

ANNUAL REPORT 2012



BUSINESS AND ECONOMIC DEVELOPMENT

CORPORATE SOCIAL RESPONSIBILITY

INNOVATIVE EDUCATION

PUBLIC HEALTH

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A weaver in Sakon Nakorn province who participated in Kenan's BEDO Indigo project.

MESSAGE FROM THE CHAIRMAN

Extending Expertise to the Region and Engaging the Corporate Sector.



"As K.I.Asia moves into 2013, we will continue our regional push and utilize our development expertise to strengthen Thailand and the region."

- Ambassador
Nitya Pibulsonggram
Chairman, K.I.Asia

AS K.I.Asia looks forward to entering its 18th year of operations, its mission to promote results-oriented, sustainable development in Asia is more critical than ever. Great progress has been made in the region, but as the 1997 economic crisis taught us, development done poorly is not sustainable. As we move forward as a region, K.I.Asia will work with its partners in the private, public and civil society sectors to ensure that the benefits of development are sustainable and reach all of its citizens.

In Southeast Asia we are seeing a resurgence of the importance of the private sector; this has led to more and better efforts to link development initiatives between government, the private sector and civil society organizations. The model of private sector development applied by K.I.Asia since 1996, when it was one of the few organizations that promoted the power of the private sector-development partnership, has now become mainstream. In some ways, K.I.Asia and its original development partners can view this significant re-alignment of the development model as a victory for our philosophy. However, in practice, much more work needs to be done. As such, K.I.Asia will continue with its efforts to bridge the private and public sectors to ensure development assistance is targeted, impactful and sustainable – linking corporate and societal needs to ensure better development. In particular, in 2013, we will be looking to develop partnerships with like-minded Thai companies to complement our multinational corporate partnerships and ensure that development resources are used effectively.

I am pleased to report that in 2012, K.I.Asia worked to expand its regional operations by registering its presences in both Lao PDR and Vietnam, with a goal of establishing permanent

office presences. K.I.Asia also began its first projects in Myanmar, with funding from the Thai government, to help build SME linkages between Thailand and Myanmar. K.I.Asia was also pleased to work on a number of initiatives to help strengthen the region. These included projects such as VALUE and MARKET, which are being implemented with US government funding to strengthen ASEAN. K.I.Asia also continued its close relationship with the Thai government in their efforts to promote SME development in the region, serving as the technical advisor to the Thai government for its upcoming role as the Asia-Pacific Economic Cooperation SME Working Group. K.I.Asia completed work on its USAID funded Greater Mekong Subregion-Responses to Infectious Diseases (GMS-RID) project this year, and began working on CAP Malaria, another USAID regional public health initiative to control malaria. As K.I.Asia moves into 2013, we will continue our regional push and utilize our development expertise to strengthen Thailand and the region.

The past year has also been a year of change at K.I.Asia with the retirement of long-time President and Executive Director Paul Wedel, the promotion of Richard Bernhard to take over Paul's responsibilities as Executive Director for the past year, and the recent addition of K.I.Asia's Vice Chairman, Piyabutr Cholvijarn, as President since October 2012. Everyone in the K.I.Asia family joins me in wishing Paul the best of luck in his retirement and in looking forward to working with Piyabutr and Richard in their new roles.

On behalf of K.I.Asia, I would like to conclude by thanking all of our partners in Thailand, the region and globally, who support our efforts and make our work possible.

A handwritten signature in black ink, reading "Nitya Pibulsonggram". The signature is fluid and cursive, with the first name "Nitya" being more prominent.

Nitya Pibulsonggram

EXECUTIVE COMMITTEE



Ambassador Nitya
Pibulsonggram

Mr. Piyabutr
Cholvijarn

Khunying Jada
Wattanasiritham

Mr. Charles
Blocker Jr.

Dr. John
Kasarda



Mr. Sivaporn
Dardarananda

Dr. Chadamas
Thuvasethaikul

Dr. Varakorn
Samakoses

Dr. Sarasin
Viraphol

Dr. Suvapud
Saicheua

Mr. Richard
Bernhard

BOARD OF TRUSTEES

Mr. Anand Panyarachun
K.I.Asia Founding and Honorary Chairman
Former Prime Minister of Thailand

Ambassador Nitya Pibulsonggram
K.I.Asia Chairman
Former Minister of Foreign Affairs, Thailand

Mr. Piyabutr Cholvijarn
K.I.Asia President and Vice Chairman
Former Deputy Minister of Industry, Thailand

Khunying Jada Wattanasiritham
Chairperson, K.I.Asia Finance Committee
Director, Siam Commercial Bank

Mr. Sivaporn Dardarananda
Director, Hydro and Agro Informatics
Institute

Dr. Varakorn Samakoses
Former Deputy Minister of Education,
Thailand

Mr. Isara Vongkusolkit
Chairman, Mittr Phol Sugar Corporation,
Ltd.

Dr. Sarasin Viraphol
Executive Vice President, C.P. Group of
Companies

Dr. Suvapud Saicheua
Managing Director, Phatra Securities PCL

Dr. Chadamas Thuvasethakul
Executive Vice President, National Science
and Technology Development
Agency

Dr. Woraphat Arthayukti
Chairman, Northern Gulf Petroleum Pte.
Ltd.

Mr. Augustine Vinh
President and CEO, Stellar Management
Corporation

Dr. John D. Kasarda
Kenan Distinguished Professor of Strategy
and Entrepreneurship at UNC Kenan-
Flagler Business School and Director of the
Center for Air Commerce at the Kenan
Institute at UNC

Ambassador William W. Itoh
Director, Washington International Program,
UNC at Chapel Hill

Ms. Joan Gillings
CEO, GF Management Company, LLC

Mr. Robert A. Wilson, Jr.
Senior Vice President, Wealth Management,
Morgan Stanley Smith Barney LLC

Mr. Charles Blocker, Jr.
CEO, Z-I Capital Partners Pte. Ltd.

Mr. Owen Gwyn
Chairman, GEOCORP

Ms. Virginia P. Kirkwood
Owner and Director, Shawnee Holding
Inc.

Dr. Peter Colclanis
Director, Global Research Institute, UNC
at Chapel Hill

Mr. Richard Bernhard (Ex-Officio)
Executive Director, Kenan Institute Asia

Mr. Piroon Laismit (Ex-Officio)
Director General, Thailand International
Development Cooperation Agency



Citi Foundation

citi

KIA
KIRITAN

VISION

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

MISSION

Promote results-oriented, sustainable development in Asia with an 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,

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 dedicated professionals with diverse backgrounds to contribute meaningfully to the improvement of the region's economic, social and environmental conditions.

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 world-class business consulting services as well as policy and evaluation consulting for government and multi-lateral agencies. Areas of special capability include: advising small and medium-sized companies and entrepreneurs, business planning, franchise market entry, integrated sustainable development master planning, sustainable tourism planning, corporate social responsibility (CSR) strategy and organizational development, business cluster and value chain development.

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, public health improvement and CSR. K.I.Asia has both the financial and management systems as well as the experienced people to assure project transparency and effectiveness.

TRAINING

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

RESEARCH

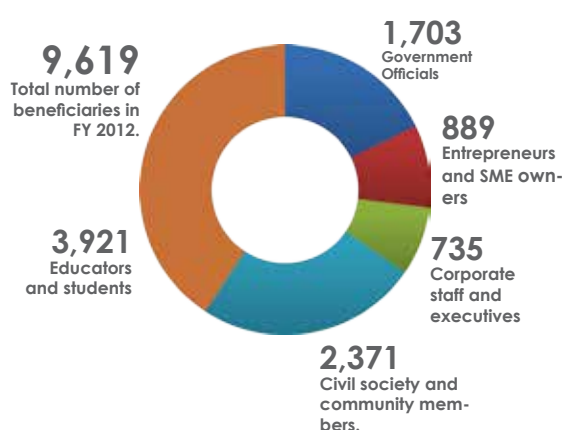
Practical development research useful in designing projects and policies, and developing case studies in areas such as sustainable tourism development, intellectual property rights, cluster development and CSR. Curriculum development is conducted for middle and secondary school, technical schools and universities in the areas of science, math, IT, intellectual property and CSR.

2012 AT A GLANCE

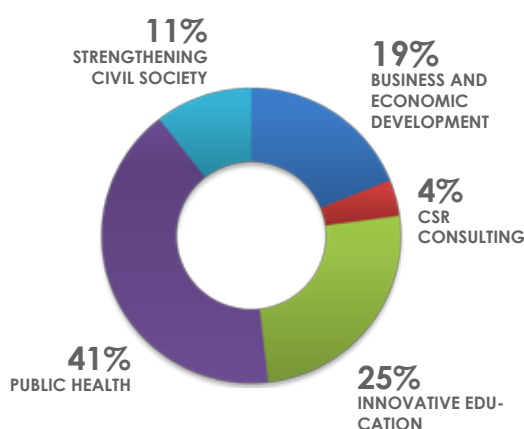
The Kenan Institute Asia in 2012 continued to follow through on its vision of becoming a regional leader in providing sustainable development services. This year, K.I.Asia impacted the lives of some 9,619 educators, entrepreneurs, government officials, corporate staff, and community members; through them, Kenan helped an estimated 170,000 indirect beneficiaries. Through its combination of tailored projects and cross-cutting services, K.I.Asia will look towards expanding its presence throughout the region.

