

## **Annual report 2006**

### **1. Aid for Cambodia from the Foundation and the commitment of Dr. med. Beat Richner**

The three main aims of the Foundation (aid for sick children, medical training in Cambodia, fighting corruption) have again been successfully and blessedly achieved and implemented.

In the four hospitals even more severely ill children have been treated since the opening of the new wing of the Kanta Bopha IV Hospital (Phnom Penh) at the beginning of 2006. 96,000 children have been hospitalised, a total increase (for Phnom Penh and Siem Reap together) of 40% over 2005. Fortunately, no children had to be turned away from Phnom Penh any more for lack of space.

The medical training of the Cambodian staff has made considerable progress since the newly introduced collaboration with the medical faculty of the University of Zurich with the medical faculty of Phnom Penh.

Corruption, rampant all over the world, continues to be avoided in the hospitals by paying fair wages to all 1,750 Cambodian staff employed in the Foundation and not entering into any doubtful financial arrangements with local organisations. Donations are used directly on-site by the Foundation without any corrupt diversions.

Beat Richner's continued huge personal engagement and firm leadership of the hospitals in Phnom Penh and Siem Reap have enabled these excellent and agreeable results. At this point, the Foundation would also like to thank Dr. Denis Laurent, Administrator of the hospitals in Cambodia on-site, and Dr. Peter Studer, Paediatrician and medical deputy to Beat Richner, for their commitment in Cambodia.

In the course of his short sojourns in Switzerland, Beat Richner once again reported on events in various places as well as the traditional Knie Gala on May 9<sup>th</sup>, 2006 in Zurich.

The Foundation is deeply grateful to all donors for enabling this aid to Cambodian children through their generosity. Once more, the Cambodian government has contributed USD 1.6 million to the Foundation. By the loan of the land and occasional monetary donation, the Cambodian royal family have also greatly contributed to Beat Richners' aid project with enormous sympathy and gratitude. The Swiss Confederation put CHF 2.75 million at the Foundation's disposal in 2006 and further sums are promised for the coming years. These contributions hugely encourage and support the Foundation in its work.

In September 2006, the SDC (Swiss Agency for Development and Cooperation) had our hospitals assessed within the scope of the Cambodian health system by the international specialist, James Cercone, together with Beat Richner. This report judged the achievements of the hospitals and the use of the donor monies for Cambodia's good as being particularly good.

In 2006, the Foundation and Beat Richner also had the opportunity to personally meet Mrs. Calmy-Rey, Federal Councillor, the SDC and the President of the Foreign Policy Commission of the National Council, Mr. Luzi Stamm, National Councillor, in order to inform them about the activities of the Foundation and Beat Richner's work in Cambodia.

## **2. The work in the hospitals in Cambodia**

Thousands of children in Cambodia continue to suffer from tuberculosis, Dengue fever, malaria, Japanese encephalitis, AIDs and other infectious diseases. About 85% of these children have been treated in the last few years in the Kantha Bopha hospitals. The increased and effective capacities of the new wing of the Kantha Bopha IV hospital in Phnom Penh have augmented this percentage even more, as no sick children need to be turned away any more. In Phnom Penh, 50% more children were treated and 60% more surgical operations were carried out.

The necessity for and efficiency of the hospitals can be documented by the following figures for 2006:

In total, 96,371 severely ill children were treated (this makes 264 admissions per day). 18,212 surgical operations were carried out. In the polyclinics, 815,775 medical consultations were performed (2,235 per day). In the Maternité Siem Reap (maternity clinic), 11,814 children were born (32 per day) and 94,350 prenatal checks carried out, whereby particularly the prevention of transference of the HI virus from mother to child is emphasised. 17,000 children with tuberculosis were treated and cared for as out-patients for 6-12 months. 248,000 vaccinations were given, of which 152,000 against Japanese encephalitis. Happily, mortality of the treated children has decreased further and now rests at 0.75%, which corresponds to 2 deaths per day. Treatment in 2006 took 5.5 days and cost CHF 190 on average, a reduction of CHF 10 compared to 2005.

On the construction side, as mentioned already, the new wing of the Kantha Bopha IV in Phnom Penh was an appropriate and great advance. The necessary additional staff was familiarised and trained in good time. From mid-February 2006, all departments and technical equipment were in use (10 medical departments, 4 surgical departments, 4 operating theatres, 1 large polyclinic, 1 laboratory, 5 X-Ray machines, 5 ultrasound units, 1 computer tomograph). In addition, a large meeting room for medical reporting and for training

and a large new laundry were set up. The old, dilapidated buildings were taken down and as far as financially viable, replaced by the necessary additional buildings (waste incineration plant, prevention centre, wards). In Phnom Penh and Siem Reap new waste incineration plants have been put to use.

1,750 Cambodian staff (from chief physician to cleaning and security staff) ensure the smooth running of the hospitals. All of these people are paid a salary by the Foundation that suffices for living in Cambodia. In this way, financial exploitation of the patient's poor families can be avoided in the hospital. Corruption and preferential of some patients by hospital staff are strictly prohibited and would only lead to immediate expulsion. The Foundation has had to acknowledge that preventing corruption is only possible by Beat Richner's uncompromising position on-site. As in other developing countries of the world, corruption remains a tragic and socially limiting problem for indigenous peoples with no end in sight, whereas on the contrary, it is local staff who could supply the best service.

