

KENAN INSTITUTE ASIA

"Your knowledge partner"

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Kenan Institute Asia (KIASIA) is the operational name of the Kenan Foundation Asia, a Thai non-profit foundation with a Thai-U.S. Board of Trustees. It has been approved as a Thai charitable organization, tax exempt #350.

KENAN INSTITUTE ASIA

2003

ANNUAL REPORT

Towards Sustainable Development

KIASIA

"Your knowledge partner"



Mission

To serve as a Thai-U.S. institute of excellence that brings together the resources of the private sector, government agencies and academia in partnerships for sustainable economic and social development in Asia.

Objectives

- To promote better business practices for good governance and sustainable competitiveness
- To assist in the preservation of the environment through public-private education
- To facilitate the use of information communication technology for education and bridging the digital divide
- To support capacity building and human resource development
- To act as a "knowledge partner" to bring together and support public-private-academic partnerships towards sustainable development

Timeline

- 1993 Kenan Institute of Private Enterprise, in partnership with Chulalongkorn University and the Brooker Group, wins USAID competitive bid to set up the US-Thailand Development Partnership.
- 1994 Kenan Institute sets up office at the Queen Sirikit National Convention Center and awards first grants.
- 1995 USAID closes bilateral mission in Thailand.
- 1996 Kenan Foundation Asia is registered as a Thai non-profit development foundation. A \$10.5 million endowment is established for KIAAsia with donations from USAID, DTEC, and the Kenan Trust and Fund.
- 1997 USAID approves KIAAsia systems and policies. USAID, and the Kenan Trust contribute to the KIAAsia endowment.
- 1998 American Corporations for Thailand is established under the co-chairmanship of Dr. Henry Kissinger and Mr. Anand Panyarachun with donation of \$1.1 million to support Thai training institutions and programs for the unemployed.
- 1999 KIAAsia named as managers of the Thailand portion of the US government program "Accelerating Economic Recovery in Asia" and Mr. Anand Panyarachun named chairman of the AERA Steering Committee.
- 2000 Institute expands staff to more than 50, implements first year of the AERA program and receives commitment from USAID to continue the program through 2002.
- 2001 KIAAsia is included in the MOU on Economic Cooperation Framework between Thailand and the United States. American Corporations for Thailand, Phase II, is launched.
- 2002 USAID extends AERA project to 2005. Cornerstone project starts. New projects start in Vietnam and Cambodia.
- 2003 The Kenan Institute Asia receives a highly favorable review of its AERA programs in a USAID evaluation.

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KENAN INSTITUTE ASIA



Message from the Chairman

The theme of the 2003 annual report of the Kenan Institute Asia is sustainable competitiveness - a key concept that has been essential to us since the founding of the Institute eight years ago. We believe that free enterprise is the greatest driver of economic and social development and that the corporate sector can perform this function, particularly in a global economy, only if it can compete successfully. But the private sector cannot be sustained over the long term if it destroys the environment, abuses its workers or undermines the communities in which it works. By dealing with these traditionally non-business issues, the companies can achieve sustainable competitiveness. In one way or another, all of our activities help individuals and organizations in this region work toward this objective.

This was the key reason the Institute stepped up its program in corporate social responsibility this year as a key part of private enterprise's role in sustaining development. The Cornerstone program showed success in training and motivating business people to work on community development. To better communicate these ideas, the Institute played a major role in the second annual Asian Forum on corporate social responsibility at which I was honored to deliver the keynote address.

Another highlight of the year was the favorable evaluation of our activities under the USAID-funded program Accelerating Economic Recovery in Asia (AERA). This evaluation, undertaken by an independent team headed by USAID's former director of evaluation, concluded the program provided significant value. The team had particular praise for the Business Support Organizations Partnership (BSOP) project and the Bank Training Project (BTP). The cost effectiveness of BSOP is impressive, the team reported, noting that the partnerships created have broad impacts. The training program for bankers, it said, has worked admirably. The evaluation report went on to say that most of the work undertaken by the Business Advisory Center for Thai SMEs had been successful and that the Labor Advisory Service was providing "a vital service." It further noted the Institute's cluster competitiveness project, shows considerable promise. We were gratified by the evaluation and appreciated the report's useful recommendations on ways that the Institute can fulfill USAID's hopes that these activities can be sustained beyond the end of the AERA program in 2005.

The Institute made substantial progress in its efforts to improve education, linking up with the Ministry of Education and corporate donors such as Intel, Unocal, American Express, AIG, Dow Chemical and Oracle. Important objectives over the year included the integration of information technology into student-centered learning and the development of student leaders linked to corporate mentors. We anticipate that education - the heart of sustainable competitiveness - will continue to develop as an increasingly important part of the Institute's programs.

Anand Panyarachun

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Kenan Institute of Private Enterprise

Kenan Institute Asia is Your Knowledge Partner

Kenan Institute Asia integrates the most valuable resources and skills of the private sector, government agencies, academia, and individuals to promote sustainable development in Asia.

Kenan Institute Asia clearly recognizes that the best way to ensure sustainable economic and social development in the dynamic Asian region is by equipping the key players with maximum knowledge and expertise. Based in Bangkok, Thailand, one of the world's fastest-growing economic

centers, Kenan maintains a strongly inter-cultural profile, creating innovative linkages among a diverse cross-section of Thai, U.S., and international businesses, academic institutions, government agencies and NGOs, individuals and their communities.

Kenan Institute Asia is a knowledge partner and capacity builder - a dynamic catalyst for innovative and practical means to success.

Working with both Asian and American organizations, Kenan Institute Asia enables knowledge transfers and understanding that build the capacity to address development issues. Whether it's encouraging cluster competitiveness among rural farmers or multimedia experts, assisting students to bridge the digital divide, supporting policy dialogues in neighboring Cambodia and Vietnam, providing training to bankers, or enhancing environment awareness, Kenan is about effective cooperation and collaboration for business and community success.

Sustainable development in three dimensions.

Kenan Institute Asia aspires to excellence in promotion of the essential elements of sustainability. The institute's original mandate eight years ago was to bridge the gap between the public and private sectors to provide knowledge, expertise, experience, information, and understanding that build the capacity to utilize private sector mechanisms to address problems of sustainable development. Over the years, KIA Asia has progressively refined and built on this mission and its three key elements

- Economic Progress
- Livable Communities
- Environmental Soundness

Kenan Institute Asia is widely recognized as a leader in economic and social development in Asia.

Kenan Institute Asia's highly effective blending of practical training, effective education, customized consulting, and strategic partnerships have gained it a well-deserved place in the forefront of organizations serving both public and private interests in Asia.

The careful balancing of private sector necessities with social and environmental sensitivity has allowed Kenan to serve interests ranging from the industrial to the individual, from the regional to the local. The institute's facilitation of this kind of inspired joining together of diverse wants and needs will help Asia successfully navigate the increasing swift currents of social and economic change in the region.

Divisions

HUMAN CAPACITY DEVELOPMENT

Mission

To engage corporations, governments, communities and educational institutions to build the capacity of youth, workers and community leaders to be productive members of society.

Objectives

- Encourage quality education through English language training, information technology and distance education.
- Build educational institute linkages between the U.S., Thailand and countries in the region.
- Support the delivery of training to community workers and the disabled.
- Implement school-based training on malaria prevention.
- Promote community development through corporate-community engagement.

Programs

- Corporate Outreach Program
- IT for Education Program
- University Linkages Program (U-Links)
- Border Action Against Malaria Project (BAAM)

H C D

BETTER BUSINESS PRACTICES

Mission

To promote better business practices for good governance and competitiveness by enhancing the management capabilities and technical skills of small and medium enterprises (SMEs), facilitating industry cluster development, and strengthening organizations working to raise business standards.

Objectives

- Promote and encourage higher standards of transparency, accountability and social responsibility in business.
- Improve the efficiency, profitability and sustainability of Thai SMEs through customized consulting and management training.
- Enable Thai SMEs to access appropriate sources of loan and equity financing.
- Facilitate the development of business clusters to support sustainable competitiveness.
- Create an awareness of the need to provide better treatment of workers and provide cost-effective mechanisms to meet international labor standards.

Programs

- Business Advisory Center (BAC)
- Business Support Organizations Partnership (BSOP)
- Labor Standards Advisory Service (LSAS)
- Thailand Competitiveness Initiative (TCI)

B B P

ENVIRONMENTAL MANAGEMENT DIVISION

Mission

To promote a sustainable environment through the development and implementation of clean technology, environmental infrastructure, and technical and managerial skills.

Objectives

- Encourage public-private-academic cooperation to develop solutions to environmental problems
- Support the development and implementation of sound environmental policies, laws, and regulations
- Infuse environmental management practices into the course curriculum of Thai business schools
- Coordinate with countries in the regional and promote Thailand as a model for environmental policy through training, technical assistance, and transfer of expertise

Programs

- Urban Environmental Program
- Sustainable Enterprise Program
- Environmental Advisory Services
- Environmental Education (Green Schools)

E M D

Strengthening Sustainable Competitiveness

For Kenan Institute Asia,

sustainable competitiveness means

a better quality of life at all levels of society
through successful participation
in local and global markets.