K.I.ASIA IN 2012

DIRECT BENEFICIARIES



PROGRAM AREA FUNDING



KENAN INSTITUTE ASIA *in brief*

Since its founding in 1996, K.I.Asia has driven itself to become one of the region's pre-eminent leaders in promoting sustainable development initiatives. To do so, Kenan has relied on three critical components which together form one of the most innovative approaches to development in Southeast Asia. These components – a trusting relationship with government, a firm belief in free market mechanisms, and a strong team of consulting practitioners – have distinguished K.I.Asia from other organizations and driven it to where it stands today.

K.I.Asia was formed out of an initiative sponsored by the government of Thailand and the USAID, along with the William R. Kenan Jr. Charitable Trust and the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina. Since then, K.I.Asia

has strengthened these ties and created new ones with governments in the region through the successful implementation of projects in areas including business, education, and public health. These trust-based relationships have allowed Kenan to carry out development initia-

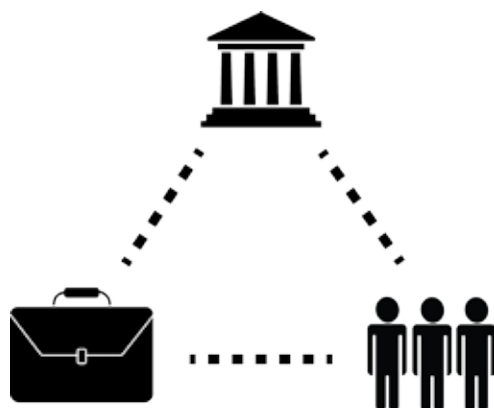
tives in conjunction with government partners that other non-profit organization find difficult to match. Such projects in 2012 included the revision of public educational standards in Thailand and a civil society strengthening initiative that involves the Lao PDR government.

K.I.Asia has long held the belief that free-market mechanisms can be harnessed to meet the development challenges that the Mekong Subregion (GMS) faces. This belief has underscored many of Kenan's projects and formed the backbone of its corporate social responsibility platform. Under this platform, K.I.Asia has built strong relationships with prominent national and multinational corporations who share its belief in implementing strategic CSR projects.

KENAN'S COMPARATIVE ADVANTAGES

CONNECTION TO GOVERNMENT

K.I.Asia has built a strong, trusting relationship with the governments of Thailand and other countries in the region that has allowed it to operate in ways that other organizations cannot.



BELIEF IN FREE MARKET PHILOSOPHY

K.I.Asia has maintained since its founding a steadfast belief in the power of the free market to address development challenges.

EXPERIENCED TEAM OF PROFESSIONALS

K.I.Asia is made up of more than 40 consulting practitioners with a broad range of experience in public health, education, corporate social responsibility, and business, from both the private and public sectors.

Kenan's private-sector partnerships in 2012 resulted in cross-cutting initiatives that foster education reform, build NGOs' capacities, teach financial literacy to those who need it the most, and more.

Kenan's strongest component is its diverse team of professionals who are committed to making a difference. The Executive Committee and Board of Trustees are made up of distinguished professionals from the worlds of business, diplomacy, development and politics, and are all committed to continuing Kenan's track record of success. The staff, composed of more than forty professionals educated in fields including business, education and health, has a broad range of experience working in different spheres including both the public and private sectors,

as well as with international organizations and civil society organizations. Perhaps most importantly, staff members are both consultants and practitioners, capable of not only designing innovative development projects, but implementing them in a sustainable manner as well.

Combined, these three components give K.I.Asia an advantage that similar organizations cannot provide. As Kenan expands throughout the GMS, it will continue employing these advantages to become the leader in sustainable development services in Southeast Asia.

PROJECTS

BUSINESS AND ECONOMIC DEVELOPMENT

APEC SME Chairmanship
BEDO Indigo-Dyed Fabric
Business Continuity Planning
Franchises Go Inter
New Entrepreneurs Creation (NEC) 55
TICA Laos Government Official Training
Maximizing Agricultural Revenue through Knowledge, Enterprise Development, and Trade (MARKET)
Market Intelligence Unit
Valuing ASEAN Linkages Under Economic Integration (VALUE)
Beef Competitiveness Project

CORPORATE SOCIAL RESPONSIBILITY

Private CSR Consulting and Training
CSR Future Park Master Plan Development
Community Perceptions Survey on Viny-thai's CSR in Maptaphut, Rayong
Citi At-Risk Women Financial Literacy Program
Citi Teacher's Money Sense
Citi Triple Bottom Line Small Hotels

INNOVATIVE EDUCATION

Review of Educational Standards
Building Capability for ICT-enabled Learning Laos (BCILL)
Boeing One Computer One Classroom (OCC)
MSD Inquiry-based Science and Technology Education Project (IN-STEP)
Improvement of Teaching and Learning Mathematics and Science Project (UPGRADE)
Building Employability/Entrepreneurship Through Technology and Entrepreneurship Resources (BETTER and E-BETTER)

PUBLIC HEALTH

Control and Prevention of Malaria (CAP-Malaria)
Global Fund Round 10 for Malaria
Greater Mekong Subregion Responses to Infectious Diseases (GMS-RID)

STRENGTHENING CIVIL SOCIETY

Lao Encouraging and Applying Democracy (LEAD)
NGO Roundtable and Connection Days
2012 Thailand NGO Awards

HISTORY OF K.I.ASIA

SINCE its beginnings as a project designed to promote economic cooperation between the U.S. and Thailand, K.I.Asia has grown into an independent, leading sustainable development service provider in the Greater Mekong Subregion, implementing more than 100 innovative and effective projects in a wide array of fields and sectors across Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam.



For 17 years, K.I.Asia has provided project management and technical expertise in support of development in the region. Much of this effort has been focused on the key development challenges facing small business, economic growth, education and public health and has supported our founding concept that long-term development can be best achieved through free enterprise mechanisms, boundary-spanning partnerships and practical expertise.

K.I.Asia is proud that it maintains close relationships with all four of its founding organizations: 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 at Chapel Hill.

With former Prime Minister Anand Panyarachun as its inspirational founding chairman, the Institute officially began work in 1996, fostering partnerships between U.S. and Thai organizations. Projects included recycling steel slag, producing low-cost HIV diagnostic kits, designing a waste water treatment plant, and generating electricity from landfill gas. Numerous training projects built capacity in public health, environmental management, municipal management and information technology.

When the region was hit by the 1997 financial crisis, K.I.Asia responded by working with major U.S. companies in Thailand to retrain 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.

In 1999, USAID selected K.I.Asia to manage a program of economic recovery and reform called Accelerating Economic Recovery in Asia (AERA). Over the ensuing decade, the Institute implemented a wide variety of development projects that included customized banking training for approximately 2,000 managers and 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 mechanisms to prevent the spread of multi-drug resistant malaria and influenza pandemic the region.

Based on expertise built under the AERA program, K.I.Asia has continued to deliver services in SME and entrepreneurship development, business cluster development, free trade agreements-related research and awareness building, and intellectual property trainings for clients including the Thai Ministry of Commerce, Ministry of Industry and National Economic and Social Development Board.

In response to the Asian Tsunami which devastated Southern Thailand on December 26, 2004, K.I.Asia and the Kenan Institute of Private Enterprise (KIPE) implemented the Tsunami Recovery Action Initiative (TRAI) from 2005 - 2010 with generous funding and support from the William R. Kenan Jr. Charitable Trust. TRAI promoted sustainable tourism in Phang-nga with particular focus on the targeted community of Lam Kaen and Kuk Kak. In addition, K.I.Asia was able to develop complementary programming in Phang-nga with the support of the Bush-Clinton Tsunami Recovery Fund, UN World Tourism Organization, European Commission, Microsoft, and MSD (Merck). Over the course of five years, nearly 5,000 people participated in the TRAI



ABOVE K.I.Asia's founders
MIDDLE a Buddhist monk blesses the K.I.Asia Business Advisory Services office in Bangkok.
BELOW chartering of K.I.Asia

Thailand based, Regionally focused

Headquartered in Bangkok, K.I.Asia has implemented a wide array of projects both in Thailand and in the surrounding region. With a growing presence in both Vietnam and Lao PDR, Kenan has positioned itself to be a leader in planning and implementing sustainable development projects throughout the Greater Mekong Subregion. In 2012, K.I.Asia's projects in the region included a 'public health diplomacy' initiative involving health and border authorities in Cambodia, China, Myanmar, Lao PDR and Thailand, as well as smaller projects based in individual countries across the region.



program activities.

Building on its experience with ACT, K.I.Asia shifted its emphasis to corporate branded CSR projects to provide training and consultancy services in CSR for local and multinational companies. Today, K.I.Asia is implementing a number of major company branded projects with corporate donors such as Citi, Microsoft, and Boeing, while providing strategic CSR consultancy services to a range of companies, especially in the area of employee and community stakeholder engagement.

K.I.Asia has also expanded from its initial focus on Thailand to providing development services to the region. The Institute's first regional project introduced American environmental technologies to Vietnam in 1999. Subsequently, a number of activities under the AERA program were extended to the region, including SME capacity building in Vietnam, IT competitiveness cluster-building Vietnam, capacity building for judges in Vietnam, exporting packaged foods by ASEAN SMEs and Greater Mekong Subregion avian influenza prevention activities.

More recently, K.I.Asia has been funded by New Zealand AID to plan for sustainable tourism in Laos, by the United Nations Development Programme (UNDP) to develop CSR curriculum in Vietnam, by the UN Democracy Fund (UNDEF) to strengthen non-profit organizations in Laos and by the Thai and US governments to undertake Southeast Asia-wide research projects on patent offices and regional SME financing. Most recently, K.I.Asia registered office presences in Lao PDR and Vietnam.

