The best of both worlds: business, philanthropy and business-like philanthropy

Observations from the perspective of a corporate foundation in agriculture

Paul Castle and Marco Ferroni
Syngenta Foundation for Sustainable Agriculture, Basel, Switzerland[1]
November 2017

SUMMARY

Foundations take many forms; those funded by companies represent a distinct group. Corporate foundations offer advantages over other types of private sector philanthropy. Close alignment of expertise between company and foundation brings mutual benefits. This paper examines philanthropic activities by agribusiness companies in particular. The authors also highlight special features of the working model pursued by the Syngenta Foundation for Sustainable Agriculture.

Agribusiness philanthropy: badly needed, sometimes badly criticized

Broadly speaking, owners, shareholders, executives and employees of businesses support the principles of corporate responsibility ("CR"). Many believe strongly in the importance of corporate philanthropy as a part of CR. In America, notes the *Economist,* "corporate philanthropy doubled in real terms between 1990 and 2015, to $18bn" {1}. Corporations across 20 European countries gave about $26bn in 2013, more than non-corporate foundations {*ibid.*}.

Mission-driven corporate foundations form a major vehicle for corporate philanthropy. This paper offers a rationale for such organizations, discussing roles, structure, and the question of alignment with the founding company. Building on this, we then review the direction, focus and approach of philanthropic endeavors sponsored by the agribusiness industry. This includes our own Foundation. For the purposes of this paper, the 'agribusiness industry' comprises crop science companies and the suppliers of farm technology and inputs, such as seeds, crop protection products, fertilizer, machinery and equipment.

Philanthropy sponsored by this sector faces unusual opportunities and challenges. Farming and food security play pivotal roles in the well-being of the world's population, opening up huge opportunities. The provision of enough healthy, affordable, readily available food is crucial for human welfare. It is also a basis for achievement of many of the United Nations' 17 Sustainable Development Goals {2}. In numerous countries, the rural population lags significantly behind urban dwellers in terms of income and, ironically, food and nutrition security. The reasons include poor infrastructure, education and healthcare, together with a lack of access to farm technology and markets.

Roads and literacy are usually tasks for governments, rather than for philanthropic organizations. Agricultural technology and inputs, however, are strongly shaped by industry. Companies and their related charities and foundations can therefore take 'front-line' positions in helping farmers to raise productivity, earn more money, and strengthen food security.

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[1] Marco Ferroni retired as the Foundation's Executive Director in 2017; Paul Castle is responsible for Communications. The authors acknowledge the support of Samuel Bauer, Luzia Guyer and Dominik Wingeier in preparing this paper.

Together with such opportunities, agribusiness philanthropy also faces some particular challenges. Two key issues are the obverse of opportunities described above. For those corporate philanthropists engaged in developing countries' agriculture, the first is the sheer enormity of the tasks in hand. Farmers in many parts of the world are already unable to meet their own or others' food needs, and global population continues to grow rapidly. At the same time, agriculture is enormously varied and complicated. When interacting with resource-poor farmers, agribusiness philanthropy therefore needs to adapt to a huge range of different situations. Easily repeatable, efficiently scalable improvements can thus be frustratingly elusive.

A second challenge can lie precisely in the close ties to agribusiness. In some countries – notably in Western Europe – a broad current of public opinion paints a black-and-white picture of farming. 'Organic', runs a frequent popular narrative, is by definition 'good'; modern, research-based agribusiness and farm technology are seen as 'bad'. This simplifying attitude is at best touchingly romantic, at worst harmfully misleading. All farming systems have their advantages and disadvantages.

Such a polarizing 'good/bad' *Weltanschauung* has a number of unfortunate side-effects. It can, for example, have negative consequences for philanthropy. Some agribusiness critics regard the sector's non-profit activities with suspicion. They are quick to voice accusations of 'green-washing', 'political fig-leaves', or 'secret back-doors' to new markets. More than most company-related philanthropy, that of agribusiness must make daily efforts to convince sceptics of its sincerity and worth. We shall return to this challenge below.

As we shall also see, the philanthropists' aims, approaches and impact play a major role in those efforts. Before returning to those of farm input companies, however, let us first look at corporate foundations in general.

Corporate foundations: some doubts and numerous advantages

Corporate foundations are organizations that derive a sizeable part of their income from a profit-making company, whose name they usually bear. Companies create corporate foundations to pursue philanthropic ends, but there are also corporate foundations which themselves run companies. In this paper, we mostly refer to the former. The UK organization *Corporate Citizenship* defines a corporate foundation of this type as "a non-profit-body established and primarily funded by a company for the purposes of social and community investment" {3}. The *Swiss Foundation Code* describes a corporate foundation as "an independent legal entity … very closely connected with the company … funded by the company that establishes it …" {4}. The *UK Charity Commission* adds that corporate foundations "must exist only to further charitable purposes for the public benefit and not for the purposes of the company" {5}.

Corporate foundations are not the only mechanism for corporate giving. Other frequent approaches include donations administered by departments such as Public Relations (PR), and/or companies' matching of donations made by their employees. According to one study, in the UK in 2000-2001 only about one-ninth of corporate philanthropy was channeled through foundations {6}. In the US, where there are about 200 times as many corporate foundations as in the UK, the figure was roughly one-third {*ibid.*}. So a very significant share of corporate charity flows through channels other than corporate foundations.