We are all responsible for the processes and outcomes of sustainable competitiveness.

Kenan Institute Asia's multi-dimensional commitment to **sustainable competitiveness** means

- improving strategies and productivity for goods and services to make them optimally competitive
- enabling production without damaging the natural environment
- maintaining the safety and well-being of employees and surrounding communities

Kenan Institute Asia's multi-dimensional approach to **sustainable competitiveness** includes training and linkages that lead to effective, long-term corporate-community engagement.

For some, the most desirable outcome of competitiveness is the creation of higher personal income or greater corporate wealth for the most aggressive. For others, the ultimate goal is improved quality of life and social harmony for all.

Some worry that competitiveness is simply a selfish excuse for justifying the right of capital to move to places with lower wages or weak environmental restraints. Others welcome it as the best way to preserve and enhance the society and environment at large.

Governments tend to push for competitiveness using legal, regulatory and fiscal measures. Private sector companies - the active players in competition - strive to improve their productivity, sharpen their business skills, and create ever new opportunities in the global market. Non-profit organizations attempt to ensure that competitiveness benefits the less privileged and protects the environment; they often fear competitiveness because individuals and nature seem powerless against the onslaught of globalization.

How to resolve these seemingly opposing trends?

Adding the sustainability requirement to competitiveness means that the drive for simple price competitiveness or economic advantage cannot destroy the society or the environment. Truly sustainable competitiveness benefits all in the long term, not just the few in the short term.

Sustainable development is best achieved by balancing economic growth with social harmony and environmental soundness - an equation that often makes sustainable development appear to compromise or delay economic growth. Kenan Institute Asia has proven that such an impasse is not necessary. The Kenan family subscribes to the principle of free enterprise as the fountain of economic wealth and social progress. To bring about sustainable competitiveness, the Institute helps build the capacity of individuals, companies and governments by providing access to relevant know-how. To build sustainable competitiveness, people at all levels - students, workers, businesspeople, government officials - must continually learn and apply new skills, new knowledge, and new understanding to the rapidly - changing competitive situation.

Kenan Institute Asia supports sustainable competitiveness by delivering knowledge, not product.

The Kenan Institute Asia sees innumerable opportunities in sustainable competition for raising the incomes of the poor, ensuring care for the environment, and protecting workers by promoting international standards and global labor codes. Our approach is to help individuals, companies, and governments in Asia get the most out of globalization by learning better business skills, improving education, and strengthening environmental practices. Kenan Institute Asia, as a knowledge partner, strives to empower people and institutions in ways that maximize their ability to help themselves and become increasingly competitive.

January

- Satellite Training on Cooperative Management
- Business Plan Workshop in Cambodia
- National Competitiveness Committee Presentation
- Thai Animation Festival
- Nuclear Technology Seminar
- Credit Bureau Policy Lunch
- Kenan Conference
- Trustees Meeting

February

- Thai Farmers Bank Training
- Malaysia Information Systems Workshop
- Siam City Bank Risk Management Training
- Connections Community Leadership Training
- Launch of Study Abroad Alliance
- Legal Reform Discussion in Washington
- Labor Standards Forum
- Credit Bureau Seminar

Competitiveness

Achieving Sustainable Competitiveness is a collective responsibility, and the resulting improved quality of life and social harmony is to be shared by us all. The dynamic interrelatedness of the fast-changing world make it possible - even imperative -- for each of us to participate in the process, and each of us to benefit from it.

Throughout 2003, Kenan Institute Asia has continued to use its expertise in formulating projects, fundraising, and inter-cultural management to work closely with the private sector, governmental agencies, and academia to implement projects that enhance sustainable competitiveness at three interrelated levels:

*IS BY EVERYONE
AND FOR EVERY ONE*



Sustainable Competitiveness... for INDIVIDUALS

Kenan Institute recognizes that individual competitiveness depends on a combination of personal performance and the ability to adapt to changing, external circumstances. We believe that such competitiveness can be sustained only if individuals are well-equipped with the ability and desire to think critically, the communication skills to absorb the daily onslaught of new information, and the self-confidence to come up with creative solutions to ever-changing needs. Therefore, in support of education reforms initiated by the Royal Thai Government, Kenan Institute Asia has focused on transforming the process of education to be more student-centered, moving it away from the traditional teacher-centered, exam-oriented approach.

Moreover, the formula for competitive success includes not only communicative proficiency, but also a love for lifelong learning as well as the practical business and leadership skills necessary to transform individual dreams into shared realities. With this in mind, the Institute has initiated pilot projects on innovative ways to teach English and ICT skills to secondary school students, along with programs aimed at improving personal financial management and leadership skills among Thai youth.

We have worked towards enabling the underprivileged to be more competitive through software training, and, for women who have typically been outside the competitiveness loop, we have provided product design and business skills training for traditional textile and woven products. And, to help individuals better understand how their competitiveness and daily routines fit into a larger societal context, we have instituted innovative volunteerism projects for many company employees.

*To survive and progress,
one has to be competitive.*

March

- Workplace Quality Presentation
- Landfill Operation Workshop
- Sustainable Development Indicators Seminar
- E-Business & Entrepreneurship Seminar
- Multi-media Cluster
- Phuket Tourism Cluster Workshop
- Community Development Training
- Risk Control Training for Ex-Im Bank

April

- Teacher Workshop on Communities
- Nuclear Technology Seminar
- BAC receives ITB Best Consultants Award
- E-Business & Entrepreneurship Seminar
- Launch of AMEX Personal Finance Program
- Information Management for Rural Development
- Computer Graphics for the Disabled
- BAC signs MOU with SME Office

Sustainable Competitiveness... for

Tomorrow's Leaders

In recognition of the old wisdom that the future of a nation depends on its youth, Kenan Institute Asia's ACT (American Corporations in Thailand) donor project, in coordination with its New Learning Initiative, implemented a unique youth leadership development program, The Community Service Leadership Camp. This program enhances the leadership skills of poorer students chosen for their leadership potential through a three-pronged approach: Annual Scholarship, Employee Mentoring, and Leadership Camp. An annual scholarship of 10,000 baht affords needy students improved educational and ultimately career opportunities they might otherwise not even dream of. Employee mentoring pairs each student with a volunteer from a donor corporation so that learning becomes a dynamic, relevant, and personal experience. A series of leadership camps, including site visits, lectures, and activity-based training, adds



community and national awareness to a student's individual skills. Because the program is designed for three consecutive years, participants enjoy the time and commitment for full leadership skills development.

Sumit Sittiwongse, a volunteering mentor from Unocal, proudly noted that, "After participating in this program for more than two years, I am struck not only by the rapid increase in students' leadership skills, but also by what I have learned from them."

INDIVIDUALS

Global Village

As the world's economy and popular culture globalizes, so must its citizens in order to improve and maintain their competitiveness.

"I wanted an experience working in a foreign country that would challenge me, and I wanted exposure to another country. I have the rest of my life to work in an office and make money. While I'm young and have the chance, I wanted to take the opportunity to do something quite different from what I can do all my life in America. This internship gave me experience that I hope future employers will respect." (Andrew Waterman, intern at Mae Fah Luang University, Chiang Rai)

In April 2003, Kenan Institute Asia's University Linkages (U-LINKS) Services launched a new program called Alliances for Study Abroad and Internships in Thailand (ASIT) in order to promote the internationalization of Thai students and the workforce by encouraging more interactions with foreign students, exchanges of cultures, and more use of the English language.

"This is absolutely the way to travel! By working in a Thai environment, you learn so much more about the society and the culture, and as you make friends, you find doors opening that are very unlikely to open to the tourist or casual visitor." (Linda Catherine Quayle, intern at Thammasat Open University, Sukothai)

ASIT promotes Thailand as a leading destination in Southeast Asia for foreign students by facilitating their direct enrollment in Thai universities, as well as finding and placing them in internships with companies, universities, government agencies, and non-profit organizations in Thailand. As a result of vigorous marketing campaigns partially funded by The Department of Export Promotion of the Thai Ministry of Commerce, ASIT receives numerous inquiries from all over the world and has placed more than 30 qualified foreign interns with Thai companies and organizations in its first year. In a mutually beneficial relationship, the interns contributed expertise needed by the host organizations and, in return, gained valuable international work experience that will undoubtedly advance their careers. Most importantly, both the host organizations and their interns had the opportunity to exchange



knowledge, enhance their communication skills, and promote better understanding of their respective cultures.

"The small conversation with the nearest fruit vendor, the amazed looks from the school children as you walk by, the excitement of taking a song taew to the post office, and, of course, the utter friendliness and welcoming nature of the Thai people - this is the real substance of the Thailand experience." (Charlie Fitzgerald, intern at the Ministry of Labor)

Through such interactions, ASIT helps equip people of both worlds with the experience, skills, and knowledge that will allow them to work across cultures and nations and prepare them to become truly global citizens.