Today, the Institute uses the expertise and experience gained during its nearly two decades of operation to support sustainable development in Southeast Asia. K.I.Asia employs more than 40 professional sustainable development experts working in Vietnam, Lao PDR, Cambodia,

southern China and Thailand, on innovative education, entrepreneurship, business and economic development, CSR, public health and civil society strengthening. K.I.Asia projects in 2012 utilized funding from USAID, the Royal Thai Government, UNDEF and corporate donors such as Microsoft, Citi and Boeing. These projects have allowed K.I.Asia to extend its development expertise to the GMS and Southeast Asia, improving economies, communities, the environment and the quality of life.



ABOVE The founding members of the K.I.Asia Board of Trustees in 1996.



BUSINESS AND ECONOMIC DEVELOPMENT



A weaver in Sakon Nakorn demonstrates her technique as part of the BEDO Indigo Project.

AS the countries of the GMS prepare for the formation of the ASEAN Economic Community in 2015, governments and corporations are realizing more than ever before the need for an innovative, creative and dynamic private sector to remain economically competitive. Since its founding, Kenan has built a strong reputation for sustainable and competitive business programs that have helped to create and support the small and medium enterprises that are critical to driving each nation's economy.

K.I.Asia's success in the field of sustainable business development stems from its ability to use international best practices and tailor

them to fit the specific needs and characteristics of each country in the GMS region. Using its holistic approach at capacity-building, Kenan in 2012 continued supporting innovative projects in Lao PDR and Thailand aimed at strengthening civil society organizations through business and entrepreneurship training.

Kenan's Business and Economic Development program (B&ED) grounds itself in a strong belief in the private sector and free market mechanisms; this belief, combined with K.I.Asia's commitment to fostering sustainable development, has allowed it to mobilize private sector expertise and resources to drive economic growth.

APEC-SME

As a trusted partner of the Thai Government, K.I.Asia has undertaken a project to support the Office of Small- and Medium-Enterprises Promotion (OSMEP) in its duties as chair of 35th and 36th Asia-Pacific Economic Cooperation Small- and Medium-Enterprise Working Group (APEC-SME) in 2013-2014. Kenan has acted as a secretariat for OSMEP and provided technical expertise at several meetings. Kenan will continue to support the government with the project, which will enter its second phase in 2013 with meetings in the Philippines and Indonesia.

BEDO INDIGO

In 2012, K.I.Asia launched Indigo, a project funded by the Thai Biodiversity-Based Economy Development Office (BEDO) focused on helping weavers in rural Sakon Nakorn province in Thailand improve their production processes and develop a business strategy. The project differs from similar initiatives in the area in that it successfully linked the weavers with the prestigious Bangkok International Gifts and Bangkok International Housewares Fair (BIG-BIH).

Between March and December 2012, K.I.Asia worked with weavers from four villages, as well as a cluster group composed of 16 villages and four SMEs, to improve the production process and create a business strategy. Kenan brought in an expert to teach weavers about the proper techniques to ensure high-quality dyeing, and select groups of weavers were able to conduct study visits to similar organizations in Thailand and Lao PDR. In addition, a designer helped villagers create a new product line that would distinguish their work from their competitors.

BUSINESS CONTINUITY PLANNING

The extensive flooding that occurred in Thailand in 2011 had not only a tragic human toll on Thailand, it also cost the country an estimated 45.7 billion USD in economic damages and losses, much of which was shouldered by small and medium enterprises. For SMEs, an unplanned disruption like the floods can severely affect an organization's ability to compete and survive. As a result, businesses need to plan their responses to disruptions to minimize their negative effects.

To address the need for this kind of

planning, the Thai Department of Industrial Promotion chose K.I.Asia as its sole partner in carrying out a Business Continuity Planning (BCP) course. Using its expertise in small business planning and training, Kenan played a crucial role in developing a BCP curriculum, recruiting some 15 SMEs for the project, and organizing a three-day training course in BCP principles. The three-day training course, which took place in Bangkok in June 2012, is considered the first of its kind in Thailand. The course also included one-on-one consultations with each of the SMEs who attended.

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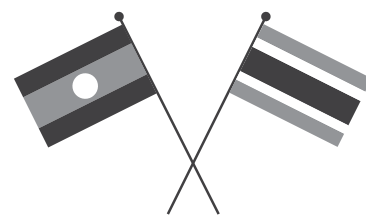
As part of its efforts to promote business and trade with other ASEAN countries, the Thai government has encouraged foreign investors in the region to look towards Thai franchises as potential avenues for investment. As part of this initiative, the Department for Business Development entrusted K.I.Asia to organize meetings between investors in Cambodia and Myanmar and Thai business owners. The business matching event, which follows up on past collaboration between the Ministry of Commerce and Kenan, took place in Phnom Penh and Yangon. Besides establishing a working business network between investors in these countries, the meetings led to the signing of a two franchise contracts in Cambodia and Myanmar.

NEW ENTREPRENEURS CREATION 55

The growth of small and medium enterprises is a key driver of economic growth in developing economies. However, many aspiring entrepreneurs lack the business knowledge necessary to be successful. To fill this knowledge gap, K.I.Asia has worked with the Thai Department for Industrial Promotion (DIP) since 2006 to provide trainings and support for those starting their own business.

In 2012, the K.I.Asia team trained 70 participants in the fundamentals of running their own business. The two, 10-day trainings included classes on marketing and production management, organization, finance, and business planning. K.I.Asia also provided higher level business two-day courses on subjects such as e-commerce and import-export procedures.

In addition, participants were taken on field trips to meet, learn from, and network with existing entrepreneurs. Follow up support was provided to participants



3

Number of years during which K.I.Asia has provided joint training for Lao and Thai government officials on project management.



300,000

Estimated amount, in Thai Baht, of sales of indigo-dyed fabric made at the BIG-BIH Trade Fair, part of the BEDO Indigo project.

in the form of one-on-one consultations about each individual's business plan. To date, more than 809 people have been trained through K.I.Asia programs, with an estimated 30 percent of participants going on to start their own businesses.

TICA LAOS OFFICERS TRAINING

For the third consecutive year, K.I.Asia utilized funding from the Thailand International Cooperation and Development Agency (TICA) to provide project management training for Laotian officials in the Ministries of Foreign Affairs, Health, and Home Affairs, as well as for Thai officials in the Ministry of Foreign Affairs. The two-week course trained participants to give them a better understanding of project planning and project cycle management, including situation analysis, logical framework description, budgeting and project evaluation. The ultimate goal of the project was not only to increase the capacity of these officials, but to establish closer relations between Thailand and Laos PDR.



A spool of Sakon Nakorn's famous indigo dye.

PROJECT SPOTLIGHT: BEDO INDIGO

With funding from the Thai Biodiversity-based Economy Development Office (BEDO), K.I.Asia implemented a program to help weavers of Sakon Nakorn's famous indigo-dyed fabric develop business and marketing plans to help them stand out and succeed.

"My family has used indigo dyed fabric for centuries. My grandmother and mother taught me this age-old method of creating thread by spinning cotton using our homemade spindle. After that we dyed and weaved the cotton yarn into fabric," said Ton Piyo, a 72-year-old producer of indigo dyed fabric and the group leader of Nongsanai village in Amphor Kudbak. "Indigo dyeing is a very difficult technique. It took me almost a decade to become really skilled at it."

Ton is one of many small villagers who make indigo dyed fabric, a traditional product of Sakon Nakorn province. Although rice production and animal husbandry are the main occupations of most people in the province, many villagers turn to indigo-dyed fabric production as a source of supplementary income. Despite their talent in making the indigo dyed fabric, villagers often cannot sell the product because the market is saturated with similar offerings from other villages. With old-fashioned patterns

and styles, their products may be good for local markets but do not attract much tourist attention.

To aid the villagers, Kenan developed the Indigo project with funding from BEDO. The project included dyeing trainings for younger weavers, new production techniques, product development and support, and entrepreneurship training. In addition, K.I.Asia provided an expert designer to help the weavers create products that would attract more attention.

To showcase these products, K.I.Asia financially supported the cluster to attend the 2012 BIG + BIH Trade Fair in October. Although initially hesitant to visit such a large trade show, the group was able to raise 300,000 Baht in sales in two days, a substantially higher figure than they would receive at the trade fairs they normally attend. The success of the cluster at the BIG + BIH Trade Show has given its members a lot of optimism about the future of their business endeavor. "My



ABOVE a weaver shows the vats of indigo dye. **BELOW** a K.I.Asia staff member meets with project participants.

dream, maybe a bit far-fetched one, is to have my daughter back from Bangkok to live with us," said Ton, the 72-year old weaver, optimistically.

MARKET

Kenan continued its strategic partnership with Nathan Associates Inc. on the USAID-funded Maximizing Agricultural Revenue through Knowledge, Enterprise Development, and Trade (MARKET) project, an initiative designed to encourage agricultural trade and development in ASEAN countries. Working with Nathan Associates in Thailand and Lao PDR, Kenan played an important role in facilitating and providing research and logistical support, with conferences held in Bangkok and Vientiane in October 2012. In addition, an aquaculture value chain initiative was launched in Thailand to identify ways to improve trade and investment in this important economic sector. The project reaffirms Kenan's commitment to support enterprise and free trade mechanisms as drivers for growth in the region.

MARKET INTELLIGENCE UNIT

Funded by the Office of Small and Medium Enterprises Promotion (OSMEP), K.I.Asia is establishing an online database of trade rules and market analyses to enable Thai SMEs to do business with

ASEAN member countries. The website contains useful information on nine ASEAN trading partners, including their economic conditions, political climates, trade statistics, market access channels, trade measures, import rules and regulations, and local business cultures.

