

Annual Report 2009

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



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Vision, Mission and Values of the Kenan Institute Asia

Vision:

To become the leading provider of services for sustainable development in Southeast Asia.

Mission:

To promote results-oriented, sustainable development in Southeast 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, and to provide opportunities for our team of professionals to make meaningful contributions to society.

Values:

This mission will be implemented using the following 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 dedicated professionals with diverse backgrounds to contribute meaningfully to the improvement of the economic, social and environmental conditions in the region.
- Respect for local cultures - understanding and respect for Asian cultures.
- 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 and medium sized business development.

Services:

Consulting – providing international level business consulting services for corporations, small and medium-sized companies, as well as policy and evaluation consulting for government and multi-lateral agencies. Areas of special consulting capability include: corporate social responsibility (CSR), business planning, franchising and franchise market entry, integrated sustainable development master planning, sustainable tourism planning, business cluster and value chain development for improved competitiveness.

Project Management – managing projects in a cost-effective manner from project design to impact assessment. Areas of special project management capability include: small business development, sustainable tourism, educational improvement, CSR and public health. K.I.Asia has the systems and the people to assure project transparency and effectiveness.

Training – building development capacity in the region through effective training and training of trainers. Areas of special training capability include: entrepreneurship, personal financial management, small business financial management, business cluster facilitation, CSR programs, using IT for better learning, inquiry-based science education methodology, disaster management and planning, public health planning, and microfinance organization management.

Research – practical development research for use in designing projects and policies in areas such as sustainable tourism development, intellectual property rights, free trade agreements, cluster development and CSR.



Message from the Chairman

Ambassador Nitya Pibulsonggram

Working to Sustain Development in the Region



The global economic crisis of the past year reinforced the message that development must be balanced in order to be sustainable. It also reminded us of the lessons learned and the changes made following the Asian financial crisis a decade ago.

The Kenan Institute Asia (K.I.Asia), since its inception in 1996, has focused on sustainable development, balancing financial success with environmental protection and social stability. In the wake of the 1997 Asian crisis, K.I.Asia worked with a wide variety of Thai and US organizations to implement reforms to reduce the likelihood of another such crisis. K.I.Asia helped all of the Thai banks put in place procedures and well-trained people to better manage risk, raise ethical standards, and align incentives with long-term success. I believe that these efforts helped the Thai financial system weather the direct impacts of the global crisis.

Working with funding from United States Agency for International Development (USAID), K.I.Asia assisted a wide variety of “business support organizations” to improve their standards and strengthen their abilities to support more effective and ethical business practices. K.I.Asia also supported programs that provided management expertise to small and medium-sized enterprises and to community enterprises. A key component was to help small companies avoid taking on excessive risk. The past year has shown us that implementing good ethical standards and risk management in businesses is more essential than ever.

Recognizing that sustainable economic development requires effective education and health systems, K.I.Asia provided funding for improving higher level learning and regional public health cooperation. Understanding that large companies have a self-interest in showing responsibility to society and the environment, K.I.Asia continued its program to promote corporate social responsibility (CSR) and to train corporate officers to design, implement, evaluate and communicate their CSR programs. This year, the Thai government joined the many private companies who receive our CSR training, greatly extending the reach of CSR concepts and practices. The Vietnam Chamber of Commerce and Industry/United Nations Development Programme (UNDP) project in Vietnam is of particular importance, as it will incorporate CSR into the curricula of the business schools training the nation’s future business managers. I am particularly pleased that the private sector has seen the value of our education programs, and companies, including MSD Thailand (Merck), Microsoft, Boeing and Citi, have provided financial support and staff volunteers to help implement them.

I am grateful that USAID, the Thailand International Development Cooperation Agency (TICA) and the Kenan Charitable Trust continue to be key stakeholders for us, while USAID provided significant new funding to continue and expand K.I.Asia’s regional public health programs over the next five years. These programs will become even more important in the future as the region deals with the challenges of avian and pandemic influenza as well as the spread of drug-resistance. TICA has asked the Institute to study ways that Thailand can assist sustainable development in neighboring countries and the Kenan Charitable Trust continues to support sustainable tourism development efforts in Phang-nga.

While the world economy now seems on its way to gradual recovery, the last year has shown us that sustaining development is not easy, and there are always new lessons to be learned. We at K.I.Asia hope to continue to contribute to this learning process while supporting development in the region that is steady, well-balanced, and beneficial to all.

A handwritten signature in black ink, reading "Nitya Pibulsonggram". The signature is fluid and cursive, with a long horizontal line extending from the end.

Nitya Pibulsonggram
Chairman

History of the Kenan Institute Asia

K.I.Asia - Supporting Sustainable Development Based on Free Enterprise



Former Prime Minister Anand Panyarachun, K.I.Asia's founding chairman, and ACT donors

Established in 1996, the Kenan Institute Asia (K.I.Asia) has gained over a decade of experience and capability that has reinforced its founding belief that the development challenges facing Southeast Asia can be met through free enterprise mechanisms, boundary-spanning partnerships and practical expertise.

Established with support from the Thai government, the US Agency for International Development (USAID), the William R. Kenan Jr. Charitable Trust and the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina, K.I.Asia is proud that relationships with all four organizations are closer than ever.

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

Soon after K.I.Asia was established, the region was hit by the 1997 financial crisis. The Institute 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 50 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 projects in areas such as education, community development and entrepreneurship.



Youth leadership training



Business training for microenterprises

In 1999, the U.S. government provided K.I.Asia with a cost-shared grant to manage a program of economic recovery and reform called Accelerating Economic Recovery in Asia (AERA).

