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EVALUATION AND SUSTAINABILITY ASSESSMENT OF KENAN INSTITUTE ASIA'S AERA PROGRAMS

APRIL 2008

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ACRONYMS

AERA	Accelerating Economic Recovery for Asia
AIDS	Acquired Immune Deficiency Syndrome
ASEAN	Association of Southeast Asian Nations
BAAM	Border Action Against Malaria; renamed: Borderless Action Against Malaria
BBA	Bachelor of Business Administration
BBP	Better Business Practices
BIOTEC	Thai National Center for Genetic Engineering and Biotechnology
BSOP	Business Support Organizations Partnerships
CCC	Center for Corporate Citizenship at Boston College
CDA	Cluster Development Agent
CSR	Corporate Social Responsibility
CTO	Cognizant Technical Officer
ESL	English as a Second Language
EU	European Union
EuroGAP	European Good Agricultural Practices
FoKFA	Friends of the Kenan Foundation Asia
GDA	USAID's Global Development Alliance
GFTAM	Global Fund for Tuberculosis, AIDS and Malaria
GIS	Geographic Information System
GMP	Good Manufacturing Practice
GMR	Greater Mekong Region
GMS	Greater Mekong Subregion
HACCP	Hazard Analysis and Critical Control Point
H5N1	Avian Influenza Virus
ICT	Information, Communication, and Telecommunications
IESC	International Executive Service Corps
IPI	International Intellectual Property Institute
InfoDev	World Bank's Information for Development
IT	Information Technology
JETRO	Japan External Trade Organization
K.I.ASIA	Kenan Institute Asia
KIPE	Kenan Institute of Private Enterprise
MBA	Master of Business Administration

MCC	Millennium Challenge Corporation
MDR	Multi Drug Resistance
MICE	Meetings, Incentives, Conferences, and Exhibition
NGO	Non-Governmental Organization
NICRA	Negotiated Indirect Cost Recovery Agreement
NMCP	National Malaria Control Programme
NSTDA	National Science and Technology Development Agency
PDR	People's Democratic Republic
RDM-Asia	Regional Development Mission for Asia
RDT	Rapid Diagnostic Test
RTG	Royal Thai Government
REAL	Rural Entrepreneurship through Action Learning
SARS	Severe Acute Respiratory Syndrome
SEARO	South East Asia Regional Office (World Health Organization)
SIPA	Software Investment Promotion Agency
SME	Small and Medium Size Enterprise
SO	Strategic Objective
TAM	Thailand Animation and Media
TCI	Thailand Competitiveness Initiative
THB	Thai Baht currency
TRAI	Tsunami Recovery Action Initiative
UNC	University of North Carolina at Chapel Hill
UNICEF	United Nation's Children's Fund
USAID	United States Agency for International Development
USG	United States Government
WHO	World Health Organization

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EXECUTIVE SUMMARY

An evaluation team provided by SEGURA-IP3 LLP undertook an on-the-ground evaluation of the activities of Kenan Institute Asia (K.I.ASIA) at the request of the USAID Regional Development Missions for Asia (RDM-Asia) from February 8, 2008 through March 7, 2008. The evaluation focused on private sector, public health¹, and environmental activities carried out under the Accelerated Economic Recovery for Asia (AERA) Cooperative Agreement by K.I.ASIA between September 30, 2003 and December 31, 2007. The evaluation team also prepared a self-sustainability assessment of K.I.ASIA. As a result of these analyses, the evaluation team provided an assessment of the concept of USAID's use of K.I.ASIA as a "legacy mechanism."

FINDINGS AND RECOMMENDATIONS

In its private sector activities, it was determined that K.I.ASIA had made a number of valuable contributions in its Business Support Organizations Partnerships (BSOP) program; various clusters (i.e., multimedia/digital content, Western Highlands high-value produce, Chantaburi gems and jewelry and Chiang Mai tourism); and innovational work in the education sector. The Rural Entrepreneurship through Action Learning (REAL) training at community colleges; incubator development; and trade capacity building, including packaging assistance to specific businesses, had far less impact. The lack of a monitoring and evaluation component to capture the impact of these activities—and a lack of follow-through whenever resources were exhausted—reduced the ability of K.I.ASIA to credibly measure and document their impact. The evaluation of these private sector activities was clearly hampered as many of them had already been completed several years prior to February 2008.

The public health activities through the Borderless Action Against Microbes (BAAM) initiative implemented by K.I.ASIA had a strong positive impact. BAAM activities were deemed to be effective overall with a measurable impact on the quality of malaria and Avian Influenza programs in Thailand and the Greater Mekong Subregion (GMS). K.I.ASIA effectively built partnerships with government agencies, public and private sector donors, NGOs and research institutes, schools, and communities to implement comprehensive multi-sectoral strategies. K.I.ASIA's program extended beyond the community to national policy and international partner levels within the GMS. K.I.ASIA's performance has been strong and there is a clear, continuing demand for K.I.ASIA services in communicable disease prevention and control.

K.I.ASIA carried out only one environmental initiative during the period covered by the evaluation and, though small, has had continuing positive impacts. This initiative involved the development of environmental courses to include in the Chulalongkorn University and Thammasat University business administration curricula.

The financial, organizational, and new business analyses showed that K.I.ASIA has functioned without operational problems with the AERA financial inflows. However, now that the AERA Cooperative Agreement is coming to an end, K.I.ASIA is working to transform itself into a "consulting NGO." Certain established patterns of operation impede K.I.ASIA's transformation to a self-sustaining organization: lack of a well-developed strategic plan

¹ The period of evaluation for public health activities was from May 2000 to December 31, 2007.

based on its organizational strengths; lack of an overhead rate accepted by USAID to ensure that its costs of doing business are recovered; lack of appropriate staff; underperforming divisions; lack of a well-honed new business development operation; and lack of a monitoring and evaluation capability to make programmatic adjustments, document lessons learned, and market successful products and services.

Recommended steps for K.I.ASIA include the following:

- (1) As soon as possible, it should develop a strategic plan based upon its organizational experience and the strengths of its staff. This strategic plan should incorporate K.I.Asia's strengths in public health, innovational education, and the ability to stage conferences, seminars, and workshops.
- (2) This strategic plan should be done in conjunction with an analysis of the Thai and regional market for the services that its staff can provide and the organization can be counted on to deliver.
- (3) Based on this strategic plan, it should take steps to restructure and align its staff to serve the market available to K.I.Asia. Divisions that are not pulling their weight should be eliminated. It should consider increasing its public health staff to finish its AERA-funded activities in excellent form and position itself to obtain more engagements that will use this staff. This program should be upgraded to a Division under a Director. New hires should be considered to strengthen its ability to implement new contract or grant awards.
- (4) Once the marketing opportunities are analyzed on the basis of organizational strengths, steps should be taken to further bolster its new business unit. A limited number of additional staff may have to be added to its business unit based on the potential market analysis. A consultant database should be developed consisting of regional and expatriate consultants that support K.I.Asia's strategic plan. It appears that approximately \$3 million in annual revenues will be required to create a self-sustainable organization.
- (5) Further sophistication in financial budgeting is required on the basis of an accurately established overhead Negotiated Indirect Cost Rate Agreement (NICRA) rate and billability targets so that financial projections can be more accurate and management control can be exerted to achieve those projections.
- (6) A monitoring and evaluation unit composed of one or two professionals should be added to the organization to help it to capture lessons learned, adjust its operations to strategically support successful operations, and provide more credibility in the marketing of its services.
- (7) K.I.Asia should seriously consider the regionalization of its operations to be able to capture market opportunities, including USAID grants and contracts, in Vietnam, Cambodia, and the Lao People's Democratic Republic (PDR). This might be done by incorporating prestigious individuals from these countries on the board of trustees; identifying organizations in the GMS that have similar objectives and with which synergy can be developed through jointly implemented projects; possibly setting up offices as appropriate in regional countries; and hiring professionals from GMS countries to join K.I.Asia's Bangkok staff to facilitate relationship building, communications, and understanding of local problems and opportunities. The improved returns from K.I.Asia's non-Thai endowments might be used to support this expansion.

The evaluation team does not support the creation of a new cooperative agreement with USAID for future operations of K.I.ASIA. We believe that K.I.ASIA should compete for appropriate grants and awards from USAID.

The evaluation team finds that the founding of K.I.ASIA and the AERA Cooperative Agreement created a useful conduit for USAID to channel funding rapidly to assist with various crises: the banking crisis of 1996–1997 and its aftermath; the tsunami of late 2004 and its aftermath; and the rising threat of Avian Influenza. However, the fact that K.I.ASIA did not have to compete for USAID funds during a nine-year period means that patterns of operation now make it difficult to transform itself into a self-sustaining organization. Furthermore, the endowment fund has yielded far less than is required for self-sustainability. We predict that K.I.ASIA will be faced with a considerable challenge over the rest of FY 2008 and FY 2009 in achieving a self-sustained, consulting NGO operation.

The evaluation team does not see that the K.I.ASIA model is a useful “legacy mechanism,” even in light of efforts by the U.S. Government (USG) to move countries away from their dependence and need for foreign assistance through the Millennium Challenge Corporation (MCC) programs and USAID-supported “threshold programs.” Such a “legacy mechanism” is useful to U.S. interests only as long as the USG provides funding. When such an organization must depend upon other donor and corporate contracts, the support of U.S. interests is, for the most part, lost. Unless a much larger endowment is provided and this is well-managed—which has not been the case for K.I.ASIA—there are few options other than the one that K.I.ASIA is now pursuing.

I. INTRODUCTION

From 1993 onwards, the Kenan Institute of Private Enterprise (K.I.ASIA) at the University of North Carolina (UNC) in Chapel Hill held a cooperative agreement, called the U.S.-Thailand Development Partnership, to provide private sector-based development assistance. K.I.ASIA was subsequently conceived as a “legacy institution” to carry on the Thai-U.S. development relationship after the closure of the USAID mission in 1996. An endowment fund with three components was set up to support K.I.ASIA’s future operations.

K.I.ASIA’s charter² states that its objectives and purposes are the following.

- To promote cooperation among universities, private businesses, and government agencies in the United States and Asia
- To encourage the use of private sector mechanisms to solve public problems
- To support economic and human resource development in Asia through research and training
- To carry out applied business research and education programs
- To support the economic and social development of Asia using university intellectual resources

In the wake of the 1997 Asian financial crisis, K.I.ASIA wrote a proposal in 1999 and was awarded a cooperative agreement, the AERA project. Upon termination of this cooperative agreement in September 2008, USAID will have provided K.I.ASIA with \$22,268,331 and K.I.ASIA will have provided cost-sharing in the amount of \$4,311,423. Further details concerning this cooperative agreement are provided in *Appendix A* of this report.

K.I.ASIA had previously engaged in the economic reform and recovery of Thailand as a part of a program, American Corporations for Thailand (ACT), co-led by Dr. Henry Kissinger. Several large U.S. corporations, including Unocal, AIG, Motorola, GE, Raytheon, Chase, Union Carbide, Amex, and Dow provided up to \$2.2 million for these programs. K.I.ASIA was involved through ACT to retrain persons who had lost their jobs as a result of the financial crisis. This program has continued through the years and will terminate on October 6, 2008.

The initial overall program under the Accelerating Economic Recovery for Asia (AERA), which was developed within the context of the Asian financial crisis of 1996–1997 but actually launched in 1999, included:

- Assistance to Thailand’s economic reform and recovery with a focus on banks and small and medium size enterprises (SMEs)
- Encouragement of good governance in business and labor standards
- Building a capacity for public health in border areas
- Promotion of Thai-U.S. efforts on better business practices
- Development of innovative solutions to long-term issues in education
- Assistance with trade capacity development

The initial specific activities under the AERA cooperative agreement in 1999 were:

- K.I.ASIA’s Business Advisory Center’s SME consulting and training
- Bank reform and training
- Business support organizations partnering program

² Charter of The Kenan Foundation Asia, undated.

- Promotion of international labor standards
- Border Action Against Malaria (BAAM Phase I) program (which started in 2000).

Subsequently, a range of private sector development, public health, environmental, and other programs were added to K.I.ASIA's portfolio by USAID/Washington as different crises and needs arose. The Cognizant Technical Officer (CTO) for the AERA Cooperative Agreement had offices in USAID/Washington. The ability to rapidly obligate, channel and quickly disburse funds through K.I.ASIA was a particular advantage to USAID and the USG. Some of these programs were added as a result of the devastating tsunami that struck Thailand and other Asian countries in late 2004 as well as the emergence of Avian Influenza in 2006. These programs and the quality and impact of the activities are the subject of this evaluation.

USAID now desires to consider future options, and important questions are: If a contractual relationship were considered, what should USAID expect from K.I.ASIA as a grantee? What are K.I.ASIA's strengths in terms of its staff and experience? What can K.I.ASIA be expected to do well? Given such a role, how much funding might be required? Has K.I.ASIA taken appropriate action to support USAID regionalization goals? What would it take to support USAID RDM-Asia's regionalization activities? What kinds of accountability and reporting are important? Is there organizational strengthening required to make K.I.ASIA work better? What conditions might USAID might want to put in place before effecting such a cooperative agreement? This evaluation answers these questions along with a series of other questions raised in the scope of work for the evaluation.

METHODOLOGY OF THE STUDY

USAID would like to have the quality of the performance of K.I.ASIA under AERA evaluated. The evaluation covers K.I.ASIA's work in private sector development, public health³, and environmental activities during the period September 2003 through December 2007. Previous evaluations of K.I.ASIA's performance have been prepared under the AERA program. One evaluation was conducted by The Brooker Group, a Thai professional firm, whose report was issued in August 2001. USAID underwrote another evaluation, which was performed between July and September 2003 by Development Associates and Nathan Associates Inc. Some of the recommendations of this evaluation, the report of which was issued on December 31, 2003, are still valid today and these have been cited at appropriate points in this report.

The scope of work for the present evaluation is included in *Appendix B* of this report. The evaluation team's work plan is also included in *Appendix C*. *Appendix D* lists the persons interviewed and *Appendix E* lists the documents reviewed. In short, the methodology employed was as follows.

- Focus on AERA activities in the evaluation period described above
- Give relative importance to the coverage of the evaluation based on the amount of USAID funding directed towards each activity
- Where possible, objectively verify the information provided by K.I.ASIA

One of the primary purposes of this evaluation is to make recommendations for a sustainability strategy for K.I.ASIA. Recommendations are also provided for future

³ The public health evaluation period covered 2000–2007 because it was not evaluated when the rest of the AERA was evaluated in 2003.

cooperation between USAID and K.I.ASIA. Finally, the present evaluation provides an assessment and recommendations on whether the K.I.ASIA model is a good one for other non-USAID presence countries.

We turn now to the evaluation of specific AERA activities executed by K.I.ASIA, and we begin with its private sector development activities.

II. PRIVATE SECTOR DEVELOPMENT ACTIVITIES

The work of evaluation on a project or program entails the review of all relevant and available documentation on activities that have been conducted and comparative analysis of the preliminary findings from this desk study with the comments received from individuals most directly affected by these activities. In particular, evaluations are not so much concerned with how the activities were conducted but with their impact and the long-term outcome(s) that can be reasonably attributed to them. From this standpoint, the evaluation of the activities under the AERA program since late 2003 faced serious challenges.

The most basic reporting on AERA by K.I.ASIA, its quarterly reports, was found—at least with regard to private sector development activities in the period under review—to be both confusing and very skimpy on timely and effective information. These reports repeated identical information in successive quarters that had nothing to do with activities conducted during the reporting period, and often referred to activities completed before the quarter being reported. The narrative describing the activities of a quarter tended to be very generic, lacking in specificity as to what had been done.

The Cooperative Agreement with USAID clearly states that *“these reports...shall include a narrative describing program activities, progress and immediate results achieved...Once the program begins to have an impact on the behavior of the targeted organizations, that impact shall be documented”*⁴. However, in general, the reporting for AERA-funded projects since 2003 falls well short of providing the reliable information on impact that would be generated by an effective monitoring and information system. In fact, surprisingly for an organization of its type⁵, K.I.ASIA does not have a monitoring and evaluation unit: what may have been an initial oversight by management, for budgetary reasons, became very difficult to redress under the financial structuring of AERA. Consequently, the information on “impact”—when it is provided—tends to be limited to data such as the number of people trained (and their satisfaction at the conclusion of the training). In no case was there information as to how the training had been used and had changed the individual’s or organization’s behavior. In other cases, the impact is estimated through a back-of-the-envelope calculation without attempt at real-world confirmation.

It is well known that the quality of information received from informants is generally inversely proportional to the time lag between the implementation of activities and the interview. In this case, the private sector development activities under AERA came to an end in late 2006 leaving a gap between that time and the time when this evaluation was executed in February–March 2008. The lag time of at least 1 ½ years was identified as a problem at the beginning of the evaluation. Discussions with K.I.ASIA management regarding possible interviews indicated that many participants in activities were broadly dispersed geographically and likely difficult to locate. Combined with the time lag, the lack of ongoing contact with participants inhibited the ability of the evaluation team to verify the impact of K.I.ASIA’s private sector activities. Furthermore, on several occasions, K.I.ASIA management was asked to provide names of partner organizations and individuals who could provide an objective appreciation of K.I.ASIA’s work. These names were not forthcoming.

⁴ Cooperative Agreement # 442-A-00-99-00072-00, September 1999.

⁵ The lack of an adequate system to capture information as to impact of activities and to adjust programs based on such information was already underscored in the 2003 Evaluation Report.

The findings presented here are the result of intensive work with K.I.ASIA staff clarifying which activities had been conducted as well as following up on activities to check on results, when possible, and the technical strengths of the institution.

Given these constraints, we now review the specific activities undertaken in K.I.ASIA's private sector development during the period of September 30, 2003 to December 31, 2007. For ease of exposition, the K.I.ASIA private sector-related activities under review for the period have been classified under two distinct headings.

- **Business competitiveness and entrepreneurship development**, which includes all activities dealing directly with business and economic activities
- **Support to the development of broad national competitiveness**, which includes all education-related activities

A. BUSINESS COMPETITIVENESS AND ENTREPRENEURSHIP DEVELOPMENT

1. Building Trade Capacity in South East Asia/Exporting Asian Foods to Global Markets (6/2006–9/2007)

This project was seen as a pilot for activities that could be adapted for use with other sectors in the future. Given the projected potential growth rates for packaged, ready-to-eat foods in developing and emerging economies as well as the growing trends toward ethnic and gourmet foods in more mature economies, K.I.ASIA proposed that this pilot effort be focused on the packaged food sector.

The proposed activities were focused on four elements of trade capacity building.

- International standards regarding sanitary and phyto-sanitary regulations
- Packaging requirements to meet marketing and shelf-life needs and labeling requirements
- Dissemination of information for marketing and branding, including through the internet and participation in trade shows
- Linkages to global supply chains

The project targeted small and medium size enterprises (SMEs) that were exporters of ready-to-cook and ready-to-eat products and packaged seasonings and ingredients that were either already exporting or ready to export, with a goal of increasing exports to Japan, the United States and/or China in the near future.

In a first phase, one seminar was developed for each of the target markets, bringing relevant speakers on regulations, standards, labeling requirements, market entry strategy and examples of successes, to be delivered on the following dates:

Japan: November 23, 2006

United States: March 14, 2007

China: April 4, 2007

Non-Thai participants in these seminars could receive a subsidy from K.I.ASIA of \$130 dollars for travel costs. Registrants could sign up for individual one-on-one clinic consultations with customs, labeling, and standards experts of the target country on a first-come, first-serve basis.

Attendance at these events was as indicated in *Table 1* below. From these data, several observations can be made.

In all the seminars, at least 87 percent of the participants were representatives of Thai companies. A bias toward the companies from the country where the event was to take place could be expected; however, the lopsided preponderance of Thai companies raises the question whether the travel subsidy provided to non-Thai companies was a sufficient incentive to defray the costs and subsequently provide a better balance between participants.

TABLE 1: ATTENDANCE AT FOOD PACKAGING MARKETING SEMINARS, BY COUNTRY

COUNTRY	TARGETING OVERSEAS MARKETS: OPPORTUNITIES FOR SOUTH EAST ASIAN FOODS			DESIGNING YOUR FOOD PACKAGING TO CAPTURE THE U.S. MARKET
	JAPAN 11/23/2006	USA 3/14/2007	CHINA 4/4/2007	6/26/2007
Brunei				1
Cambodia				4
Hong Kong	1	1	1	
Laos				2
Malaysia	3	2	2	2
Philippines	5	7	7	2
Singapore			1	
Thailand	60	89	82	79
Vietnam				
TOTAL	69	100	94	90
<i>of which (percentage)</i>				
Thais	87%	89%	87.2%	87.8%
Non-Thais	13%	11%	12.8%	12.2%

The seminars that targeted the United States and China markets attracted a significantly larger number of participants than the seminar targeting Japan. This may be because the Japan seminar was the first in the series and consequently may not have been given adequate publicity. It might also be a reflection of the perceived potential of the United States and China markets versus the Japanese market.

The speakers at the seminars were mostly representatives of either food importing firms in the respective target countries whose presentations were in many ways marketing presentations of their firms or Association of Southeast Asian Nations (ASEAN) trading firms who related the case study of their firm's approach in penetrating the respective target markets. The only public trade official from one of the target nations was the one from the office of the Japan External Trade Organization (JETRO), in Bangkok.

Responses to questionnaires distributed at the end of each event indicated considerable satisfaction with the respective events, which is a common result when such questionnaires are used. However, the key question may be whether these events were informational in a general sense or whether they really provided a sound background for expanding into each of the markets. In this regard, the Web site that was set up could have provided more technical and administrative answers to support the needs of the prospective exporters.

In a second phase, up to five companies could apply for tailored consultations to upgrade their product packaging to meet the contemporary needs of international markets. These consultations were provided by a team of established international package design consultants with expertise in packaging strategy, packaging design and labeling for products intended for the United States and other markets. These consultations included an in-depth analysis of the companies' products and existing packaging for a variety of ready-to-cook, ready-to-eat, ingredient and seasoning products. The consulting team proposed new designs with the objectives of modernizing the look, functionality, and technical specifications to

enter and compete in the target markets. The work of the consultants consisted of desk work in the United States and then direct work with each of the selected companies.

The criteria for selection of the firms to be assisted were as follows.

- At least 80 percent Thai ownership.
- Main activity as a manufacturer and/or exporter of products in the ready-to-cook, ready-to-eat, food ingredients or seasonings groups.
- Already exporting the listed product groups and wishing to enter or increase sales in the United States, Japan, and/or China markets.
- Annual sales in the last three years could not exceed \$30 million per year, and combined annual export sales in the last three years had to exceed \$130,000 but not be more than \$15 million per year.
- The company's main facility and factory had to be located within Bangkok or its surrounding areas.
- The company and/or its products had to have current standard certifications for food production, such as good manufacturing practices (GMPs), Hazard Analysis and Critical Control Point (HACCP), or other international standards.
- Export products to be included in this project activity had to be produced and sold in retail, rather than bulk, packaging.
- The company had to agree and be ready to allow technicians, students, and faculty members from participating promotional agencies and package design institutions to make necessary observations and work with the design consultant at its facilities. The company had also to allow the design consultant to present the new design solutions resulting from the project and related non-confidential information at a public seminar.
- The company had to agree to absorb a portion of the costs for the design consultant, which included a \$57 per diem rate (inclusive of weekends), suitable lodging convenient to the place of work during project duration, and daily transportation to and from work.

In the end, four companies were selected: three of them from the Bangkok metropolitan area and one from Phuket. Their products were ready-to-eat packaged rice, noodles, fish balls, and spices.

It is to be noted that the main cost items for these consultations, the fees for the experts, and the airfare costs were supported by the USAID financing. The companies bore the other costs as described in the selection criteria.

Initial discussions with K.I.ASIA staff directly involved with this project unfortunately revealed that there had been no attempt to follow up on the impact of the consultations on packaging and that the outcome of the subsidized consultation on packaging design for the Thai firms remained unknown, even though three of the four companies assisted were located in the greater Bangkok region and easy to reach. This lack of follow-up and attention to the outcome of activities conducted by K.I.ASIA explained as being due to a lack of budget, turned out to be part of a generalized pattern in the various private sector projects that it undertook.

During the evaluation team stay in Bangkok, K.I.ASIA staff contacted the assisted companies to check on the outcome of the packaging consultation and learned that:

- The packaged rice company found that the designs sent to them, although attractive, did not fully convey the natural image they wanted. This may suggest a difficulty in communicating between the company and designers during the relatively short duration of the technical assistance. The company in the end hired a local designer to fine tune the

designs that were provided. The new designs are in use and the company exports to England, Israel, and Germany; however, it is not known whether these markets have developed as an outcome of the project or whether exports to these markets took off as a result of the consultation;

- The noodle company was impressed by the designs, but is apparently still struggling with the appropriate strategy to enter the U.S. market—although it considers the information received from the U.S. experts very valuable;
- The fish ball company is currently in the midst of an expansion of its production facilities in order to serve the export market, and the introduction of the new design has been postponed until completion of that priority project;
- The spice company received a logo and universal package designs for its line of products. The company wanted an alteration to the design to accommodate three packaging sizes and some other revisions. The company was slow in forwarding its requests, and the designers had not been contracted for the additional work. This mismatch of expectations reduced the impact from working with this company.

In a final phase, the design consultants presented the new design solutions and the latest information on packaging innovation, behavior change, and U.S. market dynamics relating to packaged foods and recommendation on smart and effective packaging development at an ASEAN-wide seminar in Bangkok to an audience of food manufacturers, packaging companies, and packaging design institutions. The concept of the seminar was to encourage additional firms to consider such redesigns of their packing. The criteria for registration at this seminar were that the companies sending representatives had to be:

- Majority ASEAN-owned (51 percent or more)
- A manufacturer and/or exporter of products in the ready-to-cook, ready-to-eat, food ingredients or seasonings categories

A travel subsidy of 5,200 Thai Baht (THB) (\$150) and two nights of free lodging were made available while funds lasted for non-Thai SMEs. The seminar took place on June 26, 2007. The seminar was attended by 90 participants of whom only 11, or 12.2 percent, were from countries other than Thailand. This again raises the issue of the adequacy of the travel subsidy for non-Thai companies.

In a parallel initiative, the project made available a subsidy equal to approximately half the cost of a single standard booth (about 3m x 3m) to exhibit at the THAIFEX-World of Food Asia 2007 show during May 23–27, 2007, in Bangkok. The subsidy was made available by K.I.ASIA to about 60 companies from Thailand, Malaysia, Indonesia, the Philippines, Vietnam, and Cambodia. The project also set up a business-matching platform where buyers of the three target markets could meet with potential suppliers from the region.

In the end, 47 firms, or slightly more than three-quarters of the total number of eligible firms, received subsidies:

- Seven firms from the Philippines each received a subsidy of \$1,035
- Forty Thai firms received a subsidy of THB 15,000 each.

