

2008

Annual Report

Business & Economic Development
Corporate Social Responsibility
Youth & Innovative Education
Sustainable Tourism
Entrepreneurship
Public Health

Vision, Mission and Values of the Kenan Institute Asia

Vision:

Our vision is to become the leading provider of services for sustainable development in Asia.

Mission:

Our mission is to:

Promote results-oriented, sustainable development in Asia with emphasis on the Greater Mekong Subregion, by providing project management, consulting, training, and research services on behalf of our corporate, government and multilateral clients.

Provide opportunities for our team of professionals to make meaningful contributions to society.

Values:

Stakeholder ownership - providing for participation by clients, partners and beneficiaries

Good governance - high ethical standards, strong internal processes and external auditing

Results oriented - credible and measurable results for all projects

Service to society - activities that provide sustainable improvements to society and the environment

Commitment to employees - providing opportunities for committed professionals with diverse backgrounds to contribute meaningfully to the improvement of the economic, social and environmental conditions in Asia

Respect for local cultures - understanding and respect for cultures of Asia

Belief in free market mechanisms for development – using the vibrancy of free enterprise to meet development challenges by supporting corporate social responsibility, microfinance, entrepreneurship and small business development

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Message from the Chairman, Nitya Pibulsonggram

A New Cycle of Service to the Region

I was delighted to return to the Kenan Institute Asia this year in time for the completion of the Institute's first 12 years of work on sustainable development. In the Asian calendar, 12 years completes a cycle and in many ways K.I.Asia is now moving on to a new cycle of service to the region.

In our early days, providing grants was the key benefit we provided, whether from our own endowment, from American Corporations for Thailand or from USAID. While we still design and manage sub-grants, our 12 years of experience has helped us develop a staff with strong development expertise that is now the key value we provide. In the past year, as you will see in this report, K.I.Asia's experienced staff has provided a wide range of expertise that has included:

- Facilitating the development of more competitive business clusters
- Training new entrepreneurs in key business skills
- Helping SME managers improve their business planning
- Assisting communities, travel businesses and local governments work in concert to plan and implement strategies for "sustainable tourism"
- Working with public health authorities and the private sector to combat emerging diseases such as multi-drugresistance malaria and avian influenza
- Training teachers and communities to make more effective use of information technology and to take an "inquiry-based" approach to teaching science
- Training corporate executives how to design, implement and evaluate corporate social responsibility programs
- Conducting research aimed at improving business and economic policy

In keeping with the broader regional mission objectives adopted by the Trustees in 2006, we have also developed the capability to provide assistance beyond Thailand's borders. This year, K.I.Asia began working on a USAID program to help improve ASEAN's competitiveness in key regional industries, starting with tourism and garments and textiles. Our staff helped the government of the Lao PDR develop plans for eco-tourism. In Vietnam, K.I.Asia managed three projects with the private sector and USAID to deal with avian influenza. From my recent role as foreign minister, I cannot overemphasize just how important it is to build regional cooperation on development.

For our corporate clients, we have moved from group projects to customized and individually branded programs that provide both community and company benefits. We also provide practical tools to manage corporate social responsibility programs.

As we move into our second cycle, we see great challenges ahead – from the global financial crisis to the threat of global climate change. We look forward to playing our role in helping the region to overcome these challenges and to improve the quality of life for all.



A handwritten signature in black ink, reading "Nitya Pibulsonggram".

Nitya Pibulsonggram
Chairman

History of the Kenan Institute Asia

Twelve Years of Support for Sustainable Development



Henry Kissinger and ACT donors

The Kenan Institute Asia (K.I.Asia) was established on the understanding that the challenges facing Southeast Asia could be best addressed through free enterprise mechanisms, boundary-spanning partnerships and expertise gained through practical development experience.

Evolving from a project funded by the U.S. Agency for International Development (USAID) mission in Thailand, K.I.Asia was founded in 1996. The Thai government joined USAID, the William R. Kenan Jr. Charitable Trust and the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina to provide an endowment for the new institute.

With former Prime Minister Anand Panyarachun as its inspirational founding chairman, K.I.Asia began by fostering development partnerships between U.S. and Thai organizations. Projects included recycling steel slag, producing a low-cost HIV diagnostic kit, designing a waste water treatment plant for the city of Haadyai and generating electricity from landfill gas. Numerous training projects built capacity in public health, environmental management, municipal management and information technology.

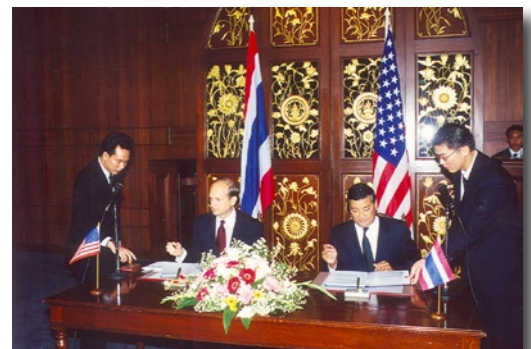


Anand Panyarachun, Owen Kenan and the first trustees

Soon after K.I.Asia was established, the region was hit by the 1997 financial crisis. The K.I.Asia team responded by working with major U.S. companies in Thailand to provide retraining for those left unemployed by the crisis under a program called American Corporations for Thailand (ACT). Under ACT, K.I.Asia designed, funded and implemented more than 40 projects serving some 700 trainers and about 27,000 trainees, helping a high percentage of them to find new jobs. Today, K.I.Asia works with individual corporations to provide branded corporate social responsibility (CSR) projects in areas such as financial and science education, youth leadership, life skills, community development and entrepreneurship.

In 1999, the U.S. government provided K.I.Asia with a cost-shared grant for an economic recovery and reform program for Thailand called "Accelerating Economic Recovery in Asia" (AERA). Over nearly a decade, the K.I.Asia has implemented a wide variety of development projects that included:

- Customized training for over 2,000 bank managers in risk management, credit analysis and internal control at each of the Thai-owned banks and a distance education program for more than 18,000 officers at government-owned banks
- Links between U.S. and Thai organizations that supported better business practices, resulting in the formation of nearly 30 partnerships that supported higher standards of accounting, dispute resolution, bankruptcy adjudication, auditing and ethics
- Business consulting and training assistance to more than 300 small and medium-sized enterprises (SMEs) and localized training programs in business planning, business incubation and entrepreneurship
- Mechanisms to prevent the spread of multi-drug resistant malaria in deprived border areas, contributing to a dramatic reduction in malaria cases in Thailand



Signing the AERA agreement



K.I.Asia volunteer in Ayudhya

- Training for secondary school teachers on using information technology to raise the quality of their teaching, including the K.I.Asia-designed training for the “one computer classroom”
- A program of research and training to assist company executives to better implement corporate social responsibility (CSR) programming
- A program with cost share from the private sector to help the region prepare for a possible influenza pandemic

In many cases, the expertise and experience put in place for AERA was in demand for projects funded by other donors. This included Thai government support for new projects on IT for education, business cluster development, SME training and consulting, entrepreneurship training and business incubation. UNICEF supported continued work on influenza pandemic preparedness planning in schools. The teaching materials on avian influenza produced by a team led by K.I.Asia were delivered to more than 40,000 schools across the region. The World Bank funded work to design business incubation programs. Corporate donors supported extension of the “one computer classroom” effort. Thai and multi-national corporate executives have benefited from K.I.Asia’s training and advisory services on CSR.