Over the ensuing decade, K.I.Asia implemented a wide variety of development projects, including:

- customized banking training for 2,000 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.
- more than 30 partnerships between U.S. and Thai organizations that raised the standards of business practices, accounting, dispute resolution, bankruptcy adjudication, auditing and ethics.
- business consulting and training assistance to more than 300 small and medium-sized companies, 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.
- training for secondary school teachers on using information technology to raise the quality of their teaching.
- training to assist company executives to better implement corporate social responsibility.
- a program that included partnerships with the private sector to help the region prepare for an influenza pandemic.
- facilitated the development of sustainable enterprise curriculum in Thai Universities with technical assistance from Kenan-Flagler Business School, University of North Carolina at Chapel Hill.
- technical assistance and training to woman's saving groups in Southern Thailand after the 2004 tsunami.
- provided small grants to strengthen environmental NGOs.
- trained municipal managers on method for financing and managing water, waste water, and solid waste infrastructure.



Technical assistance and training to a women's savings group in Southern Thailand



Conducting inquiry-based education

Today, K.I.Asia employs the expertise and experience gained during its first 13 years to support sustainable development throughout Southeast Asia. Projects in 2009, funded by USAID, the Kenan Charitable Trust, the Asian Development Bank, the Royal Thai Government, the United Nations Development Programme and corporate donors such as MSD Thailand (Merck), Microsoft, and Citi, have allowed K.I.Asia to extend development expertise to Southeast Asia and strengthening economies, communities, the environment and the quality of life.



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Innovative Education

Perhaps the greatest long-term investment in sustainable development a country can make is in its youth through continuing investment in education and work force development. By equipping youth with leadership and creative thinking skills, technical and business knowledge, and combining it with social and environmental awareness, K.I.Asia is training the youth of today to be the socially responsible community and business leaders of tomorrow.

Building Employability Through Technology and Entrepreneurship Resources (BETTER)

Microsoft Thailand, the Thailand Department of Skills Development (DSD) and K.I.Asia teamed up to develop entrepreneurship and IT skills for unemployed and disadvantaged workers. These skills help workers to secure better jobs. The three-year BETTER project was launched on May 1, 2009 to highlight remarkable public-private efforts in partnering for sustainable development.



MOU Signing for BETTER project on 1 May 2009

Microsoft Thailand contributes funding and its IT curriculum, called Unlimited Potential, for DSD to use in 77 centers located nationwide as well as provide access for DSD trainers and Thai workers to Microsoft's Digital Literacy. In addition, Microsoft engages recruitment services and telecommunication partners to link workers with job resources by using mobile messaging technology. DSD provides trainers, who learn to use K.I.Asia's entrepreneurship curriculum and Microsoft's UP curriculum. These DSD trainers then provide training using these standard curriculums to disadvantaged workers in each of the DSD centers.

K.I.Asia manages the BETTER project and designed the entrepreneurship curriculum, which uses an "activity-based" approach with easy-to-use business templates based on Microsoft software. BETTER is already building a sustainable public-private partnership model that uses technology to increase job opportunities for Thai workers.

Intellectual Property Rights (IPR) Curriculum

K.I.Asia and the Thai Department of Intellectual Property (DIP), Ministry of Commerce, are working to develop the IPR curriculum, which will be adopted by the Basic Education Commission (OBEC) and the Vocational Education Commission (VEC) to be implemented in schools nationwide. K.I.Asia manages the project, conducts research on best practices in teaching IPR, organizes road shows to build an awareness of IPR education, delivers training for teachers and monitors teaching in the schools.

The project was piloted in Phang-Nga, Khon-Kaen, Chiang-Mai, Chantaburi and Bangkok. To date, K.I.Asia has trained 104 teachers from 20 basic education schools and 40 vocational schools. Currently, K.I.Asia is collecting feedback on the implementation, which will be used to improve the curriculum before it is revised and presented to DIP, OBEC and VEC at the end of the project.



A simulation on IPR curriculum implementation at Takuatoong Ngamtavee school in Phang-Nga

MSD IN-STEP

Thailand has made the enhancement of its science and technology competitiveness a high priority. The MSD Inquiry-based Science and Technology Education Program (MSD IN-STEP) project was designed to meet this need and contribute to raising the quality of science education in Thailand.

MSD Thailand, in partnership with the Ministry of Education's Office of the Basic Education Commission (OBEC), the Institute for the Promotion of Teaching Science and Technology and K.I.Asia, launched the MSD IN-STEP program in March 2007. The program was piloted in Phang-nga and the model was enhanced for expansion.



Teachers work on an inquiry lesson at the Professional Development Workshop under MSD IN-STEP



MSD IN-STEP: MOU signing at the Ministry of Education by Mr. Paisal Wisakporn, the representative of Office of the Permanent Secretary; Dr. Pompun Waitayangkoon, IPST; Mr. Suchat Wongsuwan, OBEC; Assoc. Prof. Dr. Vichai Vanadurongwan; Dr. Kittima Sriwatanakul, Associate Director MSD (Thailand) Ltd; and Mr. Piyabutr Cholvijarn, Vice Chairman of K.I.Asia

MSD IN-STEP has successfully established a coherent science education model to help teachers improve their teaching. The model includes well-designed teaching and learning materials for teachers and students, professional development for trainers and teachers and mentoring for teachers who need support. MSD IN-STEP started its second three year phase this year, which aims to complete a full-cycle of program implementation, advocate for policy reforms in Thailand and transfer the IN-STEP model to the Ministry of Education (MOE) for implementation in other provinces.

To date, more than 120 teachers have been trained and are delivering the new science curriculum to thousands of students in 52 lower secondary schools in Phang-nga.

"Though I was born in Phang-nga and am familiar with local natural resources, the IN-STEP camp taught me how we can explore and observe our environment. Facilitators and MSD volunteers are so friendly. They help me learn a lot by using the kind of 'What' and 'Why' questions to lead me and my friends to think, express our thinking, and present. My experience in observing the sky at night with Professor Nibondh Saibejra was exciting. Before this I never thought that science could be so amazing." Sarochin Petkaew, Mattayom Suksa 2 student of Tub Put Wittaya School.

