

**Annual Report 2017**  
**of the Foundation of Children's Hospitals Kantha Bopha,**  
**Dr. med. Beat Richner**

**1. Serious Illness of the Foundation's Founder and Director of the hospitals, Dr. med. Beat Richner and Ceremony of the 25th anniversary**

The business year 2017 was marked by the serious illness of Dr. Beat Richner as well as the ceremonies of the 25th anniversary in Cambodia and Switzerland, which, unfortunately took place without the presence of the founder of the foundation.

On 28 March 2017, the foundation board announced with great regret that shortly before his 70th birthday, Dr. Beat Richner could no longer fulfil his function as director of the Kantha Bopha hospitals in Cambodia due to his illness and had to cancel all public appearances (press communication in enclosure 1). The foundation board is deeply saddened.

Beat Richner suffers from a rare and incurable brain disease with increasing loss of function and memory loss. All his memories of Cambodia have been lost. It is a tragic and sad fate for this extraordinary person. We remain consoled by the conclusion from his doctors, family, and friends that he is not suffering, has no pain, is well taken care of, that his family and friends come to see him on a regular basis and that he has not lost his sense of humour. From our hearts we wish him all the best!

**Ensuring Operations and Continuity in the Management**

The foundation board was prepared for Dr. Beat Richner's retirement. In accordance with Dr. Beat Richner, the board had developed a strategy to ensure the continuation of Dr. Beat Richner's work.

Dr. med. Peter Studer, Vice President of the foundation board took over the management of the Kantha Bopha hospitals at the end of March 2017 and personally informed the 2,500 Cambodian employees, the royal family and the government of the situation. The Cambodian population was shocked and deeply saddened that the doctor who saved a whole generation of young people from certain death, had become ill himself.

Dr. Peter Studer was Dr. Beat Richner's surrogate for many years and has supported him since the beginning. In Cambodia, Peter Studer (CEO) is supported by the two experienced head physicians Prof. Santy (Phnom Penh) and Prof. Chantana (Siem Reap) as well as the longstanding head of logistics and of the laboratory, Dr. Denis Laurent (COO). The continuity in the management of the hospitals is therefore ensured. Dr. Beat Richner always made sure that the administration will remain lean and efficient, which is crucial advantage considering the present situation.

The five Kantha Bopha hospitals are independent on a medical and operational level and continue to operate flawlessly. It is deeply impressive to see how great an effort the 2,500 employees make under the medical management of the head physicians and our COO Dr. Denis Laurent to continue their work in accordance with Dr. Richner's ideals. Every single day, the entire workforce successfully undertakes a barely imaginable effort and perform exceptionally. During several stays on site in 2017, the President and Vice President were able to witness this wondrous work for themselves.

Training and further education of the Cambodian doctors remains ensured by the medical director of the University Children's Hospital Zurich, Prof. Dr. med. Felix Sennhauser, member of the board of the foundation, and by other specialists both domestically in Cambodia and abroad.

### **On Future Financing of the Hospitals**

Dr. Beat Richner was unique when performing as "Beatocello" and cannot be substituted as an ingenious fundraiser. Dr. Beat Richner made it clear to the Cambodian government years ago that he would not always be able to play the Cello and raise funds. Subjected to this pressure, the Ministry of Finance and Health founded a working group in 2015 in order to develop solutions for long-term financing of the Kantha Bopha hospitals. In 2016, Beat Richner was appointed advisor of the Ministry of Health in Cambodia and served in the rank of a State Secretary. The foundation board is in ongoing negotiations with this working group. High representatives of the Ministry of Health and Finance have ensured us their full support. The foundation board is convinced that a solution for long-term financing will be procured and that the contributions from Cambodia will be further increased.