When discussing the pros and cons of corporate foundations, commentators tend to concentrate on the organizations themselves. In 1999, however, Porter and Kramer {7} took a broader social view, albeit limited to the United States. "Some of the money that foundations give away belongs, in a sense to all of us", they noted. "That is why we look to foundations to create real value for society." Their paper suggested, however, that foundations were not fully rising to that expectation.

The starting point for this suggestion was fiscal math. Donations can be set off against tax. As Porter and Kramer explained: "When an individual contributes $100 to a charity, the nation loses about $40 in tax revenue […] When $100 is (*sic)* contributed to a foundation, the nation loses the same $40". So far, so fair – the difference lay on the pay-out side of the equation. Typically, the authors said, a charity quickly uses its $100 to provide services to society; the benefit is soon 250% of the $40 lost tax. With foundations, however, the 'pay-back' can be considerably less impressive. Porter and Kramer noted that US foundations in the 1990's donated only some 5.5% of their assets to charity each year. The immediate social benefit of $100 channeled through a foundation was on average therefore $5.50, only a small fraction of the $40 lost in tax.

According to *The Economist*, this figure for foundations' giving has meanwhile risen to seven percent {8}. Even so, it takes almost six years for society to recover benefits equivalent to the initial tax loss. The magazine also highlights an attractive alternative to foundations for US philanthropists. 'Donor-advised funds' (DAFS) are rapidly growing in popularity. Donations to DAFS result in larger tax rebates than those to foundations. However, DAFS do not even have to hand out the minimum annual gift required of foundations, equaling 5% of assets. Views differ on how much DAFS are really giving to charity. Whatever the case, *The Economist* rightly opines that "opacity leaves DAFS open to abuse". The magazine adds that "the tax breaks… mainly benefit the rich." {*ibid.*}.

In the case both of foundations and DAFS, society potentially has a lengthy wait for benefits to accrue. Those financed by the foregone tax revenue would arguably have come much faster. Not surprisingly, therefore, Porter and Kramer {7} emphasize the need for rigor in running a foundation. So do other experts and publications such as the *Swiss Foundation Code* {4}, usually for similar reasons.

In some commentators' eyes, corporate foundations are "strange animals" {9}. This is because as "independent legal institutions they are obliged to fulfill a public purpose" while never being far from "for-profit market logic" {*ibid.*}. Others see disadvantages in corporate foundations, because running them with dedicated teams can be more expensive than managing donations from a company department. For Petit, indeed, the "time, money and effort" required to run a foundation properly are its "main disadvantage" {10}. Mission drift is another risk, according to Petit, incurred if directors steer the foundation away from the founder's declared goals. As she notes, the founding company should be able to avoid this by appointing directors and if necessary removing them. In some cases, however, governance arrangements or the prevailing culture make directors hard to dislodge.

Nonetheless, most experts would agree with the UK organization *Business in the Community* (BitC) that "the advantages of a corporate foundation outweigh the disadvantages" {6}. That is certainly our view at the Syngenta Foundation for Sustainable Agriculture, for reasons that should become clearer below.

"A well-run foundation provides a tangible and public commitment to philanthropic activity", BitC notes. A corporate foundation can be a vehicle to link a business with the communities in which it works, and to communicate certain company values to stakeholders and employees {*ibid.*}. According to the international organization *Corporate Citizenship*: "[F]or many business leaders, a foundation is the surest route to demonstrate a commitment to society … [it] provides an arms-length vehicle for creating social change, and a framework of good governance and transparency" {11}. Foundations can often act with greater legitimacy, independence and honesty than their company backers, even though questions regarding their genuine independence may persist {9}. Foundations convey image benefits to their corporate founders. They may also sensitize companies to social, political and environmental realities that executives might otherwise overlook.

Corporate Citizenship suggests that NGOs "feel more comfortable collaborating with companies through the foundation model". This is because foundations are independent, accountable and "can act as safe spaces" {11}. Von Schnurbein notes similarly that NGOs may be reluctant to work directly with large corporations; cooperation with foundations is easier for them {12}. We agree, and would add that public sector organizations are also often more inclined to partner with foundations than with the companies that fund them. Foundations stand for longer-lasting, and possibly more systematic and consistent, philanthropic engagement than donations handed out by a PR team. Giving under the latter arrangement may vary widely from year to year, particularly if it depends on the preferences of individuals primarily devoted to other assignments.

According to the literature, the advantages of professionally run corporate foundations over many charities include (i) mission-focused selection of investments based on deep sector knowledge and expertise, (ii) 'signaling effects' to other funders by educating and attracting additional investors to the prioritized task, (iii) professional implementation, including due diligence on partners, and capacity-building to improve the performance of grantees, (iv) in-depth subject matter study, and action to advance the state of knowledge and good practice, and (v) systematic monitoring, evaluation, synthesis and communication of results and lessons learnt. Rather than just providing funds, many corporate foundations create value as knowledge and technical partners {7,12,13}.

