has not had access to business schools.

Nádia Rampi, director of the Social Center from its foundation to 2022, says that FDC presently understands its role as a Business School with the resources and means to promote changes for those who cannot afford or do not have the academic requirements to attend the courses offered by the institution. Rampi recognizes that FDC owes a debt to society for having offered, for so many years, training to those who can afford it, while leaving on the sidelines those who cannot make the same financial investment. Moreover, she states that social education has a potential for growth and impact equal to or greater than executive education, be it in terms of
projects, number of participants, number of professors, number of programs, and social impact, as it challenges an unequal structure such as the Brazilian one.

Throughout 2022, the FDC - Cardinal Dom Serafim Social Center benefited 10,031 people and started several initiatives aimed at reducing social inequalities and promoting economic development in Brazil. It was also in 2022 that the partnership between FDC, Favela Fundos and CUFA (Central Única das Favelas) was consolidated, with FDC being in charge of building the School’s educational content.

Ana Carolina Almeida, Vice Dean for Social Education at FDC, highlights this network’s capacity to contribute by stating that none of the organizations that comprise this ecosystem would be able to single-handedly make a meaningful contribution to favela entrepreneurs, but the three together can change the national entrepreneurship scenario: “Networking enhances the power of scale, and is capable of providing an entire support ecosystem for popular microentrepreneurs, including education, mentoring, access to credit, visibility, and connection with investors.

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 mobilization, responsible for publicizing, attracting, communicating, and marketing the School. The second front is related to engagement, which consists of actions to attract and encourage 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.

In recent years, several Brazilian organizations have tried to develop strategies to reach favela entrepreneurs, but often face the challenge of accessing these communities and building a solid content that is consistent with the reality, the language and the characteristics of favela entrepreneurship. From this scenario, CUFA, the current largest mobilizer of the favela ecosystem in Brazil; Favela Fundos, a social investment fund; and FDC, the largest business school in Latin America, partnered to create the Favela Business School.

The gateway to the School is an event called Expo Favela, held by Favela Fundos with support from CUFA to mobilize 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 that are born in the events. In addition, the event also offers presentations, workshops, exhibitions, business rounds, startup pitches, mentoring, debates, courses, concerts, movie screenings, shows, and other initiatives created by favela residents from all over the country.

The first Expo Favela took place in 2022 and had 500 exhibitors, 33,000 visitors, 537 workshops, and 20,000 registered attendees. To participate in Expo Favela as an entrepreneur, the person must reside in any Brazilian favela or marginalized community and already own a business, regardless of its maturity level. The role of CUFA in this event is critical, because it is the only organization in Brazil that has easy access to the favelas. Thanks to the work it has performed in these places for decades, CUFA has a strong potential to mobilize and attract entrepreneurs to register at Expo Favela.

The Favela Business School is not the only institution in Brazil that provides professional training for marginalized entrepreneurs, but it is the only one that includes CUFA in its ecosystem, through an independent event, Expo Favela. As a result, the School ends up having the distinct advantage of being able to reach the target audience in a more effective way than other institutions dedicated to qualifying favela entrepreneurs.

The Expo Favela registration process for entrepreneurs consists of filling out the registration form on the event’s website, at no financial cost to the candidate. Once the applicants are registered, Favela Fundos begins the engagement phase.

The selection process, in the year 2022, consisted of: i) analysis of the applications for verification and screening of eligible participants; ii) analysis of the video and information as well as possible visitation to the establishment or address provided in the application and iii) final evaluation by the mentoring committee and elaboration of the shortlist, composed of up to 350 businesses of selected entrepreneurs and 50 entrepreneurs on the waiting list.

