

## **Annual Report 2013**

### **1. Overview and Project Description**

The Foundation of Children's Hospitals Kantha Bopha, Dr. Med. Beat Richner, in Zurich (hereinafter "foundation") has opened five children's hospitals named as Kantha Bopha in Phnom Penh and Siem Reap Angkor (hereinafter the "Kantha Bopha hospitals") in Cambodia under the direction of Dr. Beat Richner since 1992.

The Kantha Bopha hospitals look after about 85% of all the sick children in Cambodia. 80% of the seriously ill and hospitalized children would not have a chance of survival without the Kantha Bopha hospitals.

The treatment is free of charge for all the children. 80% of the Cambodians are without any means and 80% of our patients come from families with a daily income of 1 USD or less. It is simply impossible for them to pay!

The Kantha Bopha hospitals have the highest correlation worldwide between costs and healing rate. This is why they can also serve as a model for the poor countries. Also, because they show, expressed in figures, ethically justifiable family planning: The mothers know that when their child is seriously ill, they can take them to the Kantha Bopha hospitals for free. Mothers in Cambodia no longer have to give birth to more than ten children for fear of losing every second child. Our maternity initiative has lost only one mother for 16,000 births. As a result, our maternity operation accommodates approximately 60 births per day (with expecting mothers coming from all regions of Cambodia). As a further result, mothers only seldom have more than 3 children nowadays.

Kantha Bopha is an unparalleled success story around the world in the health care sector. Beginning in 1992, over a million seriously ill children have been hospitalized and fully cured, and the number of out-patient treatments have amounted to more than 11 million.

The Kantha Bopha hospitals are an exemplary model for a functioning health care system in one of the poorest countries in the world. Kantha Bopha is free of corruption and enjoys a reputation as an island of justice and social freedom in Cambodia.

### **1.1. 21 years Kantha Bopha**

The importance of the Kantha Bopha hospitals can only be explained and understood within the historical context of Cambodia.

King Norodom Sihanouk, who died in October 2012, had the Children's hospital Kantha Bopha in Phnom Penh built in 1962. At the time, he was the Head of State. The hospital was named in honour of his daughter Kantha Bopha, who died at infancy of leukaemia.

Up to and until the outbreak of the Vietnam War (1965-1971) and the subsequent Khmer Rouge's reign of terror (1975-1979), Cambodia operated a well-developed health care system. The entire infrastructure in Cambodia was completely destroyed by the war and the subsequent civil war and an estimated 1.7 million Cambodians – about a quarter of the country's population – were murdered.

During the final negotiations of the Paris Peace Agreement in Paris in September 1991 the well-known Zurich paediatrician Dr. Beat Richner was asked to redevelop Kantha Bopha, a place where he had worked in 1974/75 until the invasion of the Khmer Rouge in Phnom Penh. The newly restored Kantha Bopha was inaugurated early on 22 September 1992 with the participation of King Norodom Sihanouk and Ysushi Akashi (Japan), Chairman of the United Nations Transitional Authority in Cambodia (UNTAC).

The hospital has become a successful project. The hospital was soon overburdened. On a daily basis the hospital faced more than 20 gravely ill children who could only be treated in the over-loaded intensive care unit, and as a result were rejected care. At that time, all our employees were staff of the Ministry of Health. Due to the mass increase of patient volumes, more doctors had to be requested. The Ministry was limited to supplying inadequately trained personnel for our needs. As a consequence, Dr. Beat Richner began hiring young Cambodian doctors, who completed their internship at Kantha Bopha and who demonstrated great intelligence and motivation. Today these Cambodian doctors all hold senior management positions.

In September 1995 King Norodom Sihanouk confirmed that all medical personnel should be selected by the foundation and had to adhere to a set of specific criteria. Furthermore, he personally allotted a plot of land at the royal palace. On 12 October 1996 Kantha Bopha II was inaugurated at this site by King Norodom Sihanouk and the president of the Confederation at the time, J.P. Delamuraz.

In May 1999 King Norodom Sihanouk inaugurated the third hospital in the presence of the Prime Minister Hun Sen. Jayavarman VII (Kantha Bopha III) in

Siem Reap Angkor. Since then the hospital has been expanded five times and now has an X-ray department, a laboratory, a hospital pharmacy, operating theatres and four wards. The maternity hospital was opened on 9 October 2001.

Kantha Bopha IV (Phnom Penh) was inaugurated in December 2005 and started to operate in January 2006.

In December 2007 Kantha Bopha V in Phnom Penh was inaugurated, after a construction period of only 12 months. It offers a ward comprising 300 beds, a vaccination clinic, a laboratory and an X-ray department.