We agree with all these points. However, much of the discussion in the academic literature hinges on the assumption that foundations are essentially grant-makers. This is true of some, but by no means all. As described later, there is considerable scope for foundations' own direct involvement in the initiatives they identify, prepare for and enable. Below, we shall discuss this with reference to our own work. First, though, we propose to differentiate between two sub-types of corporate foundations: Those whose activities are largely unrelated to the founding company's focus or skills, and those whose activities allow for at least some transfer of expertise from the founder.

The foundations featured in the next section are of the first sub-type. They make large, laudable and sometimes famous contributions to society. We suspect, however, that their impact could be greater and longer-lasting if they brought knowledge and skills from the connected companies to bear as well. Many organizations seem to agree, or at the very least try to coordinate their donations and business. Surveys of corporate foundations in 2013 and 2016 indicate that the share of those with giving strategies linked to the company business focus rose from 58 to 73 percent {11}.

Washing machines and international relations: a lost opportunity?

A few examples illustrate the difference between sub-types. There are a wide range of foundations with activities far removed from those of the companies (originally or presently) providing their funds. One of the oldest examples is, indeed, arguably no longer a corporate foundation at all: the Ford Foundation. Instead, it is more akin to the Bill and Melinda Gates Foundation, in that the philanthropy-dispensing agents are now unlinked to the company which was the original source of wealth. The Ford Foundation (USA, see box below) was started by the son of the Ford Motor Company's founder. As such, it could plausibly have decided to support related good causes such as, say, road safety. However, it chose to invest in agricultural research and other areas outside the related company's remit. Today, 80 years on, it supports a highly impressive range of activities. However, they do not include automobile pollution reduction or apprenticeships for car mechanics in developing countries. Saudi Arabia's recent decision to permit women there to drive cars was not the result of a Ford Foundation initiative. Nor does this well-endowed institution work on the frontiers of automotive mobility, such as sustainably powered or self-driving cars.

Another long-established foundation with the potential to benefit from company technological expertise is the Robert Bosch Stiftung (= RBS, Germany). This maintains a close connection with the company Bosch, of which it is the major shareholder. Unlike its German compatriot the KSB Foundation, which largely exists to own the KSB pump and valve company, RBS is deeply engaged in philanthropy. (The KSB Foundation does, however, “promote research and young specialists in the natural sciences“) {14}.

Examples of RBS philanthropy have considerable impact in Germany and around the world. However, we would suggest that the foundation misses some potentially fruitful opportunities for expertise transfer. Bosch is a global leader in electrical products as diverse as navigation systems, washing machines and power drills. RBS concentrates on health, science, society, education and international relations. One can at least imagine some scope for expertise transfer between ‘science’ philanthropy and commercial electronics. However, the thematic leap from parking guidance systems to cultural exchange programs is considerable.

An even larger gap is sometimes apparent in more controversial sectors. Japan Tobacco International, headquartered in Switzerland, sells cigarette brands known worldwide. The JTI Foundation (Switzerland) makes grants in the area of disaster relief. This is praiseworthy, and the decision not to support medical research arguably wise. The interest in earthquakes is understandable at an organization with strong Japanese roots. However, one could well imagine a cigarette company’s foundation improving the education of tobacco farmers’ children, while the company concentrates on pickers’ safety at work. Scholarships for biology students researching into *Nicotiana Tabacum* would be another example of possible foundation focus closer to the company’s expertise.

Welfare, major grants and earthquakes

Three prominent foundations with company names, but other foci

The Ford Foundation {15}

Edsel Ford, son of the famous Henry, established the Ford Foundation (FF) in 1936. Its charter stipulated support for “scientific, educational and charitable purposes, all for the public welfare”. FF was initially led by family members. After Edsel and Henry died in the 1940’s, their bequests created the world’s then largest source of philanthropy. Henry Ford II commissioned a study on how the funds could be best used. As recommended, FF devoted itself to reducing poverty and promoting democratic values, peace, and educational opportunity. Today, the endowment is worth some $12 billion; FF annually makes grants around the world worth $500 million. As of November 2017, no Trustee was an employee of the Ford Motor Company. No FF activities relate closely to cars.

The Robert Bosch Foundation {16}

In 1964, the Bosch family's inherited shares in the company Robert Bosch GmbH were transferred to an estate that Robert Bosch had founded in 1921. This was renamed Robert Bosch Stiftung GmbH (RBS, i.e. Robert Bosch Foundation Co. Ltd.) in 1969. RBS today holds 92 % of the company’s capital stock of €1.2 billion. In 2015, RBS received dividends of almost €91 million on this holding, and made grants for third-party and internal projects worth over €65 million. The Bosch family remains represented on the Board of Trustees.

JTI Foundation {17}

The JTI Foundation (JTF), financially endowed by JT International SA, was created in 2001. Its main focus is on disaster risk reduction, but support is also available for relief initiatives. In 2016, it provided grants of varying sizes to partners in several dozen projects around the world. Senior company management is represented on the JTF Board. Of our three examples of the ‘limited expertise transfer’ sub-type of corporate foundation, JTF is the closest to the mainstream model {A} of “a non-profit-body established and primarily funded by a company for the purposes of social and community investment”.