In 2022, 300 entrepreneurs were selected and in the weeks leading up to the event, the pre-selected entrepreneurs underwent mentoring to help them prepare and present their businesses and ideas to the investors that participated in Expo Favela. During the 3-day event, held in São Paulo, the entrepreneurs showcased their businesses and participated in focus groups to share their main challenges and learning expectations. Afterwards, the entrepreneurs went through an evaluation panel that chose the 10 businesses that stood out the most, becoming the Top 10 of Expo Favela 2022.
At the end of Expo Favela, training began at the Favela Business School, headed by FDC. The first class set Phase 1 of the School, and was a large experiment, with face-to-face and synchronous online classes, that took place between August 22 and September 30, 2022. The training delivered to the Top 10 consisted of 54 hours of training, including 15 hours of mentoring, divided into ten modules based on three stages: i) stage 1 (in-person): self-knowledge, business management and finances (basic); ii) stage 2 (online): finance and innovation, and iii) stage 3 (in-person): basic and advanced digital marketing, people, sales, and vision of the future.

The team in charge of delivering the program was marked by diversity and representation. Fifty percent of the faculty members were representative and/or from marginalized communities. The three mentors work in the social area, and one of them is from a marginalized neighborhood. A social educator from a marginalized community supported the group throughout the whole process. We also sought to bring in Black teachers and mentors to work with the School.

The pilot class was a time to learn, understand the pains of these entrepreneurs and what works and what doesn’t work in this type of school. From this experience, the School has undergone adaptations and started working with other formats for Phase 2, which began in November 2022 with the other 136 entrepreneurs who went to Expo Favela 2022. Training sessions were 100% digital and took place between November
and the beginning of December 2022, alternating synchronous moments, digital mentoring, exchange/discussion groups, and content via WhatsApp. There were 4 modules with the themes: finance, pricing, entrepreneurial behavior, and sales, and 3 livestreams to engage the class.

Phase 3, beginning in 2023, is designed to be large-scale, through digital training. The School is hosted in an environment that connects entrepreneurs, mentors, donors, and investors. The entrepreneurs selected at Expo Favela will have access to the platform, and as they complete the training – composed of 5 modules with content about entrepreneurship, management, pricing, finance, and sales – and participate in the proposed activities and challenges, they will accumulate FAVs.

FAV is a digital currency exclusive to the School ecosystem, which can be used to unlock new content and even exchanged for rewards and prizes ranging from inputs for the entrepreneurs’ businesses, discounts on services, and even phone credits. So while we recognize the value of education, we also know that these entrepreneurs in general need resources that will make an impact on their reality right now.

The entire training journey will be based on gamification, allowing the entrepreneurs to earn FAVs that can be used in a marketplace with reward options. The entrepreneur who completes the entire training journey will have access to the Favela Fundos investor base, as well as to micro-credit programs, such as those offered by Caixa Econômica Federal, a state-owned Brazilian financial institution. This third phase also involves the prospect of creating physical points (Hubs) in all 26 Brazilian states, with the expectation of reaching more and more people. The Hubs will work as a support point to create opportunities. The plan for the next four years (2023-2026) is to build 12 Hubs.

Within the School, CUFA participates in the design of the training courses, bringing the perspectives and challenges experienced by favela entrepreneurs. With this, the School is committed to developing a science-based, highly practical content. That is the reason why we say the School speaks the language of the favelas, not only from the perspective of language, but also in the formats, dynamics and in the content dedicated to this public.

Phase 3 is already underway, with registration for Expo Favela São Paulo beginning in February 2023. This time, the event will take place in 20 of the 26 Brazilian states through the Regional Expos Favelas. For each of the Regional Expos, up to 300 entrepreneurs will be selected and will have access to the curriculum of the School, which is divided
into 5 modules. All applicants, regardless of their selection, will have access to the basic module (module 1). Thus, for this first module alone, there is an expectation of reaching more than 6,000 entrepreneurs. Each of the Expos will select up to 20 entrepreneurs who will participate, in October, in the National Expo, from which will be selected the new class of the School that will have access to all the modules.
Customized and on-site training for the 10 finalist entrepreneurs of Expo Favela, on August/22, at the FDC Aloysio Faria Campus.