The hospitals in Siem Reap and Phnom Penh have state-of-the-art equipment offering both MRI and CT scanners.

## **1.2 Health Care Services**

The main task of the Kantha Bopha hospitals is to treat thousands of severely ill children suffering from infectious diseases (tuberculosis, dengue fever, encephalitis, meningitis, etc.)

In 2013 alone, the number of severely ill children who needed to be hospitalized amounted to 119,945. There were about 30,000 children fewer than in 2012. The reduction is explained by the fact that there was an extreme epidemic of haemorrhagic dengue fever and enterovirus 71 in 2012. The sum of 119,945 seriously ill children, who would have no chance of survival without hospitalisation, were fully cured following their release from the hospital. Therefore, for example, we have yet to see a recurrence of the infection of tuberculosis (endemic in Cambodia) or dengue fever in the last 22 years.

The number of outpatient treatments of sick children amounted to 687,083 (2012: about 776,625) Before being admitted to the polyclinic a triage is done by the doctors. The children who were not seriously ill and were therefore released following triage have therefore not been accounted for in our data.

110,616 pregnancy consultations and about 80,000 tuberculosis controls are also not included in these statistics.

In the year 2013 16,749 (2012: 15,764) surgical operations were performed.

28% of the children who perished in the intensive care units are heart related cases. This is why interventional cardiac catheter and open-heart surgery were introduced in the Kantha Bopha hospitals. In the year 2013, 186 heart surgeries were performed in the Jayavarman VII hospital in Siem Reap Angkor. Two missions were carried out by the paediatric cardiac surgery team of the John Hopkins University, Baltimore USA, under the direction of Prof. Luca Vricella. Three missions were carried out by the French team under the direction of Prof. Gerard Babatasi. Since 20 May 2013 our Cambodian team have been carrying

out heart-related surgical procedures without the supervision of a foreigner, i.e. paediatric cardiology, heart surgery, cardiac anaesthesia, heart-lung machine and intensive cardiac care unit. All of these functions are completely independently with the Cambodian employees. The cooperation with Prof. Luca Vricella and Prof. Gerard Babatasi will be continued to ensure the on-going success of the program.

The Cambodian team is now also able to perform invasive cardiac catheterizations independently. Prof. Oliver Kretschmar from the Children's hospital Zurich was in Cambodia twice. Also this cooperation remains a critical part of the program's success and will be continued.

Neurosurgery such as the removal of brain tumours, which are frequent and might be from the dioxin (agent orange was used for the defoliation of trees on the Cambodian-Vietnamese border during the Vietnam War), can now be performed independently by our Cambodian team in Phnom Penh (Kantha Bopha IV) as well as in Siem Reap (Jayavarman VI). We will continue to work in cooperation with the neurosurgeons of the "Chaîne de l'espoir", France.

There were 110,616 outpatient pregnancy check-ups and 17,747 births at the maternity hospital Siem Reap Angkor (2012: 16,974).

On a daily basis, 70 children had to be hospitalised in the intensive care unit in 2013 or else they would not have survived the day on which they were admitted for care. At least 80% of the hospitalised children would not have survived altogether without hospitalisation. Statistically, about 100,000 children would have died in 2013! The mortality rate in 2013 was only 0.3%.

Many of our patients suffer from brain stem and cerebral cortex inflammation (encephalitis). 35% of the encephalitis in Cambodia are caused by the JEV virus, the Japanese encephalitis. This virus is transmitted by mosquitoes. There is an effective vaccination that can achieve a near to 100% cure rate. At the end of December 2013 we resumed the vaccinations. For a long time the vaccine was not available and only accessible to the neighbouring countries. We are now carrying out a total of 1,300 to 1,500 vaccinations a day.

### **1.3 Health care professionals**

At the end of 2013, the foundation employed a total of about 2,500 local employees in the five hospitals in Phnom Penh and Siem Reap Angkor. In addition to Dr. Beat Richner, Head of the Kantha Bopha hospitals, the only other foreign employee working for the foundation in Cambodia is Dr. Denis Laurent (Head of Laboratory and dual citizen of both France and Cambodia).

The Kantha Bopha hospitals work sustainably and with the very high quality collaboration of about 2,500 Cambodians. The medical education and training

of the younger colleagues work in a sustainable way. All the head doctors are aged between 40 and 47 and train their younger colleagues in a most professional way.

#### **1.4 The Kantha Bopha hospitals have the status of Cambodian University hospitals**

The Kantha Bopha hospitals are public hospitals and have the status of a Cambodian University hospital. 80 physicians (so called interns) constantly work and learn for six months at a time in the fields of paediatrics, surgery and obstetrics within the framework required by applicable medical specialists training. 12 doctors in Kantha Bopha are regular professors and 21 are lecturers at the Medical Faculty Phnom Penh.