Youth Leadership Program

In 2009, following the success of K.I.Asia's youth leadership activities implemented by 13 schools in Khon Kaen, a Money-Wise Young Entrepreneur Workshop in Khon Kaen was organized for nine schools by youth leaders in the same network. With the support of K.I.Asia, Khon Kaen Provincial Administrative Organization and Khon Kaen University's Science Park, a total of 120 students learned the basic concepts of entrepreneurship and the sufficiency economy. Under K.I.Asia's supervision, twelve students from Khon Kaen University (KKU) were trained in coaching skills and served as mentors for the participants.

K.I.Asia also supported the Buddhism and Traditional Club's Student Volunteering Camp in Udon Thani province. For the past three years, approximately 30 university students have organized annual camps for 120 disadvantaged junior high school students. The camps focus on ethical issues in Buddhism, such as moderate lifestyle, self respect, and community service.

Looking back - Student Leadership Program

We are very proud of Mongkol Sarakam, one of the 20 youth leaders who joined K.I.Asia's Student Leadership Program in 2002 when he was in Grade 10. The three-year program not only provided him with a scholarship and mentoring, but also built up his leadership skills. This helped him attain a bachelor's degree in Environmental Science from Khon Kaen University. After graduation, K.I.Asia invited him to be the field coordinator in Phangnga, responsible for the MSD Inquiry-based Science and Technology Education Program (MSD IN-STEP). Working in the Materials Resource Center, he organized Science Camps in Phangnga and Nakorn Si Thammarat provinces, and ran the project's star lab and bird watching activities. He also shared his personal experience in community education service with camp participants.



Mongkol Sarakam (left) during his youth leadership camp in year 2002

ASEAN Business Awards

At the Association of Southeast Asian Nation (ASEAN) Business and Investment Summit's gala dinner on 27 Feb 2009, the ASEAN Business Advisory Council (ASEAN-BAC) announced the winners of the ASEAN Business Awards (ABA) 2008. The aim was to recognize outstanding companies that substantially contribute to ASEAN's economic growth and prosperity as well as showcase promising ASEAN SMEs with the potential to be the global players. The winners included; Alliance Global Group Inc. from the Philippines (Growth Large), Martha Tilaar Group from Indonesia (Innovation Large), Keppel Offshore and Marine Ltd. from Singapore (Employment Large), the Bangchak Petroleum Public Company Limited from Thailand (CSR Large), Cherie Hearts Group International Pte Ltd from Singapore (Growth SME), Pewter Art Trophy Manufacturers Sdn Bhd from Malaysia (Innovation SME), Network Express Courier Services Pte Ltd. from Singapore (Employment SME), and Wongpanit Garbage Recycle Separation Plant from Thailand (CSR SME).



ASEAN Business Awards presentation to the 23 finalists by Mr. Anand Panyarachun

As a strategic partner for the awards, K.I.Asia helped to conceptualize the ABA framework and assisted the ASEAN-BAC in the implementation of the program. K.I.Asia analyzed the information provided by the 110 nominees and short-listed the top companies for interviews. The final decisions based on K.I.Asia's analysis were made by an independent judging panel comprised of top business leaders, economists and academics from ASEAN countries.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an important factor in corporate sustainability. Business performance is no longer measured only by financial achievement but also by the way that business contributes to the well being of society. Over the last five years, our CSR consulting team has worked side by side with corporate executives to improve corporate CSR practices in Thailand and the GMS region. K.I.Asia has also promoted good corporate citizenship in accordance with the upcoming ISO 26000 standard.

CSR Training

K.I.Asia's team of CSR professionals builds the capacity of corporate managers in CSR, providing them with practical knowledge that can be adapted to their own corporate situation.

In 2009, the CSR team conducted four public CSR training courses. Three of these courses, "Building Community Involvement Programs for Success", "Strategic CSR from Talk to Action", and "CSR Evaluation and Measurement", have been provided for the past three years. This year, the CSR team launched a fourth course called "Communicating and Branding CSR". K.I.Asia also organized in-house trainings for PTT Exploration and Production and Mitsubishi Heavy Industries, covering "CSR Monitoring and Evaluation Techniques" and "Embedding the CSR Concept and Implementation".



Strategic CSR from Talk to Action training

Since 2004, K.I.Asia has trained over 300 senior managers from major firms such as the Electricity Generating Authority of Thailand, PTT, Coca-Cola, Kiatnakin Bank, Siam Commercial Bank, Dhipaya Insurance, Unilever, Siam Cement Group, Chevron (Thailand), Toyota and IBM.

WE (Worldwide Enhancement of Social Quality)



K.I.Asia's social audit expert conducting a technical workshop in Thailand

K.I.Asia, in collaboration with Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and Tchibo, began a pilot project for the social qualification of the suppliers of non-food articles in China, Bangladesh and Thailand. The project will permanently improve working conditions at Asian supply companies. K.I.Asia's social audit expert conducted local training, technical workshops and factory visits in Laos and Thailand. In addition, K.I.Asia continued to conduct labor auditing according to Worldwide Responsible Product Accreditation (WRAP) at more than 50 factories in Malaysia, Cambodia, Laos, Singapore and Thailand.

Building an Effective Corporate Employee Volunteer Program



Corporate Employee Volunteer Workshop participants

K.I.Asia implemented the “Empowering Good Corporate Citizenship Through Building Effective Corporate Employee Volunteer Program”, a project funded by the Moral Center in the Office of the Thai Prime Minister. The project’s key objective was to build the private sector’s capacity to implement CSR activities during the economic crisis through low-cost employee volunteer projects. Through this project, corporate employees at 16 companies; Ayudhya Capital Auto Lease, Bangchak Petroleum, Dhipaya Insurance, DuPont, Kiatnakin Bank, KONE Thai Lift, Pig Family, Pranda Jewelry, Pure Biodiesel, Ratchaburi Electricity Generating Holding, Swift, TISCO Financial Group, Toshiba Thailand, Wonder World Products, Golden Cream and Total Access Communication (DTAC), together with their business partners and family members, volunteered on a number of socially responsible programs.