The criteria on the Web site refer only to the producing firms looking for export markets and make no reference to the buyers. It could then be assumed that the supported SMEs would meet with buyers attending THAIFEX and take advantage of the business-matching opportunity to enlarge their sources of suppliers. It was therefore surprising to the evaluation team to learn that subsidies toward expenses were also paid to:

- Three buyers from Japan, who received between ¥ 57,970 and ¥ 82,990 for a total of ¥ 223,970 (or about \$1,850⁶)
- One buyer from the United States, who received \$1,400
- Ten buyers from China receiving from RMB 2,718 up to RMB 4,089 for a total of RMB 29,970 (or about \$3,916⁷)

Discussions were held with K.I.ASIA staff to try to clarify the reasons for this subsidy to buyers that might have been present in any case at an event such as THAIFEX. These discussions revealed that, in fact, to foster the possibility of contracts for the exporting firms that were supported, K.I.ASIA had undertaken a prior identification of interested buyers in each of the three markets and ensured their participation through a subsidy of hotel and airfare expenses. It became clear that the so-called business matching event was nothing more than a series of structured meetings between these 14 buyers and the 47 participating firms. The best that can be said in this is that it was not so much a promotion of opportunities for SMEs as it was a “gaming of the system” through numerous subsidies to ensure results. It is equally unclear whether the firms of the buyers actually needed any subsidy to defray the costs of their participation in THAIFEX.

According to a questionnaire sent to the supported budding exporting firms, with 14 responding, this business matching event resulted in immediate orders of some \$1.6 million with five firms reporting the need to increase their personnel by 65 employees. It is not known whether these initial orders have been followed by additional ones.

The project did represent an attempt by K.I.ASIA to work in a regional framework. However, despite subsidies offered to non-Thai participants, the events were largely attended by Thai participants. Non-Thai participants represented 13 percent or less. This failure in overcoming the bias toward the nationals of the country where the events are to take place may have several causes:

- A problem in the dissemination of information outside of Thailand
- A cost problem for SMEs that was not overcome through the subsidies that were made available

Without further investigation, the relative importance of these two factors in affecting the national composition of participants cannot be determined. Internal discussions about this issue within K.I.ASIA apparently came to the conclusion that an adequate representation of non-nationals cannot be assured and that the only way to achieve satisfactory outreach to SMEs in each country is by conducting such events in each country. In view of the costs that are implicit in such an undertaking, it may be well worth reviewing the information channels and mechanisms for the outreach and the possible impact of levels of subsidy for non-nationals.

A Web site (www.aseanfoodexport.com) has been set up. Its content is mostly related to the agendas for the various events sponsored by the project. As part of these agendas, it includes the PowerPoint or PDF files for the presentations by the respective speakers from which some information as to the target markets can be gleaned; however, these files present only the backbones of the presentations and are of limited use for any company that did not send a representative to the seminar. Consequently, the contribution to the dissemination of information that was expected from the Web site is also limited.

⁶ At the average exchange rate for the period of \$1=¥121.12

⁷ At the average exchange rate of the period of \$1=RMB 7.6525

2. Business Support Organizations Partnerships (BSOP)

The BSOP was a development partnership program run by K.I.ASIA and its sister institute, the Kenan Institute of Private Enterprise (KIPE) at the University of North Carolina/Chapel Hill, on behalf of USAID. The purpose was to help reform the Thai economy after the 1997 financial crisis, with the objective of strengthening the building blocks of a market economy, the critical standards and practices in the government and private sector that breed investor and consumer confidence. BSOP was to foster the linkages and partnerships between Thai and American business support organizations that could collaboratively address pressing market governance, judicial reform issues or competitiveness issues. The program ran largely from 1999 to 2004.

By the end of 2003, the BSOP program had⁸:

- Fostered 21 U.S.-Thai organizational partnerships and “17 of these partnerships have continued to prosper using their own resources after the BSOP grant expired”;
- Made 12 facilitation grants (of less than \$10,000 each) to Thai, U.S., and Vietnamese organizations so that they could work on specific, short-term projects.

In the subsequent period, additional activities included:

- The three separate phases of the Corporate Citizenship Training Program conducted by the Center for Corporate Citizenship at Boston College. These activities, including the training of K.I.ASIA staff, were conducted between December 2003 and May 2006.
- The linkage between the Thai National Center for Genetic Engineering and Biotechnology (BIOTEC) and the International Intellectual Property Institute (IIPI) for the training of 78 SMEs in intellectual property commercialization and for technical assistance in the development of a roadmap for intellectual property development in Thailand.

K.I.ASIA seems to have taken the leadership in the formal introduction of the concept of corporate citizenship in Thailand and has partnered with the Center for Corporate Citizenship to achieve this. This partnering of K.I.ASIA with the Center for Corporate Citizenship is viewed positively by the evaluation team. This capacity building allowed K.I.ASIA to develop an ongoing training program in corporate citizenship for Thailand-based corporations (Table 2 outlines BSOP activities).

TABLE 2: BSOP PARTNERING ACTIVITIES AT A GLANCE

SPENDING ON PARTNERSHIP ACTIVITIES	BUDGET ALLOCATION	COST-SHARING PERCENTAGE
Total spending for 25 partnering projects	\$2,786,769	
Spending per average size project	\$111,471	54.9%
Spending per largest size project (1)	\$530,567	86.5%
Spending per smallest size project (1)	\$17,709	12.9%

(1) The largest and the smallest BSOP projects are also the ones with the highest and lowest costs-sharing percentages

Under the BSOP program:

- Projects generally aimed at the capacity building of institutions, but they varied greatly in the magnitude of resources they mobilized. Although the budget of one project

⁸ “Kenan’s Model for International Development Partnerships: A Case Study of the Business Support Organizations Partnership Program, Partnering U.S. and Thai Organizations for Economic Growth (1999-2003)”, January 2004

represented one-fifth of total resources allocated to the program, the average size of the projects was slightly above \$111,000 including cost-sharing;

- Cost-sharing by Thai institutions was also quite important at an average of almost 55 percent for all partnering projects. The level of cost-sharing varied extensively across projects with a high of 86.5 percent for the largest project (with the Mediation Center for Financial Disputes) and a low of 12.9 percent for the smallest project (with the Securities Analysts Association).

These activities resulted in the training of large numbers of staff in institutions that had a role to play in governance.⁹

Under BSOP reporting, a clear distinction was made between partnerships and facilitation grants. An analysis of the data indicates that by and large the distinction rests mostly on the amount and nature of the financing involved.

- Partnerships benefitted from an average level of support through K.I.ASIA of some \$50,300, with an average cost-sharing by the Thai organization of 54.9 percent.
- Facilitation grants were generally much smaller at around \$10,000 and did not seem to require any cost-sharing.
- From a substantive and technical standpoint, the difference between the two kinds of support is not as obvious. Whereas most of the facilitation grants supported activities implemented for a limited number of days, quite a number of so-called partnerships also seemed to do so.

The 2003 evaluation of the AERA program considered that the BSOP program had benefited Thailand's recovery and reform process as well as the U.S. and Thai organizations involved in a cost-effective manner. The evaluation further mentioned: *"Of the partnership activities examined closely, none have failed. We do not rule out the possibility but believe that an occasional failure is readily justified in [such a program]....Most of the partnerships are already delivering useful results or seem likely to do so in the non-too-distant future"*

Without questioning this finding of the 2003 evaluation, it may be worth noting that their comment is carefully limited to the "activities of the partnerships" and not to the partnerships themselves. In doing so, it put these partnerships in the context of short-term interventions for a very specific issue. Short-term interventions are not really partnerships and it would seem that the term of "collaboration" might be more accurate. A partnership implies a mutually-beneficial medium- to long-term relationship. The results of the collaborative linkages made possible under BSOP were discussed in the 2003 evaluation and can be seen in *Appendix F*.

However positive the results of the collaborations made possible under BSOP, it is unlikely that the general needs of Thai institutions to be fully able to comply with their functions could have been limited to the ones that were addressed under the BSOP grants; rather, the needs that were addressed in that period should be seen as the most pressing at the time. The improvements that were achieved through these BSOP collaborations were significant but the question remains as to how could they be consolidated and extended so that the participating Thai institutions might achieve levels of capacity equivalent to those in more mature sister institutions. Such efforts over the medium- to long-term could benefit from a longer association between the Thai and U.S. organizations; i.e., through the existence of an actual partnership.

⁹ Details are provided in the table of BSOP projects included in *Appendix F*.

Although some BSOP projects included the development of a long-term partnership between the concerned Thai and U.S. organization as a specific objective, it was clearly the general intent of the program to foster such relationships (see *Table 3*).

Early discussions with K.I.ASIA staff revealed that little or no follow-up of the Thai organizations had been done since the end of the projects/grant programs, even on the ones that included it as a specific objective. To the credit of the K.I.ASIA staff involved, during the period of stay of the evaluation team in Bangkok, they undertook to follow up with not only the sub-set of explicitly targeted partnerships but with all the others.

TABLE 3: LONG-TERM LINKAGES FROM BSOP ACTIVITIES

LONG-TERM LINKAGES	DISTINCT PARTNERSHIPS SOUGHT (1)	PARTNERSHIPS WITH LINKAGE AS EXPLICIT OBJECTIVE (2)
Total number	22	7
Number of responses	20	7
On-going by 2/2008	7 (35%)	3 (42.9%)

(1) Several BSOP projects supported the same partnerships

(2) Several BSOP projects included the explicit objective of the long-term linkage of the Thai and U.S. organizations

The data that the K.I.ASIA staff was able to gather indicate that, as of February 2008, of 22 linkages that had been fostered by K.I.ASIA under the BSOP program several years earlier, 35 percent remained active and could be considered actual partnerships. Moreover, of those linkages with the explicit objective of a longer term relationship, 42.9 percent were described as active by respondents.

The continuation of these relationships several years beyond the end of the grant should be seen as successful on the part of K.I.ASIA.

3. Thailand Competitiveness Initiative: Support to Clusters

This term “industry cluster,” also known as a business cluster, competitive cluster, or Porterian cluster, was introduced and popularized by Michael Porter¹⁰ as a “primarily geographically proximate group of interconnected companies and associated institutions in a particular field.” The importance of economic geography was also underlined by Paul Krugman.¹¹ As nations have tended to succeed through clusters of industries, connected through vertical and horizontal linkages, the effectiveness and efficiency of these linkages constitute key determinants of national competitiveness and therefore of future economic growth prospects.

A cluster involves characteristics far beyond those of a trade association and can consist of the following.

- End-product or services companies
- Suppliers of specialized inputs, components, and services
- Financial institutions
- Firms in related industries
- Firms in downstream industries (including transport, distribution, and retail)
- Specialized infrastructure providers

¹⁰ "The Competitive Advantage of Nations" (1990, 1998), Free Press

¹¹ "Geography and Trade," Gaston Eyskens Lecture Series, August 1991 (ISBN 0-262-11159-4)

- Specialized training, education, information, and research institutions
- Standard setting agencies

So while the concept of cluster may be relatively easy to comprehend in a general sense, the diverse nature of the companies and institutions that it may include, and the unclear boundaries that delineate it, makes the translation of the concept into an operational strategy a very unwieldy and uncertain process.

In the implementation of its Thailand Competitiveness Initiative, supported by USAID, K.I.ASIA selected a number of clusters to be assisted on the basis of explicit criteria.

- The presence of an incipient process of coalescence
- Challenges that would justify external assistance toward further development
- Potential for rapid growth
- Diversity in selected clusters in size and levels of sophistication
- Geographical diversity.

If the first three criteria present a sound preliminary basis for work with a cluster of firms, the latter two may increase the challenges inherent in the prospective assistance by adding elements that reduce the probability of success. Two justifications were given for these criteria.

- By selecting clusters presenting a large variety of characteristics, K.I.ASIA intended to test its methodology and learn how to best work with clusters. This approach suggests that K.I.ASIA had a medium- to long-term vision of its work with clusters in Thailand and perhaps in other countries of the region
- The geographical diversification was largely an attempt to address the expectations of the RTG

K.I.ASIA selected and worked with seven clusters:

- Bangkok Multimedia/Digital content (early 2002 to September 2005)
- Western High Value Agricultural Produce (second quarter 2002 to September 2005)
- Phuket Tourism (mid-2002 to March 2003)
- Chantaburi Gems and Jewelry (third quarter 2003 to September 2005)
- Chiang Mai Tourism (end 2002 to September 2005)
- Northeast Silk (end 2002 to September 2005)
- Southern Marine Foods (end 2003 to September 2005)

Considerable assistance was provided by K.I.ASIA, and the description of its assistance is described in the sections below.

Bangkok Multimedia/Digital Content

The initial spur for work on this cluster came from the RTG, which had intended to develop a software industry similar to the one in Bangalore, India that had been developed over the preceding 15 years. A preliminary assessment of the feasibility of such an endeavor supported by K.I.ASIA suggested that the objective was overly ambitious in that the Thai software industry could not even satisfy the national demand, and prospects for it to become a major source of exports were weak. However, the assessment identified some activities that exhibited some strength and had a potential for development; e.g., a number of Thai software companies were subcontracted by Japanese and Korean software companies to provide digital imaging for games, Web sites, and cell phones.

Initial work with the companies allowed the identification of a set of issues that contributed to limit the potential development of the cluster.

- As the university system tended to train its students in obsolete programming software, companies depended on company-trained technical staff. Consequently, companies tended to limit the interactions between technical staff to avoid poaching opportunities by rivals. This situation was in sharp contrast with the one in successful other software development clusters in other countries and constrained the future development of the Thai digital content cluster.
- Although Thai software companies may have provided some of the most visible elements of the interface between users and programs, there was little awareness of their contribution outside of Thailand or even in the country.

The assistance of K.I.ASIA through its Cluster Development Agent (CDA) addressed these two issues. In a first phase, K.I.ASIA facilitated a dialogue with key universities that revealed that their software programming professors had little awareness that the programs they used for teaching were out of sync with the leading edge of the programming industry. These discussions led to the establishment by software companies of a curriculum advisory group working initially with four universities (eventually only two) and to supply them with the appropriate software and materials.

With the facilitation and financial support of K.I.ASIA, the companies in the cluster organized Thai Anima 2003 to showcase their achievements: K.I.ASIA, through its contacts, arranged to interest potential buyers in assisting and in setting up contact with companies of the cluster. In 2004, the Software Investment Promotion Agency (SIPA) hosted the festival under the name Thailand Animation and Media (TAM) 2004. TAM has now become an annual event.

Investments in the cluster activities were:

K.I.ASIA:	THB 1.9 million or \$29,700
RTG:	THB 8.59 million or \$214,800
Private Sector:	THB 9.54 million or \$238,500
Other donors:	THB 500,000 or \$12,500

For K.I.ASIA, its work in this cluster leveraged funds and initiated activities that have continued.

Western Highlands High Value Produce Cluster

The core members of this cluster produce fresh vegetables for export to Europe. However, on a number of occasions, exports from these producers were turned down by EU inspectors due to excess amounts of toxic residues, mostly from pesticides. Concerned about losing an export market with growth potential, the RTG was prepared to institute a 100 percent pre-shipment inspection and testing. This proposal alarmed both producers and exporters, as possible delays in shipping could reduce the shelf life of products and therefore their value in their final markets.

K.I.ASIA's assistance to the cluster brought to light a related issue. Some producers may have been using black market imports of fertilizers and pesticides, some of which were not approved by the EU and, by doing so, curtailing the potential market for legal importers of fertilizers and pesticides. Thus, the issue that needed to be resolved involved a number of

Thai actors, including producers, exporters/buyers, fertilizer and pesticide importers, and the RTG.

In an initial phase, the RTG retreated from its proposal for 100 percent inspection and suggested a system of spot inspection. However, this system was considered unsatisfactory by producers and buyers as it only alleviated somewhat the problems of delays in shipping.

K.I.ASIA facilitated the meetings of all stakeholders around the issue and investigations as to how this problem had been addressed in other countries. From these discussions and the work, it emerged that the European Good Agricultural Practices (EuroGAP) system provided a model of a voluntary scheme of self-regulation toward agreed-upon quality standards that involved all the members of the value chain. Moreover, the model had been successfully applied in other regions. Under this system, exporters finance the monitoring of a certified process for growing vegetables, a process that meets the requirements of their respective markets.

A presentation by one of the key buyers, TESCO, helped convince RTG officials of the viability and advantages of a EuroGAP-type monitoring scheme. University staff members were then trained in the monitoring of the agricultural practices of the members of the cluster based on the agreed norms.

As a result of the introduction of the EuroGAP system, income to farming families is at the very least more secure and may have even improved through the introduction of premium prices for GAP-certified products. The effectiveness of the system led the RTG to extend it to other agricultural exports growing areas of the country.

Chantaburi Gems and Jewelry Cluster

Gems used to be mined in the Chantaburi region and an industry for cutting and polishing gems and jewelry-making developed in the region. However, the supply of indigenous stones began to diminish, thus eroding the natural advantage of the region in jewelry-making. Furthermore, the regional gem and jewelry producers faced a number of other challenges.

- Chantaburi jewelers had not kept up with the improvements in jewelry-making in other respects and the quality of their production at times did not meet the new industry standards
- The reputation of the region was being tainted by a number of unscrupulous sellers;
- The margins were largely captured by retailers in Bangkok, although the regional industry created most of the value added
- Designs remained largely traditional and did not meet the demands in the EU and U.S. markets
- Although Chantaburi was a traditional jewelry-making area, few people were aware that the jewelry they were buying was produced in that region

One root of these problems was the intense competition among the members of the regional industry.

The work of K.I.ASIA in this area was linked to a regional USAID initiative with the assistance of J.E. Austin, an economic consulting firm. This firm had a representative in Vietnam and supported short-term technical assistance in Cambodia. A J.E. Austin expert was provided an office at K.I.ASIA. When K.I.ASIA initiated its contacts in the region, it did not have the intention to assist in the creation of an organization but to set up a platform for the discussion of issues, a platform that could bring together banks, transporters, tourist operators, cutters and polishers as well as jewelry makers. The participation of members of

the cluster depended largely on the nature of the agenda. For example, there was considerable interest when dealing with issues of marketing and less so when dealing with issues of setting standards¹² for the self-regulating cluster.

Despite this potentially conflictive situation, some notable progress was achieved through the work of the CDA of K.I.ASIA.

- Members of the cluster participated in gem and jewelry fairs under a common logo
- A jewelry center was opened in Chantaburi
- Contacts with tour operators were established to set up gem and jewelry tours (with the support of the provincial government)
- Common standards of quality and information were agreed on (including the definition of the “forced maturation”¹³ of sapphires)
- The planning of a gem and jewelry museum in the area is on-going

Chiang Mai Tourism Cluster

This cluster had at its core a tourism business association with a membership of 85 tourism operators and included two universities, the local arm of the national tourism agency, and the local city government. One source of concern was that the local tourism sector was suffering from a “cheapening effect” that was putting strains on local tourism resources and eroding the attractiveness of the region. The common objective was to put the sector on a path toward the revitalization and repositioning of Chiang Mai as a premium tourist destination providing world-class customer services.

Several seminars and workshops were conducted by K.I.ASIA to undertake market diagnostics and develop a strategy for targeting MICE tourism.¹⁴ A private company and destination management organization, C-MICE, was born from cluster meetings and an annual tourism business plan competition was established. Curricula in the universities were amended to include specialized tourism courses and materials. A tourist destination Web site plan was drafted, and parts of the cluster strategic plan were adopted by government.

The cluster invested over 3 million THB towards the implementation of its strategic initiatives: organizing seminars and workshops, putting C-MICE into its initial operation, conducting benchmarking study, and publishing the Chiang Mai shopping guide and street directory. In addition, based on recommendations from the cluster, the Tourism and Sports Ministry (Chiang Mai) earmarked another 3 million THB for English language training in the tourism sector. The results of the project included improved collaboration within the industry and between local universities and local tourism businesses. The local street guide and shopping directory alone was expected to generate over 18 million THB (\$452,000) in profits for local businesses from increasing average daily expenditure and length of stay of tourists.

These case studies represent “success stories” for K.I.ASIA. Significant progress was achieved in learning how to deal with the primary issues of some of the clusters. This was probably due to a pragmatic approach supported by K.I.ASIA that targeted specific issues

¹² In particular one issue of contention was the question of the degree of transparency in providing information regarding “forcefully matured sapphires”, especially since this is being achieved by a number of different but jealously guarded processes.

¹³ The term “forced maturation” is used here rather than the more usual “heat treatment” as it appears that the latter term refers to only one modality among several being used to deepen the color of sapphires.

¹⁴ “Meetings, Incentives, Conferences, and Exhibition”: MICE is used to refer to a particular type of tourism in which large groups, usually planned well in advance, are brought together for some particular purpose

faced at the time by the cluster and concentrated the attention of cluster members on activities that had a high probability of impact in a relatively short period.

With the exception of the Chantaburi gem and jewelry one, it is unclear whether members of the clusters continued to act jointly once the technical assistance provided by K.I.ASIA came to an end due to the lack of financing. Discussions with K.I.ASIA staff suggest that, despite the progress that may have been achieved through the assistance of K.I.ASIA, there was no demand for further assistance from the cluster members. This should not be taken as an indication that there are no more needs of assistance for sustained development of the clusters but rather as the unwillingness of the cluster members to assume all the associated costs of further assistance while external financing might be available.

AERA-supported work on other clusters appear to have encountered much less success as the cluster participants seem to have had much more trouble in defining a common agenda and articulating their actions around that agenda.

4. Incubators

Under the USA-Thailand FTA trade capacity building program and, at the request of the RTG, USAID provided some financing to train the management of incubators for SMEs. In December 2005, a three-day training workshop was conducted by U.S. trainers for 34 staff from the Ministry of Education, the Institute for SME Development, the Office for SME Promotion, the Office of Vocational Education Commission, and the National Science and Technology Development Agency (NSTDA). This training was then followed by a study tour for some of the trainees to the United States to learn more about the promotion of SMEs. After the end of this USAID funding, K.I.ASIA received more contracts from the RTG and the World Bank InfoDev program to assist in the management of incubators, the training of trainers for vocational colleges in Thailand, and capacity building on incubators in Cambodia and Laos.

Although for a time, this work was seen as a possible niche for K.I.ASIA, work in this area seems to have dried up for the Institute as the RTG tends to run all its own programs on incubators through various universities in the country.

5. Tsunami Recovery Action Initiative (TRAII)

In the wake of the Tsunami of December 2004, K.I.ASIA presented USAID with a proposal for activities to respond to the crisis. USAID agreed to the proposal. K.I.ASIA targeted the province of Phang-nga, including the area of Kao Lak, which had been the most affected. However, the initial program also offered assistance to small businesses and community groups affected by the disaster in the adjacent provinces of Phuket and Krabi as well as Phang-nga.

During the first quarter of 2005, a series of conferences and seminars were conducted with SMEs of that region and representatives of the banking sector to identify ways to allow the local economy to withstand a period of low tourism activity in the wake of the tsunami as well as the overall need to reinvigorate the local economy for a sustainable long term.

A program of technical assistance was undertaken with about 10 SMEs such as hotels, tour operators and jewelry shops operating in the region. These SMEs had not suffered direct damage from the tsunami, but their business prospects were negatively affected by the precipitous fall in tourist revenues. The SMEs who took part in the program were self-selected and were interested in taking advantage of the downtime to undertake the necessary activities to improve their operations.

The technical assistance was based on the development of business plans for improved access to loans that were made available and, on the other hand, on improvement of operations through training for salesmanship and better client service. These activities were supported by an International Executive Service Corp (IESC) volunteer who worked on improving operations of an abalone breeding farm and by Pricewaterhouse volunteers.

Training in basic entrepreneurship through the Rural Entrepreneurship through Action Learning (REAL) approach was also provided to groups in refugee camps as well as to community groups that were to receive grants for on-lending to occupational groups. From comments collected from five trainees by K.I.ASIA on the results of the training, satisfaction with the training stemmed from an improved capacity for costing and pricing. The statistics for this program are shown in *Table 4*.

TABLE 4: THAI REAL TRAINING FOR MICROFINANCE GROUPS, 2006 AND 2007

TRAINING PERIODS	LOCATION	TYPE OF GROUPS	NUMBER OF GROUPS	NUMBER OF TRAINEES	MICRO FINANCE-RELATED
2006					
Feb 16–18	Chulabhorn Underwater Park Conservation Center	Community groups in Lam Kaen	6	31	Y
		Community group in Bang Muang	1		
May 23–25	Phang Nga Naval Base	Bakery Group: Navy Wives	--	20	N
Aug 1–3	Chulabhorn Underwater Park Conservation Center	Community savings groups in 3 villages in Lam Kaen	3	26	Y
Sep 5–7	Chulabhorn Underwater Park Conservation Center	Community savings groups in Lam Kaen, Tung Ma Prao, Bang Muang, and Phang Nga Community College	3	22	Y
2007					
Feb 14–16	Chulabhorn Underwater Park Conservation Center	Community savings groups in Lam Kaen	5	36	Y
		Occupational groups in Lam Kaen	10		
July 9–11	Chulabhorn Underwater Park Conservation Center	Community savings groups in Lam Kaen	5	36	Y
		Occupational groups in Lam Kaen	3		
TOTAL trainees				171	
Number of microfinance-related occupational or savings groups			36		
Number of microfinance-related occupational or savings groups participants				152	
Average number of microfinance-related occupational or savings groups participants				4.2	

Through the REAL training, entrepreneurs in these community groups learned basic business skills that helped those who borrowed from the community microfinance fund to be better able to repay the fund. These microfinance funds were composed of savings from the community group members augmented by USAID funding through K.I.ASIA. The USAID funding was disbursed in tranches with each tranche disbursed upon satisfactory management of the previous one.

Additional training was provided to microfinance management groups to help these groups better manage the funds channeled through them. Although this work is generally labeled “assistance to microfinance” within K.I.ASIA, it has to be made clear that its nature is radically different from what is generally understood as microfinance, with the only similarity being the size of the loans that were made. In this case, it was not a question of

assisting microfinance institutions as these community groups were at best informal communal groupings around a savings scheme. In some targeted communities, the formation of groups was promoted and supported. The most important contribution is that this was a rational means to distribute funds to businesses affected by the tsunami.

The activities were apparently conducted as planned until the end of the availability of funding from USAID. While in Bangkok, discussion of the evaluation team with K.I.ASIA staff responsible for these activities provided some anecdotal information concerning the impact upon the borrowers as well as data on the size of loans, gender of the borrowers, economic status of recipients, repayment rates, and viability of the funds. The evaluation team believes that this was a good effort (although not fully adequate), given that the purpose of these funds was to help affected businesses and families to recovery from the effects of the tsunami. New sources of funds for K.I.ASIA are now being employed for tsunami relief, but that work is being implemented in another location with a focus on two tambols near Khao Lak in Phang-nga province. This geographical reassignment of activities made following up on the impact of its USAID-financed activities all the more difficult.

6. Corporate Social Responsibility

The Corporate Social Responsibility (CSR) program, as discussed previously under BSOP, is a hybrid program initiated following the methodology of BSOP, but with K.I.ASIA itself being the Thai partner for The Center for Corporate Citizenship (CCC) at Boston College.

Between December 2003 and May 2006, CCC experts, under the aegis of K.I.ASIA, conducted a series of training courses for K.I.ASIA staff as well as for executives from Thailand-based companies. These included the Institute course (four credits) and the Monitoring and Evaluation course (three credits), which were conducted twice, while the Volunteering and Communication and Grant courses (three credits each) were conducted once each.

K.I.ASIA staff's training was financed by USAID while all private companies sending participants to the courses were charged \$500 per participant per course. These courses attracted a total of 100 participants and it is estimated that some 45 of them had attended at least two courses and a few others had attended three of the courses. CCC gives certificates for having successfully attended several courses; the first-level certificate granted by CCC requires a total of 10 credits. Six K.I.ASIA staff and nine private company executives completed the requirements for this first level certification.