"Interning in Thailand is an opportunity to see a new part of the world, develop cross-cultural business skills that are becoming increasingly important, and meet the challenges of living in a new country." (Scott Browne, intern at Kenan Institute Asia)

Financial Awareness

As Thailand's economy begins to boom again, so does irresponsible spending and consumer defaults, particularly among young Thai professionals and workers. In response to this alarming trend, Kenan Asia, with support from the American Express Foundation, launched the Responsible Personal Financial Management in Thailand program, aimed at developing the financial literacy of Thais aged 20-35.

"Financial default is an increasing problem in Thai society. It is our philosophy to help improve the financial situation in the country in which we do business." (Mr. Gordon Huntly, Vice president and Country Manager, American Express (Thai), Co., Ltd.)

Experts from the financial, academic, and governmental sectors helped shape this initiative to raise awareness and equip young Thais with the skills to improve their personal financial management through personal budgeting, financial planning, responsible use of credit, banking, life and non-life insurance, and investment. Year One built a target audience through print media, the Internet, and television programs such as Money Investment, Smart Money Plan, Money Discipline, Money Saving Ideas, and Professional Personal Financial Management. Year Two will continue to persuade the public to improve their financial ways through educational materials and training activities.

Changed World

"My world was completely changed after I joined the training. I had no work and social life as Thai society is not open for the disabled. The training enhanced my self-confidence and self-value." (Mr. Adisak Chansakul, computer graphics training course student.)

Sadly, Mr. Adisak's evaluation of Thai cultural attitudes towards the disabled is sometimes all-too-true - which makes a collaboration begun in 2002 between the Department of Skill Development of the Thai Ministry of Labor and Kenan Institute Asia all the more vital. The cooperation produced programs on Computer Graphics for the Disabled and Multi-Media and Web Programming Training for the Disabled for delivery by the Foundation for Support and Development of Disabled Persons/Thailand. A true life-saver for many participants, the training was designed to enhance the capabilities and opportunities of the disabled. The intensive course lasted 5 months (7 hours a day for 100 days) and covered all areas of computer graphics, design, multimedia and teaching techniques. Because the curriculum was developed in response to needs identified by the business sector, participants will become much more competitive in the labor market. In fact, over 90% of the graduates succeeded in getting jobs in the field. Six trainees placed in a national competition organized for the disabled and were selected to represent Thailand at an international competition in New Delhi, India: Mr. Adisak Chamsakul, first prize for printed media design; Ms. Nuannong Panraksa, second prize for printed media design; Ms. Piyawan Tinchai, third prize for printed media design; Mr. Pirot Trakulchomdong, third prize for CAD; Mr. Nattree Guythong, third prize of web design; and, Mr. Maekin Chanthawee won an admired award for CAD. This program was made possible by generous contributions from the companies making up American Corporations for Thailand (ACT).

May

- Amerasia and Kiksha Launch Personal Financial Management Program
- Presentation on Information Management for Rural Development
- Computer Graphics Training for the Disabled
- Thai Farmers Bank Corporate Skill Improvement Training
- Antimalarial Drug Resistance Workshop
- Slum City Bank Market Risk Management Training
- Thai Youth Development through ICT launched
- Annual ACT Advisory Committee Meeting
- Teacher Workshop on Participatory Learning for Integrated Community Development
- Songkhla Community Leadership Training

June

- Cooperative Management Distance Learning
- Risk Management Bank Training
- Competitiveness workshop for reporters
- Multimedia association establishes Thailand chapter
- Class Action Law Workshop
- Cornerstone World Bank Community Investment Workshop
- ACT Songkhla Student Scholarships
- Sustainable Enterprise Initiative Training

Sustainable Competitiveness...

for

Businesses, Communities, and Institutions

Kenan Institute Asia understands well that Southeast Asia's private ...in the global market. While big corporations continue to establish the major trends, both positive and negative, of globalization, small and medium enterprises (SME), with their competitive advantages of speed, flexibility, and creativity, have become an increasingly important part of the competitiveness nexus. With support from the Royal Thai Government and USAID, the Institute has provided a wide range of consulting and training services to SMEs under the Thai government's Invigorating Thai Business project and USAID's Accelerating Economic Recovery in Asia (AERA) program. To help create new entrepreneurs, we have begun to provide entrepreneurship training and to introduce business

incubators in colleges and universities. To assist cooperatives design viable micro-financial services, we supported management training. And, because even the most ambitious individual companies can no longer successfully go it alone in the global market, the Institute fostered collective competitiveness by assisting clusters of companies - high value agriculture in western Thailand, multimedia software in Bangkok, gems in Chantaburi -- to work on joint strategies and policy initiatives. Big corporations may not need help with the business part of competitiveness, but to sustain it, they must level the playing field of regulations and standards, cooperate with their local communities, treat their workers fairly, and preserve the environment. The Institute contributed to these

Non-competitive industry not only weakens the economy, but it breeds social ills.

Green Line



Kenan Institute Asia's Environmental Management Division (EMD) recognizes that the health and growth of Thailand's economy depends on a healthy natural environment. Educating Thai youth about this goal is central to the division's strategy. The EMD, with support from American Corporations for Thailand, has brought together key stakeholders in the education sector in a partnership designed to foster the integration of environmental awareness in local school curricula. Green Schools is an environmental education project focusing on Samutprakarn, the industrialized province adjacent to Bangkok, where environmental degradation has been severe. The project pools the expertise of educational, corporate, and local community leaders to raise the environmental awareness of local school administration, teachers, and students. The project focuses on critical issues which affect the whole community's ability to sustain its

competitiveness for years to come. Education district Zone 2, the Sornboon Group of companies, Huachiew University, and the Samutprakorn Environmental Society -- a local interest group headed by Senator Jaroon Youngpraporn -- are the key players who helped introduce this curriculum reform in four selected schools: Sathit BangNa, Pooncharoen Wittayakorn, Bangbor Kindergarten, and Tisabani 2 (Wad Nai). Students and educators alike have been enthusiastic about the new approach.

"I appreciate the Green School concept that focuses on adding value to past projects and introduces the sustainability approach. This systematic approach to taking ownership of local curriculum and learning together could forever change the way all parties view their roles and spark new and improved learning methods." (Dr. Suwit Moonkum, Director of Education, District Zone 2, Samutprakarn)

Community Leadership



Grassroots leadership, developed from within the community, is often best positioned to evaluate and design projects responsive to local needs. Kenan Institute's **Cornerstone Project**, funded by the UNOCAL Foundation, is a community leadership development program aimed at preparing business people to become development leaders in their communities. In 2003, Cornerstone initiated two leadership groups in Bangkok (20 members) and Songkhla (15 members) consisting of business people, government officials, and NGO representatives. The groups learn that business, government and NGOs can achieve great things when they work well together and that effective community development benefits all of them.

facets of sustainable competitiveness by strengthening business support organization partnerships and actively promoting voluntary standards of fair treatment for labor, better environmental skills for business managers, and mechanisms for more effective corporate engagement in the community. Our Labor Standards Advisory Service helped factories to improve not only the safety of their workforce but also their ability to meet expectations of brand-name companies and socially-aware consumers. By encouraging partnerships between Thai and U.S. organizations that support higher standards of transparency and corporate governance, Kenan accelerated the improvement of accounting, court processes, dispute mediation and internal auditing.

Communities and non-profit organizations working for communities comprised another target of the Institute's efforts to ensure sustainable competitiveness. We trained leaders to create mutual benefits between businesses and the community and assisted in the establishment of community colleges to link education with community development and local economies.

Governmental agencies constituted the final focus of our efforts to strengthen the competitiveness of the nation. Kenan Institute Asia assisted the National Economic and Social Development Board to shape the national competitiveness strategy and formulate sustainable development indicators. We assisted civil service reforms such as the formation of the Thai Institute of Nuclear Technology and the evaluation of biotechnology research units, and our annual Owen G. Kenan Conference highlighted a key area of the competitiveness drive with its theme, "Air Commerce: Survival of the Fastest".

With a goal of initiating community service projects, the groups received training in teamwork and project implementation, and they examined the social and environmental issues within each of their communities.

"These trainings are very useful in that they form the basis for participants to think in a systematic fashion, leading to group success." (Mr. Manoj Chuerchat, Chair, Map Ta Phut Community Leadership Class)

At the Songkhla Community Leadership (SCL) training held in Hat Yai, Kenan facilitators introduced three modules: How to make Meetings Better, Managing Conflict, and Building Strategic Partnerships. With development of future leaders high on the agenda, Khun Sumana Jongrungrat from the Songkhla Remand Home for Children, addressed participants on "Youth Development in Songkhla."

The initial programs in Bangkok, Songkhla and the Mab Ta Phut area of Rayong province are designed to serve as models for future community leadership efforts throughout the country.