#### **1.5 Further training and know-how transfer**

The Kantha Bopha hospitals play a prominent role in the training of healthcare professionals in Cambodia. The Kantha Bopha hospitals supervise 80 trainees (medical studies) of the faculty and further 80 trainees (nurse studies) of the nursing care education. The foundation bears the costs of training.

To augment training and the further education of the Cambodian personnel there is a constant know-how transfer with specialists from the Children's Hospital Zurich and the Chaîne de l'Espoir.

Since 2007 16 professors and lecturers of the Children's Hospital Zurich, who stay in Cambodia for one week, have trained Cambodian doctors to specialise in paediatrics in three courses of continuing education.

In February 2013 the third course was agreed and programmed together with the Health Ministry and the medical faculty in Phnom Penh. In November 2014 the final evaluation of the third course under the direction of Professor Dr. med. Sennhauser, managing director of the University Paediatric Clinic Zurich and member of the foundation board, and Dr. med. Peter Studer, vice-president of the foundation board, as well as the Health Ministry, and the medical faculty in Phnom Penh will be carried out.

A long-term cooperation between the John Hopkins Institute in Baltimore (USA) with the Kantha Bopha hospitals in the fields of cardiology and cardiosurgery from April 2013 has been reconfirmed.

## **2. Foundation board and Management**

During the two meetings of 28 January 2013 and 07 May 2013 the foundation board focussed on the statutory business. The former president, Dr. Med. Alfred Löhner, retired as president of the foundation board in May 2013 (he will however remain member of the foundation board) and was appointed Honorary President in appreciation for his decades of esteemed service. Dr. iur. René Schwarzenbach has been named the new president effective May 2013.

The Compensatory and Audit Committee met on 4 March 2013, presided over by Dr. iur. Florian von Meiss. He reviewed the compensation of the managing staff as well as the expenditures relating to bookkeeping, donations and public relations work.

The Foundation Board wishes to thank Intercontrol AG for its transparent and precise bookkeeping and the excellent monthly reports on current financial status. We are also very grateful for the competent care of the business in connection with legacies, bequests and all the correspondence with donors.

PricewaterhouseCoopers AG was once more utilized in the audit and control requirements for the annual accounts in 2013. Their tips and suggestions for the internal controlling system are of great value to us.

In March 2013 a delegation of the foundation (president, vice-president and Dr. iur. René Schwarzenbach) attended a meeting in Bern to inform the SDC. During this meeting the new contract with the SDC concerning the federal project contribution comprising the years 2013 - 2015 was prepared. The contract stipulates an increase of the yearly contribution from CHF 3 million to 4 million.

## **3 Financial Concerns – Donations – Public Relations**

### **3.1 Annual Financial Statement**

The Annual Financial Statement for 2013, approved by the Foundation Board on 13 May 2014, closed with assets of CHF 33'789'662.60 and a surplus of CHF 6'207'371.24.

The organisation capital (equity) therefore increased by CHF 6.2 million to CHF 32.8 million. The owned equity resources are very limited and only provide for a finance period of an estimated 12 months period for hospital operation.

As in previous years, the Annual Financial Statement was carried out according to the recommendations of standard SWISS GAAP FER 21. The audit by PricewaterhouseCoopers AG (PwC) of 13 May 2014 contains no limitations or details and recommends that the Foundation Board approve the Annual Financial Statement.

Our accounting contains two matters of particular concern:

- Due to the unstable political situation, the lack of legal security and for general administrative caution, the investments are debited directly from the expenditures.
- Under Cambodian law, the purchase of real estate by a Swiss Foundation is not permitted, three plots of land are held in trust by Dr. Denis Laurent, member of hospital management and French-Cambodian dual national. There is written evidence of the corresponding trust relationship.

After a surplus of expenditures of CHF 1.8 million in 2012, the revenue surplus in 2013 amounts to CHF 6.2 million. The improvement in the results is mainly due to the following factors:

- The donations rose to CHF 39.4 million (second best result in 21 years, previous year 2012: CHF 37.3 million). The legacies increased by CHF 2.6 million to CHF 8.4 million.

We are pleased to report that regular donations again rose by an estimated amount of CHF 1.6 million in 2013.

- The expenditures for the operation of the hospitals in Cambodia ("project expenditure Cambodia") have decreased by CHF 5.9 million. This decrease is attributed to lower costs for medication, lower personnel costs and because no new medical equipment was purchased.
- We are pleased that "infrastructure expenses Switzerland" have decreased by about CHF 250,000.00 (16%), due to the fact that fewer advertisements were published.