VALUE

As part of its continued effort to prepare the GMS for the formation of the ASEAN Economic Community (AEC) in 2015, Kenan worked with Nathan Associates Inc. with funding from USAID on Valuing ASEAN Linkages Under Economic Integration (VALUE) project. The initiative focuses on developing and implementing a strategy for the integration of the apparel and textile industries of the ten ASEAN countries following the AEC blueprint.

VALUE, which began in 2008, resulted in the creation of the Source ASEAN Full Service Alliance (SAFSA), a private sector alliance that helps ASEAN factories to link together and with global-scaled buyers and retailers to form integrated global supply chains, thereby reducing production times and costs and making the region a preferred sourcing alternative for these global customers. VALUE has also served as the Secretariat of SAFSA, managing day-to-day operations and helping

the organization mature to a self-sustaining level in 2012. VALUE also managed the ASEAN Common Competency Program, which aims to bring up textile and garment job standards across the region to a uniform level.

BEEF COMPETITIVENESS ENHANCEMENT PROJECT

In 2012, K.I.Asia continued its work with beef producing cooperatives in Thailand's Sakon Nakhon, Nakhon Pathom, Mukdahan, and Sa Kaeo provinces as part of the Beef Competitiveness Enhancement Project. The project, funded by the Ministry of Commerce under the Free Trade Agreement Fund, enhances the competitiveness of small feedlot beef producers.

The Kenan team helped improve marketing strategies via brand development and franchising for the four beef feedlot farmer cooperatives. Franchise models for a butcher shop, a steak restaurant, and a burger kiosk were created. In addition, K.I.Asia led the four cooperatives to business matching events in various cities in Cambodia and Vietnam.

LOOKING BACK: CHANTABURI GEM CLUSTER

In 2003, K.I.Asia worked through its Thailand Competitiveness Initiative to help a group of gem producers increase their profitability. Nine years later, the cluster they formed is more successful than ever.

Chantaburi province in eastern Thailand has been known since the early 14th century as one of the world's finest producers of rare gems, with mines famous for their brilliant rubies and sapphires. However, by the early 2000s, declining output from the region's mines, combined with increased national and foreign competition threatened the gem industry's viability. The situation was made worse by a lack of knowledge about the demands of the modern market by the region's producers, which led to declining demand for the region's signature heat-treated gems.

In 2003, K.I.Asia began working through its Thailand Competitiveness Initiative, a project which used Kenan's expertise in business development to increase the profitability of Thai companies, to form a cluster made up of the region's producers. The Chantaburi Gem Cluster was formally chartered in August 2003 and began working with government and



academic partners to implement a new vision for the region's gem industry. Activities for the cluster included a product design overhaul to make the region's products more attractive, an assertive business plan that reduced the role of middlemen in the sales process, and a revamped marketing strategy designed to raise the profile of the cluster across the country and region. Cluster members invested more

than THB 78 million towards the cluster's initiatives, which included increased participation at trade shows and the creation of the Chantaburi Gem Center.

In the nine years since its establishment, the Chantaburi Gem Cluster has continued to thrive. The cluster has aggressively expanded its marketing and sales efforts – Kenan funded the group's first trade show booth in China; the cluster now travels to exhibitions across Europe, the Middle East and Asia, and partly through its efforts has made Thailand the number one exporter of loose gems to China. Building off the market research initiatives that K.I.Asia promoted, the cluster also gathers information on foreign tastes and preferences, allowing it to tailor its precious stones to meet market demand. The group also hopes to soon complete its Gem Center, which will include a trading post, gem bank, museum, exhibition and retail spaces.



CORPORATE SOCIAL RESPONSIBILITY

WORKING from its belief in free market mechanisms for development, K.I.Asia has striven since its founding in 1996 to apply the expertise and knowledge of the private sector towards development projects in a manner that benefits both companies and their stakeholders. Kenan's extensive track record on corporate social responsibility (CSR) projects, which have included large multinational corporations as well as smaller Thai organizations, are designed to be sustainable and innovative, modeled on international best practices with extensive stakeholder engagement.

K.I.Asia's CSR program offers turn-key solutions and services including Community Assessment, Project Design, Project Implementation and Monitoring & Evaluation. K.I.Asia works closely with clients to tailor each project to fit their needs and the needs of their stakeholders. In 2012, K.I.Asia worked with a number of international and national corporations on projects spanning agriculture, manufacturing, energy, retail and hospitality sectors.



A K.I.Asia staff member helps participants during a CSR workshop.

CONSULTING SERVICES

In 2012, as part of its on-going CSR programming, Kenan continued to provide individually tailored CSR consulting services to a number of corporate clients. In addition to working closely with each client to build creative and sustainable CSR programs, Kenan has distinguished itself from other consulting companies by providing support for the implementation of its CSR proposals, ensuring that each project is successfully carried out. Among the specific services that Kenan provides are project design, research, implementation and trainings. Clients in 2012 included the Tourism Authority of Thailand, Thailand Post Company, Rangsit Plaza Company and Vinythai Public Company.

Future Park Project

Among the firms that Kenan Institute Asia provided consulting services to in 2012 was Rangsit Plaza Company, which manages large shopping complexes like Future Park. Rangsit Plaza Co. fully embraced K.I.Asia's CSR model and incorporated it into its business practices. Examples include the company's recycling campaign,

which was also prominently displayed in the company's shopping center.

VinyThai Public Company Limited

In 2012, the K.I.Asia conducted a study for Vinythai Public Company Limited – an industrial company dedicated in the production and sales of PVC and caustic soda. The study was conducted through questionnaires, in-depth interviews and focus groups with CSR Stakeholders and beneficiaries active in 2012 that are residing in the Map Ta Phut area around the company's proximity.

CSR TRAININGS

As part of its mission to provide CSR services, Kenan offers both in-house and public training courses, each designed to meet the needs of its participants. Course elements include lessons in strategic CSR, stakeholder management analysis, CSR communications, and CSR monitoring and evaluation. Kenan provides clients with the option for in-house, customized training, allowing for greater flexibility in CSR training.

In 2012, the CSR team continued its role as a leading trainer for CSR managers in the region. Clients included the Cambodian National Petroleum Authority, Thailand Post Co. Ltd, Tourism Authority of Thailand, Electricity Generating Authority of Thailand, and Future Park Rangsit.



>300

Number of small hotel operators and executives trained to use People-Planet-Profit techniques under the Citi TBL Small Hotels project.

CITIBANK – K.I.ASIA PARTNERSHIP

For over five years, K.I.Asia has worked with Citibank and the Citi Foundation to create award-winning programs designed to teach financial literacy skills and sustainable business practices. The K.I.Asia-Citibank partnership has led to comprehensive financial trainings for thousands of disadvantaged women, students and teachers, as well as seminars for small and medium-sized hotel owners that promote a Triple Bottom Line approach to business.

CITI AT-RISK WOMEN

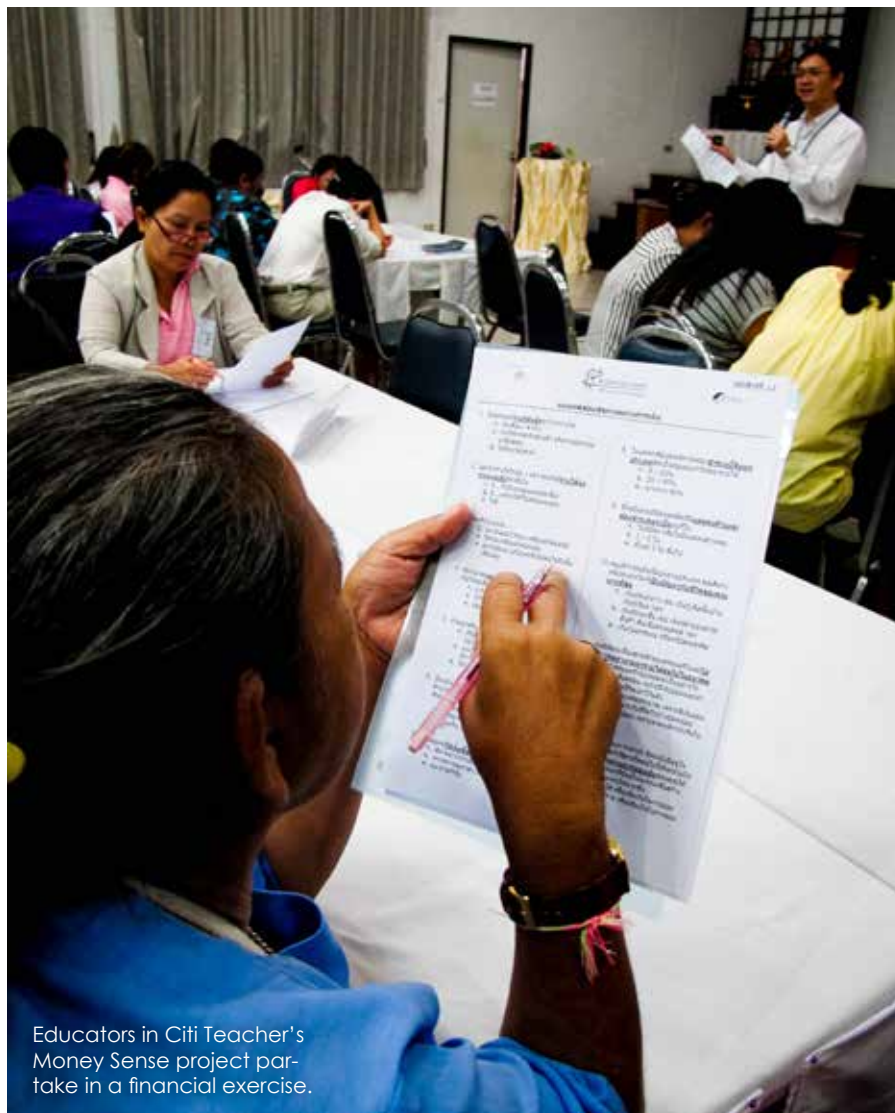
In 2012, K.I.Asia continued to work with Citibank on its signature award-winning Financial Literacy for At-Risk Women project, and included a new category of at-risk women, training more than 250 women who are serving prison terms. The trainings focus on imparting lessons on how to save, financial management, household management and credit management, which can be used when the women finish their prison terms.