When the 2004 tsunami devastated the coast of southern Thailand, these development skills were combined in K.I.Asia’s Tsunami Recovery Action Initiative (TRAI). With core funding provided by the William R. Kenan Charitable Trust and the Frank Hawkins Kenan Institute of Private Enterprise, K.I.Asia undertook a long-term program of carefully planned sustainable development based on environmentally and socially friendly tourism.

Experience with TRAI and sustainable tourism led to a large community-focused grant from the European Union, work on a masterplan for development in southern Thailand funded by the Asian Development Bank, eco-tourism joint programming with the UN World Tourism Organization and work with the Lao National Tourism Agency funded by the New Zealand Agency for International Development.

Understanding the need for Thailand to improve the teaching of science, K.I.Asia worked with the Merck Institute for Science Education and the Thai Ministry of Education to develop new methodologies, materials and mechanisms to base science learning on enquiry rather than memorization.

Today, K.I.Asia draws upon the expertise and experience gained during its first 12 years to support sustainable development throughout the Southeast Asia region. These new projects have enabled K.I.Asia to move forward on its mission to promote results-oriented, sustainable development in Asia, while strengthening economies, assisting communities, preserving the environment and enhancing the quality of life in the region.



Local entrepreneur in Mae Hong Son develops tourism marketing materials under Microsoft's Unlimited Potential program.

Executive Committee Members



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Dr. Supavud Saicheua



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Mr. Piyabutr Cholvijarn



Mr. Paul Wedel

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Corporate Social Responsibility

Recognizing that Corporate Social Responsibility (CSR) is critical to the ability of the private sector to play its full role in development, K.I.Asia has taken the lead in providing CSR services in Thailand. We offer training, policy and strategy development, program design, community project implementation and evaluation, and research services. With more than a decade's worth of practice developing and implementing CSR activities, our services and experience are unmatched in the region.

In 2008, the K.I.Asia CSR team worked with two corporate clients in the design of new company-branded CSR community projects. K.I.Asia worked closely with Microsoft's CSR Committee to design a project to provide IT, vocational and entrepreneurship training to manufacturing workers who have lost, or are at risk of losing their job due to the economic downturn. For Citi, the team designed, and began implementation of a project to help at-risk women improve how they manage their finances.

K.I.Asia believes that effective CSR practices can provide real, long-term benefits to businesses of all sizes, including Small and Medium Enterprises (SMEs). In 2008, K.I.Asia initiated the "CSR for SMEs" project in collaboration with the Office of SME Promotion, the Export-Import Bank of Thailand and the Tourism Authority of Thailand. The project helps SMEs in the Thai tourism and food industries better understand and adopt best practices in CSR. The K.I.Asia team provided training to 80 leading SMEs under the theme, "SMEs can go further with CSR."

The K.I.Asia CSR team also helped develop the new ISO26000 social responsibility standards. Recognizing K.I.Asia's expertise, the Thailand Industrial Standards Institute (TISI), asked K.I.Asia to create a Thai version of the new ISO social responsibility standard and to undertake research on social responsibility practices in Thailand. The research assessed the readiness of Thai businesses for the adoption of ISO26000.



Research on the socially responsible practices of Thai organizations based on the draft guidelines for the ISO26000



Developing strategies for corporate community involvement training

K.I.Asia continued its role as a leading trainer of corporate managers in CSR, conducting trainings throughout the year and successfully launching a new course on evaluation and measurement of CSR programming – the first of its kind in Thailand. Since 2004, over 200 senior managers from more than 80 companies have received training through our CSR courses. These have included such major firms as PTT, Coca-Cola, Honda, Somboon Group, Banpu, ThaiNamthip, Merck, Siam City Cement, Toyota, EGCO, Siam Commercial Bank, and Dow. The practical training builds knowledge and tools through lectures, case studies, discussions, and group exercises that enable managers to craft a strategic CSR approach, engage employee volunteers, communicate and brand their CSR programs and evaluate them in terms of their value to key stakeholders.

"Until I took this course, I didn't know that we can apply a SWOT matrix to CSR. I liked how we practiced stakeholder analysis to ensure we don't miss internal and external expectations." Khun Anusara Krobkumwattana, Tanachart Bank

Youth and Innovative Education

Effective education is critical to long-term development. For more than a decade, K.I.Asia has worked to improve the quality of education by helping teachers create opportunities for students to think creatively, work cooperatively and acquire learning skills that go far beyond memorization.

The Inquiry-based Science and Technology Education Program (IN-STEP)

To build science and technology capability in Thailand, MSD Thailand, a wholly-owned subsidiary of US-based Merck & Co., Inc., engaged K.I.Asia to design and implement the Inquiry-based Science and Technology Education Program (IN-STEP) in the tsunami-affected province of Phang-nga. With support from the Merck Institute for Science Education (MISE), IN-STEP aims to improve student performance in science through inquiry-based learning.

IN-STEP has five main components: stakeholder engagement, instructional material development, professional development, evaluation and corporate volunteering. The project receives strong support from the Ministry of Education, the Institute for the Promotion of Teaching Science and Technology (IPST), educational supervisors, principals, master teachers and teachers from Phang-nga schools.

In 2008, K.I.Asia built the capacity of 75 science teachers and 35 Master Teachers to use the inquiry-based method. The master teachers served as mentors to the other teachers, helping them improve their science teaching. K.I.Asia also set up and manages a materials center that refurbishes IN-STEP materials and distributes learning materials to teachers.

An IN-STEP Science Camp was organized for 120 teachers and students from 19 schools. The camp was run by K.I.Asia with volunteers from MSD Thailand and IN-STEP teacher mentors. Students learned to solve problems in their daily lives through observation and questioning using the scientific method.



Students conducting properties of matter experiment



Master Teachers experimenting at the Professional Development Design Workshop.

