

**Testimony of
C.D. Glin, Global Head of Philanthropy, PepsiCo & Vice President, PepsiCo Foundation
for the hearing
Shifting the Power: Advancing Localization in U.S. Development Programs
before the
Subcommittee on International Development, International Organizations and Global
Corporate Social Impact
United States House of Representatives
September 23, 2021**

Introduction

Chairman Castro, Ranking Member Malliotakis, and Members of the Subcommittee, thank you for inviting me to appear before you today to share my perspective on an important and timely global issue impacting our economy, communities and millions of people: the advancement of localization in U.S. Development Programs and global corporate social impact. First, I'd like to thank you for your leadership and support in continuing to explore lasting solutions for socioeconomic concerns that are impacting so many around the world. Thank you for your leadership, conviction, and bipartisan commitment to building a more collaborative and prosperous world for all and for elevating this critical issue to the forefront of our policy discussions.

My name is C.D. Glin and I am Global Head of Philanthropy at PepsiCo and Vice President of The PepsiCo Foundation, PepsiCo's philanthropic arm that has decades of experience working to advance development programs globally. Prior to PepsiCo, I served as the President and CEO of the U.S. African Development Foundation, a U.S. government agency dedicated to supporting African-led and African-driven development solutions via catalytic financial investments in, and local technical assistance to, African grassroots communities and local enterprises. As an appointee in the Obama Administration, I served as the first Director of Intergovernmental Affairs and Global Partnerships for the Peace Corps and designed the agency's initial Strategic Plan for Partnerships. Lastly, I began my career as a Peace Corps Volunteer in the first South African program during the transformational leadership of President Nelson Mandela.

My experience working on pathways to global localization and leveraging strategic local partnerships to co-create solutions that empower self-sufficient and thriving communities is extensive yes, but more importantly, it's personal. I'm a firm believer in leaving the world in a better condition than how I found it, and to that end I have dedicated my career to the advancement of causes that address the needs of underserved communities around the world. However, no man is an island. In order to accomplish such a goal, it takes collaboration, partnership and the collective passion and efforts of many.

Not only is that my personal and professional mantra, but also colors the way we approach our work at PepsiCo and The PepsiCo Foundation.

With the rise of the global pandemic, organizations in almost every sector have had to rethink, reshape and retool their ways of working. This is especially true in the international development sector, which historically has leaned heavily on employees travelling from high-income countries

to administer and track programs in lower income countries. The ability to maintain this work structure has proven to be nearly impossible as COVID-mandated restrictions have stymied our ability to travel the globe as readily as we have in the past. Fortunately, for decades, PepsiCo and its Foundation have adopted an approach of seeking out strategic local partnerships to enable the provision of locally-driven solutions which means we are able to continue executing and monitoring our programs, even in the face of pandemic induced challenges.

Benefits of Locally-led Development

Business Impact

PepsiCo, based here in the United States, is the largest food and beverage company in the country and one of the largest in the world, with more than \$70 billion in net revenue. Our foods and beverages are consumed nearly one billion times each day in almost every country around the world, and we have a diverse portfolio of 23 billion-dollar brands that consumers know and trust, including Pepsi Cola, Quaker, Tropicana, Lay's and Gatorade. While our reach is global, we remain committed to a multi-local approach, believing that it is our duty as a company to contribute to the prosperity of the communities where we operate by contributing to the GDP, creating jobs for the local population, contracting, and sourcing from local suppliers and connecting and engaging with the local community and stakeholders. These communities are not just markets where we sell products, they are places where we, our employees and their families and friends live, work and raise children.

A shining example of the benefits our multi-local approach and presence is PepsiCo's operations in Egypt. Launching our operations in Egypt 70 years ago, PepsiCo has since been steadfast in our focus to create opportunity and smiles for every Egyptian household. We have achieved success through our diverse portfolio of iconic brands in the market, and over the past five years, we have invested over EGP 12 billion (approx. 762 Million USD) in the country. Our operations in the country have continued to grow as today, we have 10 facilities, 31 distribution centers, and more than 3,500 suppliers, which has created 15,000 jobs. Additionally, PepsiCo uses 100 percent locally sourced potatoes, providing opportunities for 4,000 farmers to work across 40,000 acres. Over the past seven decades, we have designed programs to empower the Egyptian people and develop their skills.

But we knew we could do more.