"The curriculum allows everyone to discover their own capabilities and creates a linkage with the capabilities of other colleagues who have similar perspectives towards working together for public service." (Kasemsri Homhuan, Director, Mab Ta Phut Industrial Estate Office and participant, Bangkok Community Leadership program)

E Entrepreneurship



Sustainable competitiveness in contemporary business environments requires business and institutions to successfully bridge the digital divide and include e-commerce as a key element of their strategies. To assist in this process, Kenan Institute's USAID-funded Bank Training Program, in conjunction with the Rajabhat Institute Suan Dusit, the Institute for Small and Medium Enterprises (ISMED) and Bangkok Bank (BBL) co-sponsored seminars on E-Business and Entrepreneurship. The first seminar, co-organized with the Rajabhat Institute, reached approximately 100 directors and instructors from the 41 Rajabhat Institutes nationwide. Because these institutes, which once served as Thailand's teachers' colleges, now have university status with a special mission to serve local needs, their representatives are ideally positioned to share seminar information with local businesspeople. The second seminar, co-organized with the ISMED and BBL, served nearly 300 SME managers.

Led by professionals with experience in e-business and entrepreneurship from the College of Business Administration of the California State Polytechnic University at Pomona, the seminars focused on key concepts of e-business, their impact on entrepreneurship and existing enterprises, as well as on how participants could employ various tools and procedures of e-business in their own organizations.

To ensure the seminars accounted for local issues, five Thai entrepreneurs share their e-commerce experience with the participants.



July

- Mediation Workshop for Bankers
- Thailand-Vietnam Public Participation Forum
- Cluster Evaluation Workshop
- Agricultural Product Cluster Launched Chapter
- UNIC undergraduate students visit
- 2003 Eisenhower Fellow hosted
- Conflict resolution workshop held in south

August

- APEC SMEs 2003 Conference
- Chantaburi Gem Cluster MOU
- Judicial Reform Training
- Telecommunication Regulatory Training Chap
- ACT-Songkhla Scholarships Awarded
- Chantaburi Gemstone Training for the Disabled
- Bangkok Community Leadership Training Completed



Cluster Competitiveness: The Thailand Competitiveness Initiative (TCI)

Successful improvements in competitiveness ensure rising standards of living and social and economic stability.

The reality of today's highly competitive global economy is that individual companies can no longer compete successfully on their own. Even some of the largest companies must depend on a network of outside entities to provide quality raw materials, state-of-the-art production equipment, management advisory services, a well-trained workforce, viable logistics and distribution services, innovative research, transport and communication infrastructure and supportive policies. This network or cluster, of entities most often includes suppliers, educational institutions, and government agencies in the company's particular area. But co-location and common interest alone does not automatically lead to good coordination across a network of very different and often competing organizations. As part of its USAID-funded program of economic recovery, Kenan Institute Asia manages an innovative program to raise national competitiveness on the basis of clusters of businesses and organizations working effectively together.

In collaboration with J.E. Austin Associates, a leading American authority on competitiveness, the Institute assists the clusters see the potential benefits of working together, developing essential market and competitor information, forging joint strategies and undertaking strategic and policy initiatives. The project, called the Thailand Competitiveness Initiative (TCI) has advised the National Competitiveness Committee, provided training workshops for government officials and private consultants interested in competitiveness, and afforded the national media a better understanding of competitiveness through seminars in cooperation with the Economic Journalists Association.

Most importantly, the Institute's TCI staff works directly with pilot clusters to demonstrate the benefits and sustainability of cluster competitiveness. These gains can already be seen in the multi-media and computer graphics cluster in Bangkok, the high value agricultural products cluster in the western provinces, and the gems and jewelry cluster in Chantaburi province. Work has also begun with a tourism cluster in Chiang Mai and a marine food cluster in Songkhla.

TCI experts map the cluster and bring the various organizations together and help them identify key strategic issues for the cluster. With assistance from Austin's International experts, they work with the cluster to do bench marking, competitor analysis, SWOT analysis and market research to develop better cluster strategies. Kenan consultants help develop and support policy initiatives to encourage government agencies become more effectively supportive of the cluster's competitiveness.

In the case of the multi-media and computer graphics cluster, key issues identified were lack of marketing, inability to meet international standards and inadequate training. The cluster, with help from TCI, has taken action on all three fronts. The group initiated the first Thai animation festival in 2003 which attracted significant attention and expanded greatly in 2004 with strong government support - giving the cluster an important marketing tool. Kenan worked with the cluster, especially the Thailand Software Park and the Thai Software Industries Association upgrade local capabilities of meeting and certifying international standards of software production. Most recently, Kenan has helped the cluster form links with the universities and training institutions that train graphics and multi-media experts. These links will give the universities direct input from the industry on their fast-changing needs for particular skills.

Kenan and Austin have also undertaken competitiveness efforts in Vietnam and Cambodia, and the regional dimensions are likely to become even more significant in the near future as ASEAN economic integration progresses and the region works to compete more effectively in global markets.

*The Experience of the High-Value Agricultural Produce Cluster
Helping Provincial Farm Communities Improve Quality & Increase Income*

*The Thai Competitiveness Initiative's High-Value Thai Experience of the High-Value Agricultural Produce Cluster
Helping Provincial Farm Communities Improve Quality & Increase Income*

TCI and Kenan for export TCI grew out of the threat of a ban on five export due to high levels of trace chemicals. Another threat was imposition of 100% government inspection of all exported produce. These threats were significant given the price difference of 30 Bahts between 'first grade' export quality vegetables and 'second grade' material to local markets. In response to this potentially devastating action, TCI and the cluster participants, including the growers, exporters, agricultural university and extension, organized combined efforts to reduce chemical usage and to improve farm practices. TCI certified safe practices among growers and packagers so that chemical residues were greatly reduced and... the ban never went into effect!

Over the past year, the cluster community grew from 30 farm families to 200, then 300, and now involves 2,000 farm families, including those currently under contract as well as new independent growers that have acquired the knowledge and means to upgrade their farm quality to meet export standards. One goal is for each of the 2,000 growers to train, or transfer their acquired know-how to five other farmers, for an ultimate total of 10,000 growers. Longer term, the Thai government is involved in expanding the cluster process and GAP to additional products and other regions of the country.

OTOP

Imagine a grandmother in a Thai village sitting on a mat on a dirt floor weaving a reed basket. Imagine a shop on New York's trendy Columbus Avenue featuring that basket in its new window display. Now, make a connection between the two images.

One Tumbul One Product (OTOP)-project is the Thai government's initiative designed to develop distinctive, indigenous products made by selected villages throughout Thailand and link them with international markets. Kenan's Product and Market Development for the One Tumbul One Product Project trains participants in selected villages in basic business skills including accounting, marketing, product costing and pricing. Kenan's Business Advisory Center consultants help village businesses improve product design, production efficiency, and reliability to serve market needs. Our international expertise and connections help OTOP develop market networks that have potential for expansion, both domestically and internationally. Three pilot site villages - Ban Chiang, Chaiyawan, and Pibulrak in Udonthani Province were selected for their marketable products - pottery, woven reed basket products, and indigo dyed mud mee cloth respectively. To ensure the long-term sustainability of these products, the cluster competitiveness model was applied to link the pilot villages with local educational institutions for product design and development and production technology development; with supporting government agencies and financial institutions for regulatory and financial support; and with dealers and customer networks for market input. All this adds up to more income for that grandmother weaving baskets.



Sa Story

Among the most recognizable of Thai products worldwide are sa paper items - distinctive wrapping paper, bags, greeting cards, and ornamental items made from mulberry tree bark. Classic Crafts Co., Ltd. is one of Thailand's leading manufacturers of Sa paper products with manufacturing bases in the northern Thai provinces of Nan and Chiang Rai and headquarters in Bangkok. For years, the company has relied on its strength in attractive, modern designs to export almost 100% of its products to Europe, the United States, Asia, and Australia. Classic Crafts does not own a brand, but offers seasonally targeted products of its own design to be branded by the product importers. It also manufactures to clients' designs and specifications. Classic's products are basically handicrafts that rely mostly on workers' manual skills with minimal machinery input. For a few years, the company has been operating at a loss since problems with its bank loan during the 1997 financial crisis. The problem has been exacerbated by cash flow and operating problems.

The Thai government approached Kenan Institute's Business Advisory Center, supported by USAID, for assistance with several companies under its Invigorating Thai Business (ITB) project in Northern Thailand. Classic Crafts was among them. The company asked that the project concentrate on improving its productivity efficiency; the BAC team and the client identified key areas including Communication Improvement (to reduce product defects and rework) and Production Cost Reduction (to retain profitability).

The consulting team from the Business Advisory Center made us realize that production planning is crucial to our company's profitability. Improvements in the production process enabled us to reduce wastes and defects by 80% and to manage our production process much more effectively. (Mr. Wanna Ongthanaawat, Managing Director and owner of Classic Crafts Co., Ltd.)