The inmates, who are incarcerated at the Women's Correctional Institution for Drug Addicts, are considered at-risk, a label used by the project which applies to women who have little or no income and have difficulty making ends meet from paycheck to paycheck, and women in short duration, high-risk, high-paying occupations who have little experience with budgeting and saving. These women, who are easily susceptible to predatory lending, often end up in a cycle of debt and abuse.

For the project's fourth iteration, Kenan worked closely with the Thai government to ensure that the incarcerated women would receive practical benefits from the lessons. Since its inception, the project has targeted women living in slums and temporary workers, as well as women engaged in high-risk nightlife occupations, and has made use of the financial knowledge of over 35 Citi training volunteers to help over 1500 at-risk women.

CITI TEACHER'S MONEY SENSE

Following up on its successful financial literacy project for at-risk women, Citi Foundation and Citibank, Thailand worked with K.I.Asia to create a financial training program for low-income teachers



Educators in Citi Teacher's Money Sense project participate in a financial exercise.

and students. To ensure its sustainability, the Teacher's Money Sense project was designed to instruct teachers not only about personal financial skills, but also how to impart this knowledge to their students through entertaining teaching techniques.

The project, which operates in Nontaburi, Nakhonnayok and Chon Buri provinces, trained 154 teachers in skills including financial planning, budgeting, saving, retirement planning, insurance and taxation. Financial experts from Citibank volunteered to help with the two-day training, leading a seminar about the sufficiency economy and personal finance. The project also included a "Financial Fun Day" camp for 100 grade 7-9 students who were taught basic financial skills.

Follow-up surveys carried out three months after the training found that 99 percent of participants were saving money, 91 percent had started budgeting regularly, and 67 percent were doing household accounting. Overall, the project increased the financial knowledge of the teachers by 43 percent and had a palpable effect in increasing their financial knowledge and security.

CITI TRIPLE BOTTOM LINE SMALL HOTELS PROJECT

More than 300 small hotel operators and executives participated in Kenan's Citi Triple Bottom Line Small Hotels Project. The initiative educates the participants of eco-friendly business and builds their capacities to exploit opportunities to increase profits through the People-Planet-Profit Triple Bottom Line perspective.

In 2012, the program provided three-day workshops on TBL strategy to 82 small hotels located in Bangkok and its surrounding communities. As a result of the project, 22 of the participating hotels hired 118 new employees to take on positions like health food chef and CSR manager; 58 of the hotels implemented 212 environmental improvement activities; and 53 hotels conducted 124 community engagement activities.

A teacher helps her students in a Boeing OCC-sponsored classroom in Bangkok.



INNOVATIVE EDUCATION



AS the Greater Mekong Subregion prepares to become part of the ASEAN Economic Community (AEC), there is greater need than ever for the region's workforce to be economically competitive. Surveys conducted in Thailand in anticipation of its entry to the AEC found that the country's workers were lacking critical knowledge, including analytical skills, information communication technology (ICT) proficiency and entrepreneurship capabilities; other reports have found that improving science and math education are critical to each country's economic success. Kenan's activities in innovative education bring new pedagogical models to both the formal and informal education sectors, and work directly with school administrators and teachers to prepare them to meet the coming challenges.

In 2012, K.I.Asia continued to take on innovative education projects that not only teach critical skills, but which actually reform the

way classes are taught. K.I.Asia's comparative advantage in fostering public-private partnerships have resulted in programming involving major donors and corporate counterparts to create innovative projects targeting science and math education and ICT skills. Kenan's close working relationship with the Thai government has also allowed it to become a major player in a review of educational standards that will reshape the way science and math are taught in Thailand. In 2012, K.I.Asia also worked with USAID to implement an education initiative in Lao PDR, one of the first programs in Laos to improve pedagogical methods.

Through its training of trainers for government officials and school teachers, it has been able to improve the science and math learning of more than 50,000 students as well as to enhance the ICT skills and entrepreneurship of more than 35,000 workforce participants.

REVIEW OF EDUCATIONAL STANDARDS

In response to the need for improved science and math teaching in Thailand, the Institute for the Promotion of Teaching Science and Technology (IPST), the Teachers College at Columbia University, and Kenan Institute Asia are partnering to review and revise Thai national science and mathematics standards. The project also emphasizes building the capacity of Thai educators by involving them in the drafting of usable standards and related performance indicators. In order to promote greater coherence across the education system, the standards will guide the development of curriculum, including professional development and student assessment. This will enhance teachers' capacity to help Thai K-12 students achieve better learning outcomes in science and math.

K.I.Asia's participation in the review has been critical in connecting IPST experts and educators in Bangkok with international experts recruited by Teachers College, who have served as advisors during the project. Distinguished scholars from different countries are serving on the mathematics and science review teams and have provided useful insights about the development of standards that align with international benchmarks. The draft is currently undergoing revision before being submitted to the Ministry of Education.

BCILL

In 2012, K.I.Asia worked with USAID to implement the agency's first education project in Lao PDR in decades. Working in collaboration with the Ministry of Education and Sports (MOES), the Rural Research and Development Training Center (RRDTC), and Nathan Associates, the Building Capability for ICT-Enabled Learning (BCILL) sought to integrate education about information and communication technology into the curriculum of schools in Vientiane and Borikhamxay provinces.

Throughout the project, which ran from April to November 2012, workshops were held to train school administrators, principals and master teachers, many of whom had never used computers before, on different ICT techniques for English and science classes. K.I.Asia played the project's facilitator by developing ICT curriculums and teaching materials, providing technical assistance, conducting trainings, and building the capacities of the MOES and RRDTC. Using funding from USAID, Kenan donated equipment

to fill hardware and software gaps in target schools.

The creation of 22 curriculum-based ICT lesson plans, the training of 20 science and English master teachers and the donation of 20 sets of computers and related hardware and software to the 10 participating schools was considered a model for future expansion of the project. An estimated 3,000 students will benefit from the project. Though small in scale, the project counted on considerable support from the Government of Lao PDR, with Vice Minister of Education and Sports Lytoun Bouapao attending the launch ceremony.

BOEING OCC

The product of K.I.Asia's collaboration with Boeing, the One Computer Classroom project (OCC) was envisioned as a way to promote technology-driven education while recognizing the limited and under-utilized ICT resources available to many of Thailand's schools. Since its launch in 2009, the project has trained 50 school principals and 183 teachers on how to effectively use one computer per classroom to enhance the learning experience of an estimated 18,300 students.

As the project's implementer, K.I.Asia worked with the Department of Education of both Bangkok and Nontaburi, as well as with Nakhonnayok and Samutprakarn Primary Education Service Areas, to train teachers how to align the use of computers to benefit their lesson plans. To complement these trainings, Kenan invited six outstanding teachers from both OCC and K.I.Asia's IN-STEP project to create a master lesson plan that maximizes the use of the one computer classroom instructional method. Workshops were held by these master teachers to give curriculum-based lesson plans to teachers about how to effectively use these in classrooms.

MSD IN-STEP

One of K.I.Asia's flagship education projects, the MSD Inquiry-based Science and Technology Education Project (IN-STEP), has sought to fundamentally transform the way science is taught in Thailand by promoting an inquiry-based approach to education. Since the project began implementation in 2006, more than 18,000 students in Thailand's Phang-nga province have benefited from innovative science lessons.

To build on the project's progress in reshaping the way science is taught and share the lessons learned, the 'National Conference on Upgrading the Quality



x 1,000

Estimated number of students benefiting from In-STEP's innovative science lessons.



3,368

Combined number of math and science teachers, master teachers and principals trained by In-STEP, UPGRADE and Boeing OCC.

of Science Education' was organized in August, 2012. The two-day conference, which featured appearances by leading international educators from South Korea, United Kingdom and the United States, approached the topic at both the policy and practitioner level, providing a venue for the more than 900 educators who attended to discuss educational reform. The conference tied in with K.I.Asia's work with the IPST on a Review of Educational Standards.

A large degree of the project's success has been its emphasis on full engagement from its stakeholders. MSD (Thailand) Ltd., which has funded this initiative, has played a hands-on role implementing the initiative; the project itself stems from education research the Merck Institute for Science and Education (MISE) and the Consortium for Policy Research in Education (CPRE) have carried out in the U.S. K.I.Asia has used its comparative advantage in fostering public-private partnerships to bring together Merck with



Teachers learn science experiments that they can then teach to their students in IN-STEP.

the Thai Office of Basic Education Commission and IPST, as well as the Teachers College at Columbia University.

IN-STEP, which is the forerunner of K.I.Asia's UPGRADE project, has been a success. Project monitoring found that IN-STEP was positively associated with higher performance on national standardized science tests, and teachers trained by the program in the inquiry-based approach saw marked improvements in students' analytical abilities and their attitudes towards science learning, compared to traditional 'talk and chalk' methods. Moreover, IN-STEP master teachers are playing an important role in sharing good instructional practices which they have learned from the program to help improve teaching and learning in other educational improvement projects including UPGRADE.