In June 2006, it was possible to finalise a cooperative contract between the medical faculty of the University of Zurich and the medical faculty of the University of Phnom Penh, the Cambodian health ministry and our Foundation for the further training of paediatricians in Cambodia. The first training course for 64 Cambodian doctors began in December 2006 in Siem Reap. The University Paediatric Clinic Zurich under Prof. Felix Sennhauser, together with Beat Richner has put together a further training program whereby lecturers from the Paediatric Hospital Zurich spend intensive training blocks of a week at a time in Cambodia. So far, Dr. D. Stambach (Cardiology), Prof. R. Prêtre (heart surgery), Dr. F. Navratil (Gynaecology), Prof. C. Braegger (Gastroenterology), Dr. T. Saurenmann (Rheumatology), Prof. F. Niggli (Oncology) and Dr. G. Wohlrab (Neurophysiology) have worked on and led such modules with great personal involvement. The courses have been an enormous success and informed the Cambodians of international knowledge for their interest on-site as well as giving the Swiss lecturers insights into the problems of a developing country. The Foundation thanks the faculty in Zurich and the Paediatric Zurich effusively for this great and expedient help in transferring medical knowledge to Cambodia.

Research work on tuberculosis has been carried out in close collaboration with the Institute for Infectious Diseases of the University of Berne (Prof. K. Schopfer). In March 2007, Siem Reap held a very well visited international symposium on tuberculosis in which, to our great pleasure, Prof. R. Zinkernagel from Zurich also took part.

### **3. Foundation Board and Management**

The Foundation Board met for the two ordinary meetings for the year on January 30<sup>th</sup> and May 9<sup>th</sup>, 2006. Dr. med. Beat Richner, who kept the Board informed by regular emails, and Dr. med. Peter Studer, informed the Foundation Board in great detail of the activities in Cambodia. The statutory business was dealt with among interested collaboration of all the Foundation Board members without complication. The unanimous acceptance of the Annual Report and the annual accounts and of the budget took place in the presence of the auditor of PricewaterhouseCooper AG. No change was made to the membership of the Foundation Board.

The Compensation and Auditing Committee (President Dr. F. von Meiss, further members: Dr. C. Steinmann, Dr. A. Löhler) met on March 8<sup>th</sup>, 2006. It examined compensation made, costs for accounting and auditing as well as costs for newspaper advertisements. Admirably, the services performed at the lawyer's premises of Dr. F. von Meiss (BLUM lawyers) and Dr. C. Steinmann (Bär & Karrer) were carried out free of charge.

On March 7<sup>th</sup>, 2006, the annually agreed meeting with the SDC took place. The Foundation's delegation consisted of Alfred Löhler, president, Peter Studer, vice president, Florian von Meiss and Peter Rothenbühler. The SDC delegation consisted of the director Walter Fust, vice-director Adrian Schläpfer, Harry Sivec, Walter Meyer and Jaques Mader. Valuable information was exchanged. The Foundation was able to acknowledge a catalogue of recommendations set out by the SDC, in which the SDC hopes to achieve advances in the health system for and through the Cambodian government. On the other hand, the Foundation was judged its possible direct effect on the (from our point of view) unclear political structures in Cambodia as minimal. It was agreed to assess the Cambodian health system with a view to increasing the Confederation's contribution (CHF 3 million annually for 2007-2009), as well as assessing the work in our hospitals by the international specialist James Cercone together with Beat Richner. This report was presented on November 15<sup>th</sup>, 2006 at a meeting in Berne in the presence of the reporter. As mentioned in paragraph 1, James Cercone's report on the work in the Kantha Bopha hospitals considers it excellent. Since the Foundation intends to continue its work in much the same way as in the past few years and to consolidate it, it is very much hoped that the promised sum of federal monies will be forthcoming from the FDFA (Federal Department of Foreign Affairs) in 2007-2009.

The Cambodian government officially terms the Foundation's contribution as very valuable. The Cambodian King continually gives public thanks for Beat Richner's humanitarian achievements. For this reason, we hope that we will continue to receive the annual sum of USD 1.6 million from the Cambodian government. Furthermore, we expect to receive a considerable financial price reduction for the supply of electric energy in the future by the Cambodian authorities.

The FDHA (Federal Department of Home Affairs) again thanks the Foundation and confirms its faultless accountability in the FDHA's supervisory function.

The trust company Intercontrol AG again enabled competent accounting and permanent controlling of costs and donations in its approved manner.

We are grateful to our auditors, PricewaterhouseCoopers AG, for their precise controlling in Switzerland and Cambodia. They calculate and confirm the administrative costs, which are only 5.79% in the year 2006.

The president of the Foundation took part in an informative one-day seminar by proFonds (the umbrella organisation for charitable foundations in Switzerland) on November 9<sup>th</sup>, 2006. On this occasion, the so-called Swiss NPO-Code of March 31<sup>st</sup>, 2006 was publicised. According to Art. 10 of this code, our Foundation is compliant with terms and clearly organised.