It is planned that IN-STEP will become the model for Thailand's efforts to improve Thai students' performance in science, raise science and technology competitiveness and apply science to preserve the country's natural resources.

"This workshop is very different from other workshops I have attended throughout my life, I did not quite understand why I did not get the answer right away until I realized that it is not the answer that is important, but the process of finding out the answer." Ajarn Jedsada Sriwiset, science teacher and academic head of Kho Yao Wittaya School.

Looking back...Student Leadership Program

Cherdchai Sansud joined K.I.Asia's Student Leadership Program (part of K.I.Asia's "American Corporations for Thailand" initiative funded by AIA, AMEX, Dow Chemical, and Unocal), in 2002 when he was in Grade 10. He was one of 20 potential youth leaders from Khon Kaen selected to participate in the three-year scholarship and mentorship program. He is now studying at Khon Kaen University with a major in English and minor in Social Development Management. With support from the Khon Kaen Provincial Administrative Office and K.I.Asia, he has initiated several multi-year programs focusing on youth leadership, community citizenship, sufficiency economy and Buddhism. Currently, he has expanded his program to over 230 students in 18 schools in Khon Kaen and Udonrthani. He was recently awarded the Good Moral Character Award from the Buddhist Association of Thailand in 2008.



Cherdchai (Left) leading the Sufficiency Economy Camp at Kham Pla Lai Village in Khon Kaen in October 2007.

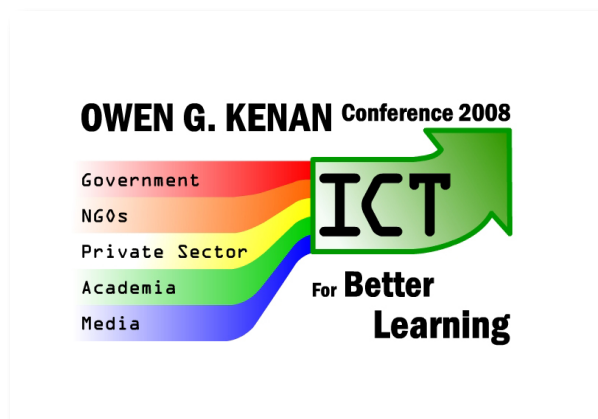
"The three-year program by K.I.Asia gave me the opportunity to learn a lot of necessary skills and values...Without this opportunity, I would not be able to contribute to my community nor to create a program for the next generation of youth leaders," **Cherdchai Sansud, student leader.**

Kenan Conference

ICT for Better Learning

Each year, K.I.Asia organizes the Owen G. Kenan Conference on a topic of strategic importance to Thailand's development in memory of one of the Institute's founding trustees, Mr. Owen Kenan. This year, the topic of the seventh Kenan Conference was ICT for Better Learning: Innovative approaches to corporate – public sector collaboration.

With more than 120 participants, the conference focused on how the private sector can help improve learning. Sponsored by Microsoft, Bangkok Bank, Bank of Ayudhya, the Telephone Organization of Thailand and the SME Bank, the conference provided a venue for a variety of organizations to share experience, strategies, directions and suggestions.



Owen G. Kenan Conference 2008 Logo

Participants, such as Dr. Benjalug Namfa, Director of the Bureau of Academic and Educational Standards at Thailand's Ministry of Education, stressed the need to support teachers by providing technology and training to support active learning and student-centered approaches. Faycal Bouchlaghem, General Manager of Emerging Markets for Microsoft, described Microsoft's Multipoint system as "One example of such technology...which has enabled teachers to involve a whole class of students, each with their own mouse, to interact on one computer."

In a series of breakout sessions, groups of IT and teaching professionals came together to plan specific ways forward both in transforming the traditional classroom and through less formal community IT learning centers.

Sustainable Tourism

In a region of the world that is rich in natural beauty and ancient traditions, tourism offers the opportunity to build new businesses and raise the incomes of the poor while preserving nature and local culture. Tourism that is socially, environmentally and financially sustainable requires entrepreneurial and business skills, environmental and cultural understanding, strong planning and multi-sector cooperation. K.I.Asia's ability to provide this variety of skills in an integrated manner has led to success in sustainable tourism.

Sustainable Tourism Development and Marketing

Starting with our program to assist with the recovery of coastal communities in Southern Thailand hit by the 2004 tsunami, K.I.Asia has implemented a holistic approach to tourism development through engagement of local communities, businesses, tourists and governments. The K.I.Asia model of tourism development is a powerful tool for protecting important natural sites, providing economic benefits to local communities and marketing key tourism centers to increase overall community sustainability and improve the competitiveness of tourism destinations.



Tom Kenan visits the mangrove forest walkway at the Taplamu School in Phang-nga

K.I.Asia specifically designed the Tsunami Recovery Action Initiative (TRAI) to build sustainable tourism capacities to assist the Phang-nga tourism industry and communities devastated by the tsunami. K.I.Asia has received over US \$1 million in support from the William R. Kenan, Jr. Charitable Trust and the Kenan Institute of Private Enterprise to develop this initiative in close collaboration with the Phang-nga Governor's office, Phang-nga Tourism Association, Ministry of Education and the Lam Kaen Tambon Administration Office. In total, K.I.Asia has built the capacity of over 2,000 tourism business entrepreneurs, community members, students, educators and government officials.

In 2008, K.I.Asia focused on sustaining efforts through building the capacities of local communities to manage community-based tourism, facilitating relationships between community members and tourism businesses, and researching and

providing tourism businesses with valuable market information. To help sustain these efforts, Tom Kenan and the William R. Kenan, Jr. Charitable Trust donated additional funding to support student entrepreneurs and refurbish an educational walkway in a mangrove forest at the Baan Taplamu School.

More than 20 University of North Carolina (UNC) summer interns have contributed to the TRAI program. In 2008, the interns worked on the development of event marketing, improving the websites of tourism businesses, developing promotional materials for community-based tourism (CBT) and evaluating the TRAI program. For example, Passanon Chinthongprasert and Elise Hamilton, Kenan-Flagler MBA students, worked with the stakeholders to research, plan and develop event marketing activities that promote the area as a destination for sustainable tourism.



Interns from the University of North Carolina

"In this most unfortunate event, we found a true friend in Kenan. Our members have benefited greatly by the research. This year we are planning to reach out to the secondary market particularly for the low season as the research recommended," said Chit-tiporn Suttipiboon, the owner of the "Khao Lak Resort" and the former president of Phang-nga Tourist Association (PNTA).