UPGRADE

In 2012, more than 2,000 math and science teachers were trained to use newly developed math and science units as part of another mathematics and science improvement project, known as UPGRADE. Funded by IPST, the project responds to the rising demand for well-prepared math- and science-oriented students in the 21st-century economy. The first phase (three-year) of the nine-year project,

which began in October 2010, follows up on the successes of K.I.Asia's MSD IN-STEP project and will run in seven provinces in Thailand in collaboration with the University of North Carolina at Chapel Hill and the Teachers College at Columbia University.

UPGRADE aims to improve students' performance in mathematics and science by strengthening the capacities of school science and mathematics programs in the areas of curriculum, instructional leadership, teacher development, coaching and mentoring, and evaluation. The project is also building a teachers' network and awareness in education for local stakeholders. IPST, K.I.Asia, and the Teachers College are working collaboratively to develop new learning units, provide teachers and principals with training, strengthen teacher networks through a mentorship program as well as engaging local stakeholders.

In 2012, UPGRADE developed some 36 primary and secondary math and science units, which were shared with some 594 master math and science teachers; these participants then served as trainers to introduce the new units to 2,030 math and science teachers. To facilitate their instruction, UPGRADE set up 31 Science and 29 Math Workshop Roll-out Centers. Approximately 174 mentors in both disciplines were appointed to support teachers in the province. In addition, IPST

signed a memorandum of understanding with local service area offices, local government and 239 public and private schools to seek commitment in support of teachers for the implementation of the UPGRADE units in classrooms.

In addition, training was provided by K.I.Asia and the Teachers College for all of the principals in UPGRADE schools in March, 2012 and again in November, 2012. Principals were introduced to strategies for improving instruction such as learning walks, observing classrooms and giving feedback, collective scoring of student work, and creating inquiry teams.



MICROSOFT-KENAN PARTNERSHIP

For three years, Kenan Institute Asia has worked with Microsoft Thailand and the Thai government to respond to the need for ICT-savvy workers and modernize Thailand's workforce. Kenan, a trusted partner for Microsoft Thailand, has led three projects that have trained tens of thousands of Thai workers in information communication technologies, developed advanced ICT curriculums, and trained NGOs how to use ICT to make their work more effective. Kenan also works with Microsoft on the NGO IT Day, part of K.I.Asia's efforts to strengthen civil society.

BETTER

Among K.I.Asia's most innovative and far-reaching projects is the Building Employability through Technology and Entrepreneurship Resources project (BETTER), which has trained more than 40,000 people across Thailand's 77 provinces in ICT and entrepreneurial skills since its start in 2009. Funded by a grant from Microsoft Thailand and implemented in collaboration with the Thai Department of Skill and Development (DSD), BETTER has been an integral part of Thailand's strategy to modernize its workforce and ensure its employability targeting disadvantaged low-income workers who were affected by the financial crisis in 2008.

The project, which began in 2009 and will end in April 2013, has been enormously successful in equipping Thai workers with ICT skills, increasing their employability and job-advancement opportunities, as well as training participants with basic business skills to encourage entrepreneurship and the creation of small businesses. The project, which has benefited from Kenan's long relationship with

DSD, was designed to be sustainable and enduring, and has operated by training DSD trainers in ICT skills; these trainers then conducted their own trainings in DSD centers in all of Thailand's provinces. Moreover, the project has provided trainings for trainers of companies who will then train their own employees. This has enabled DSD and K.I.Asia to extend their reach to a wider target of disadvantaged workforce.

The direct impact of the project includes an increase in income for employees who participated in the program. In addition, Microsoft and K.I.Asia were invited by DSD to participate in a working committee to draft the occupational standards relating to ICT administrative tasks. BETTER has succeeded in sustaining the project through the institutionalization of ICT and entrepreneurship curriculums into DSD programs and the engagement of public-private and NGO partnership. Microsoft Thailand, which has benefited from the country-wide reach of the project, has played a key role in the project's implementation, providing technical advice and support. The project received not just only extensive

recognition from Microsoft offices globally but a high-level visit from United States Embassy Deputy Chief of Mission Judith Cefkin, who sought to highlight the project's significance as part of the Thai-U.S. Creative Partnership.

E-BETTER

K.I.Asia, Microsoft Thailand and DSD launched the E-BETTER project in May 2012. The project, which complements BETTER, will develop and implement a more advanced ICT curriculum that teaches participants how to apply their ICT knowledge to work more effectively. Kenan plays a key role in managing the project, developing the DSD's capacity to market the training courses, building public-private partnerships based on the curriculum, and developing marketing materials for DSD and the BETTER website. As with BETTER, the project will reach an estimated 2,800 workers in all of Thailand's 77 provinces.

As part of BCILL, teachers learn new teaching techniques. BCILL is the first project funded by USAID in Lao PDR in decades.





PUBLIC HEALTH



As part of GMS-RID, K.I.Asia staff give community presentations on Avian Influenza and other zoonotic diseases.

SINCE its founding, Kenan has been working with government officials to develop a relationship built on trust and understanding. This trust, combined with its extensive experience in education and private sector work, has allowed Kenan to implement public health initiatives in a way that few other organizations can, in close partnership with officials ranging from the village level to the policy level.

Rather than focusing on individual victims of diseases, Kenan strengthens the public health system itself, ensuring that when public health officials are needed, they are able to respond effectively. Recognizing the unique space in which it operates and the inherent sustainability of its initiatives, international development orga-

nizations including USAID and the Global Fund have generously funded Kenan's public health projects.

Halting and controlling the spread of infectious diseases is a principal public health goal at a global level, particularly in areas like the Greater Mekong Subregion, which are on the front line in the fight against cross border zoonotic disease outbreaks and multi-drug resistant malaria. In 2012, working closely with its partners in regional governments, Kenan implemented three projects focused on cross border diseases and the control and prevention of the malaria. These projects have played a crucial role in strengthening government capacity to fight the disease, aiding millions of people in the region.

CONTROL AND PREVENTION OF MALARIA

Although Thailand has made great strides in combating malaria, the porousness of its borders with neighboring countries with higher malaria rates have made it difficult to fully control the disease. Kenan is working in a USAID-funded consortium with URC and Save the Children to fight the disease high-prevalence areas in Cambodia, Thailand and Myanmar. Kenan is specifically working with the Thai Bureau for Vector Borne Diseases (BVBD) in border crossings and migrant communities on the Cambodian and Myanmar borders through the Control and Prevention of Malaria (CAP) program.

Funded by USAID and started in late 2011, the five-year project aims to develop cost-effective methods of preventing the transmission of the disease; improving the quality and effectiveness of health facilities dealing with malaria; increasing management efficiency of the National Malaria Control Program and local institutions; and supporting the establishment and maintenance of strategic information for malaria control. As the project's Thailand implementer, K.I.Asia plays a critical role in providing technical assistance, monitoring and supervision for the project, as well as supporting the BVBD in managing project activities. The end result of the project is a strengthened BVBD and provincial health systems that will be able to fight against malaria in even the most difficult circumstances.

Under the CAP-Malaria project in Thailand in 2012, K.I.Asia established 18 malaria posts, all of which were located at border crossings or in high malaria transmission villages, to diagnose migrants

and treat infected patients at no cost. The K.I.Asia team identified and held focus-group sessions with most at-risk populations (MARPs) in several provinces, and held entomological capacity building courses for BVBD staff. CAP-Malaria also hosted a visit by the Honorable Kristie A. Kenney, United States Ambassador to Thailand, who visited a CAP Malaria-supported border malaria post in Ranong on May 16, 2012.

GLOBAL FUND ROUND 10 FOR MALARIA

Kenan's fight against malaria through CAP and GMS-RID was strengthened by the awarding of a grant by Thailand's Bureau of Vector Borne Disease with funding from the Global Fund to Fight AIDS, Tuberculosis and Malaria in late 2011; the initiative is part of the government's ambitious effort to be 80 percent malaria-free by 2020. K.I.Asia's role includes three major objectives: a drug-quality assurance program (conducted in conjunction with the U.S. Pharmacopeia), to ensure that malaria medicines are being properly monitored and distributed; a school-based behavior change communication program (BCC), to educate communities about prevention and early treatment of malaria; and a reorientation of Thailand's malaria pre-elimination program with a focus on Public-Private Partnerships (PPP), to ensure private sector buy-in into the program. These activities draw on Kenan's expertise in providing trainings, education and private-sector involvement on public health issues.

In 2012, K.I. Asia developed an instructional package and trained 210 school

teachers to implement a "malaria life skills" curriculum, which teaches level five students different methods of preventing malaria infections. The curriculum, part of the BCC program, was implemented in 68 schools in Mae Hong Son and Tak provinces on Thailand's border with Myanmar. The project also trained 77 public health officers on anti-malaria drug sampling and testing as part of an effort to ensure a high quality standard for malaria drugs and to detect low-quality or counterfeit medicine.

Because of its relatively low infection rate, Thailand has entered the malaria pre-elimination phase, a key step in the Global Malaria Action Plan. Building on its extensive experience working with the private sector on development and public health projects, K.I.Asia has developed a model that incorporates PPP to ensure the private sector plays a role in the elimination of the disease. Working through the GF project, in partnership with the CAP Malaria project, Kenan initiated this model in Trat province, where it held two PPP workshops for 125 participants, as well as three training courses for 80 public health officials.