Phase 1: Graduation of the First Class of the Favela Business School, in September/22, at the FDC Aloysio Faria Campus.
THE IMPACT

With the ultimate purpose of promoting marginalized entrepreneurship by offering entrepreneurial 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. Expectations of training, annually, more than 6,000 entrepreneurs as of 2023.
7. Offering of on-site laboratories (Hubs) in Brazilian favelas and marginalized communities starting in 2024.
8. More efficient match between entrepreneurs and investors, thanks to the database that the School maintains about each entrepreneur that signs up for Expo Favela.
9. After the School was launched, the interest of individual and institutional investors in supporting the project grew, as well as venture capital funds.
10. The launch of the School led to more than 30 media publications in October 2022, including a cover story in Valor Econômico magazine and an article in Folha de São Paulo. The estimated media value related to these articles reached BRL 2,135,223.00.
11. For FDC, working in an ecosystem with CUFA and Favela Fundos strengthens the place of social education in the organization and legitimizes its ability to deliver education to people at the bottom of the pyramid.
12. Efforts have been made to recognize Black professors in the FDC faculty pool in search of greater diversity. Sixty percent of the School’s professors, facilitators, and mentors were Black, which has granted opportunities for a professional profile that is underrepresented in traditional Brazilian business schools.
TESTIMONIAL FROM JOSÉ MÁRCIO
(ONE OF THE TOP 10)

“They don’t fear our Blackness, they fear their own mediocrity that can’t cope with a Black person who can take over and seize their space. Under-education of the Black people is a historical project to sustain racism that fails, because we are savvy and we find education at every crossroads on our path.

Our education is in rap music, in samba, in candomblé houses, in the wisdom of our elders, in the sense of community of those who face death and hunger every day. It is not the institutionalized, white education; it is a guerrilla education to organize our hatred, because it has to have a practical purpose.

My first educator was a person who never set foot in school, she educates me every day without knowing how to read and write, she is a Black woman, my mother. My second educators were and are the @racionaiscn, who saved me at my worst and most fragile moment. To listen, to see, and to think about yourself in a way that is different from what is expected of us is revolutionary. That’s 27 years contradicting the statistics, being a product of public education and the social project of education; I am the first person in my family to have access to higher education and make it possible to end the cycles of miseducation.

It was an honor to study at @fundacaodomcabral, the 9th best executive education school in the world, thanks to @cufabrasil and @favelaholding, dreams of my friend @celsoathayde, who keeps changing black lives through education at @escoladenegociosdafavela.

To storm and occupy historically white spaces is a duty of those who fight daily against racism and inequalities. Our mission is to look back and remember those who were left behind, to look to the side and see those who remain but cannot access them, and to look forward and pave the way so that those who are coming can be where we are.

For education. For the black Revolution.”
THOUGHTS

Favela Business School wants to boost marginalized entrepreneurship through curation, training, funding, and access to markets, thus propelling the revenue generation of favela enterprises through social education and business education, as well as financial investments that have the ability to develop, in a practical way, the potential of favela entrepreneurs.

In a context of strong technological influence, and based on the lessons learned from the first two phases of the School, Favela Business School will adopt a fully digital model in 2023, using gamification to engage more and more entrepreneurs. Furthermore, the concern of speaking the language of the favelas remains, at the same time that the technical content is worked out in a conceptual and practical way.

Through this platform, in addition to the class modules, entrepreneurs will also have access to a marketplace with reward options that can be redeemed. They will also be able to advance in their learning journey until they reach the Favela Fundos investor base or the microcredit programs that have been attracted by the School’s ecosystem.

Finally, we emphasize the project’s potential for scalability given the School’s new platform, the Regional Expos Favelas, and the ecosystem itself, since it is possible to reach more and more entrepreneurs and investors, connecting the “asphalt” and the favela, thus contributing to boosting marginalized entrepreneurship.
THE TEAM

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