

Testimony for the Record
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Before the Senate Subcommittee on State Department and USAID Management, International
Operations and Bilateral International Development
July 12, 2016

Chairman Perdue, Ranking Member Kaine, Members of the Subcommittee, thank you for the opportunity to discuss an important area of the US government's work overseas - - Public-Private Partnerships in Foreign Aid.

On behalf of the more than 700,000 Coca-Cola system employees globally, we are pleased to participate in today's hearing. As our Chairman and CEO Muhtar Kent often states, neither business, government nor civil society can solve society's greatest challenges on its own. It is only through collaboration and creating a "golden triangle" of partnership that we can make progress toward addressing global development challenges and specifically the new Sustainable Development Goals (SDGs). As someone who has worked for The Coca-Cola Company both at our corporate headquarters and also in North and West Africa, I can speak from first-hand experience about the positive impact that public-private partnerships have on local communities.

The Coca-Cola Company has been a proud partner of the US government, and with USAID and the State Department specifically, for many years. Although there have been many collaborations between The Coca-Cola Company and USAID and the State Department, I would like to focus on three that illustrate our belief that we can do more good for more people when we act together than we can when working alone:

1. **Project Last Mile**, a partnership between the Company, USAID, the Global Fund on HIV/AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation, to build supply chain and distribution capability in African Ministries of Health; and
 2. The **Water and Development Alliance (WADA)**, a partnership between The Coca-Cola Company and USAID to increase access to clean water and to improve water stewardship in developing countries.
 3. **Coca-Cola MENA Scholars program**, a partnership between The Coca-Cola Company, Indiana University's Kelley School of Business and the US Department of State that brings 100 Arab college students to Bloomington, Indiana for a month of business and social entrepreneurship training.
- 1) Through our work on **Project Last Mile**, we share Coca-Cola's logistics, supply chain, distribution and marketing expertise to help African governments maximize their own capacity to deliver critical medicines and medical supplies the "last mile" to remote African communities. To date Project Last Mile has reached regions within seven countries including: Tanzania, Ghana, Ethiopia, Mozambique, Nigeria, South Africa, and Zambia. This work clearly demonstrates the value of public private partnership because through our joint work we are able to increase significantly the efficiency of the US government's aid that supports the purchase of medications to treat HIV/AIDS, tuberculosis and malaria. For example, the US government and other major donors, such as the Global Fund, provide the vast majority of the funding to African governments for the purchase of these critical medicines. Through the Project Last Mile partnership, we ensure that we are sharing the most up-to-date private sector models for distribution, marketing, and supply chain efficiency

with African governments. We help establish systems to track out of stock products; create human resource systems that allow governments to track employees' objectives and performance, and benchmark private sector spending on third-party services to ensure optimal use of public funds.