They conducted a survey of tourists' interests, decided on a menu of activities, and developed detailed marketing plans. Another group of UNC students, from the School of Journalism, created an award winning multi-media website called www.andamanrising.com. Through slide shows, videos and audio reports, the website shows how the people of Phang-nga have recovered from the 2004 tsunami.

In addition, US Ambassador Eric G. John, Phang-nga Governor Wichai Prais-Ngob and Mr. Mark Ward, representative of the Bush-Clinton Tsunami Relief Fund, officially opened the Lam Kaen Long-tail Fishing Boat Repair Center and Pier on January 19, 2008. The facility provides local fishermen, whose livelihoods were devastated by the tsunami, with a permanent place to moor and repair their coastal fishing boats, unload their catch and prepare their crab and fish pots. It also serves as a center for selling local products and giving tourists a new place to

interact with local people. "May this facility give you the tools you need to rise above the heartbreak and build a brighter future for yourselves, your families, and your community", wrote President Clinton in a letter which was read on the occasion by Mr. Ward.

The Bush-Clinton Tsunami Relief Fund provided a grant to K.I.Asia to support the design and construction of the facility. With additional support from the Kenan Charitable Trust, K.I.Asia, working with Gannon Realty (Thailand) and Cornerstone, managed the project. K.I.Asia facilitated the establishment of a fisher folk group to manage the facility. "I hope I can come back in person and help celebrate the return of the life and work you so love", wrote President George Bush, Sr.



The fishing pier in operation

" Since the Phang-nga Tourism Opening Day, we have received many orders from local retail shops and coffee shops in the village. We are now supplying baked goods for several travel agencies. Sometimes, we earn more than 3,000 baht net profit per day. It is important that we learn how to manage our finances," said Mrs. Patcharee Waharak, leader of the Tab Lamu Navy Base bakery group.

Community Based-Tsunami Recovery Action Initiative

K.I.Asia's 18-month Community Based Tsunami Recovery Action Initiative for Phang-nga (CB-TRAI) was completed in December 2008. This effort was funded by the European Union, and overseen by the Bank for Agriculture and Agricultural Cooperatives (BAAC), under the EU's Social Support Program – Tsunami extension. K.I.Asia managed the initiative and, through support from the Kenan Charitable Trust, contributed 15% of its costs.



A village woman learns to improve her batik technique

Under the program, K.I.Asia's business and entrepreneurship development team focused on building sustainable tourism capacity in local communities and training students in skills needed in the tourism industry. Major activities included microfinance capacity-building for community savings groups, entrepreneurship training using K.I.Asia's customized Rural Entrepreneurship through Action Learning (REAL) curriculum, as well as marketing training and research in support of community-based products and services. The student component focused on leadership, entrepreneurship, community citizenship and environmental awareness.

Working directly with local communities affected by the tsunami, the K.I.Asia CB-TRAI team built the capability of 14 community groups and 10 youth groups, including 951 community participants and 110 students.

K.I.Asia's financial advisory consultants provided activity-based training on microfinance management to community members. This training has helped community saving groups manage community funds more effectively and transparently. K.I.Asia gave entrepreneurship training to 130 community members to help them improve or set up small scale businesses centered on the tourism industry.

K.I.Asia arranged business matching events with distributors for local products and created a marketing website where local groups can sell their goods and services. Marketing experts from K.I.Asia and MBA students from the Kenan-Flagler Business School at the University of North Carolina helped community groups and small businesses do market research, create business plans and improve product designs and packaging. K.I.Asia also helped local handicraft groups set up the "Pu Nga Handicraft Shop" to market high quality local batik products along with some 60 other local handicrafts.

*"After attending the community financial training, our Baan Bangkokaya community savings group increased our savings rate by 80% from the previous month," said **Ms. Apanee Thonglueng** a community member of Baan Bangkokaya community savings group.*



Batik Group villagers sell products at the Pu Nga shop

K.I.Asia's youth and education team provided training, consulting, activity funding and mentoring to youth leaders in training with the Ecotourism Training Center to become dive masters. To help local students contribute to their families' income while preserving local culture, K.I.Asia trained Thai dance and handicraft groups in leadership and entrepreneurial skills.

Meet a CB-TRAI Client

Wicharn Samutwaree

Wicharn (Oab) Samutwaree, an 18-year-old Mogen (sea gypsy) tribesman, joined the intensive training program for certification as a professional dive master. As a result of the tsunami, Oab's family members lost their jobs in the fishing industry. Having to contribute to the family's finances, Oab applied for the opportunity to study and work in the program so that he could earn a living as a certified dive master. Under the CB-TRAI Program, Oab and his fellow trainees go beyond the technical issues of diving to look at the marketing efforts needed to bring revenue into the community. They are working with K.I.Asia to penetrate markets such as university students who want challenging activities during their breaks. This innovative strategy aims to make the dive business sustainable, both financially and environmentally.



*"I learned how to live with others, work in a team, and dive at the Similan Islands," said **Wicharn (Oab) Samutwaree***

Sustainable Tourism Management Planning

Building upon the experience under TRAI, K.I.Asia and the World Tourism Organization (UNWTO) joined forces to implement the "Biodiversity and Sustainable Tourism in the Phang-nga Province" project in collaboration with the Thailand's Ministry of Tourism and Sports, Tai Muang National Park and local community businesses. The project's overall goal is to improve understanding of the connection between biodiversity and tourism to enhance sustainable tourism development in the Andaman coastal area.

With financial support from the Federal Government of Germany, K.I.Asia and its partners are building capacity to develop tourism following the Guidelines on Biodiversity and Tourism Development of the Convention on Biological

Diversity (CBD). K.I.Asia is working with local communities in two model sites, Tai Muang and Kor Khao Island in Phang-nga province, to implement models for sustainable tourism. The program supports the national goal of attracting high-quality tourists interested in sustainable tourism, the provincial goal of being a leading destination for eco-tourism, and local efforts to develop community-based tourism.



Khun Patcharee sells bakery products to students who joined the Phang-nga Tourism Opening Day

K.I.Asia organized a series of capacity-building workshops on sustainable tourism development and biodiversity conservation for local experts and stakeholders. The project emphasizes communication with stakeholders and the establishment of a participatory process. The early involvement of all stakeholders generated a feeling of ownership in the project.

Tourism master plans are being developed through a consultative process between the public and private stakeholders. The plans deal with ecosystems, land use and planning including GIS, tourism and community development, culture and traditions. The first projects under the plan include construction of a forest study trail at Tai Muang National Park and a natural walkway at Kor Khao Island. They are scheduled for completion in 2009.

