

Testimony for the Record  
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Chairman Corker, Ranking Member Cardin, Members of the Committee, thank you for the opportunity to discuss how The Coca-Cola Company creates shared value and contributes to international development through our investments in the more than 200 countries and territories where we operate globally. In fact, this marks the 111<sup>th</sup> anniversary of Coca-Cola's international operations.

On behalf of the more than 700,000 Coca-Cola system employees globally, we are honored to participate in today's hearing. As our Chairman Muhtar Kent often states, neither business nor government nor civil society can solve the world's greatest challenges on its own. It is only through collaboration and creating a "golden triangle" of partnership between these three actors that we can make progress toward addressing global development challenges. As someone who has worked for The Coca-Cola Company both at our corporate headquarters and also in North Africa, West Africa and the Middle East, I can speak from first-hand experience about how Coca-Cola's investments create shared value - - value for the communities in which we operate as well as supporting the continued sustainable growth of our business.

Like many businesses around the world, the Coca-Cola system is investing in our own operations to ensure that we have the capacity and capability to satisfy the growing consumer demand for non-alcoholic beverages, including carbonated soft drinks, juices, waters, sports drinks, dairy, tea and coffee. Our business has greatly diversified over the past several decades, and today we have over 500 brands, 3,900 beverages, 30% of which are low or no calorie beverages. In 2016 alone, we launched 500 new products, offering consumers with more choices than ever before. And, of those 500 new beverages, nearly 400 are teas, juices, coffee, waters, and other drinks. As countries grow and increase the size of their middle classes, the demand for packaged beverages also increases. Some of recent public investment commitments to respond to this growing demand include:

- Commitment to invest \$17 billion across the African continent 2010-2020
- Commitment to invest \$5 billion across the Middle East 2012-2021
- Commitment to invest \$5 billion in India 2011-2020
- Commitment to invest \$4 billion in China 2015-2018
- Commitment to invest \$1.5 billion in Colombia 2014-2018
- Commitment to invest \$1.2 billion in the Philippines 2016-2020
- Commitment to invest \$1.0 billion in Ecuador 2014-2018
- Commitment to invest \$1.0 billion in Argentina 2016-2019
- Commitment to invest \$200 million in Myanmar 2013-2017
- Commitment to invest \$200 million in Pakistan 2017-2019

Since Coca-Cola is a local business in every country where we operate, our beverages are nearly always 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. In fact, as a result of linkages with our upstream supply chain of raw materials and ingredients as well as with our downstream value chain of retailers and

distributors, we estimate that on average for every job in the Coca-Cola system, a further 10 jobs are created in the broader national economy. This is an enormous positive development impact that creates a virtuous cycle of growth in national economies.

For example,

- In Colombia, the Coca-Cola system employs more than 8,000 people.
- In Argentina, the Coca-Cola system employs more than 9,000 people.
- In Ecuador, the Coca-Cola system employs more than 9,000 people.
- In Egypt, the Coca-Cola system employs more than 10,000 people.
- In India, the Coca-Cola system employs more than 25,000 people.
- In the United States, the Coca-Cola system employs more than 50,000 people. In Tennessee and Maryland alone, we employ 3,000 and 1,000 people respectively.

While the United States remains the Company's leading market for our beverages, 80% of our sales come from outside of the United States and therefore our overseas investments are critical to driving the Company's overall growth. Indeed, since our overseas sales are so important to the Company's global business and continued growth, much of the work done at our corporate headquarters supports our business outside of the United States. In fact, one out of every six jobs at our global headquarters in Atlanta, Georgia is directly tied to our international business.

As an American company, Coca-Cola seeks to invest and build its business wherever US law allows it to go, and currently our beverages are available in every country and territory in the world except Cuba and North Korea. The Coca-Cola system seeks an investment environment where people are thirsty, with a promise of thriving middle class growth, and with a legal and regulatory environment that is supportive of business and entrepreneurship allowing our system to function effectively and to grow. However, every country's legal and regulatory framework is constantly changing, and therefore Coca-Cola's objective is to begin building its business in a market as soon as legally possible.

Since every country is different, our local operations have the ability to adapt to each market and develop plans that fit with its level of development. However, like any business, we do face challenges, such as the quality of the water supply, the transportation infrastructure, the workforce's level of education and training, or the consistent application of the rule of law.