We expressly do not wish to criticize the three foundations listed here. They make generous and vital contributions to their chosen causes. Nor are we suggesting that they are rare exceptions. The foundations of Coca-Cola, ExxonMobil, Goldman Sachs, Intel, SNCF (French railways) and VW are just a few of the many more worldwide whose philanthropic focus is largely unrelated to the supporting companies' dominant topic expertise. Clearly, many talented people see this as a fruitful approach.

These cases are, however, in stark contrast to a number of other foundations. The Shell Foundation, for example, reflects its oil industry origins by supporting access to energy and sustainable mobility {18}. The main foundation of the pharmaceutical company Novartis concentrates on public health in Africa and Asia {19}. The philanthropic work of France's Fondation Avril remains closely adjacent to the commercial food chain activities of Groupe Avril {20}. The C&A Foundation strives for a fair and sustainable fashion industry {21}. Further examples of close thematic ties between company and foundation include our own organization.

Proximity pays dividends: Why cobblers should stick to their lasts

Why do we believe that closer thematic alignment between companies and their foundations is valuable? One might, after all, argue that this carries serious risks. These could include both public opprobrium and the loss of tax benefits. A publisher of school textbooks whose foundation supports childhood reading skills only in the company's targeted growth markets is probably not driven solely by social need. Cynical comments are likely to abound. Critics of, say, the publishers' labor practices, management bonuses or outdated book content will welcome this self-serving 'over-alignment' as an additional stick with which to beat the company in public. The authorities may agree that the foundation is not serving a properly philanthropic purpose, and therefore question its continued tax exemption. More wisely worded statutes or a few simple changes in their implementation would avoid both problems.

A further possible disadvantage of close thematic similarity between company and foundation is an unnecessary narrowing of employee horizons. A management consultancy whose foundation builds kindergartens can open the eyes of employees at both organizations to a world beyond their immediate professional environment. A pharmaceutical company whose foundation works only in healthcare may arguably be missing an opportunity here.

We, however, view this discussion from a different angle. In our opinion, there are major advantages to be gained from suitable alignment of corporate and foundation focus areas. We are not alone: Lev et al. {22} are among those who stress this point. In their words: "A well-designed corporate giving program clearly articulates a congruence between the company's philanthropic activities and its other (*sic!)* business activities".

Milner and Keidan {23} quote a spokeswoman for the association *SwissFoundations* in a similar vein. She says that corporate foundations drawing on company presence, staff and know-how can "implement projects quicker" than those foundations starting in a wholly new area. According to another expert cited in the same article, the ideal parent company is one that does not influence activities, but allows the foundation to use corporate assets to achieve its mission {*ibid.*}. The organization *Corporate Citizenship* repeatedly stresses the value of alignment between company and foundation. This is, indeed, essential for foundations to become what *Corporate Citizenship* calls 'Game Changers'. Of the six factors enabling 'game-changing' performance, four are directly related to close thematic and geographical proximity {11}.

The largest area of opportunity, we believe, lies in the transfer of expertise. From a foundation's creation onwards, it stands to benefit if focused on a topic related to the company's activities. There must, of course, be a clear distinction between the foundation's non-profit (public purpose) and corporate for-profit tasks. But companies setting up a foundation may do well to reflect first on their own business practices. After all: Any corporation pauses before entering a completely new market. A Bolivian tractor manufacturer is unlikely to set up a French wristwatch business, for example.

This hesitation is wise. Why then, do companies believe that when creating foundations, they can throw such prudence to the winds? A Dutch irrigation company is unlikely to have, in house, the experts best placed to establish Indian orphanages. The irrigation company might counter that its foundation can easily recruit all the necessary orphanage experts from outside. This is probably true, but seems short-sighted. Foundations are ideally created for longer-term approaches, and will thus also need future injections of expertise. This aspect plays an important role in company volunteering schemes. Some 70% of corporate foundations engage employees as volunteers {aa}; longer-term approaches permit more sustainable and mutually valuable volunteer programs than if these were simply related to one-off donations of time.

Furthermore, there are opportunities for transfer in both directions: Companies can also benefit considerably from listening to foundation staff engaged in related activities. To take two of our examples above: It is hard to imagine that managing earthquake response donations particularly equips staff to design child-safe cigarette packaging (or vice versa). A healthcare foundation can, however, enter into a peer discussion with its supporting pharmaceutical executives about the best design of medicine safety leaflets for illiterate patients. Rather than missing opportunities, as posited above, both parties gain.

Close thematic relevance also offers a further advantage. Many corporate foundations carry their company's name. This brings greater benefits when the two organizations work in similar areas {12}. 'Good works' by the foundation more easily enhance the company's image when the names are visibly related. In particular, these positive image effects are likely to be apparent to a crucial target group: those most interested in the firm's and foundation's joint topic area. These include company customers, employees and other stakeholders such as politicians, regulators, shareholders, neighbors and potential future staff. Naturally, the negative image-effects of difficulties or scandals at either organization will also be stronger when there is a visible connection. We believe, however, that the positive effects will usually predominate.