Looking back...Community - Based Tourism Capacity Building

Mr. Khanchai Mairae is a young local entrepreneur operating a family bamboo rafting and trekking business in Lam Kaen. An undergrad in tourism and hotel management, Khanchai devotes his time to developing his business and to encouraging community-based eco-tourism. Khanchai's desire to promote eco-tourism in Lam Kaen was stimulated at K.I.Asia's workshop on Participatory Approaches to Community-Based Tourism.

Through activity-based training, he worked with 25 other attendees from the Lam Kaen community, local schools, the naval base, national parks, the Agriculture Department and travel agencies to identify and analyze Lam Kaen's tourism assets. Khanchai said he now realizes "the key to success in eco tourism business is 'high participation' from all stakeholders in the community." Thus, as a Lam Kaen Eco-Tourism Committee member, he is active in organizing marketing activities to raise awareness of eco-tourism and encourage local participation. His goal is to make Lam Kaen a livable community with all members benefiting from a prosperous economy and a sustainable environment.



Khun Khanchai (far right) introduces his approach to trekking

Sustainable Tourism Program Design in Laos

K.I.Asia was selected by the New Zealand Agency for International Development (NZAID) to work with the Lao PDR National Tourism Administration (LNTA) to design a five-year, US \$4.2 million to strengthen the human and institutional capacity of the LNTA. Under the Lao PDR National Tourism Strategy Implementation Support Programme, K.I.Asia helped develop models of best-practices in pro-poor community-based tourism and value chain interventions in the provinces of Luang Namtha, Xieng Khouang, Bolikhamxay and Khammouan. The K.I.Asia team of three international advisors and one local consultant conducted a situational analysis and detailed five-year program plan through hundreds of on-site interviews and stakeholder meetings at the LNTA and in each province before submitting its report to NZAID in October 2008. NZAID is now working with LNTA to implement the project.

Entrepreneurship, Business and Economic Development

In today's highly competitive global economy, the countries of Southeast Asia can only develop if their people have key skills in entrepreneurship, business management and economic development. K.I.Asia's team of consultants and trainers focus on the challenges faced by small companies, but also have the techniques to help large and small companies work effectively together as business clusters to compete with their rivals around the world.

Financial Skills Capability Building for SMEs

Citi Thailand and K.I.Asia have been working together to promote sound SME financial management and financial literacy for the past two years, when they began discussing the best means of providing sustainable opportunities for the economically disadvantaged. In a departure from traditional pro-poor financial CSR programming, a decision was made to focus on strengthening SMEs financial capabilities by providing training in sound financial practices. Often overlooked when it comes to CSR programming, SMEs are the backbone of Thailand's economy, the largest employment sector in the country, and the most likely to hire from within their own communities. As such, SMEs are often the best opportunity for the poor to find jobs.



Khun Sumalee Noparat and Khun Chakartjet Krishnamara, Citi employee volunteers, share their banking products knowledge in the Citi-Kenan executive program in finance.

With this in mind, Citi Thailand and K.I.Asia developed a pilot project designed to build SME financial management skills that was approved for funding by Citi Foundation. Combining the financial expertise of Citi volunteers with the SME expertise of K.I.Asia staff, this unique project was implemented in 2008, and included an SME needs assessment, curriculum development, and financial management capacity building for SME owners and managers.

Working closely with the Thai Office of Small and Medium Enterprises Promotion, the Thai Chamber of Commerce, and prominent universities in Thailand, the project implementation team surveyed over 100 SMEs and analyzed data relating to their financial training needs. The result was a targeted training program serving the real needs of SMEs in Thailand, offering training based upon the level of financial knowledge of SME participants – basic and advanced.

In order to bring real world experience to the training, successful SME managers shared their expertise with participants. For example, Ms. Kannikar Chinprasithchai, a senior executive of Black Canyon Coffee, shared her knowledge of cost management. Participants were excited to learn how Black Canyon grew from a small start-up into a business with over 160 locations in Thailand and 20 branches in other Asian countries.

By the end of the pilot, 110 SME managers and owners received training. Survey results showed an 82% satisfaction rate. Mr. Kritkamol Thammakosol, one of the participants, said the training “has enhanced her ability to acquire a deep understanding of business, as well as building relationships with other business people.”

Creating Tomorrow's Entrepreneurs

K.I.Asia has worked on the New Entrepreneurs Creation (NEC) project since 2006 with support from the Department of Industrial Promotion at the Thai Ministry of Industry. The program's key objective is to provide fundamental business knowledge including marketing strategy, financial management, general management, import-export management and business plan writing to potential entrepreneurs in order to help them start new businesses that will stand the test of competition. In 2008 alone, K.I.Asia trained more than 100 new entrepreneurs.

Looking Back...Entrepreneurial Success

One of the NEC trainees, Ms. Panarat Sompong, runs a part-time family business selling small plastic bins. During the training, Ms. Panarat came up with an idea to offer more alternatives to her customers by producing handmade bins made of wood. Analyzing her customer needs, she decided that wood bins had design and stylistic value. Calling her new product rollout the “Wood Life” project, she used the skills taught in the program to refine her operating and marketing processes.



Handmade bin products of Ms. Panarat Sompong

“After joining the NEC project, I gained the confidence to push forward on my “Wood Life” project,” Ms. Panarat said. “NEC encouraged me to be aware of possible problems that could occur and inspired me to design products that are different from those in the market.”

Ms. Panarat launched her business in September 2008. By the end of the year, her business was producing 5,400 bins per month with 162,000 Baht in sales revenue per month.

Global Entrepreneurship Week

Students, professors, government officials and entrepreneurs took part in Thailand’s first Global Entrepreneurship week jointly organized by K.I.Asia and the College of Management at Mahidol University. This event was part of a global program promoting entrepreneurship initiated by the Ewing Marion Kauffman Foundation. In 2008, more than one million people around the world participated in a week of activities to encourage young people to understand the risks and rewards of starting their own businesses.



Global Entrepreneurship Week logo

Seminars in Thailand focused on the effects of the international economic crisis on entrepreneurs. Discussions inspired creativity among young people, while an exhibition provided entrepreneurs with the opportunity to introduce their products.

Beef Cluster Development

This year-long project, funded by the Department of Foreign Trade, is working to enhance the competitiveness of beef feedlot farmers in Sakon Nakorn and Nakorn Pathom through cluster development. The cluster approach focuses on enterprises and agencies concentrated in a given geographic location with complementary products and services. The K.I.Asia team is helping members of the cluster jointly take advantage of business opportunities and solve common problems.