While the private sector can contribute to community development in many substantive ways, there remain areas where public sector financing is critical, such as creating clean water supplies that support healthy communities; creating a functioning national transportation infrastructure; or building an education or legal system that will support sustainable business growth. Governments around the world continue to play the pivotal role in their countries' development, both in mobilizing all stakeholders behind a shared vision as well as providing resources to respond to the public's expectations. The private sector works in partnership with these governments to accelerate opportunities for growth and stability.

Over many decades, The Coca-Cola Company's partnerships with the US government have allowed 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, other donors, and local governments and institutions. 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.

Our partnership investment priorities are closely linked to our sustainability priorities. We know that for our business to be successful over the long-term, the communities in which we operate must be sustainable - - economically sustainable with good jobs and quality beverages, environmentally sustainable with access to safe water and with strong community support networks that enable communities to respond to their biggest challenges. Investments we make in community development support our business by improving the lives and economies of our consumers.

Coca-Cola is proud to have worked with governments, NGOs as well as other private sector actors to build public-private partnerships that help address key challenges such as women's economic empowerment, water stewardship, sustainable agricultural production, education and improved medical supply chains. Partnerships are about bringing together expertise from a variety of different sources, and The Coca-Cola Company has been privileged and proud to work with the US government as well as numerous NGO partners on these initiatives, including CARE, Mercy Corps, Global Water Challenge, TechnoServe, the Millennium Challenge Corporation, the US Department of State, USAID, the Bill and Melinda Gates Foundation and the World Wildlife Fund just to name a few.

Although The Coca-Cola Company is involved in countless partnerships around the world, I would like to focus on a few 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.
  2. The **Water and Development Alliance (WADA)**, a global partnership between The Coca-Cola Company and USAID to increase access to safe drinking water and sanitation, and to also improve water stewardship in developing countries.
  3. Coca-Cola's **5by20 Initiative**, a commitment to empower 5 million women economically throughout the global Coca-Cola value chain by 2020.
  4. **Entrepreneurship initiatives through the 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 as well as the Company's **Youth Empowered for Success (YES!) program**, a partnership with Mercy Corps, Harambee, Microsoft and the Coca-Cola Africa Foundation, which seeks to train 25,000 young people to prepare them for productive jobs across six African countries: Kenya, Uganda, Nigeria, Liberia and Tunisia and South Africa.
  5. **Project Unnati**, a partnership to invest in improving Indian mango and orange farmers' productivity and farming techniques to produce fruit for Coca-Cola beverages.
1. Through our work on **Project Last Mile**, we share Coca-Cola's logistics, supply chain, distribution and marketing expertise to help African health ministries maximize their own capacity to deliver critical medicines and medical supplies to the "last mile" in 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. Access to safe drinking water has been a significant focus of our public-private partnerships. Investments in water create a powerful multiplier effect for communities; every dollar invested generates at least a four-fold economic return to individuals and communities. Through WADA, the **Water and Development Alliance**, Coca-Cola is partnering with USAID to address the lack of access to safe water and sanitation that creates a significant hazard to community development. Coca-Cola is engaged in this work because access to safe water is as important for the communities where we operate as it is for our business. Without safe water, 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. And without access to water, Coca-Cola can't make any of its beverages. WADA's 12 year public private partnership leverages the strengths and resources of both the public and private sector to maximize the returns on their development investments. Through a combined \$40MM investment, WADA is a high impact partnership improving water access and protecting watersheds through projects in 35 countries. Today, WADA is improving access to water for over 600,000 people and improving access to sanitation and hygiene to over 250,000 people. Additionally, over 400,000 hectares have been put under improved management practices through WADA interventions. In June of 2016, Coca-Cola and USAID extended this Alliance through 2021, with two additional programs in development in Madagascar and Nigeria and many more to come.
  - In response to the severe safe water access challenges faced in Africa where over 300MM lack access to safe water, The Coca-Cola Africa Foundation (TCCAF) introduced its flagship program, **RAIN - - Replenish Africa Initiative**, in 2009. To date, RAIN has worked with more than 140 government, private sector and civil society partners to support high-impact projects that have already improved the lives of nearly 3 million people in Africa through access to safe water and sanitation. We are on track to reach 6MM people by 2020. Our \$65MM investment in RAIN has attracted \$132MM from other sources including the public sector. Using the Golden Triangle partnership model, RAIN has emerged to be the largest corporate investment in water in Africa. RAIN's achievements would not be possible without our partners coupled with the Coca-Cola ecosystem that allows us to scale RAIN's work across communities in 37 African countries. RAIN will also 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.
  - Similarly, through RAIN, Coca-Cola has partnered with the Millennium Challenge Corporation (MCC) to better achieve our common goals around access to water and sanitation, management of water resources, empowerment of women and youth, and strengthening health systems. In this partnership, Coca-Cola brings an expertise in water resource management, data on water and environmental resources, support for entrepreneurship, and marketing and communications while MCC brings expertise in

