

PHILIP MORRIS KAZAKHSTAN LLP CHARITY PROGRAMS

Objective of the projects is solving the most pressing social issues in rural areas

Adhering to the principles of corporate social responsibility, Philip Morris Kazakhstan LLP (PMK /company), conducts a wide charitable activities. Since 1993, total PMK investment into solution of social problems and implementing projects within the framework of corporate social responsibility amounted approximately to **US \$ 7,600,000**. In the last five years (January 2010 - April 2015), the company invested more than **US \$ 2,500,000** into support of social projects in Almaty region.

Throughout the time of social programs implementation PMK was awarded by:

- Honorary Diploma of President of the Republic of Kazakhstan "For charitable and sponsorship activities in the cultural and humanitarian spheres".
- Award of American Chamber of Commerce "For service to society" in Kazakhstan, recognizing the company's program in the field of corporate social responsibility as the best in Kazakhstan.
- EUROBAK award
- Award of the American Chamber of Commerce in the category "Most Innovative educational / training program" for "Shelek Farmers" project
- Verbal gratitude of the President of Kazakhstan at the 28th plenary session of the Foreign Investors Council for the practical contribution to the development of agricultural production in Kazakhstan.

PMK Charity Programs are being implemented in two key districts of Almaty region – the Ily district, where PMK factory is located, and the Yenbekshikazakh district – the main and the only tobacco-growing area in Kazakhstan.

PMK assists in implementation of social programs in a partnership with Public Association "Social and civil basis" Bolashak "(the NGO "Bolashak ") and Polytechnic college "Progress" (PC "Progress") in the Ily district:

1. Support for World War II veterans and Leningrad blockade survivors

Project is aimed at the most vulnerable groups of population. Within the framework of project company provides material support (medicines, food baskets, health resort treatment) and carries out activities with participation of PMK volunteers (support veterans and disabled people of World War II to the 28 Panfilov Park, laying flowers in front of the eternal flame, charitable dinner).



2. World languages center project

In cooperation with Bolashak NGO, the project aims at arranging English and Kazakh language courses for people with low income, as well as assist in their further employment. During seven years of the project, more than 1 400 people had completed courses.



3. Support of civil initiatives

Over the last 10 years, PMK in cooperation with Bolashak NGO created unique community clubs network in 11 villages of Ily district. These community clubs aim at implementing educational, cultural and sports activities for children and teenagers of Ily district, particularly for children from socially vulnerable and unfortunate families. Children clubs, exhibitions, contests and festivals are regularly held here. Since 2013, the activity of community clubs has been expanded by organizing the work of the Public Councils. The purpose of Public Councils is to increase civil engagement and responsibility for the territories development and improvement of the quality of life.



4. Vocational trainings for disabled people

Today employment of disabled people is still one of the red-hot issues in Kazakhstan. Most of disabled people are unemployed and live off state welfare. Since 2010 PC Progress under support of PMK successfully implements Vocational training for disabled people project, which includes three main areas:

- **Educate for seamstress profession.** In September 2010 PMK, together with the PC Progress located in the Otegen Batyr village, Ily district, launched a social project to create a sewing workshop for women with disabilities. The idea is to give women an opportunity to be trained first, and then immediately start performing and getting their own income, gaining confidence and implementing creative and social opportunities.
- **“Veshenka” mushroom cultivation.** At mushrooms cultivation courses people with disabilities are trained to grow mushrooms at home. Thus, they are able to start their own business by opening a shop in utility rooms in their houses. Ten people passed the course, four of them are working at home and three people sell their products in the dining room of PC Progress.
- **Educate for baker profession.** People with disabilities attend courses at PC Progress, where they are taught baking techniques. As of today, 10 people were trained and now work at home, performing individual orders for bake.



5. "Nauryz" celebration for local community in Ily district.

Every year Ily district akimat (local municipal body) organizes Nauryz celebration event. Since 2010, PMK participates in Nauryz celebration in Otegen Batyr village and organizes a holiday meal for Ily district residents. In festive tents, placed on the square in front of akimat building, local people can enjoy vary of celebratory meal.



RURAL DEVELOPMENT PROGRAM CARRIED OUT BY PHILIP MORRIS KAZAKHSTAN LLP IN YENBEKSHIKAZAKH DISTRICT OF ALMATY REGION.