With that mindset, in 2019, PepsiCo Egypt, in collaboration with Care Egypt and under the auspices of the Ministry of Social Solidarity, launched the "She Feeds the World"; investing \$3.7MM in a program that aims to empower those who give us power: female farmers. PepsiCo believes the economic empowerment of these women -as the feeders of the world- will increase the food security of the country. In that vein, the program provides technical knowledge and financial aid to small-scale producing female farmers. PepsiCo hopes the program will help raise the standard of living, create job opportunities, and eradicate malnutrition for rural Egyptian women and children. To date, 1,800 women have participated in the program's trainings. The potato farmers' productivity increased by 40% compared with the previous year and 88% of the crops were bought by PepsiCo's iconic Chippy brand.

But again, we knew we could do more.

One of PepsiCo's core values is creating a diverse workplace. As a result, 41% of our female workforce are in managerial roles. Further, we introduced the Enable program in collaboration with Helm (Arabic for truth) Foundation, a local Egyptian non-profit promoting the social inclusion of people with disabilities aiming to provide special development for employees with different abilities. We aspire to continue investing and creating value for our consumers in Egypt whilst enabling and empowering the communities where we operate.

Philanthropic/Corporate Social Impact

At the PepsiCo Foundation, we've been investing in tangible social impact since 1962. Collaborating with industry peers, local and international organizations, non-profits and our employees around the globe, we're focused on helping communities obtain access to nutritious food, safe water and economic opportunity. We recognize that supporting a more equitable world is not only the right thing to do, it is the right thing to do for our business, our employees, and our customers.

In our experience, we have found that our local approach and local strategic partnerships are keys to the success and sustainability of our work. As a leading global organization, we understand the importance of ensuring the authentic participation and leadership of local actors and community ownership within our work – and we're accomplishing this through our international teams of employees, community-focused programs and the engagement of our action oriented and result proven network of local partners. Localization helps ensure that the people and communities who will be directly impacted by our work co-create, design and deliver the solution, meaning they are included and integral to every step in the process, from conception through completion. We understand that when we listen to local communities, learn from local communities and allow efforts to be led by local communities - local ownership and the long-term sustainability of our efforts is ensured.

The benefits of PepsiCo undertaking a locally-led approach in our corporate social impact efforts are proven. The results of listening, learning and allowing initiatives to be led locally are both tangible and mutually beneficial. Listening leads to programs sparked by inclusive insights, learning garners innovative solutions to previously perceived intractable challenges and allowing for local leadership results in impactful and sustainable solutions.

Inclusive Insights

Going into another country and attempting to unilaterally solve problems is a bridge to nowhere. Language, cultural, and political barriers and perspectives can hinder access and execution. As an outsider, we are not equipped with the knowledge, local reputation, or ties to truly understand or substantially impact the real issues affecting the regions we are looking serve. PepsiCo has a vast global footprint and has been an integrated thread in the fabric of numerous communities across the world for over 30+ years, which helps to inform many of the insights we have into the places we choose to operate. However, that 30+ years of experience has also shown us that it is imperative

to include local stakeholders and the people in the communities to ensure the success of any program. By leveraging strategic partnerships with trusted local organizations, listening, and approaching problem solving in an inclusive manner, we can unlock insight into the core of the problems impacting local communities we are striving to empower. Listening and the resulting inclusive insights enables us to be demand driven and demand responsive to local needs, challenges and opportunities.

A prime example of the importance of obtaining inclusive insight is PepsiCo's Recycling work in Latin America. In 2015, PepsiCo integrated its Waste to Wealth program into the Interamerican Development Bank's Regional Initiative for Inclusive Recycling (IRR), which works to integrate recyclers into formal recycling supply chains. Established in 2011 by the IDB, the Avina Foundation, the Latin American Network of Recyclers (Red-LACRE) and Coca-Cola Latin America, PepsiCo's participation brought together two competitors to transform the initiative into a true industry-wide platform with a potential for greater impact. PepsiCo provided a \$2 million contribution over five years, as well as recycling expertise, nine inclusive recycling programs from PepsiCo's Waste to Wealth regional initiative, and a large network of bottlers to help the IRR improve reach and impact.

Through this platform, PepsiCo and the IDB work hand in hand with public and private actors in 12 countries to create the necessary conditions for the inclusion of grassroots recyclers into the integral management of solid waste and the recycling value chain. To date, more than 19,000 recyclers have benefited from the program.