- 2) Through the **Water and Development Alliance (WADA)**, Coca-Cola is partnering with USAID to address the lack of access to clean water and sanitation that create a significant drag on communities' development. According to the World Health Organization's Joint Monitoring Program 2015 report, 319 million sub-Saharan Africans and 260 million Asians lack access to clean water, and hundreds of millions of people across the developing world lack access to sanitation. Lack of clean water access means that women and girls spend significant amounts of time and energy fetching water for their families, which takes them away from education and productive economic activity as well as creating other obstacles for sustainable local development.
 - In response to the severe clean water access challenges faced in Africa, The Coca-Cola Africa Foundation (TCCAF) introduced its flagship program, RAIN, in 2009. RAIN is The Coca-Cola Company's (TCCC) contribution to helping Africa achieve the United Nation's Global Sustainable Development Goals on clean water and sanitation access. The program has reached over 2 million people across 37 African countries through 2015. And by the end of 2020, it is estimated that TCCAF and its partners will measurably transform 6 million Africans' lives through water-based initiatives, sanitation, and hygiene; economically empower up to 250,000 women and youth; promote health and hygiene in thousands of communities, schools, and health centers; and return up to 18.5 billion liters of water to nature and communities.
 - These programs improve access to safe water in communities reducing the incidence of water-borne diseases and eliminating the dangers of retrieving water from distant and inaccessible sources. USAID and Coca-Cola have partnered on 35 programs in 30 countries across the developing world since WADA's inception in 2005, including 30 programs in 20 African countries. With over \$39MM of investments to date, the WADA partnership has reached 520,000 people with water, 210,000 people with sanitation, and put 400,000 ha under improved watershed management. In June of this year, Coca-Cola and USAID extended the Water and Development Alliance through 2021, with two additional programs in development in Madagascar and Nigeria and many more to come.
- 3) Through the Coca-Cola MENA Scholars program, the Company is delighted to work with the US Department of State to help create the next generation of entrepreneurs across the Middle East, North Africa and the Near East. More than 500 college students have participated in the program, including the latest class of scholars which arrived in Indiana two weeks ago to develop business plans for their social or business entrepreneurship ideas. Whereas entrepreneurship is cultivated in many young Americans, most Arab college students are seeking job opportunities with large companies or government bureaucracies. Through this partnership, we have the objective of providing young people with both the skills and confidence to be their own bosses, by developing coherent business plans that can create jobs in their home countries. Many of the scholars have gone on to create small and medium-sized enterprises (SMEs), including public relations firms, restaurants, and NGOs, and we have even hired a few as interns and employees both in the region and in the United States.

Since Coca-Cola is a local business in every country where we operate, our beverages are produced locally, using local ingredients, local employees in local factories and distributed through local networks to the outlets where consumers purchase them. We pride ourselves on being a local business that contributes significantly to local employment and economic activity. As a local entity, with a strong tradition of community investment over our 130-year history, we also feel a responsibility to help address community challenges, such as water stewardship, women's economic empowerment and building stronger local communities.

While the United States remains the Company's leading market for our beverages, 80% of our sales comes from outside of the United States. Partnerships with the USG allow the Company to expand the scope and impact of our interventions, to play a positive role in contributing to local communities' development and to ensure that our work leverages the broader development initiatives financed by the US government and other donors. Furthermore, by partnering with the US government and others in ways that complement our expertise and resources, we can be assured that our development partnerships are as impactful as possible. In short, as noted earlier, we are stronger together than we are alone.

Since our overseas sales are so important to the Company's global business, much of the work done at our corporate headquarters supports our business outside of the United States. In fact, one out of every 6 jobs at our global headquarters in Atlanta, Georgia is directly tied to our international business.

The most challenging aspect of working on public-private partnerships with the US government has been the time it takes to go from identifying an opportunity to implementing it on the ground. However, the US government is not unique in this respect. When The Coca-Cola Company works with other governments around the world, we face similar timing challenges. In addition, the US government has made improvements that create greater flexibility, speed and willingness to collaborate. For example, The Coca-Cola Company works both with USAID's dedicated partnership office as well as the USAID Innovation Lab, and these efforts have improved the efficiency of our interactions.

In general, governments often have legislative mandates on which types of development programs can be used for specific funding sources. In the development world, government agencies often refer to these legislative mandates as the "color of the money," which limits how that money can be spent. For example, some funding could be specifically mandated to treat specific diseases, and the rigidity of these mandates can make it challenging at times for companies. However, to date, we have been able to overcome these challenges in partnership with the US government agencies involved.

As public development assistance funds continue to face budgetary hurdles, it is important that the private and public sectors coordinate more closely to achieve mutual development goals. Coca-Cola has learned that its local business is only as sustainable as the community it serves. Programs such as Project Last Mile offer a clear model for future collaboration that bases aid in programs valued and supported by both business and civil society actors. Our focus is continuous improvement, measuring results and capturing lessons that will allow us to take these partnerships to even greater scale for shared benefit of all.

Thank you.