Having the company name in that of the foundation also means transparency from the outset: Those who choose to work with this foundation immediately know the source of its funds. Fortunately, that knowledge seldom hinders cooperation. In dozens of initiatives over 35 years, the Syngenta Foundation and its predecessor organizations have only very rarely been turned down by potential partners simply because of a close connection with global life science companies. Thankfully, few development organizations allow anti-industry ideology to blinker their view of potential advantages for project beneficiaries.

Milner and Keidan {23}, however, call it "a common view" that corporate foundations are "simply a gesture by companies to disarm criticism of their more controversial activities". In our experience, some critics view corporate foundations either as mere social responsibility 'green-washers' or tax-saving covert additions to corporate marketing, notably in developing countries. The latter accusation totally misjudges foundations' will. It also flatteringly, but laughably, overestimates the commercial leverage of a small foundation relative to a large corporation! The former accusation – that of green-washing – is there for cynics to disprove themselves. They can do so best by constructively partnering with corporate foundations, rather than obdurately criticizing from the sidelines.

Maximizing the scope for expertise transfer

As well as those already described, there is also another important difference between foundations. This additional sub-categorization becomes particularly important in the context of expertise transfer. Most of the literature on corporate foundations concentrates on grant-givers. This type makes donations towards work done by outside organizations. Some foundations, however, are 'operative': They engage directly in initiatives themselves. Our own foundation is a representative of this sub-category. The concluding section of this essay describes our specific approach in greater detail. However, there are also a number of features common to operative foundations.

For example: Such organizations work through their own staff, typically in close cooperation with a range of partners. Some may additionally make grants, but 'hands on' involvement has priority. The employees thus engaged may work from foundation headquarters, locally in project countries, or both. Regardless of the geographical arrangement, they apply their own skills and knowledge, both in practical work and in discussions with project partners.

Recruiting such experts is considerably easier when the required knowledge – for example of medicine, agriculture or banking – is common to the company and its foundation. Switching from a commercial outlook to the non-profit sector can be both an attractive and smooth career step for company employees. This is likely to be particularly true when the non-profit tasks draw heavily on topic expertise gathered or honed at the company. Potentially, employees can also move the other way. But as foundations are usually far smaller than their corporate backers, the number of experts moving from the former to the latter is likely to be limited.

Our experience suggests that it is good to recruit plenty of foundation staff from other organizations as well. This, too, is easier when potential new employees may come to one's notice (and vice versa) because they already work in the same topic area, for example as partners to the company.

The company workforce is repeatedly also an important resource outside the immediate area of recruitment. The ability to turn easily to corporate counterparts for topical advice is invaluable. On the limited budgets typical of company foundations, this advice is also doubly welcome because it is free of charge. A foundation's support for young musicians is unlikely to gain much from its company's expertise in kitchenware; a construction company, on the other hand, has professional insights that can benefit non-profit housing schemes. Gifts of knowledge and skill add considerably to the typically modest financial budget allocated by a company to its foundation.

In the agri-sector, grant-giving is the norm, and charity begins at home

The Syngenta Foundation believes strongly in the value of direct operational engagement, and of working in a field broadly similar to that of one's corporate founder. We are also convinced that we can make a greater difference to society in developing countries than industrialized economies. These views are not universally shared. Other organizations prefer to work in different ways, and in some cases seem content to do so for many years. This is apparent, for example, in our own sector, agriculture. The following overview indicates some considerable differences between major international agribusiness companies in their approach to foundation engagement.

As of early 2017, the world market for crop protection and seeds was led by a handful of companies: BASF, Bayer, Dow, DuPont Pioneer, Monsanto and Syngenta. The first four included agricultural businesses in multi-sector chemical conglomerates, the latter two concentrated on farming. All ran a number of philanthropic activities, and half additionally had at least one corporate foundation. Changes in the marketplace caused by subsequent mergers and acquisitions may lead to some alterations at foundations, but there is no public indication of this at the time of writing (November 2017). Our summary and assessment are based on readily available information in 2016/17. They also include the foundations of some smaller crop protection and seeds producers, and those of companies selling other farm inputs such as machinery. The philanthropic organizations all report publicly on their activities, but in widely varying depth.

Despite the businesses' very different histories, cultures, composition and sizes, their philanthropy displays some recurring features and foci. The German-based BASF Foundation supports employees and their families in need, as well as disadvantaged people. Its broad range of topics include education and empowerment, housing, health and nutrition, disaster relief and risk reduction, as well as water and sanitation {24}. Also in Germany, the Bayer Science & Education Foundation supports schools in the company's home country. The Bayer Cares Foundation funds employee volunteering, inter alia on agriculture projects {25}.

In the USA, the Dow Corporate Citizenship Program serves growers with innovation, science education programs and employee volunteering projects. These concentrate on food security, communities and meeting urgent needs {26}. DuPont Pioneer has a *Giving Program* for farmer access to agricultural innovation. This program also funds employee volunteering. Projects need to have a focus on food security, farmer education or community betterment. A further DuPont fund supports three areas that it terms Global, Academic and Community Outreach, as well as volunteering. The focus is on food, energy and protection. Initiatives and partnerships are supported via grant-giving for regions where DuPont is active {27}. The Monsanto Fund works to strengthen farming communities and those near company sites. It does so through grants for better education, food security, sanitation, access to clean water, public safety, farmer training and other programs {28}.