K.I.ASIA is not certified by the CCC and thus cannot grant certificates for the course that it delivers. Research conducted by K.I.ASIA indicated that at this time there exists little interest in certification from CCC; therefore, K.I.ASIA has phased out collaboration with CCC and now provides its own Thai language course without CCC certification. Under USAID support, K.I.ASIA has also conducted research with Chulalongkorn University on the state of CSR in Thailand and the perception of Thai consumers regarding CSR.

K.I.ASIA translated and adapted the case studies from the course to the Thai context and has continued to offer courses in CSR after USAID funding ended. The Institute course has been offered three times and the Monitoring and Evaluation course is scheduled for March 2008. These courses are offered on a commercial basis, but yield little profit for K.I.ASIA as companies are not yet willing to commit the required resources to the development of CSR. Executive briefings are also being offered but primarily as an uncompensated service in the hopes of stimulating the demand for CSR training and services.

The state of CSR at this time in Thailand, especially among Thai companies, is largely limited to the basic aspects of engagement with the community, based on the traditional practice of “how to be a good neighbor.” It has yet to mature to the point where a more comprehensive approach to CSR is seen as beneficial by Thai companies. So, the work of K.I.ASIA in CSR has much more to do with advocacy and promotion than in actual assistance for its implementation within Thai companies. Nevertheless, K.I.ASIA management now sees CSR activities as one of its core businesses and is, therefore, a medium-term opportunity to expand the revenues of the institution.

For a number of years, K.I.ASIA sponsored a weekly newsletter on Volunteerism directed at the staff of companies in Thailand. The newsletter was in itself the product of a volunteer effort by a senior K.I.ASIA associate. However, the lack of response from volunteers and the pressing demands of his own business activities led to the discontinuation of that newsletter. K.I.ASIA continues to produce a bi-weekly newsletter dealing with CSR issues and potential in Thai companies.

B. SUPPORT TO THE DEVELOPMENT OF BROAD NATIONAL COMPETITIVENESS

The competitiveness of a country does not depend only on its business environment and its physical infrastructure, but also on its ability to generate the knowledge and capacities in its labor force to improve productivity and respond to developing needs. In a globalizing and increasingly technology-driven world, the ability to communicate effectively with a broad range of external partners as well as the ability to use effectively the tools made available by Information, Communication, and Telecommunications (ICT) development have become essential factors for the sustained development of national and international competitiveness.

Activities in promoting English language training supported by USAID predate the period under evaluation. As a reminder, under a program named “English through Entertainment,” the development of a kit containing audio- and video-tapes as well as printed materials and a teacher manual for schools had been promoted by K.I.ASIA with support from the Ministry of Education and then distributed to 3,000 schools, where English teaching was considered poor, and teachers trained in their usage.

According to reporting by K.I.ASIA, the potential number of school children reached under this program was estimated at 300,000.¹⁵ Visits to some schools by K.I.ASIA staff seemed to indicate that the kits were being used, albeit with varying degrees of effectiveness. In the absence of any more in-depth follow-up, it is therefore impossible to assess what impact these kits may have had in developing any level of English proficiency in these schools. As the involvement of K.I.ASIA was curtailed by the lack of further resources, it is also difficult to know, almost five years later, whether the kits were deemed to be successful and whether they have been updated and a new distribution was made.

Other initiatives that were conducted and completed before the period of this evaluation included the following.

- Thai Youth Development by ICT/Web-Aided Instruction Train-the-Trainers Component: this program of the Ministry of Information and Communication Technology and the Ministry of Education aimed at training 4,000 leading teachers in Web-based

¹⁵ The basis of the estimate was that one kit is used by three to four classrooms each with around 30 to 40 children.

instruction/training skills. Each teacher was then required to train five other teachers within three months. Between April and December 2003, under AERA financing, K.I.ASIA supported the training of one thousand teachers

- Participatory Learning Leading to Integrated Community Development with the aim of promoting a change in the child learning process from teacher-centered to child-centered while enhancing the relationship between the community and the school through a two-way communication.

During the period under evaluation, the projects discussed below were either being completed or fully implemented.

1. Assistance to Mae Fah Luang University

Mae Fah Luang University, a state university, was the first autonomous¹⁶ university to open in Thailand and was named after the King's mother who unfortunately died shortly after its inauguration. As such, Mae Fah Luang University was important not only because it was the first experiment in a non-centrally-controlled institution of higher learning, but also because of its political importance. As Mae Fah Luang University was established as a university where all teaching was to be done in English, it faced the challenge of not only ensuring that its students had a basic proficiency in English but also to ensure that its professors met some basic standards of professional proficiency. To respond to these challenges, Mae Fah Luang University requested the assistance of K.I.ASIA, which, after an initial diagnosis, partnered with Oregon State University English as a Second Language (ESL) program to provide the necessary technical assistance. This assistance included:

- Planning a curriculum to develop English proficiency for Thai-educated students including a remedial program
- Developing a training program for faculty and a set of standards that they had to meet
- Developing a program to attract teachers from across the region (Burma, Cambodia, China, Laos and Vietnam) to come to the University to do research and teach. Mae Fah Luang University and K.I.ASIA developed a program of competitive fellowships to bring professors from the subregion to the university¹⁷

Through K.I.ASIA and USAID support, between December 2002 and December 2004, Mae Fah Luang University received the expertise of the ESL staff from Oregon State University in setting up a Self-Access English Language Training Center. The expert developed the English preparatory courses and curriculum as well as the guidelines for materials development and use of the self-access center, including a layout of the center.

Ten teaching staff of the English Department were consulted and trained on the curriculum development process and in the operations of the Center. Freshman students are required to attend the Center to receive their credits. Approximately 2,300 students benefit from this resource annually.

Although the curriculum developed for students would seem to have presented a good opportunity for reproducing in other universities interested in improving the English-speaking ability of their students, this did not happen for lack of expressed interest and lack of funding.

¹⁶ In the sense that its staff were not civil servants and that it had its own Board, budget, and the possibility of developing its own sets of rules and procedures.

¹⁷ Greater Mekong Subregion English Academic Fellowships

2. Assistance to Community Colleges

Community colleges were recently introduced in Thailand in the first years of the 21st century. Through AERA, USAID supported the capacity building for these new institutions.

K.I.ASIA undertook a program of assistance to 10 community colleges in Thailand (as outlined in *Table 5*).

- In a first phase, the assistance consisted in support for strategy development and planning. The 10 community colleges were linked with a consortium of community colleges in California, Hawaii, Iowa, and North Carolina. Thai community college administrators visited members of the consortium in the United States, and vice versa U.S. community college experts visited Thai community colleges. Although this phase of assistance has been formally completed, contacts between the two groups of community colleges apparently continue.
- In a second phase, the boards of trustees were trained in complying with their responsibilities.
- In a third phase, Self-Access English Language Centers were set up, based on the successful Oregon State University model described above.

From that positive experience, starting in 2003, K.I.ASIA supported the development of such centers in several community colleges through the development of organizational plans, the training of the managers of the centers, the procurement of materials and equipment and, finally, through access to volunteers from U.S. universities as in-house English teachers and assistants to managers.

Not only are these centers functioning but, with assistance from Microsoft, their resources have been expanded to include ICT and they are now open to the local communities.

As part of AERA, K.I.ASIA provided a train-the-trainer course in “Rural Entrepreneurship through Action Learning” to two instructors from each of ten community colleges as well as to some other officials working on SMEs.

TABLE 5: COMMUNITY COLLEGE (CC) REAL TRAINING, 2005

TRAINING PERIOD	LOCATION	NUMBER OF TRAINEES
Feb 28–Mar 4, 2005	Train-the-Trainers	26
May 2–6, 2005	Ranong CC	23
July 4–8, 2005	Uhtaitani CC	44
July 14–18, 2005	Mae Hong Sorn CC	12
Aug 1–5, 2005	Tak CC	18
Aug 15–19, 2005	Sakaeo CC	24
Aug 29–Sep 2, 2005	Burirum CC	20
Sep 12–16, 2005	Nongbua Lampoo CC	20
Sep 19–23, 2005	Trang Chamber of Commerce	24
Sep 26–30, 2005	Mukdaharn CC	27
TOTAL non-trainer trainees		212
Average number of trainees per trainer		8.2

This training of trainers was then followed by a series of courses in provinces that had the double function of providing supervised training experience to novice trainers as well as to budding entrepreneurs.

Under USAID financing, the total number of trainees was 238 of which 26 were trainers, yielding an average number of trainees per trainer under this financing of 8.2. Moreover, a capacity to continue the REAL training had been created in the provinces. Unfortunately, according to K.I.ASIA staff, it appears that this capacity has remained dormant as community colleges have not yet included entrepreneurship training in their curricula and only provide this type of training if external financing is available.

3. Improving the Quality of Education through IT

The activities undertaken under this project were to supplement the SEQI project in the Northern Region and further achieve the aims of the AERA Education program through IT. Activities included:

- An intensive (two 5-day sessions) course on the use of IT in English teaching and on the one-computer-one-classroom model;
- A system of supervision and support for teachers through training in strategies for integrating IT to support learning reform;
- The promotion of a system of Supportive Mentoring among teachers that aimed at shifting to a model of collegial collaboration and consultation fostering creativity in teaching-learning reform;
- Competition among participating schools for the development of materials on the integration of IT in thematic, project-based learning with the winning materials to be refined and added to other available software, courseware and examples of best practices.

The area of impact of the project was adjusted to maximize the resource available in the classrooms. Over 100 teachers were trained. At the end of the USAID financing, a Thai energy company sponsored a number of classrooms in the North and the training of an additional 74 teachers.

4. Chulalongkorn University Language Institute International Conference

The project funded the round-trip airfare and accommodations for three U.S. speakers at the Fifth International Conference, “ELT in a Globalized World: Innovations and Applications,” in December 2003. The focus of the conference was on innovative ideas including the application of new technologies to classroom instruction or self-access learning centers.

5. Post-AERA Activities

The experience in human resources development that K.I.ASIA acquired through the AERA program has been extended under alternative sources of funding such as:

- Merck Pharmaceuticals: since 2006 has provided \$500,000 under the Tsunami Recovery Program for the implementation by K.I.ASIA of its Inquiry-based Science Education Program in 48 schools. This program, integrated into the curricula of the schools, promotes the teaching of science through student-led experiments;
- Microsoft/“Unlimited Potential” Programme: K.I.ASIA has been implementing the set-up of four Community Technology Learning Centers in community colleges where members of the community could have access to instruction in use of IT technologies. The project is now over but Microsoft, with K.I.ASIA, is exploring the possibility of extending the project through Internet Cafes that may have an even wider outreach.

C. FINDINGS AND CONCLUSIONS

For the period under review for this evaluation of AERA/Thailand, a number of successes can be confirmed or identified:

- A review of the status of BSOP-fostered partnerships between Thai and U.S. business organizations confirms the preliminary finding of the 2003 Evaluation that a large number of these partnerships have been maintained. These are still active as of early 2008;
- Assistance to cluster development was successful in a number of cases where K.I.ASIA worked with clusters to overcome constraints affecting core cluster members and associated firms;
- The AERA-supported work in the education sector has resulted in better management and access to English training in a number of institutions of higher learning as well as in supporting reforms in educational method through greater use of IT; the direct experience gained by K.I.ASIA in implementing these activities has opened the way for other partners such as Merck and Microsoft to implement their programs through K.I.ASIA.

We list below some other activities that have had very uncertain impacts.

- The REAL training for community colleges does not seem to have led to an autonomous program of entrepreneurship training by these institutions
- Some activities were related mainly to exposure and training on some issues, such as incubator development, and the impact both for K.I.ASIA and the beneficiaries of the activities remains uncertain
- Although K.I.ASIA is supposed to promote a private sector perspective, the modality of implementation of some of its activities should be questioned. In the case of the trade capacity building project for packaged food exports to China, Japan, and the United States, the use of subsidies may not have been the best way to support trade growth

If there is one issue to underscore in the way K.I.ASIA has implemented the AERA program, it is the fact that very little attention was paid to the need for monitoring and evaluation, especially regarding the impact of the activities. It is recognized that under the cooperative agreement K.I.ASIA was reimbursed on a cost-basis for the implementation of the activities. This cost basis did not include an element for monitoring and evaluation. It is somewhat surprising that for more than eight years the need for a monitoring and evaluation system was not felt more urgently by K.I.ASIA and USAID, especially in light of the comments in this regard made in the 2003 Evaluation Report.

As a result, K.I.ASIA not only lacked the necessary information to adjust its approach to implementing activities, if necessary, but is now left without a credible record of accomplishments and impacts that would help its marketing activities at a time when it is trying to diversify its sources of revenues.

The greatest strength exhibited by K.I.ASIA has been to foster relationships and to bring stakeholders to work on common issues. Under AERA, this ability has been put in evidence in the BSOP, the cluster program as well as the work with the community colleges. Once having established an agreement on the way to proceed, K.I.ASIA has also been quite adept at identifying technical resources that would contribute to solving the issue at hand. This combination of skills has been and remains very valuable. However, it has put K.I.ASIA largely in the role of a broker, a successful one on a number of issues, without necessarily establishing it as the “go-to” institution on substantive issues related to private sector development; it seems to lack a strong technical positioning on the Thai institutional landscape. An additional difficulty comes from the fact that under AERA, its activities were

largely free of charge to the participants and K.I.ASIA's need to cover the costs of its activities is perceived by the market as an unwarranted departure from tradition.

As the sole service provider for the AERA program in Thailand, which provided the bulk of its revenues, the activities of K.I.ASIA were mostly dictated by the various USAID units that could make use of the AERA funding channels. K.I.ASIA thus implemented a great range of activities that, besides being generally related to private sector or competitiveness development, did not necessarily follow a consistent strategy.

This history of K.I.ASIA left it with a not well-founded image of itself. Although a review of the staff curriculum vitae indicates clearly such technical capacities as marketing and logistics, the strengths of the institute tend to be seen in terms of incubator management, cluster development, and SME training. The problem is that, instead of actually having developed these capacities, K.I.ASIA is now marketing itself as having this experience, even though its staff has only facilitated these activities.¹⁸ Despite this, it can be said that K.I.ASIA has a good reputation in Thailand, but has yet to develop a clear brand.

A clear strength of K.I.ASIA is its ability to build relationships and broker partnerships. The BSOP provides the best example of that capacity within the Institute. The work with clusters and community colleges provides further examples of that capacity. That ability may be very useful in building coalitions among various institutions working toward a common goal and, in spite of the foregoing statements, should be viewed as an asset of K.I.ASIA.

To be more than a broker, however, K.I.ASIA needs to clearly identify the technical strengths it can bring to bear. To do so, it needs to break with a thinking that is a product of its past and ask hard questions. For example, the work with community-based savings groups cannot be considered as providing expertise in microfinance, a sector which at the international level has undergone leaps and bounds in the sophistication of its approaches. There are many training methodologies for basic entrepreneurship training in existence, and it may be worth comparing them to determine whether REAL is actually the most suitable.

K.I.ASIA management makes the case that in Thailand the government finances numerous programs of assistance to SMEs that are heavily subsidized and that, in this environment, it becomes nearly impossible to provide services to SMEs on a commercial basis. Without denying that this context presents a challenge, given the rather broad definition of SME in Thailand, it may be worth investigating whether the larger such enterprises may be in need of services that cannot be provided under government-sponsored programs. If so, K.I.ASIA should develop a strategy to approach this group of potential clients and offer services of a quality they may be interested in purchasing.

¹⁸ The evaluation team recognizes that there are talented people at K.I.ASIA (including, among others, six certified REAL entrepreneurship trainers, a senior public health staffer who has effectively led the public health programs, small business consultants, a senior expert of science teaching and curriculum development, and a trainer and project designer for use of ICT in secondary schools). The problem is that this personnel is not at this point "compelling in the marketplace." There is little evidence that they can be relied upon to provide the consulting expertise for K.I.ASIA as it is functioning, as it is discussed elsewhere in this report, as a sustainable "consulting NGO."

III. PUBLIC HEALTH ACTIVITIES

Infectious diseases remain a major cause of illness and death, and a major challenge to sustainable development and competitiveness in Greater Mekong Subregion (GMS) countries. Conversely, economic pressures and related phenomena, such as movement of people from country-to-country, greatly contribute to emergence and difficulty in preventing/controlling infectious diseases.

The existence of porous borders and population movements present special challenges to communicable disease prevention and control and coordination between governments. For example, in one case of death from H5N1 Avian Influenza in Thailand, the young woman was found to be a Lao who had crossed the border into Thailand seeking treatment. In the case of malaria, spread of particularly virulent and/or drug-resistant forms of the disease can be found in mobile cross-border populations engaged in expansion of areas of human habitation, especially encroachment upon forested land.

Financial constraints in GMS countries, particularly in activities such as communicable disease prevention and control, require specialized technology and personnel. In Thailand, these financial constraints have prompted vigorous health service delivery and financing reforms in the past four to five years. Reforms strive to improve equity in the distribution of human and financial health resources from the central level (meaning the pie is split more fairly, but everyone gets proportionately less), and assumes greater self-reliance on the part of communities. Well-organized communities are likely to succeed in decentralized health schemes, whereas less well-organized communities may be severely challenged. Economic pressures contribute to increased cross-border movement of legal and illegal immigrants for income-generating activities. Not only does this increase mobility of infected/infectious populations, but also increases the burden of disease in these informal or mobile (less well-organized) communities where needed preventive, diagnostic, and treatment resources and infrastructure may be lacking.

Sustainable development under the threat of infectious diseases depends primarily upon coordination and effective implementation of government and community efforts. Assistance of development partners such as international aid agencies and non-governmental organizations (NGOs) is often critical.

A. PROGRAMMATIC CONTEXT AND RATIONALE

1. Priority on Multi-drug Resistant Malaria (2000–2006)

The emergence of diseases with pandemic potential, such as SARS and Avian Influenza, lends urgency to public health endeavors, but intransigent killers such as malaria require continued vigilance. Malaria in Thailand is mainly forest-related and most prevalent along the international borders. The Department of Disease Control in Thailand reports that malaria cases have shown steady, significant decreases since 1955 and, with the exception of border areas, large areas of the country have been declared virtually malaria-free. However, this picture may be rosier than reality. Although the overall burden of malaria in Thailand fell dramatically in the 1990s, serious challenges now compromise these results. Reported malaria cases have increased since 2004 from 51,271 to 65,804 in 2006. Key contributing factors include migrants from Burma (Myanmar) in the West and serious civil conflict in the South. Nationwide, there are an estimated 2.5 million migrants, half of whom are illegal. Latest estimates suggest 279,196 registered and around 270,804 unregistered migrants were living in malaria-endemic areas in 2005. Although entitled to health services according to

RTG health policy, registered migrants do not benefit fully from official health services due to discrimination. Illegal migrants are particularly vulnerable as they are not entitled to any public-sector health or other services. The serious ongoing conflict in the south of Thailand is severely compromising the ability of the established health system to provide basic health care there.

It is worth noting that, in consideration of the steady decreases in malaria cases in most other parts of the country and in spite of a rise in malaria cases in recent years in border provinces, the RTG moved forward with plans to integrate and decentralize programs and reduce budgets for malaria. Consequently, the national budget for malaria was drastically reduced from \$23 million in 2002 to \$12 million in 2006.

Pockets of drug-resistant malaria from western Cambodia (where it emerged in the late 1980s) can now be found in other locations in Southeast Asia including eastern Burma, the provinces of Phuket and of Phang-nga, and the Thai-Burmese, Thai-Laotian, Thai-Cambodian, and Thai-Malaysian border areas. In addition to population movements and economic pressures, another factor contributing to the emergence and spread of drug-resistant malaria is poor drug management and quality. Drug-use behaviors by both prescribers/dispensers and consumers expose malaria parasites to sub-lethal doses of antimalarial drugs. Over time, this enables adaptation by the parasites with a reduction in efficacy of the antimalarials. Furthermore, the widespread existence of counterfeit drugs exacerbates the problem. One recent study found that 38 percent of malaria drugs sampled in retail shops in Burma, Cambodia, Thailand, and Vietnam contained insufficient or no active ingredients.

From its inception—and consistent with approaches of global/regional actors such as the World Health Organization (WHO) Roll Back Malaria Programme and more recently the Global Fund for Tuberculosis, AIDS, and Malaria—K.I.ASIA has taken a broad strategic approach to its malaria program. Stated strategic objectives and selected activities include the sphere of public health policies and systems, the sphere of human resources involving training and organizing communities for action, and the sphere of bio-engineering involving improvements in diagnosis and treatment. Increasingly, K.I.ASIA's activities extend beyond Thailand to include governments, development partners, and communities in neighboring countries.

2. Avian Influenza: A New Priority

“Bird flu” is not a new virus. Various strains have long existed, and epidemics have occurred periodically among wild and domestic fowl, but most occurrences have not posed a threat to humans. However, one particular strain, H5N1, has been the cause of some alarm since about 1997. Around mid-2003, outbreaks of a very virulent strain of the H5N1 Avian Influenza virus were reported throughout Southeast Asia. It is this strain of bird flu, known to pass from infected birds to humans, that has resulted in the deaths of more than 50 percent of people who have become infected by it. At the same time, hundreds of millions of birds have died or been culled to avoid the spread of the disease, putting significant economic pressures on millions of rural households and small farmers.

Prevention and control of the current outbreaks requires coordination and cooperation at all levels of government as well as between health, animal health and sanitation systems, community leaders, agribusinesses, and households.

To take the challenge of Avian Influenza one step further, it is critical to keep human infections to a minimum, not only because of the high human mortality rates from infection, but also because scientists greatly fear that each new human infection increases the likelihood

that the virus will mutate into a contagious strain that more easily infects humans and will therefore be capable of spreading more rapidly. Should this happen, the virus will have progressed from being an avian disease to being a human one. Humans will have no natural resistance to such new mutations and the result, it is feared, will be a severe global flu outbreak, a pandemic. Some health experts are predicting that in this event, more than 100 million people could contract the new strain of flu, and that a large number of those infected by the virus would succumb to it.

There are currently large global and regional assemblies of scientists, international bodies, governments, NGOs, private sector businesses, public health, animal health, educationalists, and communities that are actively engaged in trying to understand and plan for a pandemic scenario. This convergence of attention and resources highlights a pressing requirement (and an opportunity) for governments and development partners to build systems, and collaborative processes that will be responsive not only to an Avian Influenza pandemic, but to a full range of other existing and emerging communicable diseases.

B. SPECIFIC ACTIVITIES OF K.I.ASIA

1. Activities Undertaken During 2000-2006

Phase I of the Border Action Against Malaria (BAAM) project began in May 2000 as a sub-component of the USAID Cooperative Agreement, Accelerating Economic Recovery for Asia (AERA), 1999–2008. BAAM, Phase I, supported and supplemented the National Malaria Control Programme (NMCP) as defined in the RTG’s Eighth Five-Year National Health Development Plan (1997–2001). BAAM, Phase II, spanned the period of the RTG’s Ninth Five-Year National Health Development Plan (2002–2006), and also represented USAID’s contribution to the multi-donor-funded WHO Roll Back Malaria (RBM), which coincidentally also ran for the same period 2002–2006.

Appendix G shows BAAM’s self-reported planned versus actual results for two representative years, 2003 and 2006. As reported, BAAM appears to have performed consistently and productively within its strategic framework, and has generally met activity targets.

Exceptions of less than 100 percent achievement of target were mainly concerned with activities directly dependent upon decentralized action at the community level. For example, IR 6, which measured the “number of communities implementing community-based control programs,” consistently underperformed. Similarly, it was found that school-based curricula developed by BAAM and UNICEF were not always incorporated and used by teachers at the classroom level. Because the education sector is highly decentralized, the Educational Services Area Offices can assist classroom teachers in incorporating curriculum materials into their lesson plans, but cannot direct that they deliver the curriculum. The implication here is that BAAM might have given some attention to why its program performed poorly at the community level. Health planners and policy makers might benefit from a better understanding of the effects of decentralization and reduced resources on community-based models. This includes analyzing why, in the BAAM case, community action was apparently difficult to implement, and how performance in that area might have been improved.

2. Activities Undertaken During 2006-2007

In FY 2006, USAID program funding was broadened to cover other diseases besides malaria, thus the Border Action Against Malaria (BAAM) project, was re-named the *Borderless* Action Against Microbes (also BAAM), expanding it to include dengue fever and H5N1 Avian Influenza. This shift was consistent with steps being taken by the RTG to integrate its

vertical malaria program into the decentralized Provincial Health Offices, and to broaden the purview of the Division of Communicable Diseases to include malaria along with 10 other reportable infectious diseases. The broadened scope of BAAM also coincided with the phase-out of WHO's Roll Back Malaria program in 2006, and phase-in of the broader-scoped Global Fund for Tuberculosis, AIDS and Malaria (GFTAM), which is currently a dominant actor in global/regional communicable disease programs in the GMS.

Consistent with the urgency and challenge presented by Avian Influenza, and BAAM's natural expansion within the GMS, BAAM received regional funds in FY 2007 from USAID for more regionally focused malaria, dengue fever, and Avian Influenza activities. *Table 6* in the next subsection summarizes BAAM projected activities and budget, July 2006 through September 2008.

It should be noted that very limited priority and funding were given to dengue fever during the period under review. For example, BAAM only recently (in early 2008) held consultations with researchers from the RTG Bureau of Vector Borne Disease to design a study on the interaction of migrants with malaria and dengue fever in three provinces along the Thai-Cambodia border. In general, BAAM takes care to include dengue fever in any discussions that involve communicable diseases as a whole.

According to Activity Reports reviewed for the period July 2006 through December 2007, K.I.ASIA/BAAM continues to perform well on the malaria component of the program, and built upon its experience over the past five years to launch an effective Avian Influenza program. There appears to be good progress on forging working relationships with governments, international agencies, and NGOs in the GMS, particularly on building models for Avian Influenza prevention and control, and on pandemic preparedness planning. Indicative of this, recent BAAM activities involving Avian and Pandemic Influenza and other infectious diseases include the following activities.

- Organizing a workshop on management of sub-grants under the Joint Action Programs for Thailand-Lao PDR and Thailand-Cambodia joint cross-border communicable disease surveillance and response. Twin provinces presented results of cross-border reporting of disease outbreaks and set timelines for the implementation of joint activities. The BAAM team prepared sub-grant agreements for cross-border collaboration among 17 provinces in Thailand, Cambodia, and Lao PDR, and submitted the draft agreements to USAID/RDM-Asia for technical clearance and advice on the sub-grant format and provisions.
- Coordinating with WHO/SEARO Communicable Disease Surveillance and Response (CSR) unit to organize a training workshop for 14 participants from Thailand, Cambodia, Lao PDR, and Yunnan Province in China to produce interactive case studies for training on joint cross-border disease outbreak investigations and responses. This was followed up by a meeting of Thai and Lao participants with WHO and CDC to facilitate preparation of the case studies. In addition, BAAM worked with CSR to follow up and analyze results of initial surveys using checklists to assess capacity of ground points of entry to comply with International Health Regulations.
- Co-organizing with the Asian Disaster Preparedness Center and sponsoring a regional workshop for ASEAN +3 countries to develop a curriculum for facilitators from Thailand, Lao PDR, Cambodia, and Vietnam who will implement exercises on managing cross-border outbreaks in animals and humans.
- Coordinating with the Thai Ministry of Education to organize and provide technical assistance in a training workshop on school-based pandemic preparedness planning.

Participants were drawn from 47 Thai provinces in central and southern regions, including 89 Education Service Area Offices, 89 school principals, 47 Provincial Health Offices, and eight Regional Offices of Disease Prevention and Control.