Brainstorming session among the participants during the training

During this four-month project, K.I.Asia provided training and implementing tools, helped track volunteer activities and assisted companies in designing activities that provided benefits both internally and to society. As a result, companies succeeded in: 1) Establishing working groups to mobilize volunteers and put volunteering plans into action; 2) Identifying CSR and employee volunteering strategies and plans; 3) Developing programs that focused on environmental and social benefits; 4) Re-designing products and services to be more environmentally friendly and socially responsible; and, 5) Incorporating moral responsibility and the sufficiency economy philosophy into the design and implementation of CSR projects.

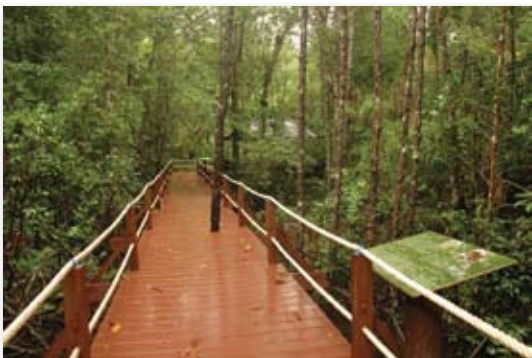
“This corporate employee volunteering project that the Moral Center and Kenan Institute Asia have put together has proved that employee volunteering is the way we can give back to our community and develop our people and our business at the same time.” Bunlue Sripodok, Managing Director, Pure Biodiesel Company Limited

Sustainable Tourism Development

Sustainable tourism development provides economic benefits for local community members while simultaneously protecting the environment, maintaining local culture and providing opportunities for local participation in development. Since 2005, K.I.Asia has promoted this type of tourism as a mechanism to drive the sustainable development of coastal communities in southern Thailand hit by the tsunami. K.I.Asia's work involves participation from local communities, businesses, tourists and governments. The K.I.Asia approach to tourism development is a powerful tool for protecting important natural sites, providing economic benefits to local communities and marketing key tourism centers to improve the competitiveness of tourism destinations. K.I.Asia's ability to provide this variety of skills in an integrated manner has led to success. Building from the Tsunami Recovery Action Initiative (TRAII) funded by the William R. Kenan, Jr. Charitable Trust, K.I.Asia is partnering with a number of funders and partners, including the UN World Tourism Organization (UNWTO), Thailand's Ministry of Tourism and Sports, the Phang-nga Governor's office, Phang-nga Tourism Association, Ministry of Education, the European Union and the Lam Kaen Tambon Administration Office.



Phang-nga Vice Governor, Taplamu school principal and K.I.Asia representatives at the walkway



Repaired mangrove walkway behind Taplamu school

In 2009, K.I.Asia focused on building the capacities of local communities to manage community-based tourism, facilitating relationships between community members and tourism businesses, and providing tourism businesses with valuable market information. To help sustain these efforts, Mr. 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 Parajchatantublamu School.

The nature trail was repaired to provide students and visitors opportunities to learn about the mangrove forest eco-system. With the walkway serving as a nature study center for students and interested individuals, knowledge of nature and biodiversity is expected to increase, resulting in improved environmental conservation.

In the summer of 2009, 18 student interns from the University of North Carolina at Chapel Hill formed six multi-functional teams to implement sustainable tourism projects. The students represented the Kenan-Flagler Business School, the School for Regional Planning, the School of Liberal Arts and the Medical School. The interns worked with local entrepreneurs and other stakeholders to conduct a wide range of activities including:

- Developing a preliminary sustainable tourism master plan for Phang-nga.
- Training youth entrepreneurs on business plans and marketing.
- Planning tourism information centers in Phang-nga.
- Conducting a tourism value chain analysis for Khao Lak tourism.
- Developing marketing plans for two off-season events including World Water day and the Andaman Music Festival.



University of North Carolina at Chapel Hill interns

- Promoting the concept of universal access for disabled and senior tourists.
- Developing marketing materials and building capacities for community-based tourism.

The TRAI efforts support 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.

Sustainable Tourism Management Planning

K.I.Asia and the UNWTO continued to implement the “Developing Sustainable Tourism in Phang-nga, Thailand” Program. This program implemented model projects in Tai Muang/Lam Kaen and Kor Khao Island in collaboration with the Thailand’s Ministry of Tourism and Sports, Tai Muang National Park and local communities and businesses. The project’s overall goal is to improve understanding of the connection between biodiversity and tourism and thus enhance sustainable tourism development along the Andaman coast.

With financial support from the Federal Government of Germany, K.I.Asia and its partners built the capacity to develop tourism following the Convention on Biological Diversity (CBD).

K.I.Asia organized capacity-building workshops on sustainable tourism and biodiversity conservation for local experts and stakeholders. The project emphasized communication with stakeholders and the use of a participatory process. The early involvement of all stakeholders generated a feeling of ownership on the part of local authorities and stakeholders. Tourism management plans were developed through a consultative process between the public and private stakeholders. The plans deal with ecosystems, land use planning, tourism development, community development, culture and traditions.



A nature trail at the Khao Lam Pee – Had Tai Muang National Park was completed in January 2009

Meet a TRAI Client

Mr. Jirawat Krutsungwan

Deputy Chief Executive of the Lam Kaen Tambon Administrative Office and Chairman of Baan Lam Kaen Eco-tourism

Mr. Jirawat Krutsungwan, a key local leader, is helping to establish the “Tai Muang Ecotourism Association”. This association is supporting the model project in Lam Kaen/Tai Muang initiated by the UNWTO and K.I.Asia. The Lam Kaen TAO is planning to become a municipality with a tourism department to promote and manage tourism in the area, which is rich with natural and cultural attractions.

Mr. Jirawat explained that with expertise and a tourism database provided to the association, the TAO will be better positioned to make the most of their existing resources as well as to prevent degradation. He expects the community to be able to accomplish sustainable tourism development activities outlined in the tourism management plan designed with K.I.Asia assistance.