Corporate 'agri-philanthropy' is not restricted to crop protection and seed companies. Examples from other agribusinesses include John Deere (machinery), the fertilizer company Yara, and Groupe Avril, which specializes in oilseeds and proteins. John Deere works through partnerships to tackle world hunger, education and community development. The *John Deere Classic* event raises funds for local charities {29}. Yara previously had a small foundation, but now concentrates on the annual Africa Food Prize. This $100'000 award recognizes organizations that develop solutions to the continent's problems {30}. The donor Fondation Avril concentrates on "reinforcing the resilience capacity of family farming in the face of climate change" {20}. It works primarily in France and West Africa.

The agricultural sector also includes some other interesting examples of philanthropic engagement. Financing models are not a primary topic of this paper, as there is no consistent correlation with foundations' thematic focus or working style. Some foundations are endowed, others apply annually for a budget, and some also draw on employee donations. Land O'Lakes, Inc. takes a different tack. Essentially a farmer cooperative focusing on dairy products, this company donates at least two percent of pretax profits to its foundation. With these funds, and volunteers, the Land O'Lakes Foundation tackles hunger, supports education, and strengthens the communities in which the cooperatives' members and employees live and work {31}.

Our table summarizes selected aspects of foundations or other philanthropy at major companies in the agriculture sector. The section below then describes the approach of the Syngenta Foundation. This differs markedly to the organizations described above.

Comparison of philanthropic approaches by agribusiness companies

	BASF	Dow	Bayer*	John Deere	Mon-santo	Yara	Syngenta / SFSA	LoL**	DPP***
Foundation	✓	✓	✓	✓			✓	✓	
Pure ag focus						✓	✓		✓
Developing countries		✓		✓		(✓)	✓	✓	✓
Volunteer program		✓	✓					✓	✓
PPPs							✓	✓	
Own staff in field							✓	✓	
Grants	✓	✓	✓	✓	✓	✓	✓	✓	✓
Product developers							✓		

* Bayer has 2 main foundations / ** Land O'Lakes / *** DuPont Pioneer

Specific features of the Syngenta Foundation's approach

The Syngenta Foundation and its predecessors such as the Ciba-Geigy Foundation have always focused on improving conditions in developing countries. From the beginning, the foundations have concentrated on topics related to company expertise. In the 1970's, Ciba-Geigy held a competition for employees to submit development activity ideas. One of these was to improve millet production in Mali. The West African country was drought- and famine-prone, with extremely low yields of its main staple grain – millet. The employee proposal foresaw a doubling of yields. With agrochemical and agronomic expertise, and a company sales office in the capital Bamako, the Ciba-Geigy Foundation laid the basis for development partnerships that continue today. This, we believe, would have been far more difficult without close thematic proximity to the corporate backer.

Coordination with government, international research organizations, Malian research centers (including the later *Institut d'Economie Rurale*) and others was critical to establishing a shared vision and commitment for the long-term. Between 1981 and 1983, the partners built a 277 hectare research station at Cinzana. The site lies in a semi-arid region and has a range of soil types. It has become Mali's foremost research center for millet and other crops, including cowpea. A generation of scientists has trained there. Their education has laid the ground for systematic crop improvement research across the country, the development of locally adapted high-yielding varieties and a range of productivity-enhancing techniques, as well as the production of certified seed. Under controlled conditions, Cinzana researchers grew more than 2000 kg of millet per hectare, roughly four times the usual Malian yield in the early 1980's. 'Extension' – advice to farmers on improved seed and agronomic practices – was also progressively stepped up. In 2006 the Syngenta Foundation launched the *Capacity Building for*

Sustainable Agriculture Project (PRECAD) to promote extension and farmer support services more widely.

PRECAD and the Cinzana research center pursued complementary approaches to agricultural and economic development. They combined research, extension and seed and fertilizer dissemination with support to farmer organizations, leadership training, women-led savings and micro-credit banks, input supply stores and community warehouses. Importantly, they also built links to outlets for marketable surplus, such as the World Food Program's *Purchase for Progress* initiative. Farmer confidence, productivity and income grew. With time, the focus shifted from village level development that shortened the lean season to an approach accommodating farm diversification and links to value chains and markets. A thirty-year evaluation conducted in 2011 pointed to significant achievements and impact, while also identifying many valuable lessons {32}.

The Malian experience framed thinking when the Syngenta Foundation for Sustainable Agriculture was launched in 2001. (This was a year after the creation of Syngenta through the merger of the agribusiness divisions of Novartis and AstraZeneca). The new foundation was able to draw on hands-on experience in tropical agriculture, and this shaped its early investment decisions. These included a ten-year program with the international corn and wheat research center CIMMYT to develop insect-resistant corn varieties for East and Southern Africa.