#### **4. Financial information – donations – Public Relations**

##### **4.1 Annual financial statement**

The annual financial statement, again in line with the standards laid down by SWISS GAAP FER 21, shows a surplus of CHF 2 024 205.33 and total assets of CHF 20 246 475.28.

The annual financial statement for 2006 was approved in the present form by PricewaterhouseCoopers AG and put forward for approval by the Foundation Board without reservation.

An audit was carried out in Cambodia in January 2007 with the aim of assessing local investment and controlling relevant accounting processes.

The proprietary capital at the Foundation's disposal increased by CHF 2 million from the previous year to CHF 19.5 million. The capital resources are liquid and immediately available. They cover running costs, however, for only 8 to 9 months.

The trading account for 2006 shows investments booked as costs in renovation and new building for Kantha Bopha I and IV of approx. CHF 2.8 million. In the previous year, approx. CHF 12.5 million were invested. The investments can be found under "Project costs Cambodia". The cash flow statement gives details on all investment and financing procedures. Due to the unstable political climate, the lack of legal security and general business care, the investments were once again directly debited to the costs.

Since Cambodian law forbids a Swiss foundation buying property, two plots of land are held in trust for the Foundation by Dr. Denis Laurent, member of hospital management and French-Cambodian dual national. Formal documents are held concerning the corresponding trust relationship.

Costs for the infrastructure in Switzerland have decreased from CHF 2 million last year to CHF 1.8 million. This position includes administrative expenses such as advertisements, information technology, donation administration, thank-you letters, auditing and accounting costs and is now only 5.8% of the total of donations and contributions.

This important benchmark is audited annually by PricewaterhouseCoopers AG and confirmed in a special report (see no. 5 of the annual report).

## **4.2 Donations**

Happily, the budgeted ordinary donations for 2006 of CHF 23 million were exceeded by over CHF 3 million.

As opposed to the previous year, which profited in particular from the special campaign "Zwänzgerreihe" (20 franc notes), a slight reduction resulted in the total of all donations and contributions of about CHF 2.5 million, or 7.3%.

Many thousand of donors all over Switzerland contributed to this relatively good result. We have been able to ascertain that the average donation has increased.

Income from legacies and bequests remain important, at almost 14% of the total income.

The Federal contribution of CHF 2 750 000 as well as the contribution from the Cambodian government of about CHF 2 million make up only about 15% of the total income. 85% of the total income is financed by private individuals and non-state institutions.

Our work continues to enjoy very high acceptance, thanks to the speditive and direct aid that is brought to the children through the Swiss public. The donations are not cumulatively invested in shares, property or other investments but immediately used for medical aid, so that the hospital would only be able to be run for 8 to 9 mths without further donations.

### 4.3 Public Relations

Apart from the two mailings in spring and autumn, no special campaigns were launched in 2006.

As in previous years, the public was kept informed about current problems through regular newspaper contributions.

A key factor for communication continue to be the regular and popular church concerts that Dr. Beat Richner gives in the course of his short visits to Switzerland.

In addition, Dr. Beat Richner gives a concert every Saturday in Siem Reap in the new conference building, regularly visited by tourists from around the world. Apart from playing the cello, Dr. Beat Richner gives information on the organisation and current difficulties.

Thanks to the many foreign visitors, the 15 year old project „Children's Hospital in Cambodia“ is increasingly known internationally.

## 5. Thanks and forecast

The Foundation Board is deeply grateful to all donors for their helpful contributions for the poor and sick children in Cambodia. In particular, we are delighted about events organised by private persons with collections for the benefit of Beat Richner's aid project. Although not exhaustive, some examples are mentioned and particular thanks given:

- April 30<sup>th</sup>, 2006: Tribute concert by the Lumina Quartett, Church of St. Peter, Zurich
- Sept. 24<sup>th</sup>, 2006: Tribute concert by the Tonhalleorchester in Zurich
- Nov. 23<sup>rd</sup>, 2006: Concert in Männedorf Church
- Dec. 12<sup>th</sup>, 2006: Official opening of a photo exhibition on Cambodia, Cantonal School Zurich-Oerlikon

We would like to thank the Cambodian government and the Swiss Confederation for their financial participation and their trust in the Foundation.

To the media, too, thanks from the Foundation for its interest in Beat Richner's aid project. The Schweizer Illustrierte is a particularly faithful companion of Beat Richner's! But also the daily press' attention to our commitment in Cambodia is always a boost for the Foundation. The president is always happy to provide information for interested journalists.

As mentioned at the beginning, the Foundation Board continues to lobby to save as many sick children in Cambodia as possible, to encourage the competent training of Cambodian health staff on-site and to rigorously prevent corruption in hospitals.

Zurich, May 31<sup>st</sup>, 2007

For the Foundation Board:

A handwritten signature in black ink, appearing to read "A. Löhner". The signature is written in a cursive, somewhat stylized font.

Dr. med. Alfred Löhner, President