In 2016 the contribution was doubled to USD 6 million and since 2017, as we continue to receive a contribution of USD 2 for each entry ticket purchased to the famous temple grounds of Angkor Wat. We are also very pleased that private donations in Cambodia are increasing substantially. In total in 2017, we received more than a third of our budget of CHF 42 million from Cambodia. The Swiss government has subsidised the Kantha Bopha hospitals through the Swiss Agency for Development and Cooperation (SDC) for many years and continues to do so with an amount of CHF 4 million every year. In 2017, more than half of the budget was financed from donations from Switzerland. In the future, we are still urgently dependent on donations from Switzerland and hope for the continued faithful support of our many valued donors. Thank you very much!

The government of Cambodia is also very determined to preserve the Kantha Bopha hospitals in the way they have been organised by Dr. Richner. In April 2018, the Prime Minister Hun Sen founded a Cambodian foundation "Kantha Bopha" and has personally assumed, together with the First Lady, the role of honourable president. This was mainly to generate more donations in Cambodia; a powerful sign by the government, which emphasises the importance of the Kantha Bopha hospitals for Cambodia. Whereas Dr. Richner's projects was initially scolded as state within the state and as subversion of the health care system from every quarter, including the Cambodian one, it is now known a universally recognized model for poorer countries.

## **25-Year Anniversary Kantha Bopha**

In November 1992, 25 years ago, the first childrens' hospital Kantha Bopha was opened by Beat Richner in Phnom Penh and inaugurated by the late King Norodom Sihanouk.

How did Beat Richner come to Cambodia, of all places? It started in 1974: That was when the young doctor Beat Richner ran a Swiss Red Cross mission in Cambodia - until the day when the Khmer Rouge seized power and the total elite of the country, including most doctors in Kantha Bopha, were locked up in camps and torture prisons and killed. Beat Richner had to depart the country in haste. In 1979, after the end of the five-year reign of terror, the entire infrastructure was destroyed and the surviving people were poverty-stricken.

After the Paris Peace Agreement of 1991, the King of Cambodia asked Beat Richner to redevelop the destroyed hospital and Beat Richner, out of humanitarian conviction, wanted to undo the old injustices.

What Beat Richner achieved in the subsequent 25 years, goes beyond imagination. Under the most difficult conditions, Beat Richner established five childrens' hospitals in Phnom Penh and Siem Reap as well as a Maternity Hospital with 2,300 beds and 2,500 Cambodian employees with donations from Switzerland. During his era, 15.4 children were treated as outpatients and 1.7 million seriously ill children were treated as inpatients. The Kantha Bopha hospitals are a model for correct medical help while operating free of corruption on site in the Third World.

The Kantha Bopha hospitals have garnered the status of University hospitals and are of eminent importance for the healthcare system in Cambodia; they are of systemic importance. The great importance of Beat Richner's lifetime achievements was celebrated on 15 November 2017 on the occasion of a celebration at the children's hospital Kantha Bopha in Phnom Penh and commemorated at the inauguration of a photo exhibition at the new visitor centre and further emphasised by the presence of His Majesty the King and Her Majesty the Queen Mother, the First Lady Hun Sen and the Health Minister. Switzerland was officially represented by the ambassador Ivo Sieber and the representative of the Swiss Agency for Development and Cooperation. Switzerland has also assured full support. The foundation board was represented by Dr. René Schwarzenbach, President, Dr. Peter Studer, Vice President, and Dr. Florian von Meiss, member of the board.

On 25 November 2017, a worthy celebration for the 25th anniversary took place in front of a large audience at the Grossmünster in Zurich, in the place where Dr. Beat Richner gave regular concerts (advertisement in enclosure 2).

## **2. 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 respectively named Kantha Bopha in Phnom Penh and Siem Reap Angkor (hereinafter the "Kantha

Bopha hospitals") since 1992. The extension of the biggest maternity clinic in Cambodia was put into operation in autumn 2015.

