



Human Capital Project

Annual Report

2008-09

“Investing in the Future”

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Glossary

| | |
|--------|---|
| HCP | Human Capital Project |
| UME-BB | University of Management and Economics (Battambang) |
| UME-KC | University of Management and Economics (Kampong Cham) |

1. President's Report

The second year of the Human Capital Project (HCP) saw a set-back at the University of Management and Economics in Battambang (UME-BB), but also a step forward with a new relationship with the University of Management and Economics in Kampong Cham (UME-KC).

Learning from the mistakes of the 2007 intake trip, in 2008 I arranged my trip for October, and stayed for about a month. While based in Phnom Penh, I visited Battambang twice and Kampong Cham twice.

On the first trip to Battambang it became clear that there had been a problem with the 2007 intake of students. One student (Chantrea) had dropped out of university during the first semester and another student (Chamnan) was on a partial scholarship and so HCP had over-paid. Another student (Vannchann) had not received his HCP funding at all, and opted not to be involved.

Following these problems, it was agreed that the UME-BB contact change from Kong Pov to Phann Sophon, and that Kong Pov owed US\$250 to HCP. In addition, it was agreed that the University would refund the second semester fees (US\$125) from Chantrea since he had dropped out during the first semester. The total loss to HCP was US\$175, which was 14% of the original tuition fees. While these sorts of risks are expected in HCP, it was still an unfortunate start to the project.

Given the problems with the 2007 intake, only three new students were added to UME-BB, raising the total number of students there to six.

Kong Pov continued to be involved with HCP as a member of the advisory board, and through him I met Muon Veasna who is a part-owner of UME-KC. After several discussions, HCP signed a Memorandum of Understanding with UME-KC and Muon joined as the UME-KC contact.

The procedure and information management at UME-KC was a significant improvement over the UME-BB problems and Muon also agreed to reduce the tuition fees to US\$225/year. As a consequence, HCP added four new students at UME-KC, at a total cost of US\$900.

While 2008-09 saw the first major problems for HCP, it also saw the effective resolution of those problems, the expansion to a second university, the improvement of the application process, and the growth to a total of ten students.

John Humphreys

President & Director
Human Capital Project

2. Financial statements

The only source for HCP revenue is annual sponsorship. The expenses are the tuition fees for HCP students, and bank costs. The exchange rate at the time of payment was 0.65 AUD/USD.

As with 2007-08, all expenses are paid initially by the director, and then sponsorship money is only raised once receipts have been issued. This approach was introduced to minimise risk for sponsors.

In 2008-09 HCP ran at a loss of A\$1107 with revenue of A\$2592 and expenses of \$3699. The total financial position of HCP since 2007 has been a loss of A\$1619.

2007-08 Cash Flow Statement (AUD)

| | | |
|---------------------------|---------------------------|-------------|
| Revenue | Annual sponsorship | 2400 |
| | University credit | 192 |
| | <i>Revenue sub-total</i> | <i>2592</i> |
| Expenses | Tuition fees | 3615 |
| | Bank fees | 84 |
| | <i>Expenses sub-total</i> | <i>3699</i> |
| Net revenue (profit/loss) | | (1107) |

Annual sponsorship

For 2008-09 there were three new sponsors, bringing the total to seven, with one sponsor paying for two student places. That creates a total of eight student places paid at A\$300/year. This does not exactly match the tuition fee because the money is raised in AUD while the tuition fees are in USD. Depending on the exchange rate at the time, the donated amount may be slightly more or less than the cost of tuition. Total annual sponsorship for 2007-08 was $8 * A\$300 = \underline{A\$2400}$.

University credit

Following the confusion regarding the 2007 payments, it was agreed that Kong Pov would owe HCP US\$250 (to be paid next year) and UME-BB would give HCP US\$125 credit for the cost of one semester (since Chantrea dropped out during his first semester). Given the exchange rate, the UME-BB credit equates to A\$192.

Student fees (USD)

| University | # of students | Cost per student | Total cost |
|-------------------|----------------------|-------------------------|-------------------|
| UME-BB | 5 | 250 | 1250 |
| UME-BB | 1 | 200 | 200 |
| UME-KC | 4 | 225 | 900 |
| Total | 10 | | 2350 |

Given the exchange rate at the time, total student fees were A\$3615

Bank fees

As HCP does not have a bank account in Cambodia and the Universities require payment in cash, HCP incurs significant bank costs. Overseas bank withdrawal fees were 2% of the transaction plus \$4 per transaction¹. For 2009-10, bank fees came to A\$84.