From Mali to India – and the challenges of scale

In 2004, the Syngenta Foundation began working in India, partnering with the Maharogi Sewa Samiti (MSS) community in Chandrapur. A team recruited from Syngenta India Ltd. worked with former leprosy patients to cultivate vegetables using good agricultural practices. (The easy recruitment again illustrates one of our arguments above about the advantages of transferable expertise). The Foundation ensured systematic extension, providing advice on agronomic practices and inputs, good water management, and control of pests, diseases and weeds. Project staff introduced special techniques to raise seedlings in poly-houses, and to intensify rice cultivation. The team also maintained strong contacts with public research institutions and seed companies so that MSS could access the latest technology.

An external review of the Indian work, commissioned in 2008, made a number of recommendations. They included the need to form farmers' groups to improve product aggregation and obtain better terms when marketing produce. Cropping diversification and improved productivity do not by themselves necessarily translate into increased incomes for farmers. Reliable links to markets are needed, too. Market links and new ways to accelerate the scale-up of operations and impact became recurring themes. Project staff established connections with buyers, as well as with government and the Indian agri-business sector through organizations such as the Federation of Indian Industries and Chambers of Commerce.

We termed this approach 'market-led extension'. It made sense in the eyes of the private sector, because it was 'demand-driven', directed by business-like thinking about the problem of farmer empowerment. Market-led extension began to differentiate SFSA's approach from those of many organizations that just view small-scale farming as a 'development proposition', rather than a <u>business</u>. The Foundation, with the help of an increasing corporate budget, stepped up its investments. By the 2010 *rabi* season (mid-November to April), we had reached some 38,000 farm households in 950 villages across five states. The program had therefore achieved a certain size, created value for farmers, and enabled everybody involved to learn. The question remained, however, how best to meet our own expectations of scalability. Looking across the whole area of agricultural development, we were increasingly concerned by 'projectitis' – a proliferation of little initiatives that, while often doing good work locally, fail to benefit large numbers of people.

Our Foundation's conventional approach to 'scaling up' had been replication. This involved repeating the same solid, proven and perfectly defensible methodology in different locations, with local adjustments as necessary. Partner organizations, including some major Indian NGOs, did the same. Replication has its merits at early project stages. However, budgets and manpower in the philanthropic sector cannot grow indefinitely. Major scale-up requires self-regenerating mechanisms supported by enabling policy environments.

Such 'self-regenerating mechanisms' for vegetable production required the establishment of business-style farmer groups. These enable smallholders to produce and sell together, supported by agronomic advice and marketing support, including the tracking of prices in nearby markets. The Foundation and its partners helped farmer groups to carry out their business transactions profitably, for example by dispatching lorry-loads of produce to whichever market offered the best price on a given day. The smallholders' income rose considerably, and operations branched out into high-value ventures such as rice seed and hybrid tomato seed production. A recent book by our Indian *Advisor Emeritus*, Dr. Partha Das Gupta, provides a detailed review of the work described here {33}.

The partnership also addressed challenges related to agricultural policy. With time, this work helped establish the Foundation as an acknowledged expert organization in India, and a global thought leader in agriculture.

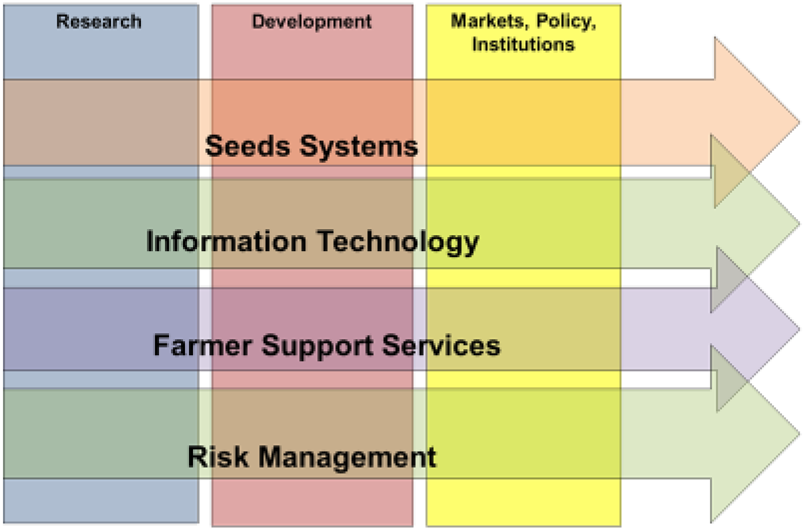
After a slowdown in the 1990s, Indian farming did better in the 2000s. The sector nonetheless lagged behind the rest of the economy, as it still does. India's agriculture needs nurturing to support national economic dynamism. In turn, as overall growth continues, diets become richer; India accordingly faces rapidly increasing food demand. In 2010, we launched the research project *India 2040* in cooperation with the country's Planning Commission and a Washington, D.C. think tank. The aim was to reflect how transformation of Indian agriculture could support overall economic growth aspirations and food security, while also providing employment in rural areas and strongly reducing poverty there. Many of the findings are contained in the 2012 book *Transforming Indian Agriculture - India 2040* {34}.