BAC assistance provided just the boost Classic Crafts needed to get back on track and become more sustainably competitive: the order taking process was revamped to be more efficient;

the company won negotiations with several key clients to increase selling prices and thus margins; the factory realized the importance of production planning and data gathering for monitoring and control; and, the implementation of various improvement measures contributed to a combined reduction of 80% in defect cases. For its role in helping to revitalize an almost moribund enterprise, the BAC team was among five recipients of a Best Consultants Award out of a field of over 300 ITB projects in Northern Thailand.

Kenan Institute's Business Advisory Center provides customized consulting assistance to companies which need help dealing with key issues of business planning and implementation in a wide range of industries. In addition to the Best ITB Project award for the sa paper company consultancy, there were two other ITB award-winning projects.

"My company managed to reduce production costs by more than 10% after receiving advice from the consultants of the Business Advisory Center. Kenan Institute Asia Furthermore, we are now able to manufacture more quickly, increase output and create more profit." (Dr. Wattanasong Sattasarnrak, Managing Director, TV Ceramics Co., Ltd.)

"The advice from the Business Advisory Center has enabled us to raise our overall equipment effectiveness ratio resulting in the reduction of costs by 40%. In addition, the consultants introduced quality control circle (QCC) tools that enabled us employees to maintain quality and solve problems systematically and effectively." (Vasudhavan Boonrat, Managing Director, Thai Street Food Product Co., Ltd.)

Bankers Handbook

Amidst the swirl of economic theory, design and implementation models, and debates over globalization, we sometimes forget the importance of basic "tools of the trade" in promoting sustainable competitiveness. In March 2003, The Thai Institute of Banking and Finance Association (TIBFA) introduced the "Thai Bankers Handbook" to 130 financial sector professionals and the media. The handbook is Thailand's first comprehensive source of educational information on Thai banking practices for banking and finance professionals applying international banking best practices to the Thai market. The handbook is also a valuable resource for businesspeople and students. Kenan's Business Support Organizations Partnership (BSOP) put together the team that developed the handbook, utilizing a partnership between the American Bankers Association (ABA) and TIBFA. The team worked from American models, but made significant adaptations to the 18-topic handbook to fit Thai banking law and local needs. The handbook is now a practical resource that sits on the desks of banking professionals all over Thailand.

English Sanuk

Sanuk is the Thai concept of making things fun. The innovative English through Entertainment curriculum, developed by the English Teaching-Learning Improvement Centre, the Department of General Education, with support from Kenan Asia Institute's Human Capacity Development Division and USAID, is designed to be sanuk for high school students who have limited attention spans and need highly enjoyable motivational materials. Designed to serve as an elective course, each of the five units of English through Entertainment - Music, Radio, TV, and Movies; Sports; Tourism; and Reading for Pleasure - provides a wide variety of activities and incorporates a student-centered approach with integrated skills. The major aims of the project are to foster better attitudes towards learning English and to supplement English skills learned in core courses. Ultimately, Thai students who are more comfortable and proficient in English will become more successful in their careers and as future leaders.



"English is no longer a boring and tough class at all. Learning English through popular songs, movies, UBCTV programs, cartoons, and articles from teen magazines makes my English class fun and interesting." (Ms. Tanyaporn Koawsa-ard, a Matayom 6 student at Tahmakam Wittaya School in Ratchaburi Province)

A related goal of English through Entertainment is to serve as a model for teachers to design their own courses. Because this curriculum does not serve as a ready-to-use teaching formula, teachers can adapt the degree of difficulty to match the capacity of their students, thereby ensuring the most productive use of the materials.

"Schools in rural areas have difficulty getting access to native speakers, so the teaching materials help enhance the learning skills of the students at a standardized level. The manual is well designed and the content is easy to apply and localize to classes." (Mrs. Panat Sa-nguankeaw, an English teacher at Tahmakam Wittaya School, Ratchaburi Province)

September

- Hearing on Property Valuation Standards
- Bangkok Multimedia Cluster Underway
- Community Enterprise Launching Program
- Working Group Committee Meeting, chap
- Regional Government Management Training
- Bangkok University and KNU sign MOU
- New Generation Seminar hosted
- Annex Financial Literacy Launched

October

- ACT Student Leadership Program
- Clinic And Manufacturing Consulting
- ACT Youth Community Leadership Training Camp
- Mentorship Program II
- Planning province chap
- Public Seminar on Conflict Resolution

Sustainable Competitiveness... for Regional Interests

Kenan Institute Asia appreciates that the harmonious and prosperous co-existence of Thailand and its Asian neighbors is not only an admirable socio-political goal, but an economic necessity as well. The more stable the region, the more investment it will attract. The more that sustainable competitiveness pervades the region, the better the quality of life will become for all its countries. Armed with experience gained in Thailand, the Kenan Institute Asia initiated spearhead projects in selected countries in Asia. We provided training on SME consulting to the staff of SME Cambodia to support emerging Cambodian enterprises. In Vietnam, we co-hosted training

programs on e-commerce and software competitiveness. Working with the Kenan Institute of Private Enterprise in Washington, Kenan Asia helped set up business leadership training in Indonesia, and we provided labor-auditing services to factories in southern China, Malaysia and Korea. In collaboration with Thailand's Department of Technical and Economic Cooperation, our management training for civil servants from Cambodia, Laos, Myanmar and Vietnam, helped cement even stronger regional bonds. Closer to home, the Institute cooperated with Thai organizations to train our colleagues from the Greater Mekong Sub-region (GMS) and assisted in the creation of an English Language Center at Mae Fah Luang University in Chiang Rai designed to serve students from GMS countries.

BAAM: Participatory learning & action for Community-Based Malaria Control



support for continued learning and action in schools and communities.

In the initial 25 schools, the PLA process has resulted in the generation of 83 school-community projects for malaria prevention and control.

These included community production of citronella oil for herbal mosquito repellent, distributing mosquito nets through revolving funds and women's group sewing, breeding and releasing fish that eat mosquito larvae and getting community cooperation in house spraying. Many of the projects focused on community knowledge of malaria through village loudspeaker system news, studies on prevention of malaria and school-community research on occupations with the highest risk of malaria.

Building local human capacity for action against malaria is a key step in empowering communities to address other challenges to sustainable competitiveness for development.

Kenan builds consulting skills of SME Cambodia

With USAID support, Kenan has worked closely with SME Cambodia (SMC) to help the small-business development NGO improve its business knowledge, consulting skills and links to the Thai private sector. BAC consultants traveled to Phnom Penh to conduct a Business Planning Workshop for SMC consultants. SMC's objective is to develop and deliver high quality business development services to SMEs in Cambodia. To help build the Cambodian private sector

devastated by years of war and Communist government, it promotes the formation of business associations, upgrades enterprise management skills, creates market economy awareness of Cambodian entrepreneurs and establishes links between Cambodian and foreign business association, especially those in Thailand. In this effort SMC emphasizes the creation of "social capital" in rural areas and provincial centers. This emphasis is consistent with the government's policy of decentralization, de-concentration and increased participation, and improved employment growth for rural populations in their home regions. In efforts to better develop competitiveness strategies in Cambodia, Kenan consultants met with local participants in SMC projects including a rural electricity provider, Battambang rice millers, and the management of a local noodle factory. The USAID-supported partnership between Kenan and SMC demonstrates the value of a regional approach to competitiveness and small business development.

APEC SME Meetings



In the initial 25 schools, the PLA process has resulted in the Kenan Institute Asia played a key role in the lead-up to the 2003 APEC (Asia Pacific Economic Cooperation) regional summit conference in Bangkok, especially in the area of supporting small and medium-sized enterprises (SMEs).

Working closely with the Office of Small and Medium Enterprise Promotion (OSMEP), the Institute organized an international SME Entrepreneurship Development Seminar held in Chiang Mai in early August. This was the immediate prelude to the Ministerial level meeting on SMEs. At the request of the Thai government, the Institute's Business Advisory Center worked as the secretariat for the ministerial meeting.

Kenan provided the keynote speaker for the Seminar, along with much of the background material and organization. Mr. Arthur Lipper III, a trustee of the Kenan Institute of Private Enterprise and a well-known entrepreneur, financier and author, set the tone for the seminar with a perceptive analysis of entrepreneurship. He challenged the APEC governments and businesses to create a more supportive environment for entrepreneurs, including softening the penalties for failure. "The future," Lipper concluded, "belongs to those countries which best enable entrepreneurial success."

The seminar went on to discuss capital formation initiatives, agreeing on the importance of forming networks that link investors and entrepreneurs. It further stressed that innovation and business deployment of new technologies is essential to new ventures. Seminar participants identified strategies for entrepreneurial training and urged the government officials who met immediately following the seminar to encourage R&D, provide tax incentives for research, and protect the intellectual property of innovators.