The realization of the province’s vision to be a leading ecotourism destination requires successful collaborations such as this effort led by Mr. Jirawat, in collaboration with government, community and private organizations.



Mr. Jirawat Krutsungwan (left) participates in a community-based tourism activity

Tourism Development Plan Project

K.I.Asia, in collaboration with the Thai Ministry of Tourism and Sports, kicked off a six-month project developing plans to promote tourism destinations in nine southern Thai provinces in August 2009. K.I.Asia organized workshops in the south to gather input from local tourism authorities, experts and communities on how to develop a rational tourism plan. In addition, the research team conducted site surveys of tourism destinations in the target provinces and identified potential tourism areas.

TRAI Student Entrepreneurs

The Science and Local Wisdom Project is an activity under the Student Entrepreneur portion of K.I.Asia's Tsunami Action Recovery Initiative (TRAI) in Phang-nga with support from the Kenan Charitable Trust. Students participating in the program learn to tap into external expertise and apply their critical thinking and analytical skills to solve local problems. The project offers opportunities for local students to learn traditional arts and crafts and contribute to family income.

The project started with a two-day Science and Local Wisdom camp to provide students and teachers with a basic understanding of how to apply the scientific process to the local context. After the camp, students submitted project proposals to K.I.Asia for grants. Six groups implemented the projects for one semester and then exchanged lessons learned. The groups wrote project proposals to strengthen their groups with the objective of creating responsible young entrepreneurs prepared to serve the tourism market.



Students play traditional musical instruments

Through group activities, field trips and role playing, students were trained in leadership, creative thinking and working as a team. They also developed skills in planning, project management, business opportunity assessment, cost and income calculation, marketing and business ethics. The students were encouraged to write project proposals to support their club activities.

Students were tested on the skills that they had learned as they planned for new businesses. The student business ideas included opening a flower shop selling both fresh and community-made artificial flowers, providing laundry service for hotels, selling exotic fruit juices to tourists and opening a copying shop. K.I.Asia also built the capacities of Thai Dance and Handicraft youth groups. K.I.Asia identified seven Phang-nga student groups with the potential to earn extra income by arranging traditional dances and selling locally made products. K.I.Asia trained the students on leadership and basic business skills.

Looking Back . . .

Amazing Phang-nga Day - Green Forever

K.I.Asia joined the Phang-nga Provincial Office and Phang Nga Tourist Association to co-organize Phang-nga's 3rd Annual Festival, "Amazing Phang-nga 2009 – Green Forever". The festival in November featured entertainment, cultural shows, an exhibition of tourist attractions and water sport competitions. On sale were local handicrafts and a vast variety of seafood from resorts in Khao Lak. Tha Din Dang promoted its one day village tour. Villagers from Koh Nok, another village in the TRAI program, promoted their home stay and tour packages at the fair. The K.I.Asia-supported Pu Nga community shop also displayed community products to promote the shop. K.I.Asia has helped these community groups to improve management, product development and marketing.



Rong-ngeng dance performance

Entrepreneurship, Business and Economic Development

Kenan Institute Asia (K.I.Asia) has successfully built the capacity of SMEs and entrepreneurs, as well as government agencies, microfinance institutions and organizations supporting SMEs, for over a decade. Our team of business advisors has developed targeted, customized programming that is being utilized to assist SMEs to ensure their success. K.I.Asia's specialized entrepreneurship programming has been designed to build and support existing and potential entrepreneurs from any background and educational level through project management, consulting, and training programs. K.I.Asia has also developed specialized training and research tools to assist microfinance institutions, government agencies and business organizations supporting SMEs and entrepreneurs, and to ensure effective economic development.

EU SME FTA Enhancement Program

In March, K.I.Asia began a 16-month research and communication project to assess the possible impacts on Thailand of the proposed ASEAN-EU free trade agreement (FTA). The project provides a basis for public, business, and government discussions on possible mitigation strategies. The study, entitled "Thailand-EU SME FTA Enhancement Program" is supported financially by the European Union (EU). Ultimately, it is hoped that this project will facilitate measures to improve trade and investment flows between the EU and Thailand.

The research seeks feedback from academics, NGOs, government officials and the managers of small and medium-sized enterprises (SMEs). Included in the program are interviews, desk research, and seminars. In the first activity, K.I.Asia organized a seminar for academia, industry associations and SMEs in the tourism, logistics, and leather sectors. The seminar allowed the participants to voice their concerns and opinions on the possible impact of the FTA on SMEs, as well as propose ways to mitigate any negative consequences. SMEs are particularly vulnerable to disruption in trade flows, and some fear the FTA may worsen this. However, K.I.Asia's initial research and seminar results show that SMEs in certain sectors, such as those in the automotive and auto-parts, metal, electrical appliances and electronics, and ICT services industries, should actually benefit from the FTA. Furthermore, the FTA should have little impact on the logistics sector, as it already has a large foreign presence due to BOI promotion, which allows foreign businesses to hold up to 100% of the shares in a logistic company. At the end of the project, K.I.Asia will provide policy recommendations to the government and the EU on how SMEs can better adjust themselves to the coming FTA.



Mr. Samuel Cantell, First Secretary of the European Commission Delegation to Thailand (third from the right), opened "Thailand-EU SME FTA enhancement program" seminar

Looking Back...

Promoting Thai Franchises in overseas markets

In 2006, K.I.Asia won a grant from the Department of Business Development in the Ministry of Commerce to promote more than 20 high potential Thai franchises to overseas markets. One of these businesses was "Wongpanit Garbage Recycle Separation Plant—Thailand's leading recycling factory. Founded in 1974 by Dr. Somthai Wongcharoen with an initial capital of only US\$25, Wongpanit continues to grow and thrive. In 1989, Wongpanit opened Thailand's first garbage recycling separation plant with a capital of over US\$1.25 million and 120 employees.