GMS-RID

Because of the high mobility of people, animals and trade in the Greater Mekong Subregion, infectious diseases can spread particularly quickly across borders. With funding from USAID, Kenan implemented Greater Mekong Subregion Responses to Infectious Disease project (GMS-RID), a two-pronged initiative designed to target cross-border collaboration among public health offices in neighboring countries, as well as control and eliminate malaria. The



Public health practitioners conduct a cross-border exercise as part of GMS-RID's 'public health diplomacy.'

three-year project was highly successful in improving the capacity of officials to collaborate on infectious disease prevention, surveillance and response in Cambodia, China, Laos, Thailand and Vietnam. The project also established successful models for malaria elimination in two Thai provinces, and promoted the establishment of PPP modeled on USAID's Global Development Alliance initiative.

GMS-RID's Avian Influenza (GMS-RID AI) component was designed as a form of "public health diplomacy," and was considered a great success by its stakeholders and a model for future regional health collaboration programs. Through the project, Kenan indirectly impacted millions of residents in 15 targeted border provinces who benefited from the strengthened capacities of public health offices and improved cross-border collaboration. Between 2010 and 2012, Kenan also directly affected Thailand's public health policy through the formulation of its five-year Master Plan for Border Health Development.

Throughout the life of the project, K.I.Asia held annual trainings for a combined total of 520 public health officials at the district and provincial level who were taught coordinated responses to pandemic and avian influenza, anthrax, streptococcus suis, and pig, bat and dog-borne zoonotic disease outbreaks. Kenan also supported six cross-border collaboration strategic planning workshops for sites in Cambodia, Thailand, Lao PDR and Vietnam and facilitated eight cross-border exercises on disease outbreaks in humans and animals. Using Kenan's comparative advantage in fostering PPP, GMS-RID worked with Thai communications company DTAC to train more some 1,900 farmers about minimizing Avian Influenza risks while conducting trade. GMS-RID also partnered with Colgate Palmolive to implement the Clean Hands Zero Bird Flu campaign in 700 schools in Lao DPR.

Between 2009 and 2012, GMS-RID-Malaria component made great strides towards controlling and eliminating the disease in target areas in Thailand. Based on the success of its Phuket initiative, GMS-RID Malaria created a second pilot project in Trat Province, located along the Thai border with Cambodia, and a training of trainers of rapid response and surveillance teams in 13 additional provinces. The project also provided technical assistance to Thailand's Ministry of Public Health for Global Fund Round 10 proposal implementation, as well as extensive support for the National Strategic Plan for Malaria Control and Elimination (2012-2020).



After an outbreak of malaria in a small fishing village on Phuket, Public Health Officials responded with a quick-response team trained under GMS-RID. Community members in the affected area were interviewed, dwellings were fumigated and those infected given a course of directly observed treatment. The outbreak was successfully contained.



PROJECT SPOTLIGHT: PHUKET MALARIA ELIMINATION PILOT PROJECT, GMS-RID

Sunthorn Sriwimon lay in bed, shaking, suffering from bouts of chills and headaches. Sunthorn, a fisherman from Thaimai village on the island of Phuket and a member of a semi-nomadic group of 'sea gypsies,' had been unable to go to sea for days. When he can't go out fishing, he says, "My wife and children have nothing to eat."

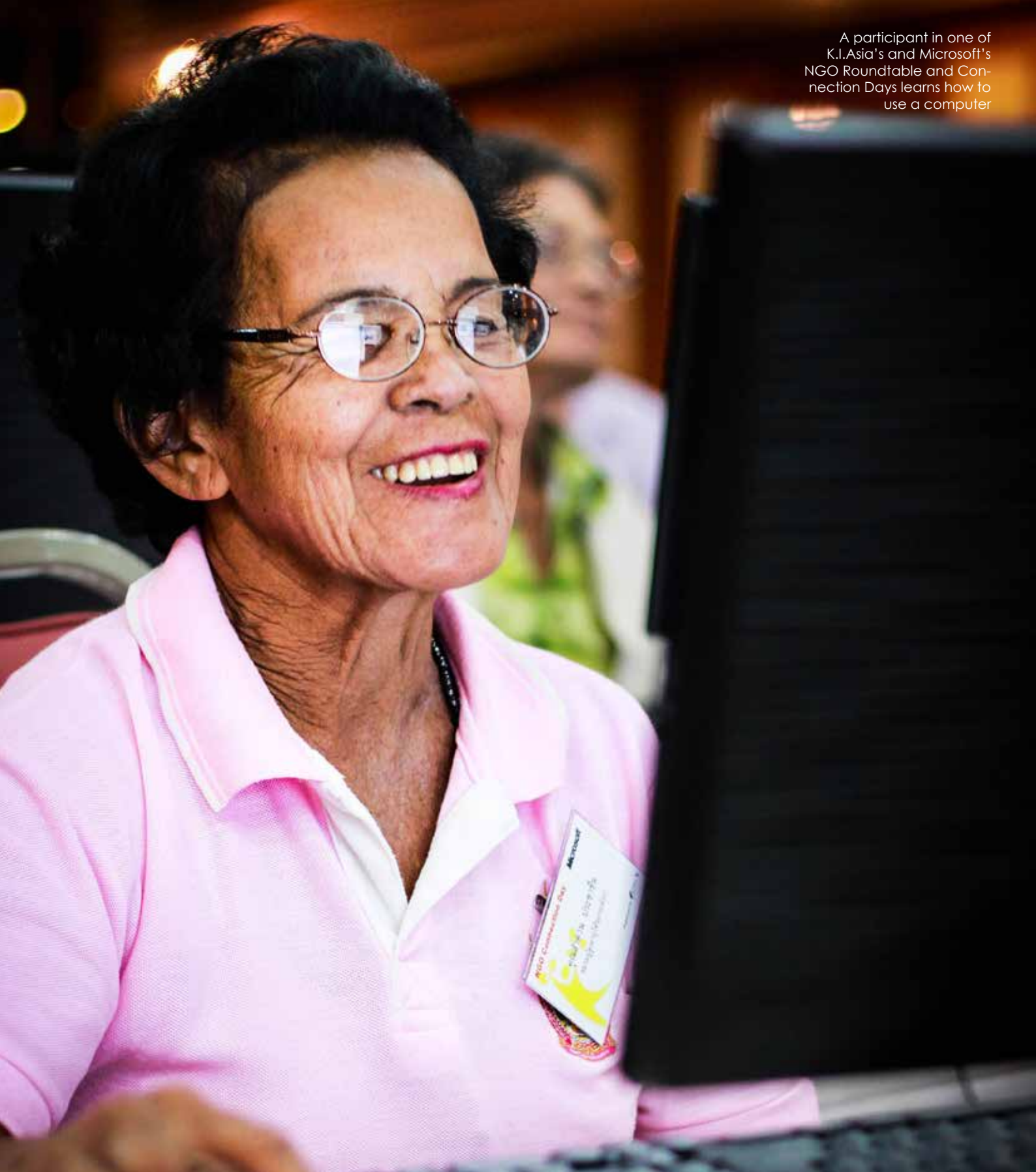
Sunthorn was taken to the local hospital, where lab analysts quickly identified malaria. Within minutes of the diagnosis, hospital staff had contacted the Phuket Provincial Health Office (PHO), where a dedicated malaria unit, which had been set up through the GMS-RID Malaria project, leapt into action. Within days, The PHO's Surveillance and Rapid Response team had conducted dozens of interviews in Sunthorn's village and began conducting indoor residual spraying, insecticide fogging and entomological surveys; it also provided impregnated mosquito-repellent bed nets to villagers. Investigators determined that the disease had been brought over by fishermen who had been working on nearby malaria-infested islands, and some villagers who had been infected by the disease were prescribed a strict treatment

regimen. The outbreak was contained, and Sunthorn was able to go back to work.

The creation of the malaria unit at Phuket's PHO was part of the Phuket Malaria Elimination Pilot Project, an initiative launched by K.I.Asia's GMS-RID's malaria elimination component. The pilot project was hugely successful in fortifying the malaria control and elimination capacities of the PHO. Besides responding to outbreaks, the PHO now has the capability to map, monitor and prevent malaria's spread in Phuket, particularly among migrant communities from Myanmar and other parts of Thailand who often carry over the disease with them.

The Phuket PHO has vowed to maintain the malaria unit, in part by using an innovative form of funding that combines budgets from smaller district health offices with resources from the National Health Fund. The success of the initiative also led to the creation of a similar project in Trat province, located along the border with Cambodia, as well as the training of trainers in malaria rapid response and surveillance techniques, to be spread to 13 provinces in Thailand.

A participant in one of K.I.Asia's and Microsoft's NGO Roundtable and Connection Days learns how to use a computer



STRENGTHENING CIVIL SOCIETY

K.I.Asia

has a long history of working with and building the capacity of civil society organizations in Thailand and throughout the Greater Mekong Subregion. In 2012, K.I.Asia implemented LEAD, the first-ever UNDEF funded project in Lao PDR, which brought together CSOs and their government counterparts to help create a more enabling environment for both parties. Kenan also carried out the second annual Thailand NGO Awards, designed to recognize excellence among Thailand's NGOs, and extended its partnership with Microsoft to boost the productivity of Thai NGOs through ICT.

A Microsoft volunteer helps NGO representatives during a NGO Roundtable and Connection Day.



LEAD

In September 2012, K.I.Asia finished its work on the Lao Encouraging and Applying Democracy for Civil Society (LEAD) project, the first-ever comprehensive initiative to bring together civil society organizations (CSOs) and government counterparts in Lao PDR. As the project's main implementer, K.I.Asia organized trainings for hundreds of participants from key CSOs and government offices, including numerous first-of-their-kind workshops. LEAD is the first United Nations Democracy Fund funded project to be implemented in Lao PDR.