The K.I.Asia cluster development team first worked to build trust among beef cluster stakeholders and then trained 55 members with a unique curriculum designed specifically for beef feedlot farmers. K.I.Asia went on to help the cluster members start joint initiatives to: increase production; diversify into additional beef products; develop new markets; and, improve food safety via an RFID-enabled traceability system that will enable consumers to go to a website and track the meat they buy from the farm to the supermarket.

Promoting Thai Franchises in Overseas Markets

The Thai government views franchising Thai businesses overseas as an excellent tool for both economic development and promoting Thai culture. For the past two years, the Business Development Department of the Thailand Ministry of Commerce has engaged K.I.Asia in a Franchise Development Project with the goal of assisting Thai business sell franchise opportunities overseas.

K.I.Asia selected and worked with 20 companies to develop clear business concepts, international standard management systems, and a management team experienced in franchise management. These 20 companies then received business advisory support (especially in marketing and promotion) from K.I.Asia to prepare them for business matching events in Dubai, Abu Dhabi, Kuwait, Jordan, and Indonesia.



Thai franchise business owners meet with potential investors during their trip to Kuwait

Working with quality businesses such as the Thai Privilege Spa, Spicchio, Smart Brain, and the Black Canyon Restaurant, by the end of 2008 more than 30 franchise agreements were under discussion.

Looking Back...SME Consulting



Black Canyon (Thailand) Co., Ltd. was established in 1993 by Pravit C.Pong and later became one of K.I.Asia's first SME consulting clients. Black Canyon offers an extensive variety of modern coffees and food that is a fusion of Thai and western tastes.

Starting with a single small shop, Black Canyon sought to expand both through franchising to local entrepreneurs and establishing company-owned branches. The management recognized, however, that its systems needed scaling up and improvement if the company was to grow and turned to K.I. Asia for help.

Through a SWOT and situation analysis, K.I.Asia consultants identified Black Canyon's major problems and selected an international expert in franchise management of coffee house chains to improve its systems. The Black Canyon management said that the improved systems have helped Black Canyon manage their stores more effectively. Benchmarking itself against the top international competition, Black Canyon has continued to improve and to expand. It now has over 160 stores in Thailand and 20 stores in overseas markets.

The ASEAN Competitiveness Enhancement Project

The ASEAN Competitiveness Enhancement (ACE) Project, funded by USAID under a five-year agreement, aims to foster greater economic integration within the Association of Southeast Asian Nations (ASEAN) by enhancing the competitiveness of selected industries and increasing intra-regional trade. The project identifies constraints to intra-regional trade, advocates for reform, and implements solutions. K.I.Asia and Nathan Associates, the U.S. consulting company leading the project, are emphasizing knowledge management to ensure that stakeholders have access to information and networks needed to raise their competitiveness.

Working closely with the ASEAN Federation of Textiles Industries (AFTEX), ACE completed a textiles and apparel work plan to enhance ASEAN's reputation as a reliable producer, integrate two ASEAN supply chain corridors, reduce lead times and raise quality. On travel and tourism, ACE is working with the ASEAN Secretariat Working Group on Tourism, the ASEAN Tourism Association and the Mekong Tourism Coordinating Office to enhance the competitiveness of ASEAN tourism supply chains. In 2009, the Nathan-K.I.Asia team will begin activities to enhance competitiveness in the sector.

Southern Thailand Development Planning

K.I.Asia provided technical assistance to the National Economic and Social Development Board on the “Sustainable Development of Southern Thailand” study funded by the Asian Development Bank. K.I.Asia analyzed the situation in the region and supplied recommendations on ways to improve human resource development. These recommendations also address social issues and community development needs. K.I.Asia’s consultant led the public consultations with nearly 200 Southern businessmen, government officials, civil society representatives and community members in Surat Thani, Songkla and Phuket.

During the consultations, the participants identified local and provincial assets in the tourism, agribusiness, health and wellness, and heavy industries. Systematic mapping of assets, including natural resources, existing industries, human resources, infrastructure and supporting industries was used to develop the regional structural plans and sub-regional development plans.



ADB consultants and NESDB officials survey the Chana power plant in Songkla during their master planning work

Looking Back...Capacity Building Through Private-public Partnerships

K.I.Asia’s unique peer-to-peer development partnership program called “Business Support Organizations Partnership” or BSOP, added value to foreign assistance programs of U.S. and Asian governments and international organizations. With support from USAID, between 1999 and 2003, BSOP fostered 33 US-Thai organizational partnerships and capacity building programs, trained more than 7,000 people and distributed 20,000 CD-ROMS, manuals and training materials.

Moreover, the BSOP results included 25 policy, regulatory and systematic changes including financial, regulatory and governance structure modifications for the Thai Credit Bureau, the Securities and Exchange Commission of Thailand (SEC)’s Land Valuer professional standards, and the Thai Bankruptcy Court.

A notable success of this program is the Land Valuation Standards project. In 2004, K.I.Asia engaged the US-based The Appraisal Foundation (TAF) to provide technical assistance to the Securities and Exchange Commission of Thailand (SEC) to establish internationally acceptable valuation standards. Based on a comparison study of international and local standards, a single set of standards was developed and approved for Thailand. The valuation professional standards, including a code of ethics and valuation methodologies, was approved by the SEC in 2005. These standards benefit investors, regulators, asset holders and buyers by allowing for more reliable and transparent information on the value of land, buildings, and investment assets. To date, approximately 1,000 valuers have passed a professional examination and have been licensed.

The strategic partnership program now functions as a model for collaborative development partnership programs leveraging the resources of governments, the private sector and non-profits, and serves as a core design component of the K.I.Asia managed USAID Global Development Alliances (GDA) program on avian influenza prevention in Southeast Asia.

Public Health

K.I.Asia, recognizing that long-term development is impossible without a healthy population, has focused on the emerging disease challenges faced by the Greater Mekong Sub-region (GMS). In 2008 Kenan Institute Asia's Public Health Program worked to strengthen the capacity of ministries of health, non-governmental organizations, governments and the private sector to respond to public health threats in the Greater Mekong Sub-region (GMS) countries. Outbreaks of avian influenza, drug resistant malaria, and increases in dengue fever cases all require monitoring and thoughtful interventions. With USAID support, K.I.Asia staff worked to build capacity and provide technical support to tackle these public health threats.

Strengthening regional defenses against avian and pandemic influenza

Building on a need identified during a regional workshop, K.I.Asia and the Asian Disaster Preparedness Center (ADPC) collaborated on a training curriculum for simulation exercises on avian and pandemic influenza. The curriculum was used to train national trainers in 11 countries with funding from Australia (AusAID). This training led to improved design and management of simulation exercises and to better preparedness for pandemic influenza.