In 2006, Wongpanit joined the Global Franchise program managed by K.I.Asia. Under the program, a number of Wongpanit's staff were trained on international management. Wongpanit joined business matching activities set up by K.I.Asia in Lao PDR, Vietnam, Indonesia and Malaysia. Since then, Wongpanit has expanded to 160 franchises all over Thailand, and a special branch in Vientiane, Lao PDR.

Thailand's Best Practices and Lessons Learned Publication

To enhance Thailand's contribution to south-south cooperation, the United Nations Development Programme (UNDP) and the Thailand International Development Cooperation Agency (TICA) supported K.I.Asia in the creation of a publication on Thailand's development experience and expertise entitled "Thailand's Best Practices and Lessons Learned".

The publication provides an overview of Thailand's expertise in: 1) Agriculture and rural development, 2) Development to support a sufficient economy, 3) Public health, 4) Community-based economic development, 5) Natural resources, environment and energy, 6) Tourism, and 7) Human resource development. In particular, King Bhumibol's "sufficiency economy" philosophy, which emphasizes moderation, appropriate technology, careful management of risk, and flexibility in dealing with change, has proved an especially important tool in Thailand's development. The publication will serve as a guide for identifying strategic development cooperation and south-south cooperation projects and activities with Thailand's partner countries and agencies.

The ASEAN Economic Community (AEC) Project

The ASEAN Economic Community (AEC) project, initiated by the Department of Trade Negotiation, Ministry of Commerce, supported by the Industrial Estate Authority of Thailand (IEAT) and managed by K.I.Asia, aims to provide knowledge and create an understanding of the ASEAN Economic Community, scheduled to be established by 2015. The project's main mission is to organize eight seminars in Bangkok and other main cities around Thailand, such as Rayong, Kanchanaburi, Songkla, and Chiang Mai. With one seminar remaining, over 2,000 investors and business owners have already participated.



Commerce Minister, Mrs. Pornpita Nakasai meets the press at the 5th seminar in Bangkok

Economic Contributions of Thailand's Creative Industries



Deputy Commerce Minister, Mr. Alongkorn Ponlabout, at the IPR seminar in Bangkok

K.I.Asia and the Fiscal Policy Research Institute (FPRI) are working together to measure the economic value of Thailand's creative industries and promote awareness of the importance of intellectual property rights. The project, conceived in 2008, was already underway when the government announced its policy to promote the "creative economy."

In the first part of the project, FPRI used an updated input-output table for nine creative industries to assess their value to the economy. The selected industries were furniture, printing and publishing, pharmaceuticals, jewelry, research, movies, theaters, radio and television and information technology. The study showed that these industries are directly responsible for over 10% of Thailand's gross domestic product. In addition, the study found that the creative industries

also have significant secondary and tertiary impacts that help generate income and improve competitiveness in other sectors of the economy. The study also covered the impact of intellectual property rights violations on the creative industries.

Cluster Training

Cluster training is a capacity building project for the Ministry of Industry's provincial officers. It aims to increase their understanding of cluster concepts and practices, and how such concepts can enhance the competitiveness of industries in their provinces. The project has been implemented through training and consulting. Target beneficiaries are 525 officials working in 75 provincial offices. Each official is provided with three days of training, one day for those at the management level and two for operational officials. After the training, each office has two to three months to work on a cluster survey, update its database, and develop a strategic plan for their province. K.I.Asia continues to work with the officials on the cluster mapping databases and strategic plans.



Cluster training in Chiang Mai

New Entrepreneurs Creation (NEC)



Participants at an NEC Training

K.I.Asia, with funding support from the Department of Industrial Promotion, held four business training classes in 2009 for the Ministry of Industry's New Entrepreneurs Creation project. K.I.Asia delivered two, 13-day training courses in business fundamentals on weekends for aspiring entrepreneurs and SMEs. Nine business modules, including marketing strategy, financial/accounting management, organization management, and business planning were delivered to more than 140 participants in 96 hours of training. The K.I.Asia team enhanced the learning experience by arranging site visits to successful businesses. A total of 33 new entrepreneurs emerged from the training to start or expand their businesses.

Looking Back... Entrepreneurial Success

Khun Poon Nilchareon

After graduating with a bachelor's degree in architecture, Mr. Poon Nilchareon worked as a fiber glass product designer in a private company. Recognizing the business opportunities in producing fiber glass furniture, he established his own furniture manufacturing company called 108 CREATION. Since Khun Poon lacked essential business knowledge, he decided to apply to the Department of Industrial Promotion's NEC training program organized by K.I.Asia. During training, he learned to market his products and to develop a much more diverse product line, including furniture, parts for medical equipment and weighing apparatuses, masks, mascots, and floating art designs. His products show innovative, eye-catching designs. As a result of better marketing, his sales have increased by 50%. He further increased his productivity 20% through the improvement of his raw materials supply, stock management system, and cost analysis.



Fibers glass chairs created by Khun Poon

Citi Financial Skills Capability Building for SMEs



Citi volunteer, Pavin Rodloytuk (Retail Banking Director), shares expertise with SME executives

In 2009, Citi Thailand and K.I.Asia completed the first phase of the City “Financial Skills Capability Building for SMEs in Thailand” program and began Phase II, including developing and executing a comprehensive strategy for financial management capacity building and training for Thai SMEs. This effort has now upgraded the corporate finance capabilities of approximately 300 Thai SME participants.

The program offers SME participants a core four-day certification program, customized in-house seminars, and tailored capacity building and consultancy services. The core study program consists of two class curriculums, “Principles of Corporate Finance” and “Advanced Principles of Corporate Finance”.

By the time participants complete the course, they are comfortable with the functions of cash flow management, credit and collections, the cost/profit/volume relationship and business ratios, as well as areas of finance specific to their company needs.

“The training has broadened my entrepreneurial mindset to cope with the economic changes in various perspectives, especially basic financial management. In addition, this course provides basic knowledge that SMEs ought to know.” Khun Kanokpoj Luength-eeranart, a participant in Financial Skills Capability Building for SMEs training.