- Training officers from Vietnam's Ministry of Education and Training on adaptation of Thai-language materials for the development of life skills curricula on Avian and Pandemic Influenza.

3. Program Effectiveness, Efficiency, Impact, and Sustainability

K.I.ASIA's Service Approach: Identifying Demand and Understanding Markets

A strength of BAAM has been the program staff's clear understanding of the strategic framework in which it was mandated to work. There appears to have been a good grasp of how the intermediate results interrelate, and how/why activities and intermediate results, if achieved, should lead to the stated strategic objective of a program. This understanding has enabled BAAM to effectively:

- Identify organizations and offices in government or the private sector with which it shared common programmatic interests in malaria prevention and control;
- Build a constituency of organizations to be served; and
- Set priorities for BAAM assistance by being able to recognize opportunities when presented (such as when approached by an implementer for assistance), or to orchestrate opportunities to identify appropriate assistance (as might arise from workshops and conferences attended by implementers).

There appeared to be high demand among public health implementers for the kinds of assistance K.I.ASIA has provided over the past five years. Generally, K.I.ASIA was seen as a leader in being able to convene policy makers and implementers, to foster collaboration and joint action, and to provide or broker technical guidance and resources when needed. Also, K.I.ASIA's flexibility in being able to quickly provide small grants to both government and NGO implementers was much appreciated by recipients. This has enhanced K.I.ASIA's image as an approachable and friendly local development resource.

Effectiveness and Qualitative Impact of Programs and Services

USAID has defined program success indicators (paraphrased) as:

- Surveillance data used to inform national malaria national drug policy
- Models developed and tested that demonstrate effective ways of modifying behaviors of people at-risk of malaria
- Procedures identified that reduce malaria treatment lag time in remote, high-risk areas
- Community-based control programs using participatory, multi-sectoral approaches implemented in selected high-risk MDR areas, and as concerns animal and human health
- Private sector involved in Avian Influenza and Avian Pandemic Influenza, surveillance, response and communications
- K.I.ASIA functioned effectively as a USAID intermediary

The following success indicators were found.

- *Drug policy informed by surveillance data:* BAAM has assisted in establishing nine MDR malaria sentinel surveillance sites at various locations along the Thai-Burmese, Thai-Malaysian, Thai-Cambodian, and Thai-Laotian borders. Because MDR malaria in border areas of Thailand is considered as a marker by malariologists around the world, any trends detected in data from these surveillance sites can have global implications. According to

the Division of Communicable Disease, data routinely collected and analyzed from these sites have recently produced a significant finding. Surveillance data show evidence of some reduced efficacy, i.e., longer recovery time, of artemisinin therapy (currently considered to be the most effective first-line drug for drug-resistant malaria). This finding and its implication for MDR treatment protocols worldwide were the subject of week-long international informal consultations sponsored by BAAM in cooperation with WHO in Bangkok in February 2008. The meeting, attended by scientists and malaria program specialists from GMS countries, was convened to define a strategy to contain/eliminate *p.falciparum* parasites with altered response to artemisinins.

- *Behavior change models developed:* BAAM has established highly successful, comprehensive, community-based malaria prevention and control program models in Trat and Chantaburi Provinces along the Thai-Cambodian border. To inform the BAAM evaluation, a Provincial Officer and the technical team from Chantaburi Province provided a comprehensive presentation on the model they have developed and implemented in two border districts with BAAM assistance. The model includes a fully functioning household-level Geographic Information System (GIS). The GIS is used for tracking and documenting incidence and clusters of drug-resistant malaria and facilitates community-based interventions, such as health education, to improve health-seeking behaviors. Used primarily for tracking of malaria at this juncture, the GIS could, in the future, be used for surveillance and response in communicable disease outbreaks, such as Avian Influenza.
- *Malaria treatment lag time reduced:* BAAM has supported development, field testing, and validation of a rapid diagnostic test (RDT) for *p.falciparum* and *p.vivax* malaria. Results show that the RDT method should not be substituted for microscopic diagnosis, where available, but that a sufficiently reliable RDT can be developed for use in remote, high-risk areas. The RDT method is aimed at reducing the time between onset of symptoms and treatment, thus reducing morbidity and mortality due to malaria.
- *Participatory, multi-sectoral, community-based models developed:* BAAM, in cooperation with UNICEF and the Ministry of Education, can be credited with playing a major role in developing and implementing a highly successful school-based model to educate students and, through them, the broader community, on malaria prevention and control. BAAM assisted in the development of the curriculum materials, and in cascade training of trainers in 129 Educational Service Area Offices. In addition, BAAM supports a kindergarten to 9th grade school-based life skills education program produced by the Thailand Ministry of Education that promotes healthy behaviors in children and their families for prevention of animal to human infection of Avian Influenza and coping with pandemic influenza. Plans are under way to adapt the program for use throughout Thailand, and in Laos, Vietnam, and areas along the Cambodian-Thai-Laotian border.
- *Public-private sector partnerships developed:* During 2007, BAAM provided, and is currently managing, six public-private partnership grants for Avian Influenza interventions in Thailand and Vietnam. These grants follow the guidelines of USAID's Global Development Alliance and include:
 - "Ensuring Safe and Sustainable Small-scale Poultry and Livestock Raising Among Vulnerable Communities in Vietnam"
 - "Strengthening the Capacity of Veterinarians and Poultry Farmers to Control Avian Influenza Outbreaks in Viet Nam"
 - "Targeting Avian Influenza in Hoa Binh and Surrounding Provinces"
 - "Campaign for Promotion of School-based Hygiene Practices"

- “Providing Avian Influenza Education for at Risk Rural People through Public-Private Partnerships”
- “Avian Influenza and Influenza Pandemic Preparedness for Private Sector and General Population in Thailand”.

These GDA grants have gone a long way toward establishing K.I.ASIA’s leadership and expertise in proliferating successful community-based models for communicable disease prevention and control in the GMS. In addition, the close ties K.I.ASIA has now established with international NGOs in the GMS as a result of it serving as a GDA grant agency, further positions K.I.ASIA to expand its regional role.

- *K.I.ASIA functioned as an USAID intermediary:* Aside from administrative overhead costs, USAID funds received and managed by K.I.ASIA for the period 2000–2008 were passed directly or indirectly to implementers. K.I.ASIA has issued and managed large numbers of small grants both to the RTG and NGOs. In the period 2006–2008, K.I.ASIA will have managed close to \$1 million in public-private partnership grants. Specific benefits have derived from K.I.ASIA serving as a USAID intermediary. USG relations with communicable disease development partners in the GMS have been enhanced by USAID’s channeling assistance through a local intermediary. Furthermore, USAID’s programmatic and technical presence in international development forums concerned with communicable diseases has been maintained via K.I.ASIA serving as a USAID proxy.

Cost and Cost Effectiveness of Services

Table 6 below shows BAAM’s 15-month funding, July 2006 through September 2008, at \$3.8 million, of which \$2.7 million, or 70 percent, is directly or indirectly budgeted for implementers. This roughly amounted to an annual budget of about \$2 million.

While a “cost effectiveness” assessment is technically beyond the scope of this evaluation, some indication of cost efficiency in BAAM operations (i.e., efficient use of available resources) could be observed. First, BAAM manages or facilitates a large number of complex activities and results in a given period, with a small number of staff, relative to other Divisions within K.I.ASIA, and development programs/projects of similar scope. Second, as a result of effective coordination, BAAM helps itself and its partners to cost-share and leverage resources, thus extending the limited resources that might be available to any one organization. An example is BAAM’s occasional cost-sharing relationship with WHO in organizing meetings and workshops, where BAAM will cover facility costs, and WHO will cover the cost for international travelers.

That said, the effectiveness of BAAM operations might have been further enhanced with certain improvements in BAAM structure and staffing. Although BAAM has generally performed well, there is some evidence of understaffing. For instance, the GDA contracting process was reported by several of the GDA recipients to be somewhat confused and cumbersome with both K.I.ASIA management and the USAID contracting office involved. Serious time delays in finalizing awards were counter-productive to the GDA program and working relations with private sector partners. This situation could have been improved by K.I.ASIA having additional in-house grant/contracting expertise. This understaffing may have contributed to a fairly large pipeline of activities in the BAAM program

Furthermore, the public health unit’s strategic role within K.I.ASIA, and K.I.ASIA’s regional leadership role in communicable disease prevention and control would be enhanced if there were additional technical, monitoring and evaluation, and strategic planning capacity on board.

TABLE 6: BORDERLESS ACTION AGAINST MICROBES (BAAM) PROJECT ACTIVITIES AND BUDGET, JULY 2006–SEPTEMBER 2008

ACTIVITIES	BUDGET ALLOCATION	PERCENTAGE OF SUB-TOTAL
<i>Malaria (and Other) Sub-total</i>	\$631,211	
1. Access to prevention interventions	64,031	10%
2. Access to care, support, and treatment	90,773	14%
3. Access to strategic information	150,597	24%
4. Enabling environment strengthened	116,103	18%
5. Model programs expanded and best practices strengthened	19,860	4%
6. Salaries and administration	189,847	30%
<i>Avian Influenza Sub-Total</i>	\$3,125,000	
1. Preparedness and planning		
Support for border area coordination among Thailand, Cambodia, Laos, Vietnam, and ways to work together among government agencies, NGOs, international organizations	998,760	32%
Support for Trilateral Cooperation	200,000	6%
Support for private sector involvement in API surveillance, response, and communications activities through GDAs	966,777	31%
2. Human surveillance		
3. Human response		
4. Animal surveillance		
5. Animal response		
6. Crosscutting		
Support for activities related to behavior development/change and communications for both the animal and human health perspective	138,628	5%
7. Commodities	40,856	1%
8. Overhead	779,979	25%
BAAM TOTAL	\$3,756,211	

Was there Impact beyond the Core Service Market?

BAAM's core service market can be defined as the government and NGO partners concerned with infectious disease prevention and control programs in Thailand and countries that border Thailand. BAAM's activities have produced by-products and have had impact beyond this core service market in three respects:

- (1) As described above, MDR Sentinel Sites established with BAAM assistance have produced a finding regarding artemisinin resistance that not only is significant for GMS countries, but for countries worldwide that may be concerned with MDR malaria.
- (2) BAAM assistance can be credited with transferring considerable capacity to RTG public sector health scientists, managers, and workers. This has enhanced the technical and programmatic leadership of the RTG in its dialogue with international agencies, donors, and counterparts in other countries.
- (3) BAAM has brokered resources, making the whole larger than the sum of its parts, by facilitating joint planning and pooling of resources among implementers.

4. Conclusions

The evaluation team draws the following conclusions concerning K.I.ASIA's public health activities:

- Retrospectively, there was evidence that BAAM activities undertaken during 2000–2007 have been effective and have had a measurable impact on the quality of malaria and Avian Influenza programs in Thailand and the GMS.
- K.I.ASIA has effectively built partnerships with government agencies, public and private sector donors, NGOs, research institutes, schools, and communities to implement comprehensive multi-sectoral strategies. Increasingly, the reach and influence of K.I.ASIA has extended beyond the community to national policy and international partner levels within the GMS.
- There is a clear demand for K.I.ASIA services in the area of communicable disease prevention and control. As there is a viable market for the kinds of services provided to date, K.I.ASIA should position itself to pursue these markets.

5. Recommendations

The following recommendations are offered by the evaluation team:

- (1) Consistent with the internal restructuring of K.I.ASIA recommended below in this report, K.I.ASIA's public health unit should be strengthened by upgrading the public health portfolio from that of a unit led by a manager to a division led by a director. The new division should participate fully in setting strategic direction at the managerial level within the organization. Technical and administrative staff capabilities should be augmented as necessary to meet new challenges and demands for K.I.ASIA services in the area of public health and communicable disease prevention and control in the region.
- (2) K.I.ASIA should seek opportunities to broaden its funding base in the area of communicable disease programs, pursuing both institutional and project-specific support.
- (3) The evaluation team specifically does not support the development of a new cooperative agreement for the Kenan Institute because this would not meet in our opinion the "Support Test," which is defined more precisely in Section IV. C of this report. K.I.ASIA should now compete for contracts and grants in the same manner as other NGOs. USAID should support a design effort and undertake a Request for Application (RFA), and this should be put out for competitive bid to all appropriate organizations.
- (4) A no-cost extension of the current AERA Cooperative Agreement will likely be necessary, but this should not impede the for the design and development of a health-related RFA.

6. Other Programs

Environmental Support Program

The team carried out interviews with faculty members of Chulalongkorn University, one of two universities where K.I.ASIA worked to install environment courses into their BBA and MBA programs. K.I.ASIA brought a UNC professor to Thailand to train and work with faculty members of the universities on relevant concepts, including how to generate student participation in environmental research to gain further understanding of the issues. The concepts led to developing specific courses for inclusion in the BBA and MBA curricula. As a part of these courses, the visiting professor encouraged the development of case studies on Thai corporations that had confronted and resolved at least some of their environmental

issues. Thai professors and students worked in teams to develop the case studies and then the students presented case studies to their fellow class members. To develop other cases, students are taught to create their own projects using e-learning techniques. These exercises have had a strong impact on the interest of university students in environmental issues.

To reinforce the courses set up in Thailand, Thai faculty members visited UNC to witness firsthand the teaching of environmental courses, the participation of U.S. students in case study work as well as other aspects of the U.S. courses.

The courses continue to be included in the curricula of these two universities delivered by faculty members who have been inspired by K.I.ASIA support. The professors have set up an “environmental network” among graduates of the Chulalongkorn University MBA program. Furthermore in the last two years, UNC professors have journeyed to Thailand to undertake various kinds of environmental research, including environmental surveys. This is an example of a limited intervention that continues to yield benefits in important universities that can influence the Thai business sector.

IV. SUSTAINABILITY STRATEGY DEVELOPMENT

A. ASSESSMENT OF THE CREATION OF A LEGACY MECHANISM BY USAID

1. Review of Mission, Goals and Objectives

K.I.ASIA's mission is to: Build sustainable development and competitiveness in Thailand and the Greater Mekong Subregion through multi-sector partnerships.

USAID RDM-Asia's mission strategy has a clear mandate for operating regionally and at least two of its Strategic Objectives (SOs) correspond to the operations of K.I.ASIA:

- SO2 – Regional Governance and Economic Reform
- SO3 – Regional Infectious Diseases

SO1 has four program components that correspond to activities that have been carried out by K.I.ASIA:

- Improve Economic Policy and Governance: Governance, laws, and institutions strengthened
- Improve Justice Sector and Legal Reform: Support the rule of law, regulations and standards, improve legal framework for civil society, improve access to and understanding of current laws
- Strengthen Civil Society: Support economic oversight by private sector associations and NGOs
- Increase participation in global trade: Strengthening competitiveness of clusters, credit expansion to SMEs, and public-private partnerships.

Under SO2, program component 1: Improve Economic Policy and Governance, USAID proposes to “build upon Kenan Institute Asia and the U.S.-ASEAN Technical and Training Facility” for strengthening governance, laws and institutions. In the area of private sector development we observe that K.I.ASIA has been only minimally active in the region. Its focus has been largely on Thai activities and companies as opposed to regional ones. It does not have the relationships with other private sector organizations in the region to tackle some of the problems impeding competitiveness and trade flows. To date, K.I.ASIA has focused primarily on Thailand because it is a Thai organization with a staff that operates more easily in that national environment. Furthermore, while its stated objective is to expand its work within the region, it has not yet accomplished this. Few actions have been undertaken by K.I.ASIA that support USAID/RDM-Asia's regionalization mandate. And K.I.ASIA has not laid an adequate groundwork to enable it to develop such a capability.

Under SO3 (non-HIV/AIDS), the RDM-Asia proposes to “strengthen case finding, screening, treatment, guidelines, and education; assessing multi-drug resistant malaria; reviewing and monitoring other antimicrobial drug resistance; and addressing infectious diseases in Burmese migrants along the Thai-Burmese border, and other countries in the GMR.”

As already noted in the Public Health Activities section of this report, K.I.ASIA has played a strong role in bringing together the governments of Thailand and neighboring countries to tackle public health issues affecting all of them. It has been effectively playing a leadership role in public health issues, particularly malaria and Avian Influenza, affecting governments and people regionally and has been assisting the governments to develop action planning that will enable them to reduce the effects of serious disease.

SO3 of the RDM-Asia strategy is concerned with environmental conditions, and this is also mentioned in K.I.ASIA's strategic framework. K.I.ASIA has undertaken some, but not

significant, recent environmental activities; therefore, it is deemed that it has done little to support this RDM-Asia SO.

While the mission, goals, and objectives of the USAID RDM-Asia and K.I.ASIA coincide to a considerable degree, K.I.ASIA's actions to date have positioned it in only a marginal way to undertake a regional program.

2. Organizational Strengths

What are the organizational strengths of K.I.ASIA? Are these being put to effective use? In a presentation to the evaluation team, the K.I.ASIA executive director presented the current program target areas as:

- Thai private sector: SMEs and entrepreneurs
- Corporate social responsibility: corporations in Thailand
- Public health: communities
- Education: youth

Regarding environmental work, while there is a small division dedicated to this activity at K.I.ASIA, it is not deemed an organizational strength. The primary reason for this is that there simply does not seem to be a sufficient market for such services. The executive director of K.I.ASIA has indicated that the division might require closure in the near future.

Notably, one of the most difficult challenges for K.I.ASIA is to focus on its strategic strengths to ultimately achieve self-sustainability. When its executives discuss K.I.ASIA's performance, they cannot help but discuss the various activities of the organization, which involve a broad swath of projects involving a range of technical disciplines. The conclusion reached by the evaluation team is that K.I.ASIA lacks a clear definition and assessment of what are its real organizational strengths.

Several trustees noted that the strength of K.I.ASIA is rooted in U.S.-Thai business links. We, in fact, agree with this statement. It appears that a considerable part of the *raison d'être* of K.I.ASIA is to maintain good relationships with the RTG, which is, of course, of interest to U.S. corporations operating and investing in Thailand. Another trustee noted that K.I.ASIA "buys U.S. influence" in a country where the United States is already highly regarded (the reported polls that show a 78 percent approval rating). Another observation by a trustee was that "Having Anand Panyarachun as the Honorary Chairman of the Board of Trustees is like having the 'prime minister of the people' affiliated with K.I.ASIA."

K.I.ASIA has not defined its technical strengths in terms of what its present staff can really do to be able to address its market realities. The key question to be asked is: What are other donors supporting that coincide with K.I.ASIA strengths? Overall, the evaluation team was not particularly impressed with K.I.ASIA technical capabilities. We attribute this to the fact that K.I.ASIA has functioned primarily to facilitate the delivery of technical assistance by U.S. and other experts rather than implementing and absorbing the experience itself. On the other hand, the consultants were impressed with Kenan's ability to bring people together in a seminar or a conference on a technical issue, having invited appropriate technical speakers who can address the issues being discussed. However, once the seminar or conference is finished there seems to be little additional intellectual contribution or follow-through by K.I.ASIA. It is further noted that some of the technical concepts being employed, such as clusters for competitiveness, strike the evaluation team as outmoded and not "state of the art." Nevertheless, facilitating technical discussions about development issues in Thailand and organizing business groups to take action has been an important contribution by K.I.ASIA.

There are two exceptions to the observation about K.I.ASIA's technical limitations. These are activities carried out in the Innovative Learning for Youth unit and in the Public Health program. In these activities, the personalities and talents directly involved are producing good effects by K.I.ASIA.

3. Financial Trends and Analysis

This section provides information on the various aspects of the financial status of K.I.ASIA. The first part analyzes the financial performance of the organization during the period being evaluated. The second part looks at the efforts to bring in new external financing. The third part analyzes the FY 2008 budget. The final part examines the three components of the endowment fund and, particularly, the endowment fund provided by USAID to determine what kind of investment performance has been achieved and to what extent this can support future K.I.ASIA activities.

These analyses show that K.I.ASIA is not financially self-sustaining over the long haul as it is presently operating, although it may achieve break-even during FY 2008. Its endowment funds have not achieved the size to sustain it through possible deficits more than a couple of years. Other sections below analyze pricing and cost recovery for services provided. While some improvement is seen in cost recovery, this, too, is an area of weakness for K.I.ASIA.

Income and Expenditures through the Evaluation Period

Table 7 below shows the income and expenditures during the evaluation period of September 30, 2003 through December 31, 2007. These figures are based on audited¹⁹ financial statements. Total income during the evaluation period was \$16.6 million. Of this, AERA constituted 74 percent of K.I.ASIA's total income, providing average annual revenues of \$2,100,564.

Administrative expenses averaged about \$4.2 million or 40 percent of revenues to administer the grants and support technical activities. K.I.ASIA delivered grants and services for a total of \$10.6 million over the last four years. Cost-sharing of \$4.3 million was provided by K.I.ASIA, as required in the cooperative agreement.

There are two other notable features detected in this analysis. There was a nearly \$1 million shortfall in 2007 as expenditures of \$4.4 million exceeded revenues of \$3.5 million. This was a first for K.I.ASIA and indicates the tightening financing situation due to a reduction in income derived from AERA and a more or less constant set of overhead expenses. The second is that K.I.ASIA financials for the four-year period included a surplus of \$1.8 million, which was achieved because some non-USAID grants were paid up-front, and, according to the financial manager, were deposited in a savings account for future draw-downs. Some of this surplus was used to cover the 2007 deficit.

¹⁹ PricewaterhouseCoopers audited K.I.ASIA's statements in 2003 and KPMG audited them in 2004 through 2007.

TABLE 7: K.I.ASIA INCOME AND EXPENDITURES, SEPTEMBER 30, 2003 THROUGH DECEMBER 31, 2007

	2003	%	2004	%	2005	%	2006	%	2007	%	5-YEAR TOTAL	%	ANNUAL AVERAGE
INCOME													
Donations	4,163,600	85%	3,217,769	71%	2,301,670	61%	3,435,218	71%	2,352,587	68%	15,470,844	72%	3,094,169
Interest	114,559	2%	94,558	2%	155,478	4%	224,859	5%	239,762	7%	829,216	4%	165,843
Others	643,084	13%	1,245,586	27%	1,343,370	35%	1,160,034	24%	859,905	25%	5,251,979	24%	1,050,396
TOTAL Income	4,921,243	100%	4,557,913	100%	3,800,518	100%	4,820,111	100%	3,452,254	100%	21,552,039	100%	4,310,408
EXPENDITURES													
Grants to projects	2,380,364	48%	3,079,327	68%	2,782,093	73%	2,409,902	50%	3,187,533	92%	13,839,219	64%	2,380,364
Administrative expenses	2,297,449	47%	1,068,206	23%	927,993	24%	1,718,721	36%	1,250,712	36%	7,263,081	34%	2,297,449
Total Expenditures	4,677,813	95%	4,147,533	91%	3,710,086	98%	4,128,623	86%	4,438,245	129%	21,102,300	98%	4,677,813
TOTAL Surplus (Deficit)	243,430	5%	410,380	9%	90,432	2%	691,488	14%	(985,991)	-29%	449,739	2%	243,430
GRANTS TO PROJECTS													
ACT	97,050	4%	129,361	4%	195,008	7%	49,053	2%	97,050	4%	129,361	4%	195,008
USTDP	172,320	7%	29,786	1%	12,761	0%	3,323	0%	172,320	7%	29,786	1%	12,761
AERA	2,053,931	83%	2,213,937	72%	1,517,131	55%	834,350	35%	2,053,931	83%	2,213,937	72%	1,517,131
UNC	86,987	4%	88,242	3%	98,006	4%	136,183	6%	86,987	4%	88,242	3%	98,006
Others	-	0%	323,109	10%	349,393	13%	402,801	17%	-	0%	323,109	10%	349,393
General donations	57,063	2%	120,822	4%	184,115	7%	246,554	10%	57,063	2%	120,822	4%	184,115
Cost of proj ex service	-	0%	174,070	6%	425,679	15%	737,638	31%	-	0%	174,070	6%	425,679
TOTAL Grants to Project	2,467,351	100%	3,079,327	100%	2,782,093	100%	2,409,902	100%	2,467,351	100%	3,079,327	100%	2,782,093
ADMINISTRATIVE EXPENSES													
Payroll	1,270,525	57%	236,147	22%	235,814	25%	608,929	35%	209,934	17%	2,561,349	36%	512,270
Administrative support	-	0%	-	0%	-	0%	13,817	1%	12,923	1%	26,740	0%	5,348
Office expenses	117,377	5%	118,071	11%	118,985	13%	179,837	10%	148,105	12%	682,375	10%	136,475
UNC contract expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Depreciation	78,004	4%	96,573	9%	86,703	9%	93,052	5%	82,355	7%	436,687	6%	87,337
Communication	43,310	2%	21,010	2%	42,138	5%	34,697	2%	16,319	1%	157,474	2%	31,495
Supplies	17,699	1%	47,276	4%	11,285	1%	9,220	1%	14,350	1%	99,830	1%	19,966
Travel	144,542	7%	157,903	15%	161,656	17%	89,286	5%	82,025	7%	635,412	9%	127,082
Professional fees	48,706	2%	26,747	3%	40,275	4%	34,866	2%	22,458	2%	173,052	2%	34,610
Foreign exchange loss	254,394	12%	-	0%	-	0%	-	0%	-	0%	254,394	4%	50,879
Other	235,905	11%	364,479	34%	231,137	25%	655,017	38%	662,243	53%	2,148,781	30%	429,756
TOTAL Admin. Expenses	2,210,462	100%	1,068,206	100%	927,993	100%	1,718,721	100%	1,250,712	100%	7,176,094	100%	1,435,219

In the Board of Trustee's meeting of January 17, 2008, the following reasons were given for this shortfall.

- Delay or cancellation of government contracts due to the coup and change of government
- Delay of the ADVANCE project
- Reduction of corporate funding on labor standards
- Reduction of funding from corporate donors
- Ineffective business development in 2006
- Lack of adequate systems for tracking and following up on grant opportunities
- Shift of international donor resources away from Thailand to other regional countries

K.I.ASIA management outlined the following corrective steps:

- Staffing was reduced from 66 to 62
- Business development manager hired for Better Business Practices (BBP) Division will work on behalf of all divisions
- New business has become the responsibility of all managers
- FY 2008 budget was revised to cut expenditures
- Budget-to-actual reports will be revised to be expressed on an accrual rather than a cash basis to show more accurately the payment of expenses by project income

At this juncture, K.I.ASIA, as currently structured, is financially self-sufficient only as long as the AERA funds last. As the USAID AERA funds are exhausted, K.I.ASIA may be faced with the need for an abrupt downsizing of its present staff. Its major efforts to achieve financial self-sufficiency are now directed towards transforming itself into a "consulting NGO." These efforts will be discussed in the next section.

External Funding

It can be seen that some non-USAID sources of donations have either continued or been developed during the evaluation period. These include the EU, World Bank, UNICEF, Community Foundation, and others. These other sources provided an average annual income of \$726,000 or about 26 percent of the total income in the evaluation period.

Based on these new clients, outside funding is projected to increase sharply in the FY 2008 budget (discussed below) and is estimated to reach 43 percent of total income, while AERA funding will decline to about 57 percent of total revenues. Further efforts to increase outside funding are discussed below under New Business Development.

Another important facet of this analysis is the amount of the revenues of K.I.ASIA that are destined to become pass-through grants. *Table 8* below shows that during the four years evaluated pass-through grants exceeded income by approximately \$511,940. Again, this is due to up-front non-USAID grants that were booked on a cash basis, with the surplus placed in a savings account to be drawn down as the projects were implemented. This could also reflect that K.I.ASIA has not been able to capture the real costs of handling these pass-through grants.