The broader impact of this alliance raises the bar for public-private partnerships and encourages companies everywhere to put competition aside so that entire industries may better collaborate to advance social innovation. To date, our collective results are more effective recycling, a cleaner environment, and better lives for recyclers themselves. None of which could have been accomplished without the insights gained from the intentional partnership with local organizations that could identify the barriers and direct needs that existed in the community. It continues to place a strategic focus on improving the economic and social conditions of recyclers by increasing their access to markets and helping national and local governments, businesses, civil society, and recycling cooperatives build inclusive and commercially viable recycling value chains. For example, as a result of our work in Colombia, today municipalities are required to incorporate inclusive recycling into municipal cleaning systems. In Bogota, where recyclers are part of the cleaning system, they have received over \$23 million as payment for their service in the last 4 years and have collected more than 742,000 tons of recyclable material.

Another great example is The PepsiCo Foundation's "Millions of Meals" program in Pakistan. While the coronavirus has been wreaking havoc indiscriminately in all parts of the world, it has had a ten-fold impact on many underdeveloped countries. For instance, in Pakistan, the outbreak is believed to have caused an economic impact that amounts to a staggering loss of Rs2.5 trillion, and the loss of about three million jobs; disparately impacting everyday people who live in some of the country's most underserved communities and creating mass issues of food insecurity.

To answer this call, PepsiCo and the PepsiCo Foundation created ‘Millions of Meals,’ an inclusive, nationwide disaster relief program to address the issue of food insecurity by making millions of meals available to the communities most impacted by the COVID-19 outbreak. The PepsiCo Foundation engaged and supported some of the country's most lauded charities in Punjab, Sindh, Balochistan, Gilgit-Baltistan, Khyber Pakhtunkhwa and Azad Jammu and Kashmir covering approximately 90% of the districts in Pakistan, and established an alliance with Prime Minister's Ehsaas Roshan Portal, which is run under the Poverty Alleviation and Social Safety Division, to identify program beneficiaries. This collaboration resulted in 13 million meals delivered across the country, informed by PepsiCo's business footprint and expertise to create, move and sell products en masse.

Moreover, PepsiCo and the PepsiCo Foundation engaged McKinsey & Company to develop a nationwide ration donation platform for the government. Over 500 PepsiCo employee volunteers joined partner organizations to deliver meals to underserved communities in the region as identified by insight we obtained through our local partnerships, including people with disabilities, transgender communities, religious minorities, remote fishermen villages and more.

The success of both Millions of Meals and our Recycling program was intrinsically tied to the insight we were able to obtain from the intentional inclusion of our local partners on the ground. We learned that working alongside government agencies and, at times, peers and competitors enables greater collaboration for lasting impact. This approach enabled us to hone in on the most vulnerable communities, provide the most needed resources and tap into the expertise of those who have a trusted reputation in addressing some of these region's most pertinent issues which leads to the co-creation of innovative solutions WITH and not FOR the communities we serve that will get to the core of the issue and not just act as a bandage over an ancillary symptom.

Innovative Solutions

An example of the importance of innovative solutions is PepsiCo's Pioneer Foods Schools Breakfast Nutrition Program and Food Innovation Valley in South Africa. PepsiCo has operated and had local presence in South Africa for more than 20 years and, with the acquisition of Pioneer Foods, we are further demonstrating our commitment to remain in, with and for South Africa for the long haul. That commitment includes working on to the issue of food insecurity. In 2015, we created an innovative partnership with South Africa's Department of Basic Education's National School Nutrition Program to leverage the company's nutritious cereals and porridge, logistical capabilities and local partner network to deliver healthy breakfasts for more than 30,000 disadvantaged children in 35 schools across the country.

Further, we are investing 600MM Rand to launch a Development Fund which aims to tackle issues of food security and hunger in South Africa by working with partners to co-create innovative lasting solutions, build a Sustainable Food System and scale impact through catalytic investments. The fund will provide agricultural development to assist emerging farmers and support education by enabling initiatives that provide appropriate training and upskilling, thereby enhancing a skills pipeline for PepsiCo SSA or other corporations and to provide incubation and technological support to small businesses which can provide their goods or services to PepsiCo or other corporations with whom we partner.

Our ambition is to establish a Food Innovation Valley in South Africa, building on Pioneer Foods' existing Enterprise and Supplier Development initiatives, Simba's extensive agriculture programs as well as experience and best practices from the global PepsiCo teams.