The part of our administrative costs (referred to as "infrastructure expenses Switzerland" in the income statement) confirmed by PwC in its separate report of 13 May 2014 is in keeping with the average of the past three years at 7.73% of the total revenues, which is an efficiently low ratio and representatively reflects a lean organisational process.

This efficiency in administrative costs can be attributed to efficient handling of public relations, including advertisements, IT, administration of donations, thank-you letters, bookkeeping and auditing costs.

The income through donations until the end of May 2014 is estimated at CHF 1.5 million and are below the same period of the prior year.

### **3.2 Public Relations**

In 2013 we carried out a total of three mailings, in March 2013, June 2013, and November 2013. Based on the more than 94,000 personalised addresses, we generated responses from over CHF 8 million resulting in an estimated 44,600 donations.

Dr. Beat Richner continued his weekly cello concerts (also on Thursdays in tourist season), together with continuing his information sessions. Every Saturday and Thursday evening Dr. Beat Richner informs an international audience in the auditorium of the Siem Reap hospital about current medical, political and financial aspects of his activities.

In order to generate donations, Dr. Beat Richner travels to Switzerland twice or three times a year. In 2013 he gave concerts in the Grossmunster in Zurich, in the Elisabethen church in Basel, in the cathedral in Lausanne and in the Klosterkirche Einsiedeln. In December 2013 he performed once again in the Grossmunster in Zurich. In addition, he gave a concert in Baden in March 2013 (organized by the Canton hospital Baden), at the International American Club in Geneva, and, in May 2013 at the Lyons Club Appenzell.

In December 2013 and for the first time since 1994, Dr. Beat Richner travelled to New York, USA. Two events were organized by the Swiss Consulate in New York. Furthermore a radio interview was made along with a performance in a small hall at the Carnegie Hall and the film première of "L'Ombrello di Beatocello" (Georges Gachot) at the Quad Cinema. The latter two of which resulted in a standing ovation.

The "The New York Times" and other newspapers covered these events. Since this somewhat tiring mission to New York, the number of US Americans attending Dr. Beat Richner's weekly concerts in Siem Reap has risen as a result.

At the beginning of November, the television company CTN recorded a two-part interview in the popular series "My Life, My Story". Each part was broadcast a total of 23 times. This has contributed to a much greater understanding of Kantha Bopha and to the support of Kantha Bopha in the

Cambodian population as can clearly be seen in the comments of the Cambodian press as well in the electronic media (Facebook). Also the volume of Cambodian donations, small, medium, but also large sums, has risen. The awareness of Kantha Bopha's factual achievements, highlighting Cambodia the preservation and daily care of more than 200 children, has also increased.

In addition to his position as the Head of the five hospitals, which employ around 2,500 employees, Dr. Beat Richner also attends to the careful daily attention of the donators. Thanks to his indefatigable involvement and in appreciation of the enduring loyalty of our donors, we have generated over CHF 510 million in donations in the last 21 years. CHF 445 million is generated from private donors.

#### **4 Thanks**

The foundation is grateful for the nearly 100,000 donors and the many companies and foundations for their financial and ideological support of the Kantha Bopha hospitals in the year 2013. Your help in 2013 enabled us to provide medical help to 120,000 seriously ill children in Cambodia.

The governments of Cambodia and the Swiss Federation deserve our appreciation for their increased regular support and we hope for a further increase in their participation.

The contributions of the Cambodian government have been increased from USD 2 million to USD 3 million by the Prime Minister Hun Sen since 2012. These proceeds were paid directly to our foundation, to ensure direct foundation access to the proceeds and averting payments to the Cambodian Ministry of Health. The Cambodian Red Cross, presided by Hun Rany, the Prime Minister's wife, donated USD 1 million. The foundation Bayon, presided by the Prime Minister's daughter Hun Mana has also donated a further estimated USD 0.5 million.

The yearly contributions of the Swiss federation have been increased from CHF 3 million to CHF 4 million for the years 2013 through to 2015.

We thank Circus Knie for the 20-year friendship and hospitality with the traditional Knie Gala in Zurich, where friends of the foundation meet in a pleasant and family-orientated atmosphere.

Furthermore, we thank the media for their interest and their continued coverage of Dr. Beat Richner and his aid agency. Special thanks go to the Schweizer Illustrierten magazine, for their many years of loyalty and favourable editorial.

And finally, we thank our many donors. You know:

**Every franc helps to heal, save and prevent.**

Zurich, 18 June 2014

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For the foundation:



Dr. iur. René Schwarzenbach,  
President



Dr. med. Alfred Löhner,  
Honorary President and member  
of the foundation board