Over the course of the two-year project, held in Vientiane, Kenan conducted some 23 trainings for 690 CSO leaders and government officials on topics including proposal and grant writing, use of IT resources, project development and management, accounting and financial management. Using Kenan's strong connections to both CSOs and the private sector in Thailand, the project sponsored a study trip for representatives of NGOs and the Lao DPR government to visit and learn from Thailand NGO Award winners and international donors including US-AID, Chevron and Microsoft. K.I.Asia also awarded grants of \$15,000 to three Laotian

CSOs to help them conduct small scale democracy building projects.

The project's impacts will be felt for years to come. By providing space for CSOs and government officials to learn from and collaborate with each other, LEAD has set the stage for an enabling and productive work environment. Moreover, CSOs in Laos are now equipped with the skills necessary to compete for grants and to manage them effectively, increasing the impact of their work.

NGO ROUNDTABLE AND CONNECTION DAYS

K.I.Asia and Microsoft Thailand held three NGO Roundtable and Connection Days designed to bolster the technological capacities of NGOs. Some 239 individuals representing 128 NGOs attended the seminars, which were held in Bangkok, Khon Kaen, and Songkla. The training curriculum, which included lessons in using Microsoft's productivity software, was designed to improve the ICT capabilities of NGOs, thereby making them more efficient in carrying out their work.



128

Number of NGOs participating in NGO Roundtable and Connection Days.



690

CSO and government officials from Lao PDR trained under LEAD.

THAILAND NGO AWARDS

Following up on 2011's successful first-ever Thailand NGO Awards, K.I.Asia again partnered with the Resource Alliance, with funding from the Rockefeller Foundation, to build capacity of NGOs and host the awards for the second year. The initiative is designed to develop resource mobilization skills in NGOs, celebrate excellence among Thailand's NGO community, promote the credibility of the non-profit sector for long-term sustainability, recognize good standards in non-profit management and create examples and inspiration for other non-profit organizations.

In 2012, the initiative's 12 regional assessors and five national jury members reviewed applications from more than 100 Thai non-profit organizations. The awards ceremony, held in September 2012, recognized three organizations (small, medium and large) as 'Thailand NGO of the Year.' In addition, the awards committee recognized three organizations with special awards, including for Outstanding Volunteer Organization, and two 'Big Idea, Small Budget' awards. Monetary awards are given to each winning organization.

The project also goes beyond award giving by providing workshops for organizations on topics including resource mobilization and fundraising; in 2012, some 200 participants from 136 organizations across the country took part in the workshops, an increase of 25 percent from last year. These efforts, combined with the motivation provided by the NGO Awards, have strengthened Thailand's NGO network.



2012 AWARD WINNERS

SMALL:

Folk Doctor Foundation

MEDIUM:

New Life Center Foundation

LARGE:

Education for Development Foundation

OUTSTANDING VOLUNTEER ORGANIZATION:

Sun Sai Luang Sub-District Community Health Volunteers

BIG IDEA, SMALL BUDGET AWARD:

Capacity Building for Strengthening Community
of Pai District Organization:

'Stateless People' Project

BIG IDEA, SMALL BUDGET AWARD:

Siam-Care Foundation: "Brenda Brook" Project

2012 Thailand NGO Award winners



FINANCIAL REPORT

AUDITOR'S REPORT

TO THE BOARD OF TRUSTEES OF KENAN FOUNDATION ASIA,

I have audited the accompanying financial statements of Kenan Foundation Asia ('the Foundation'), which comprise the statement of financial position as at 30 September 2012 and 2011, and the statements of income and changes in fund balance for the years then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-publicly Accountable Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of Kenan Foundation Asia referred to above present fairly, in all material respects, the financial position as at 30 September 2012 and 2011, and its results of operations for the years then ended in accordance with Thai Financial Reporting Standards for Non-publicly Accountable Entities.



Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
PricewaterhouseCoopers ABAS Limited
Bangkok, 18 January 2012

INCOME STATEMENTS

For the years ended 30 September 2012 and 2011

	2012	2011
REVENUES		
Donation Income	95,487,100	74,159,864
Interest Income	16,711,971	16,658,594
Other Income	<u>32,645,898</u>	<u>42,773,116</u>
Total Income	<u>144,844,969</u>	<u>133,591,574</u>
EXPENDITURES		
Program expenses	121,838,636	95,060,252
Administrative Expenses	<u>34,970,225</u>	<u>25,600,219</u>
	<u>156,808,861</u>	<u>120,660,471</u>
Income over Expenditures	<u>(11,963,892)</u>	<u>12,931,103</u>

STATEMENTS OF CHANGES IN FUND BALANCE

For the years ended 30 September 2012 and 2011

	Initial donation	Unrealized gain/(loss) of fair value changes	Accumulated excess of of revenues over expenditures	Total
As at 1 October 2010	500,000	12,807,795	136,643,091	149,950,886
Unrealised gain of fair value changes in available-for-sale investments	-	(13,752,819)	-	(13,752,819)
Transfer to income statement upon the sale of investments	-	(1,794,582)	-	(1,794,582)
Income over expenditures	-	-	<u>12,931,103</u>	<u>12,931,103</u>
As at 30 September 2011	<u>500,000</u>	<u>(2,739,606)</u>	<u>149,574,194</u>	<u>147,334,588</u>
As at October 1 2011	500,000	(2,739,606)	149,574,194	147,334,588
Unrealized gain of fair value changes in available- for-sale investments	-	18,463,500	-	18,463,500
Transfer to income statement upon the sale of investments	-	(2,046,853)	-	(2,046,853)
Income over expenditures	-	-	<u>(11,963,892)</u>	<u>(11,963,892)</u>
As at 30 September 2012	<u>500,000</u>	<u>13,677,041</u>	<u>137,610,302</u>	<u>151,787,343</u>

BALANCE SHEETS

As at 30 September 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	19,430,278	13,487,580
Accounts Receivable	<u>11,080,992</u>	<u>9,135,422</u>
and other current assets	<u>30,511,270</u>	<u>22,623,002</u>
Non-current Assets		
Long-term investment	131,321,428	130,595,194
Equipment	3,699,414	3,112,932
Other non-current Assets	<u>1,897,512</u>	<u>1,835,420</u>
	<u>136,918,354</u>	<u>135,543,546</u>
Total Assets	<u>167,429,624</u>	<u>158,166,548</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Finance Lease Liabilities	400,347	343,457
Accounts payable and other current liabilities	<u>14,932,774</u>	<u>10,100,496</u>
	<u>15,333,121</u>	<u>10,443,953</u>
NON-CURRENT LIABILITIES		
Finance Lease Liabilities	<u>309,160</u>	<u>388,007</u>
Total Liabilities	<u>15,642,281</u>	<u>10,831,960</u>
FUND BALANCE		
Initial donation	500,000	500,000
Unrealized surpluses		
Fair value changes on investments	13,677,041	(2,739,606)
Accumulated excess of revenues over expenditures	<u>137,610,302</u>	<u>149,574,194</u>
Total Fund Balance	<u>151,787,343</u>	<u>147,334,588</u>
Total Liabilities and equity	<u>167,429,624</u>	<u>158,166,548</u>

DONORS AND CLIENTS

FOUNDING DONORS



United States Agency for
International Development



Kenan Family Foundation



Thailand International Development
and Cooperation Agency

MAJOR CORPORATE CLIENTS



Citi Foundation



Microsoft®



KEY CLIENTS

- American Bar Association
- Bio-Diversity Based Economic Development Office
- Boeing
- Chevron
- Citibank, Citi Foundation
- Kenan Institute of Private Enterprise
- Merck Foundation
- Microsoft
- Moral Center in the Office of the Prime Minister
- MSD (Thailand)
- Nathan and Associates, Inc.
- Resource Alliance UK
- Office of Small and Medium Enterprise Promotion
Thailand Ministry of Industry
- Thailand Department of Foreign Trade
Ministry of Commerce
- Thailand Department of Industrial Promotion
Ministry of Industry
- Thailand Department of Intellectual Property
Ministry of Commerce
- Thailand Department of Skill Development
Ministry of Labor
- Thailand Institute for the Promotion of Teaching Science
and Technology
- Thailand Ministry of Education
- Thailand Ministry of Public Health
- Thailand International Development Cooperation
Agency
Ministry of Foreign Affairs
- United Nations Democracy Fund
- United Nations Development Programme
- United Nations Industrial Development Office
- United States Agency for International Development
- United States Patent and Trade Office
- University of North Carolina at Chapel Hill
- William R. Kenan Jr. Charitable Trust

CONTACTS

EXECUTIVE MANAGEMENT

Mr. Piyabutr Cholvijarn

President

piyabutr@kiasia.org

Mr. Richard Bernhard

Executive Director and Project Management Director

richardb@kiasia.org

Dr. Saisawan Vadhanapanich

Marketing and Project Development Director

saisawan@kiasia.org

MANAGERS

Ms. Jiranya Ratchinda

Manager, Corporate Social Responsibility

jiranyar@kiasia.org

Mr. John DaSilva

Senior Manager, Project Development

johnd@kiasia.org

Ms. Kessara Amornvuthivorn

Manager, Innovative Education

kessara@kiasia.org

Mr. Paiboon Suttisirikul

Senior Manager, Finance and Accounting

paiboons@kiasia.org

Ms. Sirinart Ruenruay

Manager, Human Resources and Administration

sirinart@kiasia.org

Mr. Wichai Limpitikranon

Manager, Business and Economic Development

wichail@kiasia.org



QUEEN SIRIKIT NATIONAL CONVENTION CENTER
2ND FLOOR, ZONE D, ROOM 201/2
60 NEW RATCHADAPISEK ROAD
KLONGTOEY, BANGKOK, 10110
THAILAND

+66 (0) 2 229-3131
WWW.KIASIA.ORG