¹ Most ATMs in Cambodia issue up to US\$1000 per transaction.

3. HCP structure and donors

HCP is a non-profit organisation founded by John Humphreys in 2007. The organisation is controlled by a Management Committee, headed by a President, and advised by an informal Advisory Board.

Management Committee

John Humphreys (President and Director)

Phann Sophon (UME-BB contact)

Muon Veasna (UME-KC contact)

Advisory Board

Joseph Clark

Jason Potts

Kate Morrison

Hong Keasar

Willem Paling

Kong Pov

Revenue is raised from sponsors. New sponsors for 2008-09 include Jason Potts, Kate Morrison, and Nicholas Gruen. Note that in some cases the sponsors wanted to have their sponsorship come from their business, and HCP was happy to oblige.

HCP is not currently registered in Australia or Cambodia, and does not have Deductible Gift Recipient (DGR) status. Consequently, donations are not tax-exempt. HCP does not have its own bank account.

Contact details for HCP are:

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Web: www.humancapitalproject.wordpress.com

4. HCP students

At the end of 2008-09, HCP is supporting 10 students, with six at UME-BB (three new students in 2008) and four new students at UME-KC. As outlined above, the total cost for both Universities was US\$2350. All receipts are available on request. A complete list of HCP students (with their school mark, area of study, and expected graduation date) is provided below. Photos of the students are available on the website. New students are highlighted.

University of Management and Economics – Battambang (using USD)

| Intake | Name | Sex | School | Study | Graduate | Tuition |
|---------------|-------------------|------------|---------------|--------------|-----------------|----------------|
| 2007 | Nhim Chamnan | F | D | Accounting | 2010 | 200 |
| " | Chim Saroum | M | E | English | 2011 | 250 |
| " | Phlong Puthearthy | M | E | Management | 2011 | 250 |
| 2008 | Ponlok Sidet | F | D75 | Management | 2012 | 250 |
| " | La Nybunthana | M | E68 | Management | 2011 | 250 |
| " | Em Sophon | M | E44 | Economics | 2011 | 250 |
| | Total = 6 | | | | | \$1450 |

University of Management and Economics – Kampong Cham (using USD)

| Intake | Name | Sex | School | Study | Graduate | Tuition |
|---------------|------------------|------------|---------------|--------------|-----------------|----------------|
| 2008 | Chanty Nhil | F | | Finance | 2012 | 225 |
| " | Kim Sophina | F | | Finance | 2012 | 225 |
| " | Lot Soklim | F | | Finance | 2012 | 225 |
| " | Neang Ravy | M | | Economics | 2012 | 225 |
| | Total = 4 | | | | | \$900 |

5. Other issues

5.1 Admission Procedure

There were several lessons for the admission procedure in 2008. The process in UME-KC set the standard for future intakes, with a three-part format:

1. Information session (preferably with sponsor)
2. Interviews
3. Contract signing (must have sponsor)

When contracts are signed, four copies are made. One copy is kept by the student, one copy is kept by the university, and two copies are kept by HCP. On the same day as the contracts are signed, the HCP director pays the university in cash and receives the receipts.

There is also a need to increase awareness of HCP so as to improve the quality of applicants, and to ensure that the universities have copies of the application form to distribute to interested students.

5.2 Documents

The application form (which outlines the application procedure) was translated into Khmer. At the same time, Phann Sophon developed a logo for HCP, which has been included on the application form.

Signed contracts were received from eight students, excluding Chim Saroum (2007 intake) and La Nybunthana (2008 intake). There is still a need to complete the HCP files about each student, including pictures, school grades, phone numbers, and town of origin.

A Memorandum of Understanding was signed between HCP and UME-KC.

5.3 Money problems

The October 2008 revealed difficulties in outsourcing the management of student intakes. In light of the problems with Kong Pov (outlined in President's Report) it is important that future intakes be managed directly by the HCP Director and that money is paid from the Director directly to the universities in exchange for receipts.

Kong Pov has agreed to repay US\$250 to HCP, which will be paid directly to UME-KC on behalf of HCP in 2009-10.