The Kantha Bopha hospitals take care of 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 these 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 USD 1 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 poorer countries. In addition, as expressed in figures, they ethically support justifiable family planning resulting in mothers knowing 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. As a result, mothers giving birth in our maternity operation, approximately 70 births per day (with expecting mothers coming from all regions of Cambodia), nowadays seldom have more than 3 children. Thanks to outstanding obstetrics, our maternity operation loses only one mother for 16,000 births.

Kantha Bopha is an unparalleled success story around the world in the health care sector. The Kantha Bopha hospitals have treated 16.3 million ill children as outpatients since 1992 and 1.9 million seriously ill and injured children have been hospitalized and fully cured.

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 a refuge for justice and social freedom in Cambodia.

## **2.1. 26 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 when he was the head of state. The hospital was named in honour of his daughter Kantha Bopha, who died of leukaemia at infancy.

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 23 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 the 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 in being able to supply adequately trained personnel for our needs. As a solution, 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. 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.

The new maternity clinic comprising 80 beds, 8 birthing facilities and a small intensive care unit started to operate in Siem Reap Angkor in October 2015. The former maternity section in Phnom Penh, where the current King Sihamoni was born, was renovated in the year 2015. The ground floor will accommodate the archives of medical records and the first floor will house and showcase an information center.

## 2.2 Health Care Services

### **The figures for 2017**

The primary task of the Kantha Bopha hospitals is to treat thousands of severely ill children mainly suffering from infectious diseases (tuberculosis, dengue fever, encephalitis, meningitis, etc.), in an increasing number of cases also serious accidents cases.

We observe a constant increase of hospitalizations since 1992. The continuous increase of patient volume can be explained by the improvement of transport infrastructure, population growth, and the continuing poor health care system in the country. The patients come from all of the 24 provinces. As a result, our hospitals have hospitalized 85% of severely sick children in Cambodia. In the year 2017, the bed occupancy was 120% on average (2,159 beds in total).

The increase in the number of patients is also related to the factor that the poor population is becoming poorer. Those people can simply not afford the costs in the public and the private health sector. 80% of the Cambodians are poor farmers. As is generally known, any treatments at the Kantha Bopha hospitals are free of charge. There is a further factor that does not prevent rich Cambodians to take their children to Kantha Bopha or to have their children born at Jayavarman VII, in large part due to the significantly inadequate quality and hygiene in the public and private health sector. Large family donations continue to rise as a result and Kantha Bopha remains a bona fide solution for the hospitalization or birth of one of their children.

In 2017 alone, the number of severely ill children who needed to be hospitalized amounted to 167,790 (previous year 155,338). These severely ill children, that would normally have no chance of survival without hospitalization, are fully cured following their release from the hospital. Incidentally, we have yet to see a recurrence of the infection of tuberculosis (endemic in Cambodia) or dengue fever in the last 26 years.

The number of outpatient treatments of sick children amounted to 909,192 (previous year 848,393). Before being admitted to the polyclinic a triage is completed 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.

In the year 2017, 26,442 (previous year 24,348) surgical operations were performed. Furthermore, there were 25,357 births and 154,716 outpatient birth controls at the maternity clinic Jayavarman VII (Kantha Bopha III).

The mortality rate at the Kantha Bopha hospitals was only 0.29% in 2017. Please find further details in the attached table "Global Admission" (enclosure 3).

## **Heart Surgery and Invasive Cardiac Catheterizations**

As reported previously, the illnesses with the highest mortality rate in our hospitals are the consequences of congenital heart defects.

Since Prof. Oliver Kretschmar, Children's Hospital Zurich, introduced invasive cardiac catheterizations in 2011, our Cambodian team is now capable to perform this minimally invasive procedure as a matter of routine on its own. We are thankful that Prof. Kretschmar still comes to Siem Reap to teach a one-week further training twice a year.

Since 2012, our Cambodian doctors also successfully perform open heart surgery. This is made possible because of the regular presence of foreign specialists. These include, first and foremost, Prof. Babatasi, heart surgeon of the chaîne de l'espoir, Prof. R. Prêtre, Lausanne, and Prof. L. Vricella, Baltimore/USA.