With USAID support, K.I.Asia organized and helped conduct 27 exercises using the management curriculum to train facilitators from 11 cross-border sites in Cambodia, China, Lao PDR, Thailand, and Vietnam. As a result of the training, officials agreed on actions to be taken in the event a person infected with avian influenza sought medical care at a hospital in a neighboring country and set up a simulation to test preparedness plans resulting from this scenario.

By the end of 2008, 12 exercises at seven 'twin province' sites along the Cambodian, Chinese, Lao, Thai, and Vietnamese borders were completed, with another 15 exercises to be completed in 2009. To broaden access to the growing body of experience in managing influenza exercises, K.I.Asia collaborated with ADPC and the UN to publish a compendium of pandemic preparedness simulation exercises.



Map of the 11 cross-border sites in the Greater Mekong Sub-region.

Working With the Private Sector to Control Influenza

In one of six K.I.Asia collaborations with the private sector on health, K.I.Asia worked with Colgate Palmolive (Thailand) on the "Clean Hands, Zero Bird Flu" program. The partnership educated more than 18 million elementary students in Thailand and Laos on how to prevent the spread of avian influenza to humans through a seven-step hand-washing method.



Students practicing the seven steps of effective hand washing at a rural school in Thailand.

K.I.Asia, Colgate Palmolive, the Thai Ministry of Public Health and the Thai Ministry of Education, have partnered with USAID, under its Global Development Alliance (GDA), initiative since 2006. In 2008, the program expanded to cover 24,000 elementary schools in Thailand and 500 Laotian elementary schools.

"The public should be educated to protect themselves from the virus. And best way to do so is to develop hand-washing habits from childhood," said Dr. Narongsakdi Aungkasuvapala, Director-General of the Department of Health at the Thai Ministry of Public Health.

The program distributes posters, stickers and VCDs to schools, as well as organizes regional training for teachers on how to instill hands washing habits in children. With USAID support, the program added cartoon animation, jingles and interactive curriculum and competitions. A nation-wide best practices contest was held to recognize schools with the most innovative methods to promote hand-washing habits and AI prevention to students and the community. More than 400 competing schools introduced innovative teaching mechanisms such as organizing 'Prapah Sabuu'- a community-based Buddhist-merit donation of soap to be used by students, staging student plays on avian influenza, and parading in local communities.

An evaluation showed that the program had led to a higher level of community engagement, such as increased financial, and soap and hand-washing equipment, support from local communities in the competing schools. Furthermore, nearly 90% of the students who joined the program said that they wash their hands more often. Before the program was implemented in their school, students reported washing their hands 2 – 4 times a day. After learning about the benefits of effective hand washing, they reported washing their hands 3 – 7 times.

Some 93% of students said they understood that washing their hands is a good way to protect themselves from the spread of influenza and more than 85% reported bringing hand-washing information and practices home to share with members of their families.

In 2008, the program was adapted to the language, culture and educational system in the Lao PDR. "During the first year in Laos, two regional trainings for 150 teachers were held and teaching materials in Lao were distributed to 500 schools in the region of Vientiane, Luang Prabang, Sawannakate and Champasak," said Yupadee Komonwanichkit, Colgate Palmolive's Program Manager. Besides student activities, a public outreach program is being implemented with radio and TV broadcasts, magazines articles and displays of key avian and pandemic influenza prevention messages. The campaign includes putting up posters in public areas showing hygienic hand-washing techniques to educate the general public and raise awareness.

"With USAID and K.I.Asia support, the program has achieved significant success by expanding campaign coverage by 600%," said Ms.Yupadee Komonwanichkit, Colgate Palmolive's Program Manager.



Children-friendly materials like these, detailing avian influenza preventive mechanisms, are distributed to convey messages to students in Thailand and Lao PDR.

Building Capacity For Cross Border Disease Investigations



Health officials from Bo Keo province preparing for insecticide spraying as part of a joint SRRT dengue outbreak investigation

K.I.Asia, with the Thai Ministry of Public Health, organized a workshop to plan joint cross-border Surveillance and Rapid Response Teams to conduct field exercises on a dengue fever outbreak investigation. More than 80 participants from Cambodia, China, Lao PDR, Thailand, and Vietnam attended the workshop. The K.I.Asia team also helped Thailand conduct six joint dengue field exercises based on the joint plans and possible outbreak scenarios. After the planning workshop, heightened surveillance in Bo Keo province in Lao PDR resulted in detection of the first case of dengue fever ever confirmed in the province.

As a result, the field exercise shifted to a real joint outbreak investigation with health officials from Chiang Rai province (Thailand) assisting their Lao counterparts. Twenty-six cases were confirmed and treated. Due to the coordinated cross-border collaboration, all victims recovered and the outbreak was successfully controlled.

Controlling Malaria

In 2008 K.I.Asia continued its nine-year-long effort to control malaria, especially multi-drug resistant malaria in Thailand's border regions, by helping educate malaria professionals on recent changes in malaria treatment by supporting the publication of 7,000 manuals for public health offices throughout Thailand and supported Thailand's Bureau of Vector-borne Diseases in providing training to 160 key people from provinces in southern Thailand. K.I.Asia also leveraged Global Fund Malaria funding to train village malaria workers in 196 malaria-ridden villages.



Manual for new treatment regimen for uncomplicated malaria in Thailand.

Looking Back ... Malaria Sentinel Surveillance

In 2000, the K.I.Asia public health program helped Thailand's Malaria Division set up a malaria sentinel surveillance system in nine provinces under the Border Action Against Malaria project supported by USAID. These sites provided both in vitro and in vivo testing of the therapeutic efficacy of the front line drugs used to treat malaria. Over the years, the data from the sentinel surveillance system showed that the malaria parasite was becoming increasingly resistant to the frontline drugs and cure rates were declining. On the basis of this data Thailand adopted a new national drug treatment regimen that incorporated a new drug, artemisinin. The new regimen worked well, increasing both the cure rate and speed of recovery, one factor in the decline in malaria cases from more than 125,000 in 1999 to about 40,000 in 2008. Today, K.I.Asia continues support for the sentinel surveillance sites and helps educate malaria professionals on the change in treatment regimen by supporting the publication and distribution of manuals that detail the new regimen to public health offices throughout Thailand. This year, K.I.Asia supported Thailand's Bureau of Vector-borne Diseases in providing training to medical professionals and village malaria workers in 196 malaria-ridden villages.