Targets:

- ✓ Child labor prevention
- ✓ Achieving safe and fair work conditions for all farms that supply tobacco to PMK, and
- ✓ Improving living conditions of local people.

The first key component of the program - A PROJECT TO PREVENT CHILD LABOR.

This social program is carried out in cooperation with Public Association Women's education and consultancy center Karlygash. The aim of program is to limit children's access to tobacco-growing farms and, accordingly, to prevent a child labor, through the organization of children's leisure time in rural areas.

PROJECT COMPONENTS FOR CHILD LABOUR PREVENTION

1) *Creating a local community center in Malybai village*

Community center for children "Malybai" based at local school in Malybai village, Yenbekshikazakh district was organized as one of the main tools to involve children to the cultural and social life. The building was overhauled; the center was equipped with all necessary equipment. Today it is an active area of educational and recreational activities for children. The center offers programs to improve computer skills, English and Kazakh language courses, the development of craft skills, sports (indoor soccer, chess, etc.), arts (painting, music, etc.). Centre unites about **800** children.



2) *Recreation in summer camps*

The risk of child labor on tobacco fields increases in the summer, especially during the harvest. In order to prevent this, in 2010-2014 **600** children aged 6 to 13 years had a rest in summer camp in two shifts of 20 days.



Since 2013, PMK employees are actively involved in this campaign, providing children essentials things for summer holiday within the framework of charity PMK employees' initiative "**Kindness tree**".

3) Vocational education

As far as camp vacation does not cover children at the age between 14 and 17, they may possibly be on the tobacco fields, and thus get into the risk, the organizers had the goal to find a way to involve teenagers into interesting and useful project. According to survey results among farmers, migrant workers and their teenage children, it was decided that it would be useful for children to get life skills that have a practical application in the future. On this initiative, children at the age between 14 and 17 took cooking courses and auto mechanics at college in Shelek village. In addition, teenagers passed the courses in computer science with achieving a state sample certificates. Currently **120 teenagers** have been educated.



4) Installation of sports playgrounds on farms

Children's sports and playgrounds, variety of board games for both girls and boys were organized in remote farm areas. In addition, different kind of sport competitions are regularly held. Professional instructors were invited in order to prepare children for sport events.

5) "Way to school" social campaign

Approaches to prevent child labor will not be complete if they do not include a component providing general education. Unfortunately, in rural areas, especially among the migrant workers' families, education is not a priority, and migrant workers' children often do not go to school. "Way to school" campaign is carried out on a regular basis in order to solve this problem. Organizers help migrant workers to arrange their children to local schools. Additionally to a necessary equipment (school bag, notebooks, stationery) given to child, this campaign includes explanatory work with parents and administration of local school in every village to prevent children from problems with education. For the duration of the campaign, about **600 children** received the necessary assistance.



THE SECOND COMPONENT OF RURAL DEVELOPMENT PROGRAM - "PROGRAM ON IMPROVEMENT OF LIFE CONDITIONS IN RURAL AREAS", which is implemented in cooperation with the "Local Community Foundation of Yenbekshikazakh district" Almaty region.

The purpose of the project is improvement of the situation with ensuring the rights of workers tobacco-growing farms and improvement of skills of farmers' self-management.

The main objectives are:

- ✓ provide advisory legal assistance to employees in order to improve literacy in respect of their labor rights;
- ✓ organization of accessible complaints mechanisms in case of violation of human rights,
- ✓ assistance in resolving problems or disputes between farmer and the employee;
- ✓ consulting and legal support for farmers in achieving technical and entrepreneurial skills;

- ✓ recruit and train community leaders in order to find practical solutions for social and economic problems.

KEY COMPONENTS OF THE PROJECT to improve living conditions of rural population:

1) Legal and consulting support for employees

Extensive informational work is carried out to ensure employees' understanding of the labor legislation of Kazakhstan and legal procedures related to the work in Kazakhstan. As a result of this, the number of employees who do not have documents, decreased **from 31% in 2010 to 7% in May 2015**

2) Entrepreneurship training for farmers

- Since March 2013 within the framework of farmers' technical and managing skills development **279 farmers** participated in Basics of business planning, Assessing the risks and costs, Sales and marketing of agricultural products, Innovative technologies in agriculture workshops. In addition, **20 farmers** were trained in the basics of soil science and plant protection. For further work of Beginning Entrepreneur School, international experts trained active residents. Since 2013, farmers are provided with assistance in their own businesses at all stages: from training to develop business ideas and monitoring the projects.
- On 30th of July, 2013 Agribusiness center of Local Community Foundation of Enbekshikazakh district in Shelek village, Yenbekshikazakh district was presented. The center is equipped with modern conference hall, computer cabinet and a mini-lab. In the Agribusiness Center Yenbekshikazakh district farmers get more knowledge on the development of agriculture and can be trained in the following areas:
 - advanced technologies of agricultural crops cultivation,
 - labor productivity increase in agriculture,
 - development of entrepreneurial skills,
 - marketing of agricultural products,
 - financial instruments and etc.