TABLE 8: ANALYSIS OF K.I.ASIA PASS-THROUGH DONATIONS, 2004–2007

PASS-THROUGH DONATIONS	2004	%	2005	%	2006	%	2007	%	4-YEAR TOTAL	%	ANNUAL AVERAGE
DONATIONS											
USAID	2,889,357	90%	1,926,588	84%	2,110,817	61%	1,475,493	63%	8,402,255	74%	2,100,564
EU							319,628	14%	19,628	3%	79,907
Kenan Bus School					180,860	5%	251,015	11%	431,875	4%	107,969
TICA	15,626	0%	39,674	2%	120,780	4%	132,350	6%	308,430	3%	77,108
DTEC										0%	-
World Bank InfoDev					43,834	1%	82,724	4%	126,558	1%	31,640
ACT	91,489	3%	122,935	5%			30,875	1%	245,299	2%	61,325
Long Tail FB Repair					206,649	6%			206,649	2%	51,662
UNICEF					136,195	4%			136,195	1%	34,049
Community Foundation					55,642	2%			55,642	0%	13,911
Others	221,297	7%	212,473	9%	580,441	17%		3%	1,074,713	10%	268,678
TOTAL Donations	3,217,769	100%	2,301,670	100%	3,435,218	100%	2,352,587	100%	11,307,244	100%	2,826,811
GRANTS TO PROJECTS											
ACT	129,371	4%	195,008	7%	49,053	2%	15,028	0%	388,460	3%	97,115
USTDP	29,786	1%	12,761	0%	3,323	0%	618	0%	46,488	0%	11,622
AERA	2,213,937	72%	1,517,131	55%	969,964	36%	1,228,228	38%	5,929,260	50%	1,482,315
UNC	88,242	3%	98,006	4%	136,183	5%	117,604	4%	440,035	4%	110,009
Others	323,109	10%	349,393	13%	483,668	18%	665,120	20%	1,821,290	15%	455,323
General donations	120,822	4%	184,115	7%	246,554	9%	398,300	12%	949,791	8%	237,448
Cost of proj ex service	174,070	6%	425,679	15%	809,013	30%	835,098	26%	2,243,860	19%	560,965
TOTAL Grants to Projects	3,079,337	100%	2,782,093	100%	2,697,758	100%	3,259,996	100%	11,819,184	100%	2,954,796
TOTAL NOT PASSED THROUGH	138,432		(480,423)		737,460		(907,409)		(511,940)		(127,985)

FY 2008 Budget Estimates

K.I.ASIA has prepared a budget for FY 2008 (outlined in *Table 9* below), which was based on actual figures for FY 2007 and a build-up of actual revenues and expenses based on numerous AERA and non-AERA activities. This budget is notable in that revenues are projected at a level of nearly \$2 million higher than the average revenues for the previous four years. AERA public health activities, whose spending is being accelerated in FY 2008, account for the largest share, 57 percent, of projected revenues. It is further notable that a number of smaller non-AERA projects will make up the 43 percent of projected revenue. Many of these projects each represent no more than 2 percent or less of total revenue, meaning that K.I.ASIA's implementation efforts are highly diffused, again reflecting the lack of definition of its competitive strengths and well-targeted marketing opportunities. Outside of the AERA activities, only the EU contract for Tsunami Relief, amounting to about 12 percent of total projected revenues, the TRAI project amounting to a similar amount²⁰, and the Merck IN-STEP contract, amounting to 6 percent are significant.

The total revenues have been further broken down in *Table 10* to understand which division within K.I.ASIA is responsible for what portion of the revenues. That table is illuminating:

Most notably, one division (Environment) is expected to bring in only 1 percent of this year's budget. Furthermore, as of late February 2008, approximately 9 percent of the total projected revenues must still be booked to achieve the budget. K.I.ASIA staff believe that this figure is achievable and that the RTG will be accelerating its expenditures from which K.I.ASIA can anticipate attracting a "fair share" of this business. It is also likely that the ADVANCE contract task orders will be approved, which may give K.I.ASIA a new revenue source. In the Board of Trustees meeting in January 2008, this amount was estimated at \$800,000 annually for five years. This may be an over-estimation of what is possible for K.I.ASIA under the ADVANCE contract as USAID itself at this time foresees only one sub-contract with a value of around \$355,000 over five years.

Endowment Fund Status and Trends

The original endowment for K.I.ASIA was composed of three endowment funds, each controlled by different parties. USAID initially made \$4.6 million available in 1996. These funds were transferred officially to K.I.ASIA by USAID (at the end of a five-year period) in 2001.

The RTG also made available a fund valued at 129 million THB (originally valued at \$3.5 million) deposited in a local bank in Thailand and controlled by the government. Interest from this savings account, currently averaging around 3.5 percent, is paid to K.I.ASIA's account every year. Not directly related to the endowment funds provided by the RTG are tax breaks provided to K.I.ASIA. These tax reductions are a result of K.I.ASIA having become a Thai non-profit organization working with Thai organizations. As a result of this arrangement, K.I.ASIA must provide within its sales portfolio some services to the RTG or it is possible that these tax privileges (particularly income taxation of expatriate staff) could be withdrawn.

²⁰ The details on this project award had not been finalized at the time that the evaluation team was in-country.

TABLE 9: K.I.ASIA PROJECTED 2008 BUDGET ANALYSIS

	SOURCE	K.I.ASIA DIVISION	REVENUE BAHT	IN DOLLARS	%	EXPENDITURES BAHT	IN DOLLARS	%	TOTAL BAHT	IN DOLLARS
AERA										
AERA AI-GDA	USAID	HCD/SCC	22,098,176	690,568	12%	22,098,176	690,568	12%	-	-
AERA AI-PHP	USAID	PH	34,420,191	1,075,631	18%	34,420,191	1,075,631	19%	-	-
BAAM Malaria	USAID	PH	27,219,257	850,602	14%	27,219,257	850,602	15%	-	-
BAAM Other	USAID	PH	6,011,860	187,871	3%	6,011,860	187,871	3%	-	-
AERA TCB	USAID	PH	42,345	1,323	0%	42,345	1,323	0%	-	-
Division Administration	USAID	PH	18,000,000	562,500	10%	20,575,176	642,974	11%	2,575,176)	(80,474)
Total AERA			107,791,829	3,368,495	57%	110,367,005	3,448,969	60%	(2,575,176)	(80,474)
Non-AERA										
BBP										
Entrepreneurs & incu	EU	BBP	4,172,800	130,400	2%	4,172,800	130,400	2%	-	-
Benchmark study	OIE, MOI	BBP	3,596,359	112,386	2%	3,543,147	110,723	2%	53,212	1,663
BOI	BOI	BBP	600,000	18,750	0%	236,103	7,378	0%	363,897	11,372
Chantaburi Gems		BBP	-	-	0%	210,403	6,575	0%	(210,403)	(6,575)
Cluster Development Agent		BBP	-	-	0%	115,898	3,622	0%	(115,898)	(3,622)
Cluster Training	MOI	BBP	3,738,318	116,822	2%	3,633,979	113,562	2%	104,339	3,261
Marketing	EU	BBP	7,444,294	232,634	9%	7,444,294	232,634	10%	-	-
Franchising II	MOC	BBP	3,738,318	116,822	2%	3,813,217	119,163	2%	(74,899)	(2,341)
Friendship bridge		BBP	-	-	0%	497,980	15,562	0%	(497,980)	(15,562)
Handicraft cluster	DIP	BBP	45,000	1,406	0%	16,022	501	0%	28,978	906
34th ISBC	OSMEP	BBP	495,550	15,486	0%	357,748	11,180	0%	137,802	4,306
K Bank	K Bank	BBP	1,297,310	40,541	1%	1,455,398	45,481	1%	(158,088)	(4,940)
Labor audits	various	BBP	77,500	2,422	0%	466,714	14,585	0%	(389,214)	(12,163)
NEC 51	DIP	BBP	1,962,617	61,332	1%	1,877,019	58,657	1%	85,598	2,675
TRAI	Kenan Trust	BBP/HO	4,214,484	131,703	2%	4,214,484	131,703	2%	-	-
TRAI Phang-nga	Kenan Trust	BBP/HO	1,947,130	60,848	1%	1,947,130	60,848	1%	-	-

	SOURCE	K.I.ASIA DIVISION	REVENUE BAHT	IN DOLLARS	%	EXPENDITURES BAHT	IN DOLLARS	%	TOTAL BAHT	IN DOLLARS
Microfinance	EU	BBP/FAS	1,870,545	58,455	1%	1,870,545	58,455	1%	-	-
Vietnam Bank for Social Policies	SRA International	BBP/FAS	1,480,466	46,265	1%	754,345	23,573	0%	726,121	22,691
Subtotal BBP			36,680,691	1,146,272	20%	36,627,226	1,144,601	20%	53,465	1,671
ACT	ACT	HCD/ILY	2,053,502	64,172	1%	2,053,502	64,172	1%	-	-
IN-STEP	Merck	HCD/ILY	10,774,340	336,698	6%	9,016,696	281,772	5%	1,757,644	54,926
Phang-nga	EU	HCD/ILY	255,300	7,978	0%	255,300	7,978	0%	-	-
MS-CTLCS	Microsoft	HCD/ILY	4,000,000	125,000	2%	3,465,234	108,289	2%	534,766	16,711
Kenan Conference	sponsors	HCD	900,000	28,125	0%	617,589	19,300	0%	282,411	8,825
Subtotal HCD/ILY			17,983,142	561,973	10%	15,408,321	481,510	8%	2,574,821	80,463
Regional IPR Study	Pfizer	HCD/SCC	915,000	28,594	0%	825,946	25,811	0%	89,054	2,783
RETA-ADB	ADB	HCD/SCC	157,270	4,915	0%	239,775	7,493	0%	(82,505)	(2,578)
SCC	SCC	HCD/SCC	799,940	24,998	0%	851,876	26,621	0%	(51,936)	(1,623)
Subtotal HCD/SCC			1,872,210	58,507	1%	1,917,597	59,925	1%	(45,387)	(1,418)
Eco Tour	WTO	BBP/ESD	1,465,221	45,788	1%	1,465,221	45,788	1%	-	-
EGAT Public Participation	EGAT	ESD	150,000	4,688	0%	101,583	3,174	0%	48,417	1,513
Subtotal ESD			1,615,221	50,476	1%	1,566,804	48,963	1%	48,417	1,513
Various										
American Bar Assn	ABA	0	2,490,476	77,827	1%	1,751,081	54,721	1%	739,395	23,106
USP-DQI	USP		2,598,849	81,214	1%	2,431,227	75,976	1%	167,622	5,238
Other	Various		202,804	6,338	0%	154,858	4,839	0%	47,946	1,498
Subtotal Various			5,292,129	165,379		4,337,166	135,536	2%	954,963	29,843
TBD	TBD		16,557,247	517,414	9%	14,049,493	439,047	8%	2,507,754	78,367
Total non-AERA			80,000,640	2,500,020	43%	73,906,607	2,309,581	40%	6,094,033	190,439
TOTALS										
			187,792,469	5,868,515	100%	184,273,612	5,758,550	100%	3,518,857	109,964

The William R. Kenan Jr. Charitable Trust through the Friends of the Kenan Foundation Asia (FoKFA) in the United States originally made \$3.5 million available. These funds have been managed by JP Morgan, but the board of FoKFA is now considering another alternative to achieve better investment results with returns from this trust paying for salaries of the executive director and the associate executive director of K.I.Asia; they recently covered the cost of an administrative assistant as well as travel of K.I.Asia trustees to meetings in Thailand. The balance of this fund at January 31, 2008, was \$2,852,782.

TABLE 10: K.I.ASIA PROJECTED 2008 REVENUES BY DIVISION

DIVISION	SOURCE	PERCENTAGE OF TOTAL BUDGET <i>(1)</i>
Public Health Program	AERA	45%
Better Business Practices (BBP) Division	Non-AERA	20%
Human Capacity Development/Innovative Learning for Youth Unit	Non-AERA	10%
Human Capacity Development/Strategic Corporate Unit ²¹	Non-AERA	13%
Environmental & Sustainable Development Division	Non-AERA	1%
Various	Non-AERA	3%
To be determined	Non-AERA	9%

(1) Percentages rounded.

As the funds USAID provided are now under the control of K.I.ASIA, the performance of these funds and their ability to support its operation conceivably are important to K.I.ASIA's sustainability. *Table 11* demonstrates the performance of the portfolio over the last four years from September 30, 2003 through September 30, 2007. During this period, the portfolio achieved annual gains of 0, 6, 5, and -2 percent, for a total gain over the four-year period of 9 percent, or an average annual gain over the four years of a little over 2 percent—a very low average return on this portfolio. The balance in this portfolio was \$5,329,302 as of January 31, 2008. Two mistakes were made recently by JP Morgan: it converted the entire fund into cash without permission from K.I.ASIA and, in addition, more than twice the funds requested (\$500,000) were transferred to Thailand to be held in THB to offset the decline in the value of the dollar. K.I.ASIA has now shifted the management of these funds to Morgan Stanley, which is helping K.I.ASIA analyze any earlier losses.

Table 12 shows the three parts of the total endowment, now valued at approximately \$11.2 million, estimates a reasonable return on this capital, and determines what amount might be available to support K.I.ASIA's current operations. With relatively optimistic returns, it is estimated that \$571,000 could be generated annually by the endowment fund. As noted above, this level of income is insufficient to achieve self-sustainability under the current staffing configuration.

²¹ K.I.ASIA noted that HCD is a division and SCC is a division; however, as these divisions are jointly managing projects in the 2008 budget it was impossible to distinguish which division had what share of total budgeted revenues.

TABLE 11: ENDOWMENT FUND PERFORMANCE ANALYSIS (USAID FUND), SEPTEMBER 30, 2003 THROUGH SEPTEMBER 30, 2007

ENDOWMENT FUND (1)	2003	2004	ANNUAL GAIN/ LOSS	2005	ANNUAL GAIN/ LOSS	2006	ANNUAL GAIN/ LOSS	2007	ANNUAL GAIN/ LOSS	4 YEAR GAIN/ LOSS	AVERAGE ANNUAL GAIN/LOSS
Cash and ST Deposits	161,843	532,828		650,235		1,361,354		1,409,012			
Fixed Inc Bonds	2,633,843	2,786,721		3,415,600		2,866,460		2,307,490			
Equities	2,043,202	1,590,266		1,113,577		1,209,427		1,612,800			
Total	4,838,888	4,909,815		5,179,412		5,437,241		5,329,302			
Accrued Income	9,911	9,108		14,910		18,882		18,368			
Total Portfolio Value	4,848,799	4,918,923		5,194,322		5,456,123		5,347,670			
Currency adjustment	49,179	(11,926)		(12,210)		(13,909)		(18,994)			
BALANCE	4,897,978	4,906,997	0%	5,182,112	6%	5,442,214	5%	5,328,676	-2%	9%	2%

(1) Original amount: \$4.6 million

Pricing and Cost Recovery for Services

The evaluation team notes that K.I.ASIA has not been allowed to recover an indirect cost rate under a Negotiated Indirect Cost Rate Agreement (NICRA) from USAID during the period of the cooperative agreement because, as several USAID contracting officers correctly pointed out, a NICRA is not allowable for non-U.S. organizations. However, an administrative cost was calculated based on salaries of individual employees and hours worked on the AERA project.

TABLE 12: KENAN TOTAL ENDOWMENT AND ESTIMATED ANNUAL RETURNS (in dollars)

FUND	AMOUNT AS AT 1/31/2008	ESTIMATED ANNUAL RETURN	ESTIMATED POTENTIAL ANNUAL RETURN
RTG	4,108,362	3.5	143,793
Friends of Kenan Foundation Asia	2,852,782.	6.0	171,167
Kenan Foundation Asia – USAID	5,329,309	6.0	256,434
Total Endowment	11,236,702		571,493

The evaluation team questions the USAID contracting officers’ narrow interpretation of USAID’s directive on NICRAs. If USAID created through this cooperative agreement a “legacy mechanism” following the closing of its bilateral mission in Thailand, and it wanted this organization to eventually achieve financial sustainability, it might have considered this as a “deviation” from the rules that had appropriate application. Instead a “cost calculation” based primarily on salaries was put in place. As a result, K.I.ASIA “passed through” grants without appropriately being allowed to recover all indirect costs such as rental costs and office equipment (computers, telephone, photocopiers, and printers). Putting a NICRA in place could have allowed K.I.ASIA to recover more of its real costs, thus allowing it to operate at a more sustainable level.

On the other hand, K.I.ASIA could have taken it upon itself to develop such a rate that it then could have applied to all of its outside, non-USAID contracts, which might have allowed it an even better chance at achieving financial sustainability.²² K.I.ASIA has recently begun to apply an “overhead rate” of approximately 30 percent to the grant applications from non-USAID donors.

Overhead and Administrative Cost Implications

To more accurately capture the hours that employees are working on billable assignments, K.I.ASIA instituted a timesheet system on around November 2007. The timesheet summary records were reviewed for the month of January 2008. The Finance and Administrative Division reported that the new system made the billing of clients easier and more accurate.

The evaluation team considers that having timesheets and tracking billability is a positive step for K.I.ASIA in its efforts to become self-sustainable.

²² Furthermore, because this pattern has been established, it is unlikely that USAID will allow K.I.ASIA to charge a NICRA under future USAID contracts and grants.

Billability versus overhead staff costs for January 2008 is reflected in *Table 13*. The billability figures mean that the employees of the division were charging that percentage of their time on their timesheets to activities that were eventually invoiced to a client. Overhead figures reflect the level of charges that went to administrative activities that were not charged directly to a client.

This level of billability, with the exception of the low rates for the Environmental Division, is quite good. However, it was noted that personnel from various divisions were billing to AERA to achieve these high levels.

TABLE 13: KENAN BILLABILITY VS. OVERHEAD STAFF COSTS, JANUARY 2008 (by percentage)

DIVISION	OVERHEAD (PERCENTAGE)	BILLABILITY (PERCENTAGE)
Administration	50.1%	49.9%
Human Capacity Development	2.8%	97.2%
Better Business Practices	40.3%	59.7%
Environmental & Sustainable Development	86.0%	14.0%
Public Health	0%	100.0%

4. Governance

Board of Trustees

The Board of Trustees meets once a year to discuss the issues facing K.I.ASIA. The Board appoints an Executive Committee that meets six times a year. The team was able to meet directly with several trustees, including the acting chairman, who are very knowledgeable of K.I.ASIA's operations and issues. The American trustees who were interviewed felt that the organization provided a "civic leg" to the national economic conversation, bringing needs to the attention of government decision-makers. The importance of the organization to the United States is that it buys a certain influence on behalf of the United States. While the board had discussed regionalization, no real steps were evident in following through this idea. The strategic value inherent in the regionalization efforts of the public health program do not appear to have been extended to the institution as a whole. It was felt by one trustee that additional, influential trustees from Vietnam, Cambodia, and Lao PDR could be added to enable K.I.ASIA to work on regional economic issues. That trustee suggested that a meeting with the evaluation team, or similar external facilitation, might be able to move this conversation forward.

It should be noted that a number of the Board of Trustees are "in transition." This means that members of the Board have resigned, passed away, been replaced, or plan to resign in the future. This gives the Board of Trustees an opportunity to add new trustees from the region.

The University of North Carolina (UNC) Relationship

The Kenan Foundation Asia, which is the official name of the Kenan Institute Asia (K.I.ASIA), was established in 1996 as a Thai non-profit foundation with financial and technical support from the University of North Carolina at Chapel Hill. Support came especially from the Kenan Institute of Private Enterprise of the Kenan-Flagler Business School. Prior to departing for Thailand, the evaluation team leader interviewed Dr. Jack Kasarda by telephone and found him to be up-to-date on K.I.ASIA activities and enthusiastic regarding the past accomplishments and future relationship with UNC.

Although the Kenan-Flagler Business School closed its Washington Office for handling international projects in 2006, the support of the Kenan Institute of Private Enterprise has remained strong. Overall university interaction with K.I.ASIA has been stepped up with a grant program for professors with an increasing number of students coming to Southeast Asia, including one undergraduate business class that will be taught and managed by K.I.ASIA in 2008. This relationship continues, although it has been somewhat less than trouble-free in recent years. One of the trustees interviewed stated that “One of the things that needs to be looked at is the University of North Carolina relationship.”

Nevertheless, this relationship was reaffirmed in a recently signed, but undated, agreement delineating how the UNC at Chapel Hill will work with K.I.ASIA for another 10 years. This agreement was signed by the chancellor, the executive vice chancellor and provost, the associate provost for International Affairs, the acting chairman of the Board of Trustees of K.I.ASIA, and the executive director of K.I.ASIA. The fact that K.I.ASIA felt that such an agreement was needed confirms that there was some question regarding the commitment of UNC to the relationship.

The objectives of the agreement include the following.

- Strengthen the long-standing commitment to develop and implement mutually beneficial programming between K.I.ASIA and UNC
- In line with the strategic vision of both K.I.ASIA and UNC, will concentrate on a) SME and entrepreneurship development; b) community development; c) education; and engaging corporations in development. Geographic priorities include Thailand and the GMR (China, Cambodia, Vietnam, Laos, and Myanmar)
- Two-way mutually beneficial types of activities shall include: continued development of collaborative programs, research projects, and business-related activities; organization of joint academic and business activities; development of increased study-abroad and internship opportunities for UNC and Thai students, including the possible development of joint degree programs with Thai/Asian universities in partnership with K.I.ASIA; exchange of publications and other materials and information of common interest; and coordinated efforts to mobilize private donations from individuals, corporation, and foundations, as well as government- or agency-funded grants or contracts
- K.I.ASIA may cooperate with any academic discipline, department, school, or interdisciplinary research centers at UNC

In 2007, UNC provided five small grants to support its professors to go to Thailand to undertake research that could provide the basis for future joint activities:

- Culture barriers to entrepreneurship and competitiveness in Thailand and the GMS
- Safe drinking water technologies through social entrepreneurship
- External financing of SMEs in Thailand and its impact on firm growth
- Lead concentration in children under five years old, pregnant women and nursing mothers in small-scale industrial villages in Vietnam
- Medical tourism in Southeast Asia.

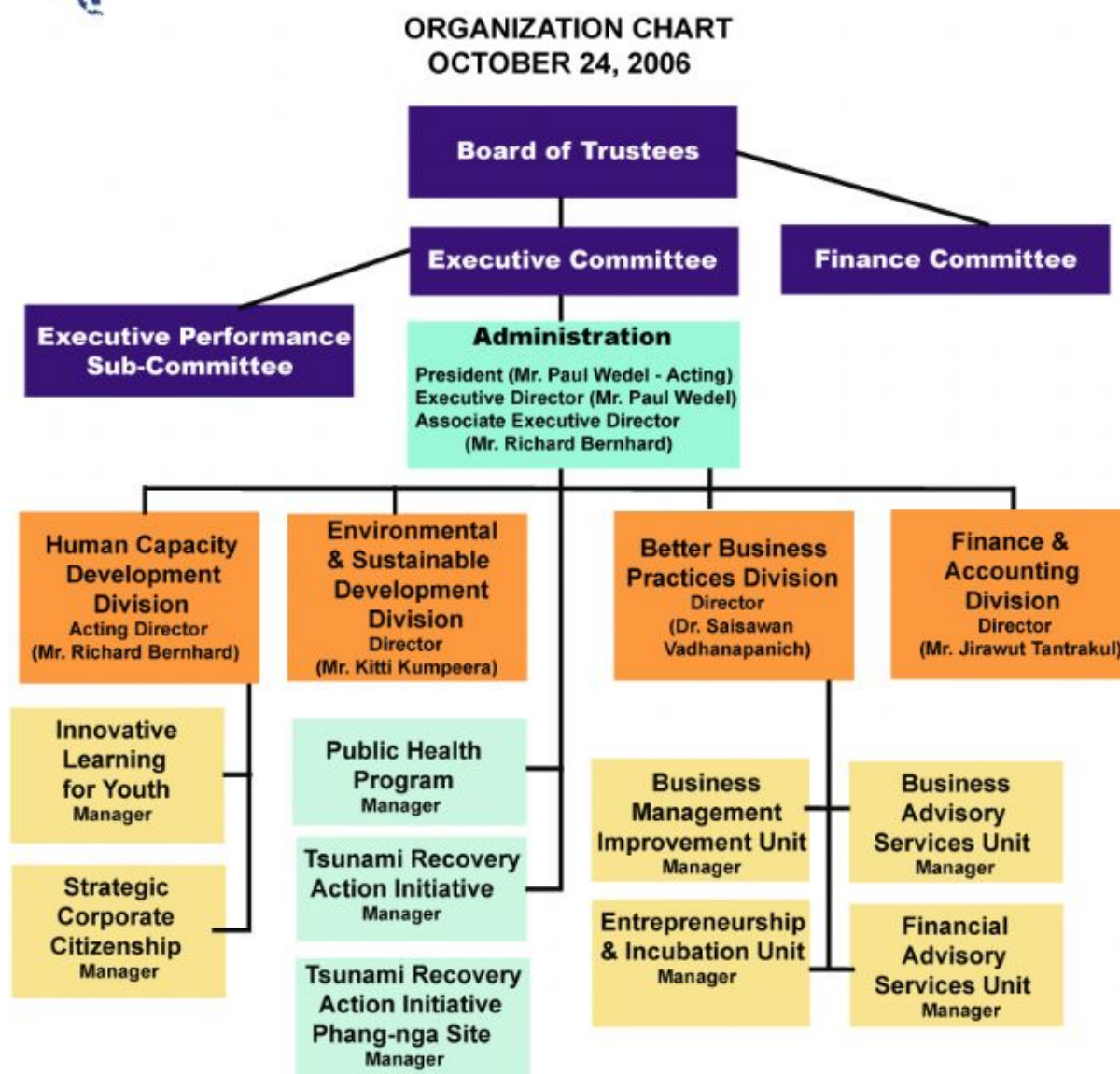
It is the impression of the evaluation team that UNC now needs to become engaged in helping to resolve some of the management and operational problems in K.I.ASIA, given this agreement and UNC's apparent acumen in business matters.

5. Staffing Balance and Capabilities

As of December 31, 2007, K.I.ASIA had a total staff complement of 60 persons (see *Table 14*). This is down somewhat from the previous number of 65 persons in 2004. At one time

K.I.ASIA had 75 personnel. Currently, there are six expatriate staff and 54 Thais. Two of the expatriate “staff” represent other international organizations and are essentially housed at K.I.ASIA.

The evaluation scope of work requested an assessment of K.I.ASIA’s organizational structure and administrative structures. It also requested that the consultant assess the qualifications of the staff to carry out their responsibilities. In the *Organization Chart* below, the major divisions are shown along with the number of personnel, the key management personnel, and the numbers of staff in each division. There is one major administrative division, the Finance and Accounting Division. There are four operational divisions, Human Capacity Development Division; Environment & Sustainable Development Division; Better Business Practices Division; and Public Health Program.



The allocation of staff is reflected *Table 14*. It should be pointed out that some imbalances are noted in this table. The Better Business Practices Division, for example, with only 20 percent of the total revenues projected in FY 2008, has 21 staff or more than one-third of the total staffing numbers. The Public Health Program, which will account for 57 percent of the revenues in this year's budget, has only five staff (about 8 percent of the total staffing numbers). This does not include the four K.I.ASIA CSR staff who have worked on the Avian Influenza-GDA programs. This may reflect a problem in two ways: not having the proper staff in place to handle the Avian influenza programs and having staff within the organization billing to the AERA charge code to maintain their level of billability.