The APEC ministers touched on many of the same points in their discussions. Prime Minister Thaksin Shinawatra was most emphatic about the importance of entrepreneurs and SMEs, noting that they accounted for about 69% of Thailand's total workforce. "SMEs have played a major role in the economic recovery of Thailand," the Prime Minister said, "because the SMEs are agile and able to adjust themselves to fast-changing conditions."

They are able to use innovative thinking to achieve great results with small amounts of financing. They are able to reach niche markets more easily than large companies." Thaksin concluded that, "Because of these abilities, SMEs are becoming the main engine of Thai economic growth and a source of great stability for the nation."

Highlights from Mr. Arthur Lipper's Keynote Speech

"As more successful entrepreneurs will assist the opening and operating of a successful business is great and wonderful for."

"Entrepreneurship education has to do with skill transfer, planning, accounting, business and contract law, marketing and personnel management and motivation, use the key areas."

"Using the traditional Japanese stand as an example, children can be taught all of the elements of business."

"There is no reason why an entrepreneur cannot close a business that isn't working, for whatever reason, usually the lack of capital to effect losses, and then go on to be successful in another business - if he closes the first with honor and dignity."

"The mistake of it's ok to lose money in the attempt to create a business if there was an instant return, no final and the reasons for the failure were unpredictable" is that

Regulatory dialogue - regional cooperation on improved regulation



Regulatory dialogue - regional cooperation on improved regulation

Although sustainable development depends on the effectiveness of the private sector, for-profit companies cannot be effective without transparent and reasonable regulation. Southeast Asia, to keep up with dramatic changes in the world, is in the process of transforming its regulatory agencies. With funding from the United States Agency for International Development (USAID) and in collaboration with PADCO, a U.S. consulting company, the Kenan Institute is working to assist that process through partnership and dialogue. This dialogue process allows the transfer of standards, ideas, legal expertise and best practices, not only between the United States and Southeast Asia, but also among the countries within the region.

The Regulatory Dialogue project has been successful in bringing key regulators and lawmakers together for in-depth consultations. Two sub-projects in particular clearly illustrate the effectiveness of this approach.

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Intellectual Property

In accordance with the U.S.-Vietnam Bilateral Trade Agreement (BTA), Vietnam is working to reform its intellectual property rights (IPR) laws and accede to a number of international conventions. It is developing new institutional and legal arrangements to ensure effective IPR enforcement, including establishing a specialized IPR court.

Recognizing common issues with Thailand's own efforts on IPR, the dialogue project facilitated linkages between Vietnam's Supreme People's Court and Thailand's Central Intellectual Property and International Trade Court (CIPIT). It arranged three separate visits by Thai judges to Vietnam and a visit to Thailand by the Vietnamese Supreme People's Court. The Vietnamese judges and officials met with Thailand's Supreme Court, CIPIT Court, Department of Intellectual Property, Attorney General, Chulalongkorn University, and private practitioners and other firms.

November

Thailand Competitiveness Workshop
AFRIC Logistics Training

AMEC SME Seminar
IPR Business Strategy Conference

Dharmapala Innovation Center MOU Signed
Ma Ta Phu Community Leadership Training

December

ASEAN Steering Committee
NGO Capacity Training

Accounting materials presented to Princess
Pension Fund Regional Conference

2003 PROJECTS

Human Capacity Development

HCD

Corporate Outreach Program

Cornerstone Project	With a grant from the Unocal Foundation and working closely with the Kenan Institute of Private Enterprise, training and motivating business people as leaders for community improvements.	Promoting community service through employee volunteering with corporations operating in Thailand such as AIS, Unocal, GE, DuPont, ExxonMobil, AIG, American Express, Nike, Pricewaterhouse Coopers, United Airlines, etc.	Circulating a weekly "Employee Volunteering Group News" to members. Establishing a support foundation to incubate community foundations an initiating an economic development partnership as important outcomes of the Unocal-funded program.
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Student Leadership	Providing scholarships for needy students and linking recipients with potential employers in an mentor relationship. ACT companies provide not only funding for the scholarships for underprivileged children with high potential, but also provide employees who volunteer to serve as mentors for these high school students from the northeast and the south. To promote critical and creative thinking in line with education reform efforts, new models of student-centered learning are being implemented through important themes including community participation in social forestry and social issues of the "Thai Women of Tomorrow", both in Northern Thailand.	Organizing annual camps focusing on "Foundation of Leadership Skills" to help students learn about the business world and concepts of community leadership service. Funded by American Corporations for Thailand.
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Skills Training	Training the disabled in computer graphics, web programming, web page design and gemstone cutting and polishing to enhance their capabilities and opportunities. With leadership from Unocal and AIA/AIG, and strong support from Dow Chemical, American Express, and JP Morgan Chase, AMCHAM members are partnering with Kenan Institute Asia (KIASIA) to support a number of innovative education programs under the American Corporations for Thailand (ACT) program. To provide opportunities for skilled disabled students, support of curriculum development and pilot courses on computer graphics and e-commerce have led to employment rates of over 90% for the graduates. Since 1998, the ACT donors and KIASIA have supported training for over 25,000 Thais.
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Youth Entrepreneurship & Financial Responsibility	Developing business skills and understanding of the essence of socially responsible business. Participants develop skills to become productive and responsible members of the workforce. Program activities include training, activity-based learning, site visits and corporate mentorship's in the areas of entrepreneurship, responsible personal financial management, and job attainment skills. Key partners include the Stock Exchange of Thailand, USAID, GE Capital (Thailand), and the American Express Foundation.
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ICT for Education

Teacher Capacity Building	With funding from Intel, ACT and USAID and in cooperation with the Ministry of Education, providing extensive training to teachers in integrating IT into the classroom as a key tool in student-centered, project-based learning.	Transferring ICT knowledge to assist developing countries in Asia and increasing the ICT skills capability of Thai youth by training teachers in web-based instruction.
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University Linkages Program

U-Links

English Language Initiatives	Assisting in the development of an "English through Entertainment" course, including a teacher's manual, videotapes and cassette tapes. Providing support to the Chulalongkorn University Language Institute to organize a conference on the application of innovative technology for both classroom and self-access learning centers, utilizing a grant from USAID.	Advancing Thailand's agenda in developing the English language skills of the Thai workforce under the U-Links program through the establishment of self-access English language centers for ten Thai community colleges in order to increase their competitiveness in the market and allow them to contribute more to the country's economic development. Funded by USAID.
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International Exchange & Training Programs	Promoting Thailand as a regional hub in education and internationalizing Thailand's higher educational institutions and workplaces through the Alliances for Study Abroad & Internships in Thailand (ASIT) Program, with support from the Thai Government's Export Promotion Department.	Promoting international education, English language education, and cross-cultural immersion in Thailand and the region. Supporting study abroad and internship programs among the University of North Carolina at Chapel Hill, King Mongkut's University of Technology (Thonburi), Chiang Mai University and Thammasat University and hosting Eisenhower Fellowship recipients. Building human capacity at the grassroots level through partnerships with community colleges.
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Promoting Conflict Resolution & International Understanding	Building a Thai-U.S. institutional partnership to assist Prince of Songkla University set up a Center for Peace and building Conflict Resolution Capacity.	Promoting the importance of religious understanding and freedom by hosting a group of young leaders from Asia-Pacific countries to attend the East-West Center New Generation Seminar.
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Better Business Practices

BBP

Business Support Organization Partnerships

B S O P

Financial and Corporate Good Governance	Linking U.S. organizations with partner Thai organizations working to support financial and corporate good governance in Thailand through consulting, training, public education, and development of best practices, codes of conduct, and policies to ensure a fair and transparent business environment conducive to Thailand's competitiveness. Fifteen partnership projects were developed, such as a partnership between Thailand's Fiscal Policy Office, Bank of Thailand and the U.S. Consumer Data Industry Association to support credit bureaus in Thailand through public education.
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Legislative and Judicial Reforms	Facilitating partnerships between U.S. and Thai organizations associated with the legal and judiciary system to promote legislative and judicial reforms in Thailand through the adoption of improved laws, policies and practices and institutional arrangements promoting transparency and accountability. The nine legislative and judicial reform partnership projects include partnerships between Thailand's Office of the Judiciary and the US Federal Judicial Center to promote new measures to increase efficiency in the Thai courts and a partnership between the Alternative Dispute Resolution Office and the American Bankruptcy Institute to promote mediation to decrease financial cases in the Thai courts.
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Competitiveness	Leveraging resources from U.S. organizations to build capacity of key Thai organizations involved in trade competition through consulting and training programs and to introduce internationally recognized standards and systems in order to support a regulatory and policy environment conducive to competitiveness of Thai industry. Five competitiveness projects have been developed, such as a partnership between King Mongkut's University of Technology Thonburi and Purdue University to establish a U.S. Food and Drug Administration certified Better Process Control School (BPCS) in Thailand to train food manufacturers to meet U.S. food safety standards.
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Business Advisory Service