The establishment of the Development Fund will support our efforts in building the Sustainable Farming Program in Africa and establish a PepsiCo-led initiative to create a food innovation ecosystem for South Africa. We'll work with farmers to boost yields, improve livelihoods, and preserve precious natural resources such as water. We'll also procure the crops from these farms - thereby offering farmers an important and valuable route to market. We need to attract younger people to farming, and to bring the technology along with them. In Africa the average age of a small hold farmer is over-60; while 70 percent of the population is under 35.

The initiative is built on the conviction that stronger and more knowledgeable local producers well-versed in sustainable development will contribute to our continued and combined success.

We know that patience is required when investing in emerging farmers. It is not uncommon to wait 7-8 years before seeing the full benefits. Therefore, government and stakeholder support needs to be certain and for the long haul if these farmers will grow, create more cost efficient crops, have access to markets and then create other jobs in the areas of operations, software solutions, inventory management and others.

Another example of the positive results yielded from impactful implementation is “She Feeds The World,” The PepsiCo Foundation’s partnership with CARE in Peru. She Feeds the World began in 2019 and our partnership is tackling gender inequality in agriculture, supporting the right to food, water and nutrition, gender equality and economic opportunity in the long-term, helping communities respond to systemic shocks like COVID-19. We, as partners, pivoted our approach to reach beneficiaries in response to the coronavirus crisis.

Peru was hit hard by the COVID-19 pandemic and the government mandated lockdowns to stop the spread of the virus. CARE and the PepsiCo Foundation teams responded to program participants' immediate needs transitioning adeptly to predominantly virtual activities. Throughout the COVID-19 pandemic, the CARE and PepsiCo teams in Peru have been able to continue to provide trainings with small-scale famers via virtual methods like WhatsApp. Since the pandemic began, we have maintained continuous contact with program participants through a combination of WhatsApp and text messaging, phone calls and radio programs.

Liduvina Rupire Garibay is a small-scale farmer and SFtW program participant from San Jose de los Molinos in Ica, Peru. She has been a part of the SFtW program since 2019. Participating in SFtW virtual trainings has helped Liduvina to continue producing vegetables to feed her family and maintain her livelihood during the pandemic. Despite a few initial months of uncertainty at the beginning of the pandemic in 2020, she has increased sales during the pandemic because of her new marketing strategy using WhatsApp. Liduvina says, “It [She Feeds the World] has certainly been a great help for all of us. Selling vegetables has allowed an income for our families, but what is important is our food. Currently we sell our vegetables through a WhatsApp group, where we have our clients added, without the need for them [clients] to leave their homes.” In the

future, Liduvina plans to continue supporting her community and expand her vegetable business throughout the district of San Jose de los Molinos. She hopes to start a restaurant and sell food created with organic products from her farm. She also hopes that in the future her children will become professionals.

Another example of the power of innovative local solutions is the work The PepsiCo Foundation has been able to accomplish in the space of safe water access in India thanks to the partnership of WaterAid India. PepsiCo has long understood the importance of water to the communities in which we operate. In 2009, we were among one of the first global companies to publicly recognize water as a basic human right in the context of the World Health Organization's and the United Nations' Joint Declaration on the Human Right to Water. By seeking out strong and trusted water partners, PepsiCo and the PepsiCo Foundation support and enable creative new strategies that achieve measurable and sustainable progress in the fight to alleviate water insecurity, providing more than 59 million people with water access to date in underserved communities across the globe, including India.

The PepsiCo Foundation and WaterAid India partnered to increase access to clean drinking water, sanitation and hygiene to more than 270,000 people in Sri City, Nelamangala and Palakkad, rural communities within southern India that face water scarcity. For these communities, cost is a key factor in determining the most feasible solution to local drinking water problems. While the initial investment for the infrastructure would be supported by the PepsiCo Foundation, WaterAid India and local partners were seeking infrastructure that would be affordable for communities to maintain for years on end. One of the common problems of water, sanitation and hygiene (WASH) infrastructure failing in rural areas is due to high technology solutions that require specialized and often expensive parts.

For example, thirteen years ago, the Kerala Water Authority built a well in the Walayar Dam Road community and connected it to a water storage tank. More than 260 households benefited from the connection to the water tank, but there was never enough water for everyone and the water supply was irregular.