Acceleration of agricultural growth requires not only more technology, but also much more efficient use of water, nutrients and other resources. Sustainable intensification depends on modern science, appropriate training and precision agriculture, for example with carefully dosed irrigation. Improvements on the supply side are not enough on their own, however. The business environment and the demand side also need to change. Institutions, markets and productivity – the *India 2040* research themes – all have to adapt. Rural infrastructure needs to be stepped up, involving everything from dams to roads and broadband connectivity.

Incubating market-based solutions

Having started with 'hands-on' work in Africa and India, we have increasingly complemented this with policy analysis and active participation in discussions worldwide. SFSA today runs three main program streams: Seed Access, Risk Management, and Farmer Support Services with Information Technology. We support them with our cross-cutting Research & Development activities and Policy advice on markets and institutions.

Syngenta Foundation streams and cross-cutting activities



Over our Foundation's history, we have noticed that the provision of agricultural solutions and technologies to smallholders is often 'supply-driven'. Many public sector researchers, we sense, often focus more on scientific output than on farmers' actual needs. This would certainly help explain why smallholders only use about 35% of new crop varieties from the public sector {35}. This low rate of adoption not only represents a poor return on public investment, but also has negative consequences for crop yields and food security.

We thus increasingly emphasized the importance of a demand-driven approach. This focus, we sense, comes more readily to a corporate foundation than to organizations further removed from the private sector. This approach has helped us to become an incubator of adoptable and therefore scalable technologies, products and services for smallholders in food-insecure regions.

SFSA always works in partnerships. As a corporate foundation, we have a foot in both the private and non-profit sectors. We therefore feel particularly well suited to building bridges between them. Together with other organizations, we identify and develop scalable solutions for farmers, test them, and foster their progression to the market and major scale-up. Contrary to some strands of public thinking in western countries, it is our experience that smallholders need and want technology and engineering solutions. They also need and want a range of services such as extension, credit and insurance, as well as access to markets. That is why we work in crop improvement research, seed systems development, mechanization, agricultural insurance and finance, data management and IT, and why we help link farmers to supply chains. We are neither a donor (although we invest), nor a consultant, nor a delegator via hired third parties. We are directly involved in the development of products and solutions. We also help ensure that smallholders gain access to these, typically through market-building partnerships with the private sector.

Our work in agricultural insurance illustrates our approach. To feed a growing and increasingly affluent world population, it is necessary to modernize smallholder farming and, for example, to increase crop yields. Among many other factors, this requires comprehensive strategies to reduce farmers' financial risk when they invest more in their crops.

One of the greatest sources of agricultural risk is the weather. Unfortunately, weather insurance is currently unavailable to most smallholders outside China and India, where government schemes exist. Thanks to the Syngenta Foundation, however, hundreds of thousands of smallholders in East Africa now also have access to appropriate cover. Building an entire 'ecosystem' for workable weather insurance required cooperation between numerous partners. As well as smallholders themselves, these included regulators, insurers, re-insurers and farmer 'aggregators' (such as input companies or produce off-takers). In Kenya, where our insurance work began, automated weather stations, mobile telephony and money transfer also played vital roles. The farmers use insurance to shift some of the burden of risk that previously lay entirely on their shoulders. Aggregators' involvement includes taking out policies on behalf of their farmer clients, advancing premiums and disbursing pay-outs. The primary insurers and re-insurers perform their usual tasks, familiar from markets in which – unlike rural Kenya – insurance is an established part of daily life.

Having set up a company to continue its work in East Africa {36}, SFSA is now developing new partnerships and insurance products in a number of Asian countries. Crucially, the insurance is not supply-driven, recycling some off-the-shelf product actually developed for the urban middle-class. Instead, we tailor protection to smallholders' needs, in terms both of the agricultural situations covered (e.g. lack of rain in corn), and of aspects such as price, accessibility and pay-out timing.

The process begins with a feasibility study, which assesses the local viability of insurance as a risk management tool. We also discuss with a wide range of stakeholders how we can support local adoption of agricultural insurance by large numbers of smallholders. The next stage in ensuring that insurance introduction is demand-driven is a "Dry Run". In Myanmar, for example, we partnered with a local NGO to track 35 rice and sesame farmers from land preparation to harvest. Extension officers visited the smallholders weekly throughout the season. They recorded farm activities, input use, plant development, and any risks to the crop. With these data, we can ensure that new insurance products are right for the farmers.

Examining smallholders' needs and how to meet them plays a similarly large role in our work on Access to Seeds and Farmer Support Services. Characteristically, one of our major R&D thrusts is called "Demand-led breeding". The relevant pages of www.syngentafoundation.org provide further details.

We are convinced that the key to successful introduction and scale-up of new solutions for smallholders lies in the market. Entrepreneurs, we believe, need to be 'crowded in', not crowded out by charitable gifts, however well-meant, or by politicians' unsustainable (and often unsuitable) hand-outs. These views are closely related to our proximity to the private sector. Furthermore, we would venture to suggest, they carry particular weight because of our corporate backer's expertise in the same area of operations.

We greatly welcome discussion on these thoughts, and on all aspects of this paper.

Author contact: syngenta.foundation@syngenta.com (Paul Castle)

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