B A C

Entrepreneurship	Serving as the APEC SME 2003 Conference secretariat and providing keynote speakers for the APEC SME Conference on "Strengthening APEC Entrepreneurial Society."	Facilitating entrepreneurship knowledge seminars to help entrepreneurs manage their businesses.
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Support for Village Businesses	Developing a marketing program and website for the One Tambon One Product program under the Ministry of Agriculture.	Assisting villages in product development, establishing clusters and international marketing.
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Small Business Consulting	With a grant from USAID, the BAC is providing consulting to a wide variety of Thai SMEs in productivity improvement, marketing and business plan development, human resource management, accounting systems and financial strategy improvement. BAC helps SMEs in collaboration with the Federation of Thai Industries, the Electrical and Electronics Institute and the Thailand Automotive Institute on the Department of Industrial Promotion's Invigorating Thai Business (ITB) project to assist Thai SMEs.
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Labor Standards Advisory Service			LSAS	Thailand Competitiveness Initiative		TCI
Consulting and Auditing Services	Assessing the performance of SME factories using voluntary labor standards and codes of conduct as a means of building the competitiveness of the manufacturing industries in Thailand, China, Korea, Malaysia. These services are delivered to SMEs through the ongoing support of USAID and from corporate clients.	Participating as a key factory consultant in the Ministry of Labor and Social Welfare's Labor Standards Development project to improve fundamental human resource practices and increase overall productivity.		Partnership with J.E. Austin	Facilitating industry cluster development to improve Thailand's competitiveness in the global economy in partnership with J.E. Austin Associates, Inc. (JAA), funded by USAID. Services are based on a comprehensive process utilizing an array of diagnostic tools that assist in formulating and implementing cluster-based strategy, such as Porter's country-diamond model, leadership mapping, competitive positioning, industry structure, benchmarking, gap, trend and value chain analyses.	
Training	With funding from USAID, developing and participating in a series of training projects organizing a public course on Risk Assessment for the apparel industry.	Designing training manuals to assist SMEs in understanding occupational health, safety and worker welfare issues.	Participating in panel discussions and delivering speeches at major international and national conferences on corporate social responsibility.	Sector Cluster Development	Supporting the development of clusters in target areas including High Value Agriculture Product (H-VAP), Gems & Jewelry, Phuket Tourism and Multimedia and Computer Animation.	

Environmental Management Division				EMD		
Urban Environment	Assisting the Pollution Control Department (PCD) to revise Thai environmental laws and regulations to improve standardization and to develop a Thai Municipal Solid Waste Operation Manual.	Organizing seminars on Sustainable Development Indicators, municipal management practices and the National Convention & Grand Exhibition on Solid Waste & Toilet Technology.		Environmental Advisory Services	Assisting preliminary efforts to develop new technology for converting biomass to diesel fuel with support from the Ford Motor Corporation. Partnering with CMMU in assisting the Office of Atoms for Peace in establishing the Thailand Institute of Nuclear Technology.	Supporting a Pollution Control Department feasibility study on emission trading. Providing technical evaluation for the implementation of the Green Productivity Demonstration Program (GPDP) at The Ever Group Co., Ltd. and technical evaluation of the National Center for Genetic Engineering & Biotechnology (BIOTEC).
Environmental Education	Developing a Green School Curriculum encompassing a full participatory approach supporting national education reform and the participation of local communities in education.	Organizing camps to train scholarship recipients on concepts of community leadership and service with support of the ACT program.		Sustainable Enterprise Initiative	Partly funded by the US-Asia Environmental Partnership (US-AEP) supporting an innovative, three-year joint university program to develop future Thai business managers with a solid education in environmental concepts and related management skills implemented by the Kenan-Flagler Business School at the University of North Carolina and Chulalongkorn & Thammasat University Business Schools.	Partnering with the Thailand Environment Institute to support the National Economic and Social Development Board in developing Thailand's Sustainable Development Indicators.
Environmental Advisory Services	Developing a Green School Curriculum encompassing a full participatory approach supporting national education reform and the participation of local communities in education.	Organizing camps to train scholarship recipients on concepts of community leadership and service with support of the ACT program.				Providing support for Chulalongkorn and Thammasat University professors to attend the U.S. Sustainable Enterprise Academy. Supporting curriculum development and executive education programs to expose Thai businesses to sustainable management practices.

Regional Projects						
Border Action Against Malaria Project			B A A M	Regional Enterprise Development Project for Cambodia		
Surveillance & Response to Anti-Malarial Drug Resistance	Strengthening the border surveillance network of malaria clinics through training, efficacy assessment and sensitivity monitoring of current malaria treatment regimens and establishing an anti-malarial drug resistance network information center.	Supporting a participatory process for reaching consensus on a new malaria drug treatment regimen policy by organizing a forum to introduce the National Malaria Control Program's proposed new guidelines for the treatment of drug resistant malaria and facilitating dialogue among national and international experts to provide their input and share evidence-based information from research.		Internships in Thailand	Holding internships at KIA Asia for Small and Medium Enterprise Cambodia staff to learn about KIA Asia's management, training, data management and accounting systems. SMEC staff members also spent time with their Thai counterparts to learn how associations work in Thailand and develop organizational relationships. Funded by USAID.	
Community Programs for Malaria Prevention & Control	Initiating and supporting multi-sector partnerships for a civil society approach to empowering and enabling community-based action against malaria, including action research with high-risk occupation groups and a school-based participatory learning and action process to develop life skills for community problem solving. Funded by USAID.			Technical Assistance and Training-the-Trainers	Supporting training courses in Thailand and Cambodia on Business Plan Writing, Consulting Skills, Financial Analysis, and Marketing Planning for SMEC staff. Training programs are developed or adapted to meet the needs of the advisory center consultants to assist the associations and their members.	Providing technical assistance to Cambodian associations and their members to conduct on-the-job consulting training for SMEC staff and foster relationships to develop and enhance cross border linkages. Funded by USAID.
Increased Access to Rapid Diagnosis and Effective Treatment & Control	Supporting research and development to determine the feasibility of local production of dipstick dye immunoassays utilizing dye particle-linked monoclonal antibodies developed against pLDH and pGAPDH for malaria antigen detection of both P.falciparum and non-P.falciparum strains. Funded by USAID.			Association Strengthening & Partnerships	Strengthening the capacity of selected Cambodian business associations, assisting new organizations with technical and operating support and promoting partnerships and linkages between Thai and Cambodian associations.	

Labor Standards Advisory Service			LSAS	Private Sector Development in Vietnam		
Auditing	Developing a regional social audit team providing services focused on evaluating working conditions in the manufacturing industry. The LSAS expanded services into China and Malaysia through Fair Labor Association audits and conducted assessments for other clients in Korea and Mongolia. The Thailand team participated in several special projects that will involve ongoing support from clients in the USA and Europe.			Vietnam Competitiveness	Providing assistance to the Vietnam software cluster in coordination with J.E. Austin Associates, Inc. to ensure that quality meets global standards. Funded by USAID.	
CMLV Training				Regional Law and Policy Dialogue	Promoting economic, legal, policy and institutional advances by establishing linkages among Asian and U.S. officials, judges, legislators, private sector and civil society leaders and other experts.	Establishing a regional platform for exchange through strategic linkages between Thailand and Vietnam, leveraging resources from other USAID programs including STAR Vietnam and the Asia Foundation.
Personnel Management	With support from the Department of Technical and Economic Cooperation (DTEC), Kenan Institute's Human Capacity Development Division organized training courses on "Training and Promotion Techniques & Training Management" for government officials from Cambodia, Laos, Myanmar and Vietnam. The training was part of the Capacity Building for the Civil Services Project for the CLMV countries under the ASEAN integration project. Participation of key stakeholders and the new teaching and training concepts were key components of this training.					

ถึงเวลาจัดระบบค่าพลอยจันทน์ ขอปีครึ่งปรับสู่มาตรฐานกลาง

สถาบันคีนันแห่งเอเชีย จัดฝึกอบรมผู้ค้าอัญมณีจังหวัดจันทบุรี เพื่อเสริมความเข้มแข็งในระบบการผลิตและการค้า โดยจัดขึ้นที่โรงแรมรอยัลริมน้ำ จันทบุรี ในช่วงเวลา 1 ปีครึ่ง เพื่อให้ผู้ประกอบการเชื่อมั่นในคุณภาพและราคา ด้วยวิถีทางจันทบุรี หรือชื่อเดิมว่า ต้นแบบของอัญมณีจันทบุรี



'คีนัน' ผุดคลัสเตอร์ธุรกิจมัลติมีเดีย

นักพัฒนาบุคลากร เพื่อเพิ่มขีดความสามารถในการแข่งขันของประเทศไทย

สถาบันคีนันแห่งเอเชีย (Kenan Institute of Asia) ได้เปิดตัวโครงการ "Kenan Multimedia Cluster" เพื่อส่งเสริมและพัฒนาอุตสาหกรรมมัลติมีเดียในประเทศไทย โดยโครงการนี้จะสนับสนุนให้ผู้ประกอบการในอุตสาหกรรมนี้สามารถเข้าถึงตลาดต่างประเทศได้อย่างมีประสิทธิภาพ

Multimedia cluster paying off

Firms more confident in competing abroad

Chatrudee Theparat

A cluster of multimedia-related companies formed last year has been a much-needed shot in the arm for the competitiveness of the industry.