Frustrated by the irregular access to water, the community found its own way to collect water. Residents who could afford to spend as much as USD 200 were able to get storage tanks built in their houses. The storage tanks were connected to the water pipeline, but no taps were fitted to stop the water flow resulting in some people received too much water, while others didn't receive any causing arguments amongst the community members. Instead of reaching out to a technical expert for help, they tried to solve their water challenge together and due to their lack of technical knowledge, the residents only made the situation worse.

When PepsiCo Foundation joined hands with WaterAid India and our implementing partner, the People's Service Society Palakkad (PSSP), we saw firsthand that the Walayar Dam Road community water supply system was not functioning properly. Together, we re-established the inactive community-led water group known as Walayar Janagiya Kudivella Pathadi, building the capacity of local communities so they could learn how to operate and maintain the water system.

Through our partnership, the organization was able to hold discussions to come up with tactics to work together to ensure the equal distribution of water and WaterAid laid a new pipeline to connect the borewell with the tank and installed water meters in every household.

The pipeline was completed in October 2018 and is still operational today. Since then, the majority of households on Walayar Dam Road have gained access to the water supply, the cost of operation is regulated and the community works together to ensure availability.

Statements of intent inspire and motivate, but effective action on the ground is where change happens. Our greatest resource in both of these efforts centers on key collaborations with partners on the ground who have the insight to help create innovative solutions that will enable communities to be self-sufficient - creating impactful and sustainable interventions in the long term.

Impactful and Sustainable Interventions

Our programs, from inception, are created in partnership with local actors. When our approach to creating solutions is based in trust from local communities and community ownership, we are able to find innovative and novel solves thus making the process of intervening and implementing our solutions sustainable and impactful. The people we serve will support us because as a collaborator, they have a vested interest in seeing these programs work. They will know they are seen, valued and heard and not a charity case. The combination of the three aforementioned tenets and the efforts of our local businesses and employee workforce will enable us to make a lasting impact on people by creating communities that are self-sufficient and thriving thanks to our support, but most importantly our intentional efforts towards their inclusion and input.

An example of the results of impactful and sustainable interventions is PepsiCo's #Heartwork marketing campaign in India. This marketing campaign celebrated PepsiCo's approach to localization in India. As COVID-19 rapidly changed the way of life last year, our marketing team in India teamed up with a leading Indian NGO, the Smile Foundation a local organization working to benefit more than 15 million children and their families every year, through more than 400 live welfare projects on education, healthcare, livelihood and women empowerment, in over 2,000 remote villages and slums across 25 states of India. We worked together to launch a campaign to recognize the #HEARTWORK of unseen heroes of the Lay's supply chain: Farmers, Factory Workers, Truck Drivers, Retail Workers and more. 100 percent of the potatoes PepsiCo uses for Lay's potato chips are purchased locally. And PepsiCo pioneered collaborative farming in India, providing 360-degree support to the farmer through assured buy back of their produce at pre-agreed prices, quality seeds, extension services, disease control packages, bank loans, weather insurance, and the latest technological practices. So in this time of exceptional need, the local marketing team celebrated the 24,000 farmers, 4,300 factory workers and 650,000 retailers who worked relentlessly against all odds, putting their heart into their work, to ensure Lay's brings joy to millions across the country. The campaign spurred engagement from consumers, celebrities and even other brands – and hundreds of articles about the campaign – because inclusive insights lead to an innovative idea and impactful implementation. The impact here is sustainable due to our intentional partnering with a local organization coupled with our leveraging of local Lays Brand to amplify the impact.

- **How PepsiCo executes locally**

The benefits PepsiCo has gained from shifting both the perspective and power of our impact from global to local are vast. We have learned that when we listen to, learn from and are led by local non-profits, community leaders and stakeholders, that type of intentionality leads to interventions permeated with inclusive insights and innovative solutions which are both impactful and sustainable. While our operational wingspan is wide, our ability to execute locally-led development wouldn't be possible without the contributions three crucial actors: **local employees**, **local enterprises** and **global intermediaries**.