This is made possible because all the hospitals' infrastructure function at very high levels: the laboratories, the blood bank, the intensive care units, and the diagnostic facilities. Notably, the around-the-clock discipline of the employees is strictly respected and physically and intellectually challenging. Conversely, this is not the case in Cambodia outside of Kantha Bopha. In the year 2017, 296 heart surgeries were performed and 116 invasive cardiac catheterizations were applied.

## **The fourth FMH (Swiss Medical Association) course for doctors of our hospital Jayavarman VII, Siem Reap**

The fourth FMH course was launched in cooperation with the University Children's Hospital Zurich under the leadership of Prof. F. Sennhauser, medical director and member of the foundation board. The professors R. Seger (immunology), O. Kretschmar (cardiology), D. Stambach (cardiology), Chr. Brägger (gastroenterology), F. Niggli (oncology), J-C Fauchère (neonatology), D. Nadal (infectiology), B. Steinmann (metabolism) and A. Moeller (pneumology) each taught a one-week training course. We would like to take this opportunity to sincerely thank them!

## **The Kantha Bopha Hospitals have the status of University and government hospitals**

The Director of Kantha Bopha Phnom Penh, Prof. Ky Santy, the Director of Kantha Bopha (Jayavarman VII), Siem Reap, Prof. Yay Chantana, both women Head surgeons in Siem Reap, Prof. Keo Sokha and Prof. Or Ouch, one of the two Heads of the maternity clinic, Prof. Tiw Say, the two Head surgeons in Phnom Penh, Prof. Pa Ponnareth and Prof. Chour Serey Cheddana, are regular professors at the Medical Faculty, Phnom Penh. Furthermore, 22 other colleagues are lecturers. In the year 2017, 1007 medical students completed their internship in our hospitals in the departments of paediatrics, surgery and obstetrics. In 2017, the nursing college, which is affiliated with the Medical Faculty Phnom Penh, sent an attendance of 416 interns (called nursing internship) to the Kantha Bopha hospitals. Additionally, assistant medical technicians are trained in the laboratory and radiography.

Since 1994 (when only Kantha Bopha I existed), Kantha Bopha has been a department of the Health Ministry. At the request of Dr. Beat Richner, the Prime Minister Hun Sen signed a sub-decree in December 2014 which states that Kantha Bopha III (Jayavarman VII) in Siem Reap Angkor is its own department of the Health Ministry. This is of great importance for the long-term continuation of Kantha Bopha in its predefined structure with decent salaries for its 2,500 Cambodian employees in a manner free of corruption and its policy of free treatment for everyone.

### **2.3. Health Care Professionals**

At the end of 2017, 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. med. Peter Studer, Head of the Kantha Bopha hospitals (CEO and Vice President), the only other foreign employee working for the foundation in Cambodia is Dr. Denis Laurent (COO and dual citizen of both France and Cambodia).

The Kantha Bopha hospitals operate sustainably and with the very high quality collaboration with the Cambodian employees. The medical education and training of the younger colleagues are enhanced and maintained in a sustainable way. All the head doctors are aged between 43 and 50 and eagerly train their younger colleagues in the most professional manner.

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

During the two meetings of 23 January 2017 and 9 May 2017 the foundation board focussed on the statutory business. And on 2 October 2017, an extraordinary meeting of the members of the board took place.

The Compensatory and Audit Committee met on 8 March 2017 and was presided over by Dr. iur. Florian von Meiss. The body reviewed the compensation of the managing staff as well as the expenditures relating to bookkeeping, donations, auditing and public relations matters.

In order to increase efficiency, the foundation board decided at its meeting of 9 May 2017 to institute, besides the existing Compensatory and Audit Committee, a Public Relations Committee, a Nomination Committee and a Strategy Committee.

The Foundation Board wishes to thank Intercontrol AG for its transparent and