The companies came from various parts of Thailand.

COMPETITIVENESS

'Permanent body needed'

Continuity vital, says Kenan Inst

■ Several Hingpong

THEIR

Kenan Institute of Asia will today propose to the National Economic and Social Development Board (NESDB) that a permanent body be established to oversee and implement policies for improving Thailand's competitiveness. Kenan, an independent local foundation focused on developing

as the nature of their business was to serve as "hired guns" that received only subcontracted work and had to compete with rivals abroad.

"As our Thai firms are able to compete (with) others, given the quality of their work, now we can help them acquire jobs directly from movie-makers from the United States or Japan," he said.

Previously, Thai companies could not compete in the international bids with from South Korea and Taiwan. A simple fact was that Thai firms or form groups or work together to ace quality work and jointly look

the companies feel more confident about their operations as new business opportunities were on the horizon.

A significant activity that the companies successfully undertook was the establishment of Siggraph in Bangkok.

Siggraph is the world's largest special-interest group dedicated to computer graphics. This is an important milestone for the cluster, permitting a cross-section of private industry operators and academia to pool strengths and overcome common cluster obstacles.

They will attend an international conference in San Diego next month.

"Competition in Bangkok is like a storm

Call for agency to organise clusters

Experts suggest path for Thailand

Sciemoth Plomphiamthorn

An independent coordinating body should be formed to help establish industrial clusters in Thailand, a forum of international experts has concluded, the Kenan Institute of Asia and J.E. Atan Associates held the forum yesterday, drawing experts on "cluster competitiveness initiatives" from countries where the concept has proved successful.

The participants included those with experience in tea production clusters in Sri Lanka, livestock and tourism in Mongolia and several different industries in the United States.

The discussion focused on the advantages and lessons learned from cluster initiatives in each country.

in restoring the country's economy."

An independent organisation should be formed to help the public and private sectors and call for the properly organised cluster within two years.

Prof Monty Kenan was introducing a pilot project to build clusters for five industries — tourism, vehicles, food processing, fashion and graphic design. Tourism could be strengthened significantly, he said, with the cluster including airports, airlines, duty-free shops, hotels and venues.

Local clusters could then build ties with clusters in other countries, particularly Vietnam, Cambodia and Laos, he said.

Daryl Johnson, the United States ambassador and a keynote speaker at the forum, said clusters were simply groups of companies and related organisations located close to each other that must work together effectively in order to compete successfully with rivals elsewhere.

Owen G. Kenan Conference: "Air Commerce - Survival of the Fastest"

Commentary and analysis on the challenges facing Thailand's aviation industry



'ส.คีนัน' เอเชียจับมือเครือข่าย "SMEs เสริมศักยภาพผู้ประกอบการภาคเหนือ"

สถาบันคีนันแห่งเอเชีย (Kenan Institute of Asia) ได้เปิดตัวโครงการ "Kenan SMEs Cluster" เพื่อส่งเสริมและพัฒนาผู้ประกอบการ SMEs ในภาคเหนือของประเทศไทย โดยโครงการนี้จะสนับสนุนให้ผู้ประกอบการในอุตสาหกรรมนี้สามารถเข้าถึงตลาดต่างประเทศได้อย่างมีประสิทธิภาพ

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ไบโอเทคผนึกคีนันสอนเอสเอ็มอีไทย

ไบโอเทคจับมือสถาบันคีนันแห่งเอเชีย (Kenan Institute of Asia) เพื่อส่งเสริมและพัฒนาผู้ประกอบการ SMEs ในภาคเหนือของประเทศไทย โดยโครงการนี้จะสนับสนุนให้ผู้ประกอบการในอุตสาหกรรมนี้สามารถเข้าถึงตลาดต่างประเทศได้อย่างมีประสิทธิภาพ

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เสริมศักยภาพเอสเอ็มอี

องค์กรจับมือตัวเข้มผู้ประกอบการ

3 พฤษภาคม 2548

"Cornerstone" บทบาทภาคเอกชนกับการพัฒนาชุมชนท้องถิ่น

"ความยั่งยืนที่สำคัญที่สุด" เป็นคำที่มีความหมายอย่างลึกซึ้ง เพราะมันบ่งชี้ถึงความสามารถของชุมชนในการดำรงอยู่ได้อย่างยั่งยืน โดยไม่ต้องพึ่งพาความช่วยเหลือจากภายนอก

Financial Statement

Kenan Foundation Asia Balance Sheets For the years ended September 30, 2003 and 2002 (in Thai baht)			
	2003	2002	
Assets			
Current Assets			
Cash on hand and at banks	34,554,628	39,521,953	
Advance payment	8,637,148	3,870,312	
Other current assets	3,779,308	5,121,490	
Total Current Assets	44,971,084	48,513,755	
Equipment	9,816,387	7,461,841	
Long-Term Investment	193,455,448	184,867,271	
Other Assets	1,577,237	1,071,844	
Total Assets	249,820,136	241,914,711	
Liabilities and Fund Balance			
Current Liabilities			
Accrued expenses - UNC contract	3,435,716	3,790,167	
Accrued expenses - Others	14,409,612	28,820,428	
Total Current Liabilities	17,845,328	32,610,595	
Fund Balance			
Initial donation	500,000	500,000	
Net unrealized gains on investments in marketable securities-available-for-sale	12,855,950		
Accumulated excess of revenues over expenses	218,418,858	208,804,116	
Total Fund Balance	231,774,808	209,304,116	
Total Liabilities and Fund Balance	249,820,136	241,914,711	

Kenan Foundation Asia Statements of Income and Expenditure For the years ended September 30, 2003 and 2002 (in Thai baht)			
	2003	2002	
Income			
Donation income	184,449,711	151,316,713	
Interest income	4,524,722	483,498	
Other income			
- Capital account income		198,728,679	
- Others	25,399,808	11,257,631	
Total Income	194,374,339	359,786,519	
Expenditure			
Grants to projects	94,017,253	107,541,462	
Administrative expenses (Projects and others) (*)	99,742,344	80,415,234	
Total Expenditure	184,759,597	187,956,696	
Excess of Income Over Expenditure for the year	9,614,742	171,829,823	
Accumulated excess of income over expenditure brought forward	208,804,116	36,974,293	
Excess of income over expenditure for this year	9,614,742	171,829,823	
Accumulated excess of income over expenditure carried forward	218,418,858	208,804,116	

We have audited the financial statements of Kenan Foundation of Asia for the years ended 30 September 2003 and 2002, from which the accompanying summarized financial statements were derived, in accordance with generally accepted auditing standards. In our report dated 20 November 2003 we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

PricewaterhouseCoopers
PricewaterhouseCoopers ABAS Limited
Bangkok
20 November 2003

Donors and Partners

Founding Organizations



United States Agency for
International Development



Kenan Family Foundations



Department of Technical and
Economic Cooperation, Ministry of
Foreign Affairs

Corporate Donors



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Unocal Foundation



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American Express Foundation



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Ministry of Agriculture
Ministry of Labor

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Phuket Tourism Association
Pollution Control Department
Small Industrial Finance Corporation
Small Medium Enterprises Development
Thai Chamber of Commerce
Thailand Automotive Institute (TAI)
Thailand Environmental Institute (TEI)
U.S. Asia Environmental Partnership (USAEP)
U.S. Department of Justice
U.S. Department of State

Excerpts from the USAID Evaluation report

Business Support Organizations Partnership program

"Of partnership activities examined closely, none have failed. Most are already delivering useful results or seem likely to do so soon. ... The partnerships deal with important issues, with the potential for truly significant macro-impacts."

"Since partnership activities seem likely to have impacts on entire professions or industries, or on the overall functioning of the Thai economy, the evaluators find this program to be highly cost effective."

Bank Training Program

"BTP was a demand driven program. The banks proposed the training assistance they required. Additionally, by requiring cost sharing, a considerable degree of ownership was elicited from each bank."

"We have noted significant impact on bank operations."

"This is a valuable contribution to the economy, even if some of the banks are currently lending more aggressively than sound risk management would justify. However, were the financial crisis to re-emerge today, banks are much better equipped to handle the shock."

Business Advisory Center

"Overall, the BAC's performance record is quite good. BAC consultancy results have been mixed, but our estimate is that the majority have been *highly effective* or *effective*."

Thailand Competitiveness Initiative

"The approach shows considerable promise. It appears several clusters are moving ahead, and show some likelihood of undertaking effective collective action - e.g., influencing government policies, improving production standards, establishing brand recognition, setting up research or design centers, etc."

KIAsia Management Team

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Mr. Richard Bernhard Associate Executive Director
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