- **Local employees** lead and support local efforts recommending and connecting to local actors which the company, foundation and the employees themselves support. Who to fund, where to find them, level setting expectations in outcomes and impact provide proximity, insight and local knowledge. PepsiCo's employee volunteer programs, PepsiCo Gives Back and Give Together programs and Disaster relief programs all are examples of how local employees activate PepsiCo's locally-led development approach. The engagement of local employees results in our being demand driven and demand responsive to local needs, challenges and opportunities.
- **Local Enterprises:** By establishing local businesses in international and country specific markets that contribute to GDP, create jobs, and contract locally – this enables the business to leverage connections to the community to work with local partners, procure from local entities, purchasing power and the ability to demand pull of the business to contribute to local development. This helps to facilitate the integration of local entities into our supply chain and enables us to our logistics capabilities for immediate response to community needs. This is evident in our ability to source, pack and deliver meals to children or schools via our Millions of Meals program in South Africa and Pakistan.
- **Global Intermediaries:** There are many instances wherein direct grant making prohibited. For many private foundations based in the United States, direct international giving is prohibited. While barriers to granting directly exist, we are still able to support locally led organizations by forging a relationship with locally connected fiscal sponsor entity who serves as a conduit - taking on the risk and role of reaching the local organization directly with funding provided by our business while we establish direct programmatic engagement with the local organization. Those conduits are global intermediaries which we leverage to facilitate our locally led development efforts at scale and around the world, working with PepsiCo to create lasting impact in the communities in which we live and work. Our intermediary partners include:
 - **CAF America**, a global grantmaking organization assisting corporations, foundations, and individuals with international, localized giving. PepsiCo and the PepsiCo Foundation have been working with CAF America since 2010. In 2020 alone, the PepsiCo Foundation supported over 65 hyperlocal organizations from CAF America's network in response to the pandemic. This year, through the CAF America partner network, we are mobilizing over \$10 million of philanthropic capital for local organizations in Latin America, Europe and the Middle East, bringing us closer to local organizations

- An important example of our collaboration is the collective response for the Lebanon Explosion which took place in August of 2020.
- PepsiCo, The PepsiCo Foundation and our bottling partner in Lebanon, SMLC, joined forces address local community needs in response to the devastating explosion in Beirut. Together, we created a campaign to mobilize our employee workforce (over 550 employees across 38 countries donated funds in support of the relief efforts) and raised US\$1 million to assist relief efforts following the explosion, helping to address the needs of the 300,000 people who were impacted. CAF America facilitated the giving of this contribution, the engagement of the PepsiCo workforce in giving; and catalyzed additional donations from US-based donors to maximize the impact of our efforts.
- Our collective funding provided support across three key areas: the provision of meals, rebuilding efforts, and, assisting local healthcare facilities and impacted hospitals. With these funds, local NGOs managed to rehabilitate homes, small businesses and schools and provide essential medical care to children with cancer and people wounded during the blast.
- In 2021, CAF America is facilitating PepsiCo's longer-term commitment to the Lebanese Red Cross to ensure provision of medical services to communities impacted by ongoing crises in the country to sustain their existing health and relief operations and ensure aid goes to those in need. Georges Kettaneh, Secretary General of the Lebanese Red Cross, has lauded our partnership stating, "Now more than ever, the Lebanese Red Cross needs the help of trusted partners to be able to continue providing its life-saving services to the population throughout Lebanon. PepsiCo has been at our side during the worse crises of the past two years, and we are now proud to enter into this key partnership."
- **Give 2 Asia:** Founded in 2001, Give2Asia is a U.S.-based nonprofit organization that connects corporations, foundations, and individual donors with trusted local charities in 23 countries across South Asia and Asia Pacific. PepsiCo and the PepsiCo Foundation have been working with Give 2 Asia since 2005.
- Give 2 Asia helps strengthen communities in Asia by making cross-border giving efficient. We work with Give to Asia Country Offices in India, Pakistan, Australia, Thailand, Vietnam and China and their local subject matter experts to 1) identify hyperlocal organizations we can co-create programs with; 2) work with our devoted monitoring and evaluation agency, True Impact, to track performance against agreed-upon goals, and reach impact at scale; 3) select a large pool of portfolio of programs that are sustainable and whereby ownership could be transferred to the communities following a proof of concept investment, and 4) managing cost-effective solutions that address local systemic barriers in a cost effective manner.
- Through Give 2 Asia's partner network, earlier this year PepsiCo Foundation partnered with Sustainable Environment and Ecological Development Society (SEEDS), a leading not-for-profit organization, to launch an extensive community

relief outreach program to support Government of India's ongoing efforts against Covid-19 across five States - Maharashtra, Punjab, West Bengal, Uttar Pradesh and Telangana. This collaboration enabled the:

- 1) Provision of over 100,000 vaccines doses to the communities administered through the local healthcare system.
- 2) Set up five Covid care centers, equipped with beds and medical facilities including oxygen cylinders for the communities.
- 3) Donation of over 100 oxygen concentrators to be provided to the Central Government for distribution to various Government hospitals across States.