policy reform, knowledge management, gender analysis and program development. Coca-Cola and MCC have already partnered together through the RAIN program in Cape Verde to improve water access for over 22,000 people.

- Coca-Cola also partners with other non-US government actors, such as the NGO CARE, in the WASA through Pathways partnership which focuses on integrating water smart agriculture into local practices to assist women smallholder farmers to better manage soil moisture and increase their agricultural outputs. Through this program, 14,000 women smallholder farmers will benefit from training across Ghana, Malawi, and Mali.
3. In addition to safe water access, another area of key investment for Coca-Cola is in the economic empowerment of women. Women are a positive force multiplier for communities and our business. Through Coca-Cola's **5by20 initiative** launched in 2010, our company has developed and implemented programs that address barriers that prevent women entrepreneurs from succeeding in the marketplace. 5by20 is doing this by increasing access to 1) business skills training, 2) financial services and assets and 3) networks of peers or mentors. We are working with key partners to build on best-practices in the Coca-Cola business system worldwide and on the valuable insights and programs our partners bring to the table, encouraging innovation, scale-up and replication. By the end of 2016, more than 1.7 million women were impacted by programs implemented across 64 countries. To be clear, Coca-Cola is empowering women, helping them to earn more money through the work they do, but we are also helping expand the Company's business as part of this work whether it is by opening more retail venues or distribution centers, or bringing our agricultural ingredients closer to our production centers.
- A good example of this work is our partnership in Nigeria to help address the large numbers of young women who do not get a formal education and face barriers to developing their own economic activities. We are working with the UK Department for International Development, Mercy Corps, the Nigerian Bottling Company, the MasterCard Foundation and the Nike Foundation, in a program entitled '**Educating Nigerian Girls in New Enterprises**' or **ENGINE**. The program is an initiative to improve the learning outcomes and economic status of 18,000 marginalized adolescent girls in Nigeria aged 16-19.
    - i. In the ENGINE evaluations, 44% of surveyed ENGINE girls have started their own business and 98% of girls said they now feel more confident because of their participation in the program.
    - ii. An external midline survey revealed that 64% of ENGINE girls began participating in savings groups, as compared to the 13% reported at baseline.
    - iii. In the northern state of Kano, 100% of surveyed gatekeepers from ENGINE communities were willing to reassign household tasks to provide time for girls to attend school.
4. 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 100 scholars set to arrive in Indiana next month to develop business plans for their social or business entrepreneurship ideas.

Over the last five years, Moroccan, Tunisian, Egyptian and Palestinian students have worked as interns at the Company's global headquarters. Scholars have gone on to lead their own businesses, work for our bottling partners or receive prestigious scholarships, such as the Fulbright scholarship.

5. **Project Unnati:** In the Chittoor district of Southern India, through Project Unnati (mango), we're partnering with local experts, including our supplier Jain Irrigation, to train thousands of mango farmers in new methods like ultra-high density planting, helping them increase the quality and quantity of the fruit they grow while also improving their water use ratios. Started in 2011, the project aims to harness the increased productivity potential of mango farms, allowing owners of small-sized farms to increase crop yields and improve their livelihoods. To date, we've trained 18,000 mango farmers, including 3,300 women, established 200 demonstration farms, and increased productivity by 200%.

In 2016, we initiated Project Unnati Orange with the Government of Maharashtra state and Jain Irrigation to set up a juice manufacturing facility and to support local farmers in the cultivation of Indian oranges through the adoption of ultra-high density planting techniques to boost orange yields. Coca-Cola's global system and far reaching supply chain provide many opportunities to improve agricultural sustainability, and our purchasing power and long-standing relationships with suppliers and processors provide an opportunity to drive a positive change in practices and sustainability outcomes at scale.

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 Global Development Lab, and these efforts have greatly 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 and RAIN 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.