Accelerating rural economic development in Almaty Region

Accelerating rural economic development in Almaty Region, also known as Shelek Farmers is unique agriculture development program, which is aimed at increasing the productivity of farmers



by efficient use of available resources - land and water. We have established a research team and invited professors from University of Florida, leading international university in innovative technologies field and best agricultural practice. Realizing that we cannot just take and totally apply the whole experience of others, Kazakhstan agricultural scientists, marketing and economics experts were also invited to participate in the research project. It helps us to adapt the best American experience to Kazakhstan climate and market conditions to obtain the best results.



In the summer 2014, after several visits to farms of Yenbekshikazakh district, fruits and vegetables warehouses, large supermarkets, markets and meetings with leading farmers of the country, experts found out what is necessary for our farmers to achieve profitability and high productivity. Thereby, main areas of work were selected:

- use of alternative methods of irrigation in the shortage of irrigation water,
- increase of growing season due to the use of greenhouses and other technologies of protected ground,
- cultivation of new crop varieties,
- storage and processing of fruit and vegetable crops,
- most importantly - training marketing and sales strategies.



In November 2014, 35 training seminars for farmers of Yenbekshikazakh district were conducted in the Agribusiness Center, where professors from University of Florida talked about innovative agriculture development project and noted the main directions for research team. As a result, farmers were invited to participate in demonstration projects using the technologies mentioned above. First, we are convinced that farmers need to witness the effectiveness of new approaches and the use of innovative agricultural techniques of vegetable cultivation. To realize this, they have to make everything from seeding to marketing of finished products with us.

During 2015, experts will monitor four demonstration projects and give recommendations to farmers. All participants are provided with the necessary equipment and materials for the advanced technologies application to grow fruits and vegetables. Also we assist in the process of products direct sales to major retailers and catering.

In addition, such innovative technologies as drip irrigation, low-arched tunnel greenhouse, use of dark pellicle (mulch), cultivation of high-yield hybrid varieties of vegetables are applied on demonstration sites based in Agribusiness Center. All this has been done to ensure that farmers in the area are able to come at any time to Agribusiness Center, to look at all the innovations, to get necessary information and use this technology on their territory.

Evaluation of the results will be made at the end of 2015, and then, taking into account specifics of Kazakhstan, all the teaching materials and training will be updated and finalized to the full program. As part of an official partnership with the Kazakh National Agrarian University, project is planned to be extended to other regions of the country, to share this experience throughout Kazakhstan.



RESULTS

In 2013, significant changes were made to the Principles of the Foreign Investors Council under the President of the Republic of Kazakhstan. In the framework of the annual plans of the working groups of the FIC, there was a requirement to form a single list of joint recommendations for the President of the Republic of Kazakhstan, which will be announced at the Plenary FIC meeting. Recommendations developed by a working group will be issued in a single list of recommendations and submitted for preliminary consideration at the FIC interim meeting chaired by the Prime Minister of Kazakhstan.



FIC includes a paragraph into the work plan for 2013-2015 of the Working Group on the foreign investment promotion of innovation, technological development and diversification of the economy of Kazakhstan № 1.4: Training and development of rural areas: solution of the shortage of professional skills to maintain an economically viable agricultural business, and development of farmers' potential by bringing world-class research university in the field of agriculture, territorial research institutes and experimental farms. **The assigned executors of the item are the Ministry of Agriculture from the Kazakhstan side, and the Philip Morris Kazakhstan from the foreign side.**

At the 28th Plenary Session of the Foreign Investors' Council (FIC) **the President of the Republic of Kazakhstan, Nursultan Nazarbayev** mentioned **“Rural Development Program”**, and in particular, **Agribusiness center** as a practical contribution to the development of agricultural production in Kazakhstan. He also requested a Government to study the issue in detail and start to implement a broad support to this program from the state.