TABLE 14: K.I.ASIA STAFFING LEVELS BY DIVISION AND UNIT

DIVISION	UNIT (1)	NUMBER OF STAFF
Administration	Tsunami Recovery Action Innovation (TRAI) Program	10
	TRAI – Phang-nga site	4
Finance and Accounting		5
Human Capacity Development	Innovative Learning Unit	4
	Strategic Corporate Citizenship Unit	4
Environmental & Sustainable Development		2
Better Business Practices		6
	Business Management Improvement Unit	2
	Entrepreneurship & Incubation Unit	5
	Business Advisory Services Unit	6
	Financial Advisory Services Unit	2
Public Health Program		5
Various	Anti-corruption	2
	US Pharmacopeia	1
	Competitiveness	2
TOTAL Staffing		60

(1) Based on organization chart provided to the consultants by K.I.ASIA

The resumes of all the key personnel were reviewed, and their qualifications are summarized in *Appendix H*. Several items stand out: there is little turn-over among the key staff members of K.I.ASIA. Most have been with the organization a minimum of seven to eight years with others remaining as employees for 10 to 13 years. The executive director and associate executive director have been with the organization since its inception. The ability to retain staff is clear and positive. What does this mean in terms of the ability of staff members to do their job and respond to new requirements?

A second item that is notable is the number of Thai management staff who have attended universities in the United States for graduate degrees at reputable universities (see *Appendix H* for staff qualifications). The key point here is that this is a well-educated group of managers who should be able to dynamically lead this organization. However, this masks an important finding: few among the current staff members are qualified to act as consultants in a K.I.ASIA that is attempting to transform itself into a “consulting NGO.” In the opinion of one of the managers, “only about three of K.I.ASIA staff have the ability to function as

consultants.” It is unclear what activities K.I.ASIA has undertaken in the development of its staff consistent with its future vision. Certainly the experience of running their respective programs will have provided critical staff development experience. However, professional growth and development may not have been as strategic as it might have been.

6. Business Planning

K.I.ASIA does not undertake strategic business planning nor does it have an administrative structure that produces strategic business plans for the organization as a whole or for the specific underlying departments. However, each department has developed a new business development plan. These plans are reviewed on a weekly basis in the managers’ meetings to determine whether progress has been made in securing new business. This lack of a strategic business plan based on the true strengths of the organization is viewed by the evaluation team as a serious deficiency. Furthermore, the new business activity has not developed an analysis of the pipeline of projects available for bidding by K.I.ASIA that is as extensive or as aggressively pursued as it might be. Unless K.I.ASIA analyzes these possibilities and correctly targets its market opportunities, it will inevitably fall short of the mark.

7. Reporting

The evaluation team was provided with the quarterly reports for the AERA Cooperative Agreement. We specifically read through those from the end of September 2003 through the most recent quarterly report. The public health activities did provide sufficient information to develop an activity trail that could be further verified through other documentation, and discussions with staff and partners. However, reports and other documentation related to the private sector activities were found to be inadequate in many regards. From the point of view of carrying out an evaluation, it is important to recognize that many of the activities are described with a distinct lack of detail. It is difficult to answer the questions: Who participated? What was decided? What action resulted from the meeting or presentation? How much money was spent by K.I.ASIA to achieve the meeting, seminar, presentation, or specific work? It also appears that there was little follow-up on the USAID side and that there was a sort of laissez-faire attitude that allowed K.I.ASIA to pursue whatever means they felt they needed to get the job done. However, there was little apparent accountability as to whether the job actually got done. It was learned that this accountability was largely non-existent in this sense as the USAID CTO was not stationed in Bangkok, but rather in Washington.

One of the former CTOs was interviewed prior to the departure of the evaluation team. It was determined that this was a long-distance arrangement and that this CTO had many other priorities that did not allow proper oversight of K.I.ASIA’s activities. Upon the establishment of the USAID RDMA Office in Bangkok, the oversight ability of the AERA CTO was impaired by the lack of files²³ and the difficulties inherent in a complex program managed through three technical offices.

8. Monitoring and Evaluation

Monitoring and evaluation has not been carried out by K.I.ASIA or required by USAID. In K.I.ASIA’s private sector activities, there seemed to be a marked indifference as to whether

²³ The program files were not transferred from the Washington Office for about two years

the activity had an impact on the participants. As a result, it is now difficult to determine what impacts have truly been achieved. The lack of a monitoring and evaluation has not allowed K.I.ASIA to make corrections, particularly in its programs. Furthermore, there are few lessons learned that would contribute to the design of future activities or statistics to lend credibility in a bid to another donor.

9. New Business Development and Market Strategies

The evaluation team was asked to assess whether there is donor support for the kinds of activities that K.I.ASIA can undertake, particularly in Thailand, but also in the region. As a middle income country, Thailand is no longer subject to much donor support. There is, however, considerable bilateral and multilateral support for other countries in the GMR. For example, K.I.ASIA has just worked to bring in financing under the Asian Development Bank, which can serve as a platform for more regional work. Some proposals have been developed recently in sustainable tourism, such as coral reef protection. New business successes have also included an EU proposal on tsunami reconstruction.

To implement its current new business approach means generally that the expatriate staff work extensively on the proposals to be written in English; the Thai staff work on the proposals to the RTG.

According to K.I.ASIA's business development manager, it is likely that K.I.ASIA will be able to develop relationships with multinational corporations that are working to establish their performance and credentials in corporate social responsibility. For example, KBank, a Thai bank with a CSR program, links its CSR experience to the K.I.ASIA in its advertising. The K.I.ASIA approach to develop the CSR business is to land a small contract with a multinational corporation and build the relationship over time through good, competent work.

He continued that while K.I.ASIA has decided to expand regionally, it has not yet opened a regional office. They are studying this possibility: Vietnam may require two offices to be effective; Laos does not seem to represent much of a business potential; Cambodia is relatively easy to set up in, but there is lots of competition; Burma is impossible because of political realities there. With the exception of Burma, all of these economies are developing rapidly. Cambodia has some technical consulting capacity, but that capacity is viewed as quite limited. Many parties are working on cluster/value chains/accessing markets/workforce development. There are six major international firms that want to help Cambodia advance and might be customers for CSR services (Crown, Coca Cola, Pepsico, Total, Chevron, and RichMonde).

ADVANCE, financed by USAID, may provide additional work for K.I.ASIA. So far four task orders have been awarded between September 2007 and the end of February 2008. What K.I.ASIA did not anticipate is that it would have to compete with 20 subcontractors under the Nathan Associates-won contract to achieve some revenues. It is unclear how Nathan intends to treat K.I.ASIA as a part of this consortium, how often task orders will be issued, and the size of the subcontracts that K.I.ASIA might receive.

K.I.ASIA believes that its strength in working for donors is that it can provide a low-cost service delivery throughout the region. Their total delivery costs, not necessarily their personnel costs, are the advantage; they can deliver services for about 60 percent of what it would cost to bring in an out-of-the-region organization. They do not see their Thai-centric operation as a disadvantage. The business development manager believes the regional countries can see that the K.I.ASIA network, if it can be developed, may be highly useful. To build up the same kind of networks as they have developed in Thailand though may require

five years of steady effort. The business development manager believes that they can work in SME and entrepreneurship development, training of government officials, health, and trade and investment.

Regarding K.I.ASIA's marketing strategies, there are two factors: geographic location within the region and technical focus of a request for proposal. One of the major issues regarding how and where K.I.ASIA can work is the fact that it is a Thai organization. According to some, K.I.ASIA's "Thai-ness" makes it somewhat difficult for it to work with and through some of the governments in the GMR. There was no mention by K.I.ASIA management of working in locations such as the Philippines or Indonesia, as Thai staff would probably not be as readily accepted as professionals in such locations. Vietnam is also viewed as posing a difficulty in acceptance, but a possibility. However, Cambodia and Laos are considered good possibilities. Special support would have to be given to K.I.ASIA's Thai staff to work in these locations for any extended time.

The evaluation team believes that the formation of a business development office by K.I.ASIA in November 2007 was a good move. It needs to comprehensively analyze business opportunities of all donors operating in the GMR and assess K.I.ASIA's ability to win the job. The unit needs to develop a consultant database. Considerable efforts will be required to mount this new business program and it will need some additional personnel to accomplish this well.

B. ORGANIZATIONAL POLICIES TO ACHIEVE PROGRAMMATIC SELF-SUFFICIENCY

We note that the 2003 evaluation provided the following information:

"The Board of Trustees approved three strategies in January 2002 to guide K.I.ASIA, focused on: Sustainability, Partnership Strategy, and Regional programs. These decisions apparently came at the urging of the present K.I.ASIA president, then newly appointed. The Sustainability Strategy recognizes that sustainability of K.I.ASIA and the services it provides depends on several factors: a good relationship with donors and customers; demonstrating a capacity to achieve increased returns from grants and provide higher levels of matching funds; efficient operations; a steady transition from subsidies toward full fee-for-service for some programs; generating overhead from project management; fund raising for specific projects; and creation, ownership, and commercialization of intellectual property."

K.I.ASIA established policies to achieve self-sufficiency, but at this juncture these have not been implemented effectively. K.I.ASIA essentially has four possible sources of revenue: additional income from donor grants; task order income from the ADVANCE contract; additional RTG contracts; and endowment income. None of these provide an easy path to self-sustainability for this organization; it will be a strong challenge. For example, in the case of RTG contracts²⁴, it is noted that there were few of these contracts while the government was in crisis. It appears, however, that there will be considerable increase in such funds now that the new government has taken power. However, these contracts have low margins and political stability is not assured.

²⁴ It must be noted that K.I.ASIA must undertake some contracting with the Thai government to maintain its nonprofit status and the tax exempt status of its expatriate staff.

C. FUTURE COLLABORATION WITH USAID

USAID's relationships with its implementing partners are generally categorized as:

- Grants, which USAID provides funds to a grantee to implement a program without direct involvement with USAID during the program;
- Cooperative Agreements, which USAID provides funds to an organization that shares common purpose and interests with USAID but has substantial involvement and contact and assumes substantial managerial oversight and responsibility during project.
- Contracts, which USAID uses for projects to provide services or equipment to implement a project or program and over which USAID has substantial management oversight and responsibility.

The determination whether a grant or cooperative agreement should be used is based on a “Support or Stimulation Test”:

- Is the applicant performing the project for its own purposes?
- Is USAID merely supporting the project with financial or other assistance?
- Is the benefit to USAID incidental (i.e., do funded activities complement USAID's mission)?

We believe that there is utility for USAID in the future to fund K.I.ASIA as an NGO operating under a competitively awarded grant or contract carrying out specific activities that may be important to the USAID RDM-Asia. In fact, there may be a number of specific activities that can be carried out in the region to which K.I.ASIA can apply the specific strengths of its staff. The advantages to USAID in the public health activity, as discussed in this report, are quite clear. The public health unit operates effectively, knows all the actors in Thailand and many in the region, and operates well in this environment. The Innovation in Education Unit likewise is working on creative approaches that may be of interest to USAID RDM-Asia, particularly as it works to expand the number of GDAs and educational opportunities.

The evaluation team specifically does not support the development of a new cooperative agreement for the Kenan Institute because this would not meet in our opinion the “Support Test.” K.I.ASIA should now compete for contracts and grants in the same manner as other NGOs.

Changes required to policies, regulations, and administrative processes. There are a series of changes that will be useful to K.I.ASIA to achieve self-sustainability:

- (1) K.I.ASIA needs to develop a strategic plan based on its organizational strengths. One means to do this is to examine all professional staff resumes and determine what special strengths the individuals on the staff have. Then the management team needs to examine what their substantive organizational experience has been, what staffing it has available or through consultants to support these strengths, how well the organization has done in bringing in such contracts, and so on. Without understanding fully its organizational strengths, it cannot do a good job in developing new business, or properly restructure or align its staff to deliver on those strengths. This initially will require a couple of days in session with a facilitator and then considerable follow-through.
- (2) As we have pointed out, K.I.ASIA is transforming into a consulting NGO. If it is to remain viable and vital in supporting the economic growth process in Thailand and the GMR, it must have sufficient new markets to achieve viability. More needs to be done to establish a pipeline of new business opportunities. Once it assesses the market for consultancies, then it should aggressively pursue those that have a high likelihood of

success. It should determine when those projects will be ready for bidding, the nature of the work, and have its personnel resources organized to respond.

- (3) In this assessment of the market it will be important to gauge what level of effort to put into new business. Given the FY 2008 budget, there are still some new business efforts required to bring in about \$500,000 in additional revenues. If that can be achieved, it appears that K.I.ASIA will enjoy a “break-even situation” for the current year. However, based on rough calculations that need to be further refined with more accurate calculations of overhead and billability, K.I.ASIA needs to bring in around \$3 million in new revenues for FY 2009 to be able to break even. This will require considerable additional effort. It needs to aim at larger individual contract awards that will make this easier to achieve and manage.
- (4) One of K.I.ASIA’s strengths is in the ability to pull together conferences, seminars, and workshops on technical topics. It also has a well-developed ability to create the public relations around such activities. There is a value to this and it certainly can contribute to the work that K.I.ASIA could continue on behalf of USAID RDM-Asia in the public health arena and possibly some others.
- (5) We believe that the public health unit has been quite useful in pursuing RDM-Asia’s goals in terms of its regional plan and as a conduit for funds to assist this process. K.I.ASIA’s public health unit should finish up AERA in excellent form and build for the future by bringing on some additional grant-making and other staff to move this process to a successful termination. The public health unit can continue to support RDM-Asia’s goals in developing cross-border cooperation on malaria and avian influenza, both pressing issues.
- (6) Once the technical strengths of K.I.ASIA are ascertained, it must undertake a restructuring of its staff. In some cases, we believe that technically stronger staff to help address high-priority markets must be hired. It is our assertion that if K.I.ASIA is operating based on its technical strengths, financial resources will show up—that’s what happens to effective organizations. There needs to be a consultant data base built up of expatriate and nationals with experience in the GMR who have good reputations and expertise. The new business development unit should be expanded somewhat as extra manpower will be required to communicate with such consultants, acquire their resumes, and keep the files up-to-date.
- (7) In some cases, technical divisions and units that are bringing in very little new business to the organization or that cannot deliver technical services should be eliminated from the organization. Furthermore, personnel not able to fit this new way of operating need to be replaced. The imbalance of staffing and funding needs to be reconciled in this process; staffing needs to be aligned around its technical strengths and the size of the market for the services that can be provided.
- (8) Regionalizing its operations, may be one of the most important things it can do to expand its markets and effectiveness. This might be accomplished by taking a series of steps to facilitate the regionalization process:
 - Incorporate prestigious individuals from Vietnam, Cambodia, and Lao PDR into the board of trustees of the K.I.ASIA
 - Identify organizations in this region that have similar objectives and jointly pursue new business and other activities with them. Synergies should provide more value-added for the clients

- Consider setting up offices in the other countries, if this makes good business sense. Judiciously use returns from the endowment funds, particularly the USAID and Friends of Kenan portions, to finance this expansion. This would certainly match USAID RDM-Asia's original intent for these funds and could conceivably align K.I.ASIA even better with USAID's Regional Development Strategy 2005–2010
 - Consider hiring individuals for the Bangkok office from these GMR countries that would make relationships, communications, and understanding easier.
- (9) We urge K.I.ASIA to include monitoring and evaluation as a part of every technical activity that it undertakes in the future. A specialist should be hired to develop this aspect of the business. Without good monitoring and evaluation, which has not been evident under the AERA Cooperative Agreement, it has been impossible to determine what the impact of the program has been. This lack has contributed to K.I.ASIA's inability to capture its real lessons learned and to learn from this process. Furthermore, not having this capability makes it difficult for K.I.ASIA to put forth its true accomplishments. Such a capability will make marketing its services easier.
- (10) We found the quarterly reporting provided to USAID for AERA to be uninformative. It is difficult to know what was really going on and what were the lessons learned from the activities. The monitoring and evaluation unit can ensure that top-grade reporting is provided to all clients.

D. IMPLICATIONS OF K.I.ASIA MODEL FOR USAID

Assess value of K.I.ASIA as a U.S.-Thai development mechanism. There is no doubt that K.I.ASIA has been a convenient and valuable vehicle for channeling funds to Thai beneficiaries in the financial crisis; in the aftermath of the tsunami; and to respond to the regional threat of malaria and Avian Influenza. Furthermore, K.I.ASIA has achieved a certain prestige and reputation in the Thai environment. It alleviated the pressure exerted by the RTG when USAID closed its bilateral mission. This has been beneficial to the USG and to U.S. interests generally in Thailand. Had K.I.ASIA developed an even stronger technical capability, these interests could have been served even more.

Assess goal of creating USAID's legacy mechanism. The effectiveness of K.I.ASIA as a "legacy mechanism" will extend for only about 10 years, from 1999 to 2009. By this time, all funds provided by USAID will be expended and K.I.ASIA will be compelled to transform into a new working model. The key point here is that the "legacy mechanism" concept only lasts as long as the funding lasts. When the operating model changes to one where the organization is compelled to attract EU, World Bank and Asian Development Bank funds, then its role as a legacy mechanism ends.

As can be seen above, based on relatively optimistic assumptions regarding returns from the endowment funds, only a little more than \$0.5 million annually will be available for operations. This is not enough to enable the organization to stand on its own with anything close to the present staffing. It would have required USAID to have provided an endowment of approximately \$50 million, a highly unlikely prospect, to enable K.I.ASIA to operate at the \$3 million level discussed above.²⁵ That would have maintained an operation that could have

²⁵ One example of a "legacy mechanism" organization was Amigos of Costa Rica. Amigos originally received an endowment of \$47 million from USAID to establish its organization, which was formed in a manner similar to K.I.ASIA, as the Costa Rican mission was shut down. That fund now amounts to \$65 million and provides grants to private sector and other types of important projects important to that country.

continued the original model of brokering services of experts and so on to maintain Thailand's competitiveness and to support policy changes that would benefit U.S. investors in Thailand.

While we have suggested above that K.I.ASIA consider using the endowment funds to expand its operations and revenue possibilities, the evaluation team is aware that this possibility requires the agreement of the RTG, at least with regard to the use of the share of K.I.ASIA's endowment under management by the RTG in a way that will be compatible with the RTG's assistance to neighboring countries in the region.. The Friends of Kenan Institute, on the other hand, have been trying to bring in an additional \$500,000 for post-tsunami activities in the South of Thailand. It is anticipated that the UNC and this trust would continue to support the current and a broadened scope of activities in the region.

Assess whether lessons can be used in other USAID countries. On the private sector side, we do not see that K.I.ASIA as a model for USAID economic development in the region would have merit in other USAID countries, particularly those that are graduating. In the meantime, the USG has developed a whole new way of looking at the progression to graduation. Those countries that are particularly advanced become MCC countries that receive a large compact in which a relatively large sum of money, at least as it was originally conceived, is provided to help the country make critical policy changes, and improve key competitiveness-related infrastructure. It might be argued that MCC countries could set aside an amount of money in a sufficiently large endowment fund to maintain a development organization like K.I.ASIA over time, but this is a highly unlikely prospect. USAID has financed "think tanks" like the Getulio Vargas Institute in Brazil that continues to play a major role in helping refine policy in that country. However, K.I.ASIA does not offer the ideal model. K.I.ASIA, we fear, has actually atrophied somewhat as a result of not having to compete for contract and grant awards and by having its activities wind down. They have been on the receiving end for funding, based on a series of crises affecting Thailand. They have acted somewhat like an "USAID mission" in the distribution of grant funding to help alleviate the effects of these crises. However, we do not believe this model is particularly useful to USAID for countries that are in the process of graduation, as has been the case in Thailand.

USAID-KIA Asia Cooperative Agreement

			AERA		ESP		Urban Environ.		Malaria Pre
			USAID	KIA Asia	USAID	KIA Asia	USAID	KIA Asia	USAID
442-A-00-99-00072-00		9/17/1999	\$ 4,992,843	\$ 1,017,803	\$ 123,584	\$ 124,954			
	1	9/17/1999	\$ -	\$ -	\$ -	\$ -			
	2	9/17/1999	\$ -	\$ -	\$ -	\$ -			
	3	5/3/2000	\$ -	\$ -	\$ -	\$ -			\$ 725,000
	4	6/14/2000	\$ 5,000,000	\$ 1,116,241	\$ -	\$ -			\$ -
	5	9/22/2000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 67,000	\$ -
	6	9/27/2001			\$ 287,820	\$ 220,370			
	7	4/1/2002	\$ 4,545,795	\$ 1,578,705					
	8	6/25/2002							\$ 400,000
	9	9/30/2002	\$ 335,448						
	10	9/30/2002	\$ 400,000						
	11	2/7/2003	\$ 350,000						
	12	7/9/2003	\$ 100,000	\$ 186,350					
	13	9/24/2004							\$ 400,000
	14	4/12/2005							
	15*	9/15/2005	\$ 160,801						\$ 300,000
	16	9/22/2005							
	17	6/2/2006							
	18	7/5/2006	\$ 421,617						
	19	8/15/2006							
	20	9/28/2006							\$ 489,000
	21	no date							
	22	5/30/2007							
	23	9/7/2007							
Total			\$ 16,306,504	\$ 3,899,099	\$ 411,404	\$ 345,324	\$ 300,000	\$ 67,000	\$ 2,314,000

* LMTAW provisionally in AERA

Agreement section 1.12 cost share 22.33%

nt and Amendments (Obligated Amounts in US\$)

[illegible]

Cost Share
22.3%
22.3%
22.3%
19.6%
20.8%
20.9%
22.3%
25.8%
25.2%
24.7%
24.1%
23.6%
24.6%
24.0%
24.0%
23.4%
23.4%
21.5%
21.0%
21.0%
20.5%
20.5%
20.5%
18.8%

SECTION C – DESCRIPTION / SPECIFICATIONS/STATEMENT OF WORK

C.1 BACKGROUND

The unexpected financial and social crisis in Asia in 1997 created an unprecedented focus on the weaknesses of the Asian economies and called into question the existing architecture of the international financial system. Addressing the root causes of the crisis became increasingly imperative after other countries, including the United States, felt the reverberations of the Asian crisis in their own economies.

Analyses of the crisis, along with field inquiries, indicated that among the affected countries, Indonesia, Thailand and the Philippines demonstrated the highest levels of need for USAID assistance. In response, USAID designed the "Accelerating Economic Recovery in Asia" (AERA) initiative to help the region, and particularly these three countries, recover from the financial crisis. Launched in 1999, AERA helps these countries address key weaknesses in their economic, governance and social systems. These weaknesses must be addressed in order to restore investor and bank confidence, and help revive the credit and investment flows needed to revitalize business activity that will lead to economic recovery.

Recognizing that an effective response must address both the underlying causes of the crisis and resultant social impacts, as well as take steps to ensure economic growth, the initiative has pursued its objective by:

- Revitalizing and reforming bank and business activity;
- Improving procedures, transparency and accountability in banks, businesses and governments;
- Establishing more effective mechanisms that alleviate the social tensions and adverse impacts associated with economic adjustments.

During the first four years of the project, AERA activities were closely linked and coordinated with World Bank and Asian Development Bank crisis response efforts. The AERA program brought technical assistance and training that complemented ongoing structural adjustment loans being funded by the International Monetary Fund or the multilateral development banks.

Kenan Institute.Asia (K.I. Asia) itself is the result of a kind of development partnership between Kenan, USAID, and the Royal Thai Government. When USAID decided to close its bilateral mission in 1996, K.I.Asia was created and endowed by USAID, the Kenan Institute of Private Enterprise, the Kenan Charitable Trust, and the Royal Thai Government. It is, therefore, a legacy mechanism of USAID. At a later date, there were several components added to the original AERA program. Each component has its own specific goals and objectives. The scope of work of each additional component has been to broaden the set of activities to include longer term development issues such as environment, education and public health. In the past three years AERA activities have been extended beyond Thailand to other ASEAN member countries.

In 2000, two components, Border Action Against Malaria (renamed the Borderless Action Against Microbes in 2006) (BAAM) Project and the Environment Support Program (ESP), were

added to AERA. In 2005, USAID funded Tsunami and Trade Capacity Building (TCB) programs. In 2006, as Avian Influenza (AI) emerged as a threat to public health globally, USAID agreed to incorporate AI activities as a part of AERA. In 2007, AERA agreement will be extended one more year to end on October 6, 2008 to cover the remaining BAAM and AI activities.

The completion of these activities will bring AERA to the end of its ninth year. Since cooperative agreements do not typically extend to 10 years, this will be an opportune time to consider the relationship between USAID and K.I.Asia and determine whether and how to structure an agreement to continue the relationship into the future. Having created, funded and nurtured K.I.Asia, the Mission should determine how it can best partner with K.I.Asia to further mutual development goals.

A. PROJECT FUNDING

Since 1999, USAID has provided total of \$21.05 million in grant support to Kenan Institute Asia (K.I.Asia) to implement the AERA program in Thailand, BAAM, ESP, Tsunami, Trade Capacity Building (TCB), and Avian Influenza (AI) programs.

Component	% of total obligated amount (\$21.05 m.)
AERA (include Tsunami and TCB)	76.13
ESP (US-AEP)	2.79
Malaria (BAAM)	12.89
Avian Influenza	8.19
Total	100.00

B. PROJECT IMPLEMENTATION

The AERA program initiated activities in Indonesia and the Philippines in July 1999 and in Thailand in October 1999. As this evaluation concerns only the AERA program activities implemented by USAID's principal partner, Kenan Institute Asia (K.I.Asia), this section limits its discussion to that component of the AERA program and added-on components implemented by K.I.Asia.

In order to continue the successful business and institutional cooperation begun under the U.S.-Thai Development Partnership, USAID helped to establish a financially viable and self-sustaining institution--the Kenan Institute Asia. Established in August 1996 through an endowment from three contributors, USAID, the Royal Thai Government and the Kenan Charitable Trust, K.I.Asia promotes U.S. and Thai linkages and expanded Thai and U.S. development cooperation.

Under AERA, K.I.Asia was USAID's partner in promoting reform and accelerating economic recovery in three specific ways. Each of these approaches was designed to respond quickly to a specific weakness in the Thai economy:

1. Strengthening the enabling environment for small and medium enterprises by providing training to Thai banks in risk assessment and SME lending practices, among other topics;

2. Developing organizational partnerships between Thai and US business support organizations to strengthen the regulatory and competitive environment, business standards, and good governance practices of the Thai private sector;
3. Improving the competitiveness of SMEs through firm-level assistance that enhances management capabilities and technical skills;

The major portion of these three approaches were evaluated by USAID consultants in 2003. At that time, the bank training component, approach #1 above, had been completed. Most of the organizational partnerships in approach #2 were also completed, but a number of activities continued. As a result of the recommendations of the evaluation team, the company by company elements of approach #3 were adjusted to focus on ways of assisting multiple activities, including cluster-based competitiveness improvements, support for business incubation, microfinance training and entrepreneurship training.