Citi At-Risk Women Financial Literacy Training

As a financial institution, Citi Thailand is all too aware of the dangers, both financial and physical, of turning to the informal lending sector to help meet household needs or cover emergency expenditures. Sadly, the people most likely to borrow from loan sharks are poor women with uneven income flows – often high one week and low the next. With few financial life skills, these women have the daunting task of deciding when to save and how to borrow to keep their households running.

In 2009, Citi Thailand and K.I.Asia launched a new pilot program to help at-risk women, especially poor slum women and women working in the nightlife industry, better manage their uncertain finances.



Pongpon Thubdimphun, Program Manager-Financial Advisory Services, conducts training for at-risk woman

Working in cooperation with Citi volunteers, K.I.Asia designed an innovative program to meet the difficult task of teaching financial literacy to these women. During the pilot year, 90 at-risk women received instruction in financial life skills’ concepts through a highly interactive learning process based on small groups and game play. The program included exercises tailored to their educational and income levels - be they women with low incomes, sporadic income, or high incomes for short durations.

Topics covered included key issues such as reducing household expenses and debt, understanding wants vs. needs, saving for future needs, and the real costs of borrowing money. A special publication with simple savings tips was also produced based on issues raised by the women during training.

Sangdao, one of the trainees, said she would use her new financial knowledge to better manage her finances. She plans to separate her spending into two categories: planned necessity spending and impulse spending. She admitted that prior to taking the course, she spent most of her money on impulse buys to satisfy immediate needs - for example, buying luxury goods when income was high and resorting to borrowing when her income was down.

Sangdao said she plans to put aside a fixed amount for savings every month before making purchases. In addition, she plans to create and follow a simple budget based on advice highlighted in a Citi savings and budgeting booklet. She added that managing her income more wisely will help her to more quickly realize her dream of opening a shop in her home town.

The ASEAN Competitiveness Enhancement (ACE) Project



www.southeastasia.org website to promote ASEAN tourism

K.I.Asia continued its role as a key subcontractor for the ASEAN Competitiveness Enhancement (ACE) project, under a USAID program for the Association of Southeast Asian Nations (ASEAN). The K.I.Asia team worked with the prime contractor, Nathan Associates, to promote efforts to better integrate the ASEAN textile and apparel sector, as well as the ASEAN tourism sector.

This past year, ACE initiated the Source ASEAN Full Service Alliance (SAFSA) Program to form up to 20 virtual vertical factories. Each virtual factory is comprised of a supply chain partnership between an ASEAN textile mill and a garment factory that can provide the full range of services required by a global customer. In tourism, ACE developed an ASEAN Tourism Marketing Strategy, endorsed by the ASEAN Tourism Association

(ASEANTA) and ASEAN national tourism organizations, which will use the tagline "Southeast Asia: feel the warmth" in the marketing campaign. At the heart of the campaign will be the www.southeastasia.org website, which will incorporate the Wego meta-search engine, a trip planner and an interactive map that will allow online booking of airline tickets, hotels, tours and other services.

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 2009, K.I.Asia strengthened 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 countries.

From Malaria Control to Elimination

In 2009, K.I.Asia continued its decade-long, USAID-funded project to deal with multi-drug resistant malaria in Thailand's border regions. It assisted operations of the national sentinel surveillance system assessing the therapeutic efficacy of the front line



Taking a blood sample from a Burmese rubber tapper to diagnose malaria

drugs used to treat malaria. Results of the studies led to changing to a new combination drug treatment regimen on the Cambodia-Thailand border, where artemisinin-resistant parasites have been detected by the sentinel surveillance system.

The Phuket Provincial Health Office (PPHO) implemented a pilot project on malaria pre-elimination in 2009 with support from K.I.Asia. Activities included active case finding and treatment in malaria infected areas and an entomological study of the malaria vector. A total of 4,000 long-lasting, insecticide-impregnated mosquito nets were procured and delivered to the PHO for distribution to at-risk populations in malaria-prone areas. An evaluation by the Malaria Association of Thailand reported that after 12 months of implementing initial activities, the PPHO reduced the annual parasite incidence rate by 56%, and reduced locally acquired infections by 91%, effectively breaking the chain of transmission from imported cases to indigenous cases.

K.I.Asia supported and co-organized with Thailand's Bureau of Vector-Borne Disease (BVBD) a national workshop for developing a strategic framework for elimination of malaria in Thailand. Working group sessions for 87 malaria and health officials resulted in identification of interventions, obstacles, solutions and resource needs. Based on these results, BVBD will formulate a plan to shift the national strategy from malaria control to elimination in 2010.

Building Capacity for Response to Avian and Pandemic Influenza

With USAID support, K.I.Asia organized and facilitated 15 joint cross-border simulation exercises to enhance preparedness and response to avian and pandemic influenza at nine "twin-province" border sites involving 18 provinces of Cambodia, Lao PDR, Thailand and Vietnam. During these exercises, procedures were tested for response to scenarios of patients infected with avian influenza seeking medical care at a hospital in a neighboring country, and for coordinated response to an influenza pandemic. Results included new standard operating procedures and flow charts, knowledge about the preparedness of each site, agreements on how to respond to outbreaks, setting up rapid response teams and improved capacity to conduct joint exercises.

K.I.Asia co-organized, with the Asian Development Bank, a regional workshop that brought together central and border province officials responsible for human and animal health and quarantine from five strategic cross-border sites. More than 80 officials from Cambodia, China, Laos and Vietnam participated in the workshop. This resulted in a menu of activities proposed by cross-border sites and a three-year framework for action for cross-border collaboration on communicable disease surveillance and response among the participating countries.



Health officials test quarantine procedures at a checkpoint on the Thai-Cambodian border

Looking Back...