Barriers to Locally-led Development

While we will always tout the extensive benefits of going local, PepsiCo's decades long global-to-local footprint has also exposed us to the reality of barriers, risks and limitations to be cognizant of in the process of going local. Here is a summary of some of those barriers and our lessons learned:

- Limited and/or low **Capacity** of local partners to deliver on projects or manage/absorb funding: Some of PepsiCo's hyper-local partners are too small to absorb our contributions and meet our monitoring and evaluation requirements. Extended lockdowns, closed businesses, and restricted movement are causing loss of incomes, remittances, and livelihoods. As the prolonged pandemic threatens to pull vulnerable communities back into extreme poverty, our grant intermediaries, Give 2 Asia and CAF America play a fundamental role to these hyperlocal partners to provide the best coordination between PepsiCo and the hyperlocal organizations in-country to monitor local needs, assess NGOs' capacity to respond, and vet potential projects. Once a grant begins, our advisors coordinate with each grantee or nonprofit partner to monitor progress and respond to changing conditions. The accompaniment, governance, and oversight of the intermediaries help these organizations build capacity, back community-led solutions, and catalyze funding from other donors for sustainability and scalability of localized efforts.
- Limited and/or low level of **Trust** including challenges with accountability, transparency, oversight and corruption: PepsiCo prioritizes connecting directly with even our most remote partners to visit communities and hyperlocal programs, as travel restrictions will allow. Our partnerships look beyond financing to tap into each organization's strengths — including sustainability best practices, case studies and know-how — to maximize sustainable, on-the-ground impact in ways that are enhanced by the local know-how of the organizations we are supporting. We use our employee workforce and expertise to help ensure the solutions are backed by local governments and ensure a lasting impact on society. As a result, our local partnerships allow for development efforts that are both innovative and ripe for integration into public policy.
- Limited and/or low level of **Monitoring, Reporting and Evaluation** capabilities present in the local partner: Hyperlocal organizations are often presented with numerous monitoring and evaluation frameworks to follow, on a project-by-project basis or donor-

to-donor basis. Building capacity for these organizations to respond to reporting needs is of paramount importance to PepsiCo. To capture the overall impact of The PepsiCo Foundation's various investments across the globe, we have developed an integrated theory of change model to harmonize social outcomes across our implementation partners. We have a third-party monitoring and evaluation agency that onboards each of our partners and provides training every quarter to ensure accountability and to promote continuous improvement for our investment decisions among our implementation partners. We envision expanding this measurement structure, inviting new partners as our geographic footprint expands to contribute to and learn from the successes and failures of the broader community of practice.

Lessons Learned from Engagement with USAID

Since 2019, PepsiCo India has been working with USAID to empower women farmers in West Bengal through education and training in sustainable farming practices, irrigation and crop rotation techniques. PepsiCo-supported financial literacy and entrepreneurship programs also help women become lead farmers on their own. Additional community initiatives are designed to support women in leasing land, educating men and women to support changes in gender norms, and engaging male champions to help design local approaches to more equitable and sustainable agriculture.

So far, this partnership has provided potato production training for approximately 500 women and gender awareness training to PepsiCo India staff and partners, and also developed a training module to address gender-based violence. The West Bengal program is ultimately expected to reach more than 300,000 women through direct and community engagement. In addition to further expansion in West Bengal, the company plans to bring the program to other Indian states, beginning with Maharashtra.

While our collaboration with USAID and other partners has delivered significant impact in our communities, it has not been without challenges. The barriers to locally-led development are real and must be addressed thoughtfully. But *we must prioritize progress over perfection.*

These are the critical lessons we have learned that could accelerate progress on the journey to locally-led development:

1) Foster a more inclusive environment to build solutions on local insights

- a. Hire locally: It is critical to hire local staff that knows and understands local partners, is able to bring local organizations together and is skilled at building partnerships. When local staff has private sector experience, they are more able to engage the breadth of partners needed, including for-profit implementers/contactors, to maximize impact. Most importantly, the local staff must be empowered to make decisions critical to advancing the objectives of the partnership.
- b. Prioritize local co-ownership: Local organizations must be engaged from the beginning, not just for implementation. While smaller organization may not have

capacity for full program ownership, their insight and ideas should be prioritized in the planning process and time and funds should be invested into building capacity for local implementation and long-term ownership. This process takes time and, with travel restrictions impeding the ability to conduct assessments and planning in-person, virtual partner development is even more challenging. Hiring and empowering local staff is key to building local ownership from the start.