Business Support Organizations*

The Business Support Organization Partnership (BSOP) program supports financial and business governance support organizations that play a role in ongoing reform and sustainable economic growth. The 2003 evaluation found this approach to be particularly cost effective. Certain partnerships received continued support. Since 1999, the BSOP program has catalyzed twenty-five (25) organizational partnerships in three major areas: Legislative and Judicial Reforms, Competitiveness, and Financial and Corporate Good Governance. Assisted Thai organizations include the Thai Bond Dealing Center and the Government Pension Fund. Other partner organizations include several independent agencies tasked with promoting a more transparent and fair business environment such as the Mediation Center for Financial Disputes, the Secured Transactions Registration Office, the Credit Bureau Supervisory Agency, the Court of Justice, and the Administrative Court. Leveraging the existing linkages, the BSOP program continued its activities on a more regional basis through Association of Southeast Asian Nations (ASEAN) in 2005. The BSOP program facilitated the existing partnerships between Arbitration and Dispute Resolution Office and the American Bankruptcy Institute with Thailand's Office of Justice Affairs of the Ministry of Justice to promote Alternative Dispute Resolution (ADR), including mediation and arbitration through ASEAN. Of particular interest is K.I.Asia's own partnership with the Boston College Center for Corporate Citizenship. It was felt that the Center's approach would be valuable in Thailand in encouraging and enabling the private sector to play a more significant role in dealing with social and environmental issues. The Institute and the Center therefore worked together to provide regional training in CSR. In 2006 and 2007 K.I.Asia has undertaken CSR research and developed a Thai-language training program that provides practical tools for corporate implementation of good CSR practices.

Improving SME Competitiveness through Firm-Level Assistance*

The USAID-funded Business Advisory Center (BAC) worked with Thai SMEs to promote competitiveness by enhancing their management capabilities and technical skills, as well as to access sources of finance. US and Thai business consultants worked with clients to conduct problem analyses and develop scopes of work to address issues faced by the SMEs. BAC staff often directly provided the expertise called for under the scope of work. However, BAC also tapped the volunteer expertise of the Thai Volunteer Consulting Services, the International Executive Service Corps, the Citizens Democracy Corps, and ACDI/VOCA. K.I.Asia's BAC has completed a total of 297 consulting projects, reaching more than 200 SMEs.

Improving SME Competitiveness through Group Training*

In addition to the firm-level consulting K.I.Asia has also provided 30 training programs and workshops meant to increase the skills of small company managers with a particular focus on business planning. These programs upgraded the skills of more than 3,000 SME managers, the list of management training activities is shown below:

Year	SME Manager Training Activities	No. of Participants
2001	8 seminars, conferences & workshops	810
2002	5 seminars, conferences & workshops	245
2003	2 seminars, conferences & workshops	270
2004	8 seminars, conferences & workshops	845
2005	5 seminars, conferences & workshops	685
2006	2 seminars, conferences & workshops	200
	Total	3,055

As a part of these programs many managers developed systematic plans for their businesses for the first time. The Institute also provided teaching materials to the development of a distance training package in business planning used by the University of the Thai Chamber of Commerce (UTCC).

A similar program aimed at providing basic business skills to very small business people, including many with no more than a sixth grade education. This program adapted a well-tested US program called "Rural Entrepreneurship through Action Learning" and customized it to the local Thai culture and business situation. This training and the associated teaching materials were provided to business teachers at nine community colleges so they could continue to train entrepreneurs in their communities. These trainers were trained in conjunction with actual training for local people so the trainers got immediate hands-on experience. Some 238 entrepreneurship trainers and local entrepreneurs – some of them victims of the December 2004 tsunami – have been trained using this program. A list of these programs is shown below.

Year	Basic Entrepreneurship Training Activities, using the curriculum: "Rural Entrepreneurship through Action Learning"	No. of Participants
2005	Train-the-trainer (February 28 – March 4)	26
	Ranong community college (May 2–6)	23
	Uthaitani community college (July 4–8)	44
	Mae Hong Sorn community college (July 14–18)	12
	Tak community college (August 1–5)	18
	Sakaeo community college (August 15–19)	24
	Buriram community college (August 29 – September 2)	20
	Nongbua Lampoo community college (September 12–16)	20
	Trang chamber of commerce (September 19–23)	24
	Mukdaharn community college (September 26–30)	27
	Total - Community College	238
	Pruteow Camp – Tsunami victims (February 19-20)	20
	Community savings groups from PP island and Baan Nainang, Krabi (June 21-23)	35

	Community savings groups from Koh Yaonoi, Baan Namkem and Koh Sriborya, Krabi (August 22-25)	30
	Community savings groups from Koh Prathong, Kuraburi, Phang Nga and Klongprasong, Krai (September 6-9)	30
	Total – Tsunami	115

A key issue for many small entrepreneurs is access to finance. Thailand has a large number of locally based microfinance organizations. These organizations proliferated after 2001. To help improve the quality of management in these organizations, K.I.Asia developed a training package based on “best practices in microfinance” found in Thailand and other parts of the world. In some cases the microfinance training was packaged with skill training for microenterprises that planned to borrow from the microfinance organization. Those training programs are listed below:

Year	Microfinance and Microenterprise Training Activities	No. of Participants
2004 21-25 Jun.	Best practices in community finance at Vanakaset, Chachengsao province	50
2005 26-28 Oct.	Career development training - Head scarf (JIHAB) design at Green House hotel, Krabi province	30
26-28 Oct.	Career development training - Jewelry design at Green House hotel, Krabi province	20
2006 25-26 Oct.	Community microfinance capacity development - 1 st at Chuluporn Research Center, Phang-nga province	36
2007 14-15 Feb.	Community microfinance capacity development – 2 nd at Chuluporn Research Center, Phang-nga province	36
27-31 Mar.	Career development training - Batik design at Tahdindang village, Moo 4, Phang-nga province	16
1-3 Apr.	Career development training - Bakery and cake decoration techniques at Moo 5, Tublamu village, Phang-nga province	5
9-11 Jul.	Community microfinance capacity development - 3 rd at Chuluporn Research Center, Phang-nga province	40

Two smaller and more recently initiated projects have also been implemented: The IT and Education Project and the Cluster Competitiveness Project.

***Note** that the above mentioned activities were evaluated in 2003 (Annex D) and some of them have been implemented and completed in early 2007. The following components have never been evaluated.

Borderless Action Against Microbes (BAAM)

Southeast Asia is the site of *P. falciparum* malaria strains that are resistant to most anti-malaria drugs, including chloroquine, sulfadoxine-pyrimethamine, and mefloquine, and that are showing increasing failure rates to artemisinin combination therapy. The emergence of these resistant strains poses a major threat to Thailand and its neighbors, particularly Burma and Cambodia which will increase in the absence of effective targeted treatment interventions. The Border Action Against Malaria project was started in 2000 with the goal to increase national capacity in

Thailand for surveillance and response to multi-drug resistant malaria. Activities include strengthening capacity in national surveillance of drug resistance and behavior contributing to multi-drug resistant malaria, delivery of appropriate health services at local health facilities, provision of appropriate drug treatment at the community level including market sources, and improved household-level capacity for prevention, case recognition and health care seeking.

In 2006, the program was renamed the 'Borderless Action Against Microbes' Program. Its expanded goal is to strengthen national capacities and regional collaboration for effective surveillance, prevention and control of locally significant infectious diseases, including malaria and dengue fever. Strategic actions include monitoring and responding to the emergence and spread of resistance to antimicrobial medicines, counterfeit and substandard medicines, and sub-optimal public/private sector provider and consumer medicine use practices that contribute to antimicrobial resistance and treatment failures. In tandem with capacity building for measures undertaken by the public health system, BAAM supports health system reform to enable community action and empowerment through school life skills-based health education and participatory learning and action processes for a long-term effect on community health behaviors. Since 2000, BAAM has supported continuous monitoring of drug resistance in 9 sentinel surveillance sites along Thailand's borders, annual reviews of results and trends in drug resistance, evidence-based policy decisions to revise the national treatment regimen, development and testing of provincial strategies focused on addressing MDR malaria, and implementation of a school-based malaria prevention education program in more than 100 communities.

Environmental Support Program (ESP)

USAID's US-Asia Environmental Partnership (US-AEP) provided funding through the USAID cooperative agreement with K.I.Asia to improve environmental and urban management. These funds supported urban management initiatives such as private sector involvement in industrial and infrastructure operations, private sector involvement in solid waste and air pollution, water and wastewater management and treatment. Collaborative efforts also support improved private sector management of business and industrial operations that impact the environment.

Beginning in FY2002, US-AEP supported the Kenan Institute Asia, the College of Local Government Development (CLGD) at King Prajadhipok's Institute (KPI), and the International City/County Management Association (ICMA) – US Partner to develop and deliver a municipal managers training program. The program supported key leaders from KPI to participate in exchanges with ICMA and ICMA University. With ICMA technical assistance, K.I.Asia and KPI developed two levels of training courses: a basic 8-module course, Local Government Management (How to Manage Your City) and an advanced 7-module course, Urban Management (How to deliver better services). From 2002 until the program was completed in 2006, about 500 municipal officials completed the training.

US-AEP also joined K.I.Asia in funding a program to create a three-university partnership to upgrade the teaching of environmental awareness and environmental business skills at Thailand's leading business schools. The program, entitled the "Sustainable Enterprise Initiative" linked the business programs of Thammasat University, Chulalongkorn University and the University of North Carolina at Chapel Hill to work together to inject environmental issues into the MBA programs, conduct research on environmental issues in Thai business and write case studies on environmental issues for the classroom. The three universities also conducted executive level environmental management courses as part of their executive education programs.

Tsunami Recovery Activities (TRAI)

In response to the tsunami disaster that devastated coastal communities in southern Thailand, K.I.Asia targeted medium-term development assistance for the most affected communities. An estimated 200,000 families have had their lives adversely affected and many need assistance to rehabilitate their businesses and to continue educating their children. K.I.Asia provided AERA financial and technical support were provided for consulting and training to help small businesses plan their recovery, training small entrepreneurs and micro business operators and providing them with access to micro-financing through local organizations that will also be trained by K.I.Asia.

Over a one year period after the December 26, 2004, tsunami, K.I.Asia provided training to 150 SMES and one-on-one consulting to 21 SMEs, 165 community entrepreneurs, and 7 community savings groups. In addition, 7 grants were provided to the community savings groups.

In addition, K.I.Asia was able to leverage the AERA funding and experience to attract additional funding of over USD 2 million from the Kenan Charitable Trust, Merck, Microsoft, USTDA, Bush Clinton Tsunami Fund and the European Union. Activities are expected to continue until 2009 with a particular focus on planning and promoting sustainable tourism in Phang-nga.

Trade Capacity Building (TCB)

o SME Incubator

The negotiation of a US-Thai Free Trade Agreement in 2005 was accompanied by discussions of the needs for greater trade capacity on the Thai side to ensure that an eventual agreement brings the maximum benefit to both sides. A wide range of trade capacity building needs has been discussed and specific trade capacity building projects are being developed. One specific project requested by the Thai government was a program of workshop and study tour in the United States on the development and management of small business incubators. USAID asked K.I.Asia to help with improvements in the management of small business incubators as K.I.Asia had experience in this area from managing a business incubator for the Ministry of Industry. Two activities were conducted in response to the USAID request. These were an intensive course on incubator management for 40 participants in Bangkok in December 2005 and a study tour of leading business incubators on the west coast of the United States in 2006 for 17 incubator managers.

o Export Asian Foods to Global Markets:

USAID and the US State Department have provided funding for the "ASEAN-US Technical Assistance & Training Facility" (the Facility) to the Association of Southeast Asian Nations (ASEAN) Secretariat in Jakarta, Indonesia. This three-year USAID project conducts policy studies, assessments, and training programs. The purpose of the project is to strengthen ASEAN as a regional institution and assist ASEAN governments to undertake measures to improve trade flows. The project works primarily with government officials in such areas as sector integration, trade facilitation and trade coordination and dialogue. The Export Asian Foods to Global Markets was a pilot program and designed to complement some of the Facility's activities by working with the private sector on similar issues. This program enhance efforts to improve and provide increased trade capacity to private sector packaged food producers in ASEAN that have particular opportunities for an increased share of the world trade in packaged food. The program aims to create backward linkages in the value/supply chains. It

is anticipated that more jobs will be created and values of intraregional trade will be increased. Details of the program are below:

Year	Activity	No. of Participants
2006	Japan market seminar (November 23)	69
2007	US market seminar (February 15)	100
	China market seminar (April 4)	94
	Packaging design consulting	5
	Packaging design seminar (June 26)	91
	Total	354 + 5
	Business matching at regional trade show, THAIFEX-World of Food Asia 2007 (May 23-25)	50 suppliers, 23 suppliers Over \$3 million in trade prospects

Avian Influenza (AI)

In 2006, USAID began to support KIASIA to develop Avian Influenza (AI) prevention and control programs in the region. Using USAID's Global Development Alliance (GDA) model, KIASIA is working to develop public-private partnerships and leverage the ideas, efforts, and resources of governments, businesses, and the public to control and prevent avian influenza. Currently, KIASIA is managing 6 GDAs, of which three are based in Vietnam and three in Thailand. In Vietnam, projects through Catholic Relief Services, AFAP, and Veterinarians Without Borders focus on community-level behavior change communication activities and capacity building for village animal health workers. In Thailand, Colgate is disseminating influenza prevention health messages, Influenza Foundation Thailand is working with small and medium enterprises to develop business continuity plans, and Agrisource is working with poultry feed and supply companies to disseminate AI prevention and control messages to their customers.

During the first year of GDA-funded AI program, K.I.Asia has provided grants, totaling US \$647,883 for six projects implemented in Thailand and Vietnam, with the cost share amount of US \$838,350

KIASIA is also working at the provincial level in Thailand, Laos and Cambodia to coordinate cross-border surveillance and responses to infectious diseases, including AI. Within Thailand, KIASIA, in collaboration with UNICEF, has developed, pilot tested and implemented a school-based public awareness curriculum focusing on AI reaching all 40,000 schools in Thailand, including adaptation for use in refugee camps. KIASIA worked with the Thai Ministry of Education to pilot test a process to engage schools and communities in risk analysis and emergency preparedness planning for pandemic influenza; guidelines are being disseminated to all schools in Thailand. These guidelines are being promoted for adaptation and use in other countries in the Greater Mekong Subregion. KIASIA is now working with the Ministry of Education to pilot test a process to engage schools and communities in risk analysis and emergency preparedness planning. In addition, K.I.Asia is working with the Karen Education Department, the Karenni Education Department, and the Burmese Migrant Workers Education Committee to make plans to organize workshops on adapting the BAAM-developed Thai teacher guides for life skills-based education on avian influenza for use in refugee camps and schools with migrant workers children.

Leveraging the existing relationships from the Borderless Action Against Microbes (BAAM) Program, K.I.Asia has expanded the programs related to infectious diseases, including AI to

partner with the government agencies of countries in the Greater Mekong Subregion to implement an AI prevention program. The three major activities include:

- cross-border surveillance reporting,
- life skills-based education for infectious disease behavior change, and
- coordination and networking.

C.2. STATEMENT OF NEED

Evaluation and sustainability assessment of the AERA projects implemented by the Kenan Institute Asia (K.I.Asia) under USAID's Accelerating Economic Recovery in Asia Program (AERA), and recommendations on ways to work with K.I.Asia for mutual development goals in the region after the completion of the current cooperative agreement.

C.3 OBJECTIVES

The primary objective of this evaluation is to assess the impact to date of those AERA projects implemented by the Kenan Institute Asia (K.I.Asia), especially those activities that were not reviewed and evaluated in 2003: IT for education, BAAM, ESP, TCB, and AI. A secondary objective of this evaluation is to review how K.I.Asia has sustained some of these activities without further USAID funding. Another primary objective is to assess the value of K.I.Asia as a US-Thai development mechanism and how this mechanism may be useful to USAID going forward. These findings will assist USAID and K.I.Asia in structuring a future cooperative agreement once the current agreement is allowed to expire – currently expected in 2008. The last objective of this evaluation is to assess whether K.I.Asia achieved its goal as a "USAID's legacy mechanism" and whether lessons learned from K.I.Asia establishment can be used or adapted in other non-USAID presence countries.

The AERA Evaluation Report 2003 (See Annex D) covered the period until September 2003. Therefore, this evaluation should pick up where AERA Evaluation Report 2003 left off and look forward to a continuing relationship with K.I.Asia.

C.4 SCOPE OF WORK

The contractor will provide a team to conduct a final evaluation of all AERA activities/projects implemented by K.I.Asia that were not covered in the 2003 report, and offer recommendations on how USAID and K.I.Asia can work together to achieve their mutual development goals in the region. The team will develop and adopt a participatory evaluation approach that elicits and analyzes information, and provides conclusions, recommendations, and lessons learned on the issues below, with the participation of appropriate K.I.Asia management and staff. The evaluation team will draw on project documentation and reports as well as structured interviews with project participants and partners.

1. **IMPACT:** What has been the quantitative and qualitative impact of USAID-funded activities, primarily those undertaken from 2004-2007? Is there evidence of any impact beyond those organizations directly supported? How has USAID-funded support to K.I.Asia's partners made a difference in the development of the SME microfinance, and micro-enterprise sectors, in the regulatory and governance sectors, in the public health sector (Malaria and Avian Influenza), in the environmental support program, and in the trade capacity building area? What effect did the approach adopted by K.I.Asia have on the impact achieved? What specific impact did K.I.Asia's USAID-funded activities during the period 2004-2007 have on the efforts of the Government of Thailand to assist the economic recovery of

SME's, and Thailand's competitiveness, value chain linkages of private sector in ASEAN countries, improvement of environmental and urban management of both public and private sector, objectives of BAAM and AI programs? Has K.I.Asia's direct assistance to SMEs made a difference in those enterprises' abilities to compete? Assess the effectiveness of the projects in accordance with the success indicators set by USAID (see Annex A, Annex B, Annex B-1, and Annex C).

2. **EFFICIENCY:** Are the results being obtained by K.I.Asia being produced at an acceptable cost compared with alternative approaches to accomplishing the same objectives? The evaluation team should have solid understanding of alternative AID approaches in mission and non-mission presence countries.
3. **SUSTAINABILITY:** Which of K.I.Asia's AERA programs have been sustained with other funding after USAID funding was ended? Will the organizations supported under AERA, whether business support organizations or independent agencies, have the capacity to provide future support to the SME sector both in Thailand and in other ASEAN member countries when USAID funding has stopped? Are K.I.Asia's AERA programs sustainable without the USAID grant support? Would market conditions support the consulting, training and partnering services that K.I.Asia has offered as part of the AERA program?

The elements that are to be examined for the evaluation and assessment of programmatic sustainability are expected to include, but are not limited to, the following tasks:

- a) The extent to which K.I.Asia has been able to continue projects and services initiated under AERA after the end of USAID funding.
- b) The value of the continuing projects, although funded from other sources, to USAID's development goals in the region.
- c) The ability of K.I.Asia to develop and retain skills and experience useful to key development objectives.
- d) Assess K.I.Asia's organization structure and procedures related to the AERA programs' past and future. This benchmarking exercise will evaluate institutional issues such as administration, demand for services, finance and budgets, human resource capacities, general management and governance. The results of the appraisal stage are expected to provide a foundation of general information with sufficient levels of detail from which a strategy for programmatic sustainability may be outlined. Illustratively the components to be reviewed during the benchmarking exercise include:
 - ❖ **Administration:** K.I.Asia's organizational and administrative structures including chain-of-command, personnel responsibilities, approval processes, promotional and marketing abilities, facilities appropriateness and administrative efficiencies.
 - ❖ **Demand for Services:** A key issue for developing a cogent strategy for sustainability involves understanding the basis of and demand for the services currently provided. Therefore, an assessment of the nature and scope of services offered will be developed as well as analyses of K.I.Asia's clients and donors.
 - ❖ **Finance and Budgets:** At the core of programmatic longevity is an organization's financial management. K.I.Asia's current budget/financial management procedures will be examined to ensure procedures support existing programs' growth.

- ❖ Human capacity: An overview of the qualifications of the staff, trainers and their responsibilities should be compiled.
 - ❖ Management and Governance: Organization policies will be reviewed to assess their contribution to encouraging programmatic self-sufficiency or to constraining it.
- e) Sustainability Strategy Development: This task will use as its starting point the benchmarking appraisal that examined the essential factors relating to the capacity of the KIASIA to continue to implement self-sustaining AERA and other projects beyond the end of the AERA program. If the AERA programs can be sustained, designing a strategy for long-term sustainability based on market conditions frequently requires altering organizational attitudes and behavior, perspectives, plans and long-term vision. Consequently, some of the elements of the strategic plan to be considered will include:
- ❖ Statement of Mission, Goals and Vision: The evaluation team will review the existing KIASIA mission, goals and a long-term vision.
 - ❖ Financial Self-sufficiency: A plan for continuing AERA programs and projects beyond the end of the AERA program will be discussed in the context an overall organization strategy.
 - ❖ Governance: Changes to policies, regulations and administrative processes will also be considered.
 - ❖ Priority Services: demand-driven services will be identified and a strategy for prioritizing programs developed.
 - ❖ Constituencies: Strategies for identifying current and potential constituents will help lay the foundation for generating resources. A systematic approach to profiling clients and constituents will be outlined.
 - ❖ Pricing: The cost of providing services, the revenue generated and the competitive markets will be discussed for the purpose of determining pricing policies for niche markets and services demanded.
 - ❖ Cost Recovery: There may be opportunities for recuperating costs generated from the sale of services. Recommendation for approaches to cost recovery will be discussed in the context of an overall strategic direction.
 - ❖ External Funding: Strategies will be reviewed for identifying potential sources of external funding, i.e., non-USAID donors, collaboration with other NGOs, international organizations, etc.
 - ❖ Marketing and Delivery of Services: An examination of the methodology used to market KIASIA's services and the vehicles for delivering them will also be reviewed in the context of strategy development.
 - ❖ Administration: assessments of the process and systems of accounting and financial management, management information system design, physical infrastructure, management and organization structure and policy development will be discussed.
4. FUTURE COOPERATION: What are the similarities in the regional development goals and approaches between USAID's Regional Development Mission/Asia and K.I.Asia? On the basis of past accomplishments and current capabilities how might K.I.Asia be useful to the RDMA's goals? How should the two organizations best work together? What advantages and disadvantages does K.I.Asia have over alternative mechanisms for USAID? What recommendations would the consultants make concerning a future cooperative agreement between USAID and K.I.Asia?

5. REPLICATION: Should K.I.Asia model be replicated in other non-USAID presence countries? What are the key elements of the model that should be considered for use in other countries? The concrete conclusion, rationale, and recommendations should be presented for future use of USAID to design development interventions and select implementing partners.

METHODOLOGY

On-site research and interviews for the study will be carried out in Bangkok, Thailand. In addition, the evaluation team should schedule some time in the U.S. for meetings and/or interviews with U.S. partner organizations of the AERA program. The team will interview K.I.Asia staff, managers, board directors, participants, government officials, clients, potential donors and constituents. Written evaluations by and of K.I.Asia's AERA programs, and its published materials will be reviewed. Policies and administrative procedures will be examined with management during this on-site phase of the study.

In Thailand, the Kenan Institute Asia will make the following in-kind contributions to the participatory evaluation:

1. Involvement of senior level management and directors on an as-needed basis for individual consultations and interviews;
2. Participation of K.I.Asia personnel in meetings and interactions with AERA program partners and clients;
3. One K.I.Asia staff person assigned to work fulltime with the evaluation team. This person will help schedule meetings for evaluators with Thai government officials involved in AERA creation and implementation, US Embassy and AID officials, partners on BSOP program, Banks, SME's, ESP, TCB, BAAM, and AI programs as directed by the evaluation team;
4. Preparation of a AERA reading file for pre-departure study -- primarily including official project documents such as the quarterly reports, the AID-K.I.Asia agreement, the 2001 evaluation report produced by the Brooker Group, internal program evaluations etc.;
5. Provision of any additional documents that may be requested once the evaluation team is on site;
6. Conduct preliminary analysis of data from questionnaires and research, under evaluation team's supervision;
7. Respond to any additional data requests from evaluators as they write their report back in US.

C. 5. IMPLEMENTATION AND MANAGEMENT PLAN

The Contractor shall provide contract management necessary to fulfill all the requirements of this task order. This includes cost and quality control under this contract.

C.6 PERFORMANCE MONITORING PLAN

The contractor's performance shall be evaluated based on the completion of specific tasks as outlined in the Task Order, adherence to the work plan, and reports submitted to the Cognizant Technical Officer (CTO).

END OF SECTION C

WORK PLAN
Evaluation and Sustainability Assessment
of the Kenan Institute Asia's Accelerating Economic Recovery for Asia (AERA) Programs

Objectives of the Assessment

Reflecting the scope of work, the objectives of the evaluation are as follows:

- Assess the impact to date of those AERA projects implemented by the Kenan Institute Asia (K.I. Asia) especially those activities that were not reviewed and evaluated in 2003.
- Review how K.I. Asia has sustained some of these activities without further USAID funding.
- Assess the value of the K.I. Asia as a US-Thai development mechanism and how this mechanism may be useful to USAID in Thailand in the future.
- Assess whether K.I. Asia achieved its goal as a “USAID legacy mechanism” and whether lessons learned from K.I. Asia’s establishment can be used or adapted in other non-USAID presence countries.

Team Mobilization and Arrival

The team is available and intends to depart the U.S. on/about February 7, to arrive in Bangkok on February 8. Prior to departure, the team will be in contact with USAID/Washington and K.I./US officials. Thus, they can arrive at the USAID office to initiate this work on February 11 in the morning. It is anticipated that USAID/RDM would give the team an extensive briefing on the operations of the support provided to the K.I. Asia as well as topics of special interest to be covered in this evaluation. The team will be prepared to discuss how it intends to carry out this evaluation and make adjustments and improvements to the methodology based on inputs from USAID/RDM.

Ideally, the team, after this orientation, would meet with the K.I. Asia officials, including the representative who will be working full-time to support the team’s planning and logistics. It is anticipated that the team would receive a general overview of the K.I. Asia program, with a particular focus on activities undertaken since December 2003, and other information that it wishes to provide to the consultants. K.I.Asia’s president and executive director, Paul Wedel, also will provide a briefing on the origins, mission, structure and policies of K.I.Asia.

On February 12, the head of K.I.Asia’s Public Health Program, Jim Hopkins, who is based in Chiang Mai, will be available for interview and for planning field visits if desired. There will be an opportunity for Mildred Howard to observe a major workshop in Bangkok and another activity in Chiang Mai that will include several key partners and clients who should be interviewed. It might also be possible Ms. Howard to visit one or two sites along the Cambodian border to directly observe activities and to speak to local officials involved.

With the representative who will support the team while it is in the field, there would be a discussion of how the team anticipates working and selection of interviewees. K.I.Asia has created a consolidated calendar of activities and staff availability that will assist the representative in sequencing the interviews

to be carried out so that adequate coverage is achieved and with interviews of sufficient duration so that the work can advance both quickly and effectively. Some site visits may be necessary and these must be incorporated into the schedule.

K.I.Asia will provide working space and a meeting room for the evaluation team along with Internet access.

Exhibit I-1 provides an overview of the private sector and public health aspects to be covered in this evaluation. It is anticipated that the team will use the case study method of developing findings, information for which will partially be generated by questionnaires that will elicit a uniform set of responses. The consultants will also be able to capture extensive anecdotal information to include in the case studies. In addition, M&E information generated by the partner, organization or enterprise will be collected and used to supplement the case studies. The number of interviews to be carried out for each component of the evaluation will depend upon USAID financing provided to the specific activity.

This representative will also provide other project documentation, as required by the team. Specific documentation has been requested for review by the team upon arrival. The evaluation team will arrive with an outline prepared for the evaluation report to facilitate the integration of the various components of this evaluation.