Working with the Private Sector to Control Avian Influenza (AI)

In one of six collaborations with the private sector on public health, K.I.Asia worked with Total Access Communication (DTAC), one of Thailand's leading mobile phone companies, to improve communication to farmers on the threat of avian influenza (AI). As part of a USAID-funded project, the collaboration also included I.N.N. Press Thailand Co., Ltd., The Sam Nuek Rak Ban Kerd Foundation, and the Department of Livestock Division (DLD). The project integrated AI preparedness and prevention efforts into DTAC's community development work in 20 provinces. The project offers information on good agricultural practices and disease prevention to Thai farmers. A free access hotline number for SMS and voice messages and radio airtime in 20 provinces were used to disseminate AI information and disease surveillance reports. Key messages on AI prevention in animals and humans were broadcast by radio and SMS messages, reaching approximately 2 million farmers who subscribe to the DTAC mobile phone service.



Press Conference on AI alert messages in Chinat Province

US Pharmacopeia Drug Quality and Information Program/Promoting the Quality of Medicines



Confiscated counterfeit medicines from the Thai-Cambodia border

The collaboration between the US Pharmacopeia (USP) and K.I.Asia continued into its third year. Since 2006, K.I.Asia has undertaken the Southeast Asia work of the USP Drug Quality and Information Program, which actively strengthens the pharmaceutical sector in 28 countries worldwide. In late 2009, a new program replaced DQI, but remained at K.I.Asia. In the new five-year program, K.I.Asia, USAID and USP will expand their efforts to combat substandard and counterfeit versions of medicines intended to treat life-threatening diseases such as malaria, HIV/AIDS and tuberculosis. Now called "Promoting the Quality of Medicines (PQM)", this effort will help assure the quality, safety and efficacy of medicines that are essential to USAID's priority health programs. It has already built capacity in national medicine regulatory agencies, assessed quality control systems in five countries, and provided equipment and training to four national laboratories. Progress continues with work expanding beyond anti-malarial to anti-retroviral, anti-tuberculosis, anti-viral and some antibiotic medicines.

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US Chamber of Commerce
United Nations Development Programme (UNDP)
United Nations World Tourism Organization (UNWTO)
United States Agency for International Development (USAID)
United States Pharmacopeia
University of North Carolina at Chapel Hill
William R. Kenan Jr. Charitable Trust

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 2009 and 2008, and the related statements of revenues and expenditures and changes in fund balance for the years then ended, and have reported thereon dated 8 January 2010 that the financial statements referred to above present fairly, in all material respects, the financial positions of Kenan Foundation Asia as at 30 September 2009 and 2008, 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 2009 and 2008, 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
8 January 2010

Kenan Foundation Asia Statements of revenues and expenditures For the years ended 30 September 2009 and 2008

	2009	2008
	Baht	
Revenues		
Donation income	70,627,224	80,730,373
Interest income	17,602,396	9,542,101
Other income	25,588,910	38,290,670
Total revenues	<u>113,818,530</u>	<u>128,563,144</u>
Expenditures		
Grants to projects	98,425,039	115,919,907
Administrative expenses	56,168,604	47,275,377
Total expenditures	<u>154,593,643</u>	<u>163,195,284</u>
Revenues under expenditures	<u>(40,775,113)</u>	<u>(34,632,140)</u>

Kenan Foundation Asia Balance sheets As at 30 September 2009 and 2008

	2009	2008		2009	2008
	Baht			Baht	
Assets			Liabilities and fund balance		
Current assets			Current liabilities		
Cash and deposits at financial institutions	16,297,383	35,783,640	Accrued expenses - UNC contract	2,620,599	957,334
Short-term investments	-	6,068,455	Accrued expenses and other current liabilities	<u>10,900,255</u>	<u>8,679,437</u>
Accounts receivable	4,017,355	8,210,221	Total current liabilities	<u>13,520,854</u>	<u>9,636,771</u>
Advance payment	314,586	1,151,407			
Other current assets	<u>2,422,282</u>	<u>5,736,704</u>	Fund balance		
Total current assets	<u>23,051,606</u>	<u>56,950,427</u>	Initial donation	500,000	500,000
Non-current assets			Unrealised gain (loss) on investment in available-for-sale marketable securities	1,271,904	(13,618,979)
Long-term investments	142,346,751	129,770,842	Accumulated excess of revenues over expenditures	155,924,532	196,699,645
Equipment	4,017,292	4,683,899	Translation adjustment	-	-
Other assets	<u>1,801,641</u>	<u>1,812,269</u>	Total fund balance	<u>157,696,436</u>	<u>183,580,666</u>
Total non-current assets	<u>148,165,684</u>	<u>136,267,010</u>	Total liabilities and fund balance	<u>171,217,290</u>	<u>193,217,437</u>
Total assets	<u>171,217,290</u>	<u>193,217,437</u>			

Kenan Foundation Asia Statements of changes in fund balance For the years ended 30 September 2009 and 2008

	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 2007	500,000	10,687	231,331,785	231,842,472
Changes in unrealised gain on investments in available-for-sale marketable securities	-	(13,629,666)	-	(13,629,666)
Revenues under expenditures	-	-	<u>(34,632,140)</u>	<u>(34,632,140)</u>
Balance at 30 September 2008	500,000	(13,618,979)	196,699,645	183,580,666
Changes in unrealised loss on investments in available-for-sale marketable securities	-	14,890,883	-	14,890,883
Revenues under expenditures	-	-	<u>(40,775,113)</u>	<u>(40,775,113)</u>
Balance at 30 September 2009	<u>500,000</u>	<u>1,271,904</u>	<u>155,924,532</u>	<u>157,696,436</u>

Note on additional assets: Under agreements established at its founding, the Kenan Foundation Asia has rights to an additional \$6.6 million in assets as follows:

- \$3.9 million held and managed by the Thailand International Development Cooperation Agency (TICA) in an account at the Government Housing Bank. Income from this account is transferred regularly to Kenan Foundation Asia.
- \$2.7 million held in a fund called the "Friends of the Kenan Foundation Asia Fund" managed as part of the Kenan-Flagler Business School Foundation Fund. Kenan Foundation Asia has the sole right to draw from this fund for expenses related to its programs and management, especially those in collaboration with the Kenan Institute of Private Enterprise.

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