2) Unlock innovative, sustainable solutions together with the private sector

- a. Incentivize co-creation with the private sector: Companies like PepsiCo bring expertise, resources and influence to international development. Companies can take risks to prove new models. And once a development solution proves to be financially sustainable, other investments will follow. Congress can help support the new partnerships, thinking, tools and patience needed to unlock these solutions. By offering incentives to initiate private sector-led, public sector-facilitated sustainable development, new solutions will be proven that can be scaled and replicated.

3) Facilitate more impactful implementation

- a. Modify monitoring and evaluation to ensure mutual accountability: many small, local organizations do not have the capacity to manage USAID's reporting requirements. But ensuring effectiveness of USAID investments is critical. The first step to address these competing realities is to ensure clarity and alignment on the priority measures of success. While this might seem obvious, far too often, valuable time and money is spent preparing extensive reports that don't effectively measure success or inform improvements. When monitoring and evaluation are treated as compulsory and disconnected from planning and implementation, critical resources and opportunities are wasted. But alignment upfront on priority measures of success *and* how they will be used to inform the program can increase accountability while streamlining the process. Still, local organizations may lack capacity to own monitoring and evaluation that meets USAID requirements. In these cases, international or U.S.-based NGOs could serve a key mentoring role, enabling near-term support for reporting while providing platforms and capacity-building to enable long-term local ownership of monitoring and evaluation.
- b. Share local networks: while not a policy recommendation, USAID could play a valuable role in sharing their local networks so partners like PepsiCo could connect with strong, local organizations to advance priorities like regenerative agriculture.

Conclusion

We must continue the bipartisan push to localize our efforts that has progressed over the past several decades. It is with capable, local leadership that we will find success and, as current USAID Administrator Samantha Power noted recently, we must take a “much more bottom-up approach, of much more support for local actors.” Thankfully since the Bush Administration we have seen an intense focus placed on this work. As former USAID Administrator to the Bush Administration Andrew Natsios once noted, “only where national commitment exists can these initiatives take hold and bring results.”

We saw this important work furthered under the Obama Administration in more aggressive ways, with USAID leadership taking a more disruptive approach in procurement reform. In 2010, the launch of the Local Solutions initiatives represented a major step forward in this important work, and highlighted the renewed importance of procurement reform. At the time, Former USAID Administrator Rajiv Shah proclaimed,

This agency is no longer satisfied with writing big checks to big contractors and calling it development. We've already accelerated our funding to local NGOs and local entrepreneurs, change agents who have the cultural knowledge and in-country expertise to ensure assistance leads to real local institutions and lasting, durable growth. All of this is part of the most aggressive procurement and contracting reform our agency has ever seen.

The Trump Administration also understood the importance of furthering this work, with USAID Administrator Mark Green arguing that our assistance cannot be “open-ended or ... a substitute for what they must take on themselves. Our support must never be seen as a gift or handout, but instead as a proverbial hand up.”

In her first nine months on the job, we are pleased to see current USAID Administrator Samantha Power again signal the agencies commitment to this work. She was correct to note that the shift to local efforts will be time and resource-intensive, but that it is “also vital to our long-term success in sustainable development.”

There must also continue to be a critical role for the private sector in this work. According to publicly available data, in 1969, “70 percent of all capital flows from the United States to the developing world were in the form of foreign assistance,” whereas today, 80 percent of all money spent on foreign development comes from private entities, including “foundations, NGOs, universities, and most significantly, private companies.” By continuing the push to localize these efforts, we will “make development efforts more effective, more enduring, and less costly,” argues Casey Dunning of the Center for American Progress.

Now we ask that this Congress, and this committee in particular, further this critical work to ensure that we move towards a more efficient, effective, and sustainable procurement system. We must continue to evolve our policies to ensure this trend continues, and it is the position of PepsiCo and the PepsiCo Foundation that Congress and the Administration continue to emphasize the policy transition that has been underway for decades, and work in a bipartisan nature to ensure its longevity.