US Pharmacopeia Drug Quality and Information Program (DQI)

As part of its efforts to build the capacity to face disease challenges in the region, K.I.Asia supported USAID's Drug Quality and Information Program (DQI), led by the non-profit organization, US Pharmacopeia. DQI provided information on medicine quality and counterfeit medicines in Thailand, Lao PDR, Cambodia, Vietnam, and the Philippines, as well as provided law enforcement training and information that was used in covert operations. As a result, 16 million pills of counterfeit anti-malarial, HIV, and TB medicines were seized and 27 arrests made. The project also distributed mini-labs to check drug quality and trained public health officials to use the high-tech equipment.

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Financial Report

Audit Report of Certified Public Accountant

To the Board of Trustees of Kenan Foundation Asia

We have audited the accompanying balance sheets of Kenan Foundation Asia as at 30 September 2008 and 2007, and the related statements of revenues and expenditures and changes in fund balance for the years then ended, and have reported thereon dated 9 January 2009 that the financial statements referred to above present fairly, in all material respects, the financial positions of Kenan Foundation Asia as at 30 September 2008 and 2007, and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

The balance sheets as at 30 September 2008 and 2007, and the related statements of revenues and expenditures and changes in fund balance for the years then ended, prepared for publication purpose, have been drawn from the audited financial statements which have been reported thereon as discussed in the preceding paragraph.

KPMG Phoomchai Audit Ltd.

KPMG Phoomchai Audit Ltd.

Bangkok

9 January 2009

Kenan Foundation Asia

Statements of revenues and expenditures

For the years ended 30 September 2008 and 2007

	2008	2007
	Baht	
Revenues		
Donation income	80,730,373	80,607,867
Interest income	9,542,101	8,215,095
Other income	38,290,670	29,463,366
Total revenues	128,563,144	118,286,328
Expenditures		
Grants to projects	115,919,907	109,216,011
Administrative expenses	47,275,377	42,853,812
Total expenditures	163,195,284	152,069,823
Revenues under expenditures	(34,632,140)	(33,783,495)

Kenan Foundation Asia

Balance sheets

As at 30 September 2008 and 2007

	2008	2007		2008	2007
	Baht			Baht	
Assets			Liabilities and fund balance		
Current assets			Current liabilities		
Cash and deposits at financial institutions	35,783,640	46,796,695	Accrued expenses - UNC contract	957,334	677,180
Short-term investments	6,068,455	-	Accrued expenses and other current liabilities	8,679,437	9,014,600
Accounts receivable	8,210,221	2,965,163	Total current liabilities	9,636,771	9,691,780
Advance payment	1,151,407	1,251,230	Fund balance		
Other current assets	5,736,704	1,419,882	Initial donation	500,000	500,000
Total current assets	56,950,427	52,432,970	Unrealised gain (loss) on investment in available-for-sale marketable securities	(13,618,979)	10,687
Non-current assets			Accumulated excess of revenues over expenditures	196,699,645	231,331,785
Equipment	4,683,899	4,910,305	Translation adjustment	-	-
Long-term investments	129,770,842	182,579,104	Total fund balance	183,580,666	231,842,472
Other assets	1,812,269	1,611,873	Total liabilities and fund balance	193,217,437	241,534,252
Total non-current assets	136,267,010	189,101,282			
Total assets	193,217,437	241,534,252			

Kenan Foundation Asia

Statements of changes in fund balance

For the years ended 30 September 2008 and 2007

	Initial donation	Unrealised gain (loss) on investments in available-for-sale marketable securities	Accumulated excess of revenues over (under) expenditures	Total
		(in Baht)		
Balance at 1 October 2006	500,000	(972,747)	265,115,280	264,642,533
Changes in unrealised gain on investments in available-for-sale marketable securities	-	983,434	-	983,434
Revenues under expenditures	-	-	(33,783,495)	(33,783,495)
Balance at 30 September 2007	500,000	10,687	231,331,785	231,842,472
Changes in unrealised loss on investments in available-for-sale marketable securities	-	(13,629,666)	-	(13,629,666)
Revenues under expenditures	-	-	(34,632,140)	(34,632,140)
Balance at 30 September 2008	500,000	(13,618,979)	196,699,645	183,580,666

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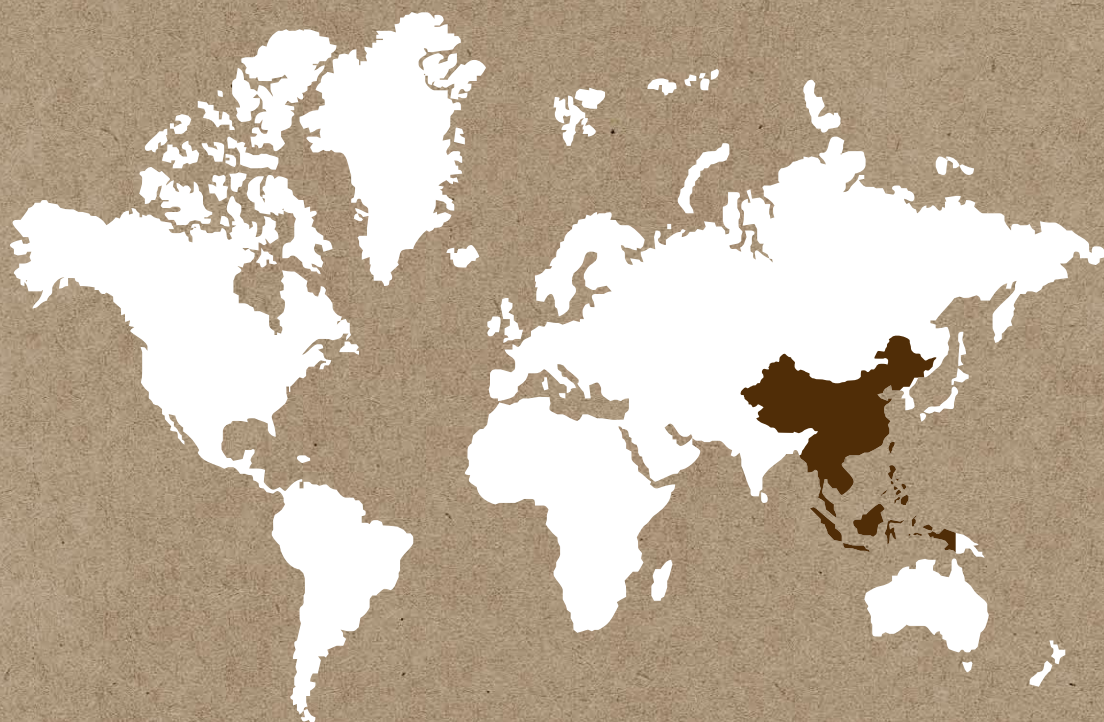
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