The team will establish with USAID/RDM a mutually convenient weekly time when the team can debrief USAID on its progress.

Components of the Evaluation

Based on the documentation provided to the team, the assessment will have three components that will be handled by a team member who will be primarily responsible for each component:

- Institutional and sustainability assessment of K.I. Asia – Ron Ivey, team leader
- Impact of K.I. Asia's private sector development programs – Alain Thery, private sector evaluation specialist
- Impact of K.I. Asia's public health programs – Mildred (Millie) Howard, public health evaluation specialist

The results of the three assessment components will be cross-verified to ensure that the full picture of K.I. Asia's impacts in the private and public health sectors are reflected as well in the internal appraisal of K.I. Asia.

It is noted that USAID desires a draft of the public health program assessment by February 29, 2008, for future programmatic considerations.

Institutional and Sustainability Assessment of K.I. Asia

Key members of the senior management team of **K.I. Asia** and directors, trustees, and other persons as necessary will be interviewed to evaluate the following aspects of the organization's operations in Thailand:

- Determination of the extent to which **K.I. ASIA** has been able to continue projects and services initiated under AERA after USAID funding has been exhausted.
- **K.I. ASIA**'s retention of skills and experience necessary to support USAID's key development objectives.
- Assessment of **K.I. ASIA**'s organizational structure in terms of the activities carried out as well as future possible objectives. This assessment will cover administrative aspects, services currently provided and demand for those services, budgetary and financial management, and **K.I. ASIA**'s overall management and governance.
- Assessment of the strategy that **K.I. ASIA** is undertaking to achieve self-sustainability of its program, including: review of mission, goals and vision; strategy for financial self-sustainability, including cost recovery and non-USAID sources of funding; policies, regulations and administrative processes; priority services, clients, and pricing; marketing and delivery of services; and administration.
- This assessment will make recommendations on the usefulness of a continued **K.I. ASIA** operation, particularly in terms of the Regional Development Mission goals, alternative mechanisms for the delivery of RDM-oriented services, and recommendations concerning a future cooperative agreement. As **K.I. ASIA** has been an experimental model in Thailand, the consultants will also recommend whether this is a model that could be implemented in other non-USAID presence countries.

Prior to initiating this work, the consultant will prepare a questionnaire to gather responses to a set of uniform questions appropriate for each category of interviewees. The consultant will probe to identify particular strengths and weaknesses of **K.I. ASIA** and to ensure comprehensive coverage of this scope. Cross-verification of the responses will be done in conjunction with the private sector evaluation specialists and the public health sector evaluation specialist, particularly in terms of the questions surrounding clients, cost recovery, pricing, successes or shortfalls of services delivered and overall success of the AERA program. It is anticipated that this interview phase of the work will require approximately 15 days.

Private Sector Assessment

This assessment will focus on those private sector activities that have continued or have been initiated since the evaluation of December 2003. Dr. Thery, assisted by the team leader as necessary, will focus on the evaluation of the following activities:

- TCB supported seminars focused on selling to various markets (Japan, the U.S. China) marketing; packaging design consulting; a packaging design seminar; and business matching at the THAIFEX-World of Food Asia 2007 regional trade show.

- Cluster-based competitiveness improvement: the Business Advisory Center (BAC) worked to support group SME competitiveness by enhancing individual SME management capabilities and technical skills. Through group management training, **K.I. ASIA** has provided 15 seminars, conferences and workshops since 2003. Since June 2004, **K.I. ASIA** has provided “best practices in microfinance” training to MFIs and skill training for microenterprises.
- The BAC provided a study tour during the period in question to the U.S. for participants to learn about business incubators and provided training on business incubator operations. Microfinance training: Entrepreneurship training. **K.I. ASIA** has provided basic business skills to microentrepreneurs since the December 2004 Tsunami.
- Tsunami Recovery Activities (TRAI) has provided training to SMEs, community entrepreneurs, and community savings groups.
- Other BSOP activities carried out after the 2003 Evaluation the such as IT for Education, Corporate Social Responsibility, Corporate Governance.

Dr. They will work with **K.I. ASIA** to identify lists of institute staff and outside service providers who have contributed to the implementations of each programs. A selection of these service providers, based on explicit criteria, will be interviewed to determine how the programs were conducted and to compile any quantitative information that the service provider may have collected in the course of monitoring and evaluating its progress as well as anecdotal information regarding program impact and effectiveness, efficiency and sustainability. In cases where **K.I. ASIA**’s assistance may have been to individual enterprises, an appropriate number of enterprises and managers will be selected for interviews.

Public Health Sector Assessment

Several public health initiatives have been undertaken since the 2003 evaluation and these components have not been assessed previously. The programs are the following:

- Borderless Action Against Microbes (BAAM): Initially a program designed to combat malaria, it was expanded to cover other locally significant infectious diseases, including malaria and dengue fever. The program has the following components:
 - Sentinel surveillance for MDR malaria
 - Behavior change modeling
 - Diagnosis and treatment of MDR malaria
 - Community action strategies
 - School-based prevention program
- Environment Support Program (ESP): This program has provided municipal managers with municipal management training. It also worked with in local university business schools to incorporate environmental issues into MBA programs, research and development of case studies. The universities, in turn, provided executive level environmental management courses to participants in executive education programs.
- Avian Influenza: **K.I. ASIA** is managing six GDAs, three in Thailand and three in Vietnam.

- o Cross border infectious disease surveillance and response capacity building, as these activities represent a significant portion of Kenan’s public health group’s time and effort.

Following the methodology developed above, Ms. Howard will array the partners and/or important clients by program and select a proportionate number of interviews to be carried out. These interviews will determine the impact and effectiveness, efficiency and sustainability of these programs. To the extent possible, the **K.I. ASIA** person handling the logistics will be asked to bring interviewees together in central locations, for example, the three Thai GDA avian influenza grantees. Interviews with the three Vietnamese GDAs might be done by telephone. The interviewees will include: the MOPH, WHO, UNICEF and other relevant donor partners. Interviewees might also include other USAID-funded partners working on malaria or A.I., if appropriate, plus a cross-section of organizations with which K.I. Asia links/coordinates or funds on malaria/AI. There may be other organizations (such as, Gates/PATH) that might be suggested by USAID or K.I. ASIA. M&E tracking data will be collected and reviewed by Ms. Howard. Again, a consistent set of questions will be asked in the interviews to obtain consistent and comparable answers. The Public Health Sector Specialist will develop a draft report based on interviews of key partners and clients and provide a debriefing to the USAID prior to her departure from Thailand.

Oral Presentations

The three consultants will present their finding and recommendations in two oral briefings to the USAID/RDMA Director of the General Development Office; USAID/RDMA Office of Public Health; USAID/W RDMA’s Desk Officer; and to the appropriate Kenan Institute Asia manager. The Public Health Sector consultant will provide a debriefing on or just before February 28. The Team Leader and the Private Sector consultant will provide their debriefing on approximately March 7.

Draft Report

The team will present a draft report in English of its findings and recommendations to USAID/RDMA Director of General Development Office and K.I. ASIA within ten business days from the time of return to the U.S. This report will be submitted on approximately March 17, 2008. Mr. Ivey will be primarily responsible for the cohesiveness of this draft report.

Final Report

The team will incorporate comments from USAID/RDMA and K.I. ASIA and submit a final report within 15 days of receipt of the comments. This submission date is estimated at approximately April 15, 2008. This report will incorporate the scope of work, evaluation questionnaires, lists of persons and organizations interviewed, and other materials.

APPENDIX D

PERSONS INTERVIEWED

Kenan Institute Asia

Paul Wedel, Executive Director

Richard Bernhard, Associate Executive Director

Jirawut Tantrakul, Director of Finance

Dr. Saisawan Vadhanapanich, Director, Better Business Practices Division

John DaSilva, Business Development Manager

Jiranya Ratchinda, Manager, Strategic Corporate Citizenship, Human Capacity Development Division

Sarit Sanguanwongse, Manager, Business Advisory Services, Better Business Practices Division

Kenan Institute Asia Board of Trustees

Sivaporn Dardaranadada, Acting Chairman of K.I.ASIA, former member of the Legislative Authority, member of the boards of TISCO foundation and Thai International, Chairman of the board of Central Terminal, and Secretary-General of the Elephant Reintroduction Foundation

Dr. John Kasarda, Director of the Frank Hawkins Kenan Institute of Private Enterprise

W. Charles Blocker, Chief Development Officer, InVision Hospitality

Robert A. Wilson, Vice President – Wealth Management, Citi Smith Barney, New York City

Dr. Woraphat Arthayukti, Chairman, Northern Gulf Petroleum

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The Global Development Alliance, USAID

“Determining Cost-effectiveness and Cost Component of Three Malaria Diagnostic Models being used in Remote Non-microscope Areas”, Dr. Pongwit Bualombai, Malaria Division, Department of Disease Control, Ministry of Public Health, Thailand, 2003

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“THMBC, Rapid Test Evaluation, Shoklo Malaria Research Unit, Thailand, 2007

“Roll Back Malaria Monitoring and Evaluation, Cambodia”, WHO, 2005

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“KIAAsia Workplans”, KIAAsia, 2005

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“Updated Workplans for All Institute Activities”, KIAAsia, 2004

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“KIAAsia, Partnering for Sustainable Development, A Thai-US Non-profit Development Foundation, February 11, 2008”

“Improving the Quality of Education Through IT”, proposal, KIAAsia, 3/22/2004

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“Participatory Learning Leading to Integrated Community Development”, KIASia Information Sheet, 2003

“Thai Youth Development by ICT Project: Web-aided Instruction Train-the-Trainers Component”, KIASia Information Sheet, 2003

“Report on REAL Entrepreneurship Training for Thai Community Colleges”, KIASia, 11/2005

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“International Business Master of Management Program, Faculty of Commerce and Accountancy Chulalongkorn University”

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“Annual Reports, 2003, 2004, 2005, 2006 and 2007”

“Kenan Foundation Cost Share Records”

“Audited Financial Statements 2003, 2004, 2005, 2006 and 2007”

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BSOP PROJECTS, 2000–2006

TITLE	PARTNERS		DATES from to	OBJECTIVES	BUDGET		ACTIVITIES	RESULTS	OUTCOME/IMPACT AFTER Y2003
	THAI	U.S.			AERA	C-S			
Bankruptcy Court Admin. Program I & II	Central Bankruptcy Court	American Bankruptcy Institute	Jan-00 Dec-03	Cap. Building of CBC in handling its case load	\$106,794	\$97,650	Consulting workshop: TA of 4 ABI experts (1 wk) to CBC	30 CBC staff trained	No continuity of partnership with ABI in the U.S. Senior judges and staff trained were rotated or retired. Just the video conference and transcript recorder system that still create great impact in filing operation system. The system helps cost saving in keeping a number of files and save time in type written record, and cause convenience to both plaintiff and defendant in requesting the file for use. (Mr. Chano Noretch, Chief of File controller Tel. 02-286-1150 ext. 716)
				Increased ability of CBC admin. In running admin. Work of the court			Set up of video-conferencing system to expedite proceedings and save on travel costs	10 case hearings	
							3 CBC judges and 4 admin. Visit to U.S. bankruptcy courts	Exposure to best practices	
							Mediation training program (2004)		
CB for Judicial Dispute resolution	Office of the Judiciary	Federal Judicial Center	Oct-01 Dec-03	New case management techniques, dispute resolution and case recording	\$121,677	\$176,650	Evaluation by OJ of new measures at 2 courts	3 DART Systems at 2 model courts and 1 arbitration office	Partnership still continues with FJC in term of knowledge exchange - key contact is Judge Thammnoon Pitthayaporn. The project created great impact especially on operational system.
				Education of judges, lawyers, public prosecutors and admin.			Workshops in 9 regional courts	Distribution of 5 quarterly judicial journal to 3,000 judges	
							FJC TA on DART, case management and ADR	1,000 judges and attorneys introduced to new measures	
Thai Class Action Law	Council of State	American Bar Association	Sep-02 Dec-03	Support to development of new class action law	\$45,704	\$48,382	ABA (with PADCO) with BSOP, 2 video conferences, 1 study tour, 1 workshop to support completing draft law	50 participants exposed to international and US practices	No partnership with ABA continues after funding ends.
				Facilitate access to US law and practices					

TITLE	PARTNERS		DATES from to	OBJECTIVES	BUDGET		ACTIVITIES	RESULTS	OUTCOME/IMPACT AFTER Y2003
	THAI	U.S.			AERA	C-S			
Judges Forum on Admin. Contracts	Office of the Admin. Court	US Court of Federal Claims	Jul-02 Mar-03	Guidelines on Court policy for resolving admin. contract disputes	\$15,837	\$18,610	2 U.S.-Thai video conferences	250 and 50 stakeholders exposed to international and US experiences	No partnership exists after AERA's BSOP program ends. Afterwards, Funding for TA is derived from France and EU. Judges Forum has been organized until now.
				Strengthen Capacity			Judges forum		
Mediation Center for Financial Disputes	Alternative Dispute Resolution Office	American Bankruptcy Institute	Jun-01 Sep-02	Enhance ability and creativity of ADRO staff	\$71,847	\$458,720	ABI trained MCDF mediators	100 MCDF mediators trained by 9.2001	
				Upgrade handling of cases involving non-recoverable debt			ToT on 30 trained mediators	30 MCDF mediators trained as trainers	
				Reduce backlog of cases and accelerate loan restructuring			4 MCDF officials participated in on-the-job mentorship in US	250 mediators outside BKK trained by ADRO (thru WB funding)	
								2002: 500 cases resolved	
Secured transaction Law: Develop. & Implementation.	Office of Legal Affairs/ Office of the Judiciary	American Bankruptcy Institute	Apr-01 Aug-02	Educate judges. Lawyers and businessmen on new Business Security Act	\$52,196	\$3,080	Public seminar	150 judges trained on Business Security Act	No partnership with ABI continue.(Judge Thammnoon - Tel. 02-512-8507 - also in charge of Judicial Dispute Resolution Project)
				Promote Business Security Act to Thai public			2 seminars for judges and gvt officials	300 participants (judges, lawyers, academics and related stakeholders) educated	
				Prepare for the establishment of new Registry Office			Public relations campaign	Estimated 1,000 persons exposed to Business Security Act thru PR including TV programs and newspapers	
							Complementary regulations and identification of steps needed for Registry Office thru visit to US and Canada		

TITLE	PARTNERS		DATES from to	OBJECTIVES	BUDGET		ACTIVITIES	RESULTS	OUTCOME/IMPACT AFTER Y2003
	THAI	U.S.			AERA	C-S			
Better Process Control School	Nat. Center for Genet. Eng. And Biotechnol.	Purdue U	May-01 Apr-03	Establish a USFDA-certified BPCS	\$35,000	\$18,220	KMUTT and Purdue delivered 5-day lectures, discussions and examinations for 3 consecutive years	1 self-financing USFDA-approved school for food safety approved	Partnership still continues with Purdue University and there will be a workshop class organized by KMUTT (Dr. Tipaporn Yoovidhya - Tel. 02-470-9241)
	King Mongkut's U. of Technol. Thonburi			Assist Thai manuf in improving product quality to meet international food safety and health standards thru technical training program				155 participants (end 2003) had passed the examination	
				Enhance agro-industry competitiveness and export levels					
				Strengthen the relation between Purdue and 2 Thai Instit.					
Supply Chain Management: Establishing TLAPS linkages with APICS	Thai Logistics and Production Society	American Production and Inventory Control Society	Jun-02 Dec-03	CB of Thai Manuf. Indust. In areas of supply chain management	\$24,529	\$29,600	APICS Certification training and examination program (w/ TLAPS): 5 modules	11/2003: 105 middle managers trained in 3 modules	Dr. Preecha - Tel. 02-513-9901-2 (Wait for his reply via e-mail).
				Establish LT linkage between TLAPS and APICS				30 took the examination	

TITLE	PARTNERS		DATES from to	OBJECTIVES	BUDGET		ACTIVITIES	RESULTS	OUTCOME/IMPACT AFTER Y2003
	THAI	U.S.			AERA	C-S			
Organic Inspection training program	Department of Agr.	Independent Organic Inspector Assoc.	May-02 Sep-02	Build DOA capacity to inspect organic crops	\$25,600	\$5,430	2 14-day courses for 35 DOA inspectors and 1 University instructor	Farm training course: 28 with certificate of completion, 8 with certif. of attendance	An Organic Certification Center established under Department of Agriculture actively do inspection and certify organic plants in 2003, whereas their officers have applied knowledge from the course to certify organic plants. Now, over 3,000 agricultural planters are inspected and certified, area of plantation is over 50,000 Rai or 20,000 acre. "No continuity partnership exists after BSOP program funding ended but great impact"-quoted by Mr. Paitoon Poonsawad, Director of Organic Certification Center who participated in the workshop 7 years ago and now is head of this new operation unit. Tel. 02-579-7520
				Introduce internationally-recognized organic agr. Inspect. Methods				Process training course: 21 with certif of completion and 13 with certif of attendance	
				LT relationship DOA and IOIA			1-day public DOA seminar on organic production principals and inspections methods	186 in attendance	
Post and Telegraph Dept staff for nat. Telecomm. Comm. Secretariat	PTD	USFCC	Sep-01 Aug-03	Best practices in supervision and transparency	\$106,561	\$40,722	9/2001: 1.5 hr Video conference	30 middle managers at VC	No partnership exists after AERA's BSOP program ends. Due to the gov't policy change, no funding support is required. However, Post & Telegraph Department was promulgated to be The National Telecommunication Commission in 2005. One-third of trained participants are able to utilize their knowledge in their works especially, new operation unit in relation to Spectrum Management.
		Kenan IPE		Improve competitiveness in telecom			3- 3-day training programs from KIPE on telecom regulations	58 for training on regulatory provisions and WTO agreement	
				Linkage US-Thai org				35 on dispute resolution and enforcement	
								37 on US practices on spectrum assignment and telecom equip. regulation	

TITLE	PARTNERS		DATES from to	OBJECTIVES	BUDGET		ACTIVITIES	RESULTS	OUTCOME/IMPACT AFTER Y2003
	THAI	U.S.			AERA	C-S			
Property Valuation In Thailand	Thai SEC	Appraisal Foundation	Jan-02 Dec-03	Improve competency of land valuation professionals	\$78,000	\$19,100	Comparative study of International Valuation standards and UK, Austral, Malaysia, Singapore, US and EU by 2 TAF experts	X	SEC announced valuation standards for land values. Now, over 2,000 land values have to comply with this standard and guideline. No partnership exists after AERA's BSOP program ends but great impact has been created. Tel. 02-695-9999 – Mr. Wanchai Sittipolkul
				Development of single set of standards, code of ethics, basic audit checklist and to allow supervisory bodies to monitor			Recommendation report by TAF	X	
				Promote understanding of new standards			TAF TA to SEC for drafting of new standards, code of ethics and basic audit checklist	X	
				Improve transparency and accuracy of land appraisals			SEC public hearing on proposed standards	250 audiences attended public hearing. The Draft was refined and was endorsed to be used by SEC in July 2005.	

BORDER ACTION AGAINST MALARIA (BAAM PROJECT)
Planned vs. Actual Results for FY 2003 and 2006

RESULT	UNIT OF MEASURE	TARGET 2003	RESULTS 2003	%	TARGET 2006	RESULTS 2006	%
STRATEGIC OBJECTIVE Increased national capacity for surveillance and response to multi-drug resistant malaria	- Number of drug policy reviews conducted - Number of drug policy guidelines issued and disseminated - Number of reviews to consider changes in treatment regimens in MDR areas - Number of provinces	1	1	100	1	1	100
		1	0	0	1	0	0
		1	1	100	1	1	100
		5	5	100	7	9	130
IR 1. Improved capacity to obtain, use, and disseminate quality surveillance information for response to the emergence and spread of antimalarial drug resistance	- Number of sentinel sites monitored - Percentage of targeted recipients receiving disseminated surveillance information	9 100	10 100	111 100	9 100	9 100	100 100
IR 1.1 Linkage mechanisms established to exchange/disseminate quality, standardized, comparable data on drug efficacy/sensitivity, drug quality, behaviors contributing to emergence and spread	- Numbers of reports - Number and frequency of forums for exchange	1 1	1 1	100 100	1 1	1 1	100 100
IR 1.1.1 National network established for routine standardized sentinel surveillance of drug resistance	- Number of sentinel sites covered by drug-efficacy/ sensitivity studies	9	10	122	9	9	100
IR 1.1.2 Monitoring systems established for drug quality and drug use practices in areas affected by/at risk to MDR malaria	- Number of sentinel sites covered by drug quality/ drug use practice studies	2	0		9	9	100
IR 2. Improved capacity to understand infection and disease risk behavior patterns and identify best-suited prevention/control strategies among marginalized groups in MDR areas	- Site profiles documented - Behavioral studies - Reports documenting community-based control measures	2 1 1	0 0 0	0 0	2 1 1	2 1 1	100 100
IR 2.1 Efficient process developed for replicating and adapting sustainable models for community epidemiology information system in strategic MDR-affected sites	- Number of communities covered by models	15	26	177	60	718	1,200
IR 2.1.1 Models for community epidemiology information system developed and tested in diverse MDR sites	- Number of representative district sites covered	3	4	133	7	4	55

RESULT	UNIT OF MEASURE	TARGET 2003	RESULTS 2003	%	TARGET 2006	RESULTS 2006	%
IR 3. Increased access to and use of rapid parasitological diagnosis and effective treatment for MDR malaria for marginalized groups in strategic/remote high-risk areas	- % of confirmed cases receiving radical treatment within 5 days after onset	85%	90%	106	95%	100%	105
IR 3.1 Community-based parasitological diagnosis and treatment services established in strategic/remote high-risk MDR malaria areas	- Documents on criteria for dipstick/treatment services - Number of community malaria Dx/Rx facilities in high-risk areas	1 20	0 23	0 115	1 60	1 323	100 500
IR 3.1.1 Effectiveness of various application models tested in diverse Representative MDR sites	- Reports documenting application models tested	1	1	100			
IR 3.1.2 Feasibility of locally produced inexpensive quality dipstick test for Pf and non-Pf determined	- No. of prototypes - Number of parasitological tests conducted in the field	0	0	0	1 10,000	1 0	100 0
IR 4. Enhanced capacity of reformed health systems to effectively implement decentralized community-based control strategies for MDR malaria	- Number of communities implementing community-based control programs	65	25	38	110	300	300
IR 4.1 Efficient process developed for replicating and adapting models for decentralized control community-based control strategies in line with health system reform	- Number of communities covered by replication of adapted prototype intervention models	15	15	100	60	300	500
IR 4.1.1 Models for decentralized community-based control strategies developed and tested in line with health system reform	- Number of communities in which pilot models have been tested	25	25	100	25	300	1,200
IR 5. Increased local multi-sectoral capacity to enable community-based control strategies in MDR malaria-affected sites	- Number of sub-districts with multi-sectoral collaboration for support to CB programs	15	15	100	-	NA	
IR 5.1 Efficient process developed for replicating and adapting partnership models for local multi-sectoral support to enable community-based malaria control strategies	- Number of sub-districts covered by replication of adapted prototype intervention models	5	5	100	-	NA	
IR 5.1.1 Local multi-sectoral partnership models to enable community-based control strategies developed and tested in diverse MDR sites	- Number of sub-districts in which pilot models have been tested	6	6	100	-	N/A	

RESULT	UNIT OF MEASURE	TARGET 2003	RESULTS 2003	%	TARGET 2006	RESULTS 2006	%
IR 6. Improved capacity to build empowering life skills for behavior development/change for personal, household, and community action for prevention and control of MDR malaria	- Number of communities implementing community-based control programs	65	25	38	110	12	11
IR 6.1 Efficient process developed for expanding coverage of participatory learning and action models for developing/changing behavior related to malaria prevention and control	- Number of communities covered by replication of adapted prototype models	15	15	100	-	N/A	
IR 6.1.1 School-based participatory learning and action model developed and tested in diverse MDR sites	- Number of schools implementing a malaria-focused life skills curriculum	0	0	0	25	60	240
IR 6.1.2 Participatory learning and action research with high-risk groups model developed and tested in diverse MDR sites	- Number of communities in which pilot models have been tested	25	12	48	13	?	?

KENAN INSTITUTE ASIA STAFF QUALIFICATIONS

NAME	POSITION TITLE	QUALIFICATIONS	YEARS OF EXPERIENCE	COMMENTS
Paul Wedel	Executive Director	MS, Columbia School of Journalism, 1977; AB English literature, Colgate University, 1971; Certificate of Management, UNC	33	13 years with KIASia
Richard Berhard	Associate Executive Director	MA, Southeast Asian Studies, University of Michigan, 1994; MBA, UNC, 2005; BS, industrial management, University of Petroleum and Minerals, Saudi Arabia, 1989	15	13 years with KIASia
James Hopkins	Regional Public Health Program Manager	BS, education, Florida Atlantic University, 1969; AA, St. Petersburg Junior College, 1967	30	4 years with KIASia, Malaria Project Manager 2004-2005; Regional Public Health Manager since 2006
Jirawut Tantrakul	Director of Finance	MBA, finance, Stern School of Business, NYU; MBA, national Institute Development Administration, BA Ramkhamhaeng Univesity, BA Thammasat University	32	10 years with KIASia
Kitti Kumpeera	Director of Environment and Sustainable Development Division	M.Eng.(environmental engineering), Asian Institute of Technology, 1976; B.Eng. (civil engineering), Khon Kaen University, 1972	34	10 years with KIASia; 5 years experience with US-AEP urban infrastructure program for Thailand
Saisawan Vadhanapanich	Director of Better Business Practices Division	BS, economics, Thammasat University, 1969; MBA, finance, Florida State University, 1971; Ph.D., economics of ed/marketing, Florida State University, 1976	31	8 years with KIASia;
Sarit Sanguanwongse	Manager, Business Advisory Services	MBA, marketing, Indiana University Graduate School of Business, 1989; BA, economics, Knox College, 1987	19	8 years with KIASia
Wichai Saretawekul	Manager, CB-TRAI	MBA, finance, St. Louis University, 1995; B.Eng., civil engineering, Kasetsart University, 1989	18	8 years with KIASia
Wirat Jaruwongwanit	Manager, Business Management Improvement	MBA, Chulalongkorn University, 1998; B.Eng., civil engineering	22	7 years with KIASia
Kessara Amornvuthivorn	Manager, Innovative Learning for Youth Unit	MS, marketing, Thammasat University, 1998; BA, statistics, Thammasat University, 1988	16	2 years with KIASia

NAME	POSITION TITLE	QUALIFICATIONS	YEARS OF EXPERIENCE	COMMENTS
Jiranya Ratchinda	Manager, Strategic Corporate Citizenship Unit	MBA, Chulalongkorn University, 1993; BS, political science/public finance administration; BS, finance and banking, 1983	22	7 years with KIAAsia
Nakorn Amornwatpong	Manager, TRAI – Phangnga Site	MS, environmental management, University of San Francisco, 2000; BS, geography and environmental studies, Ramkhamhang University, 1995.	10	2 years with KIAAsia
Pongpon Thubdimphun	Acting Manager, Financial Advisory Services Unit	M.A., marketing, Monash University, 2002; BS, business administration, Thammasat University, 1998	7	3 years with KIAAsia
John DaSilva	Business Development Manager	BA, political science, SUNY, 1995; MA, international economic policy, coursework	10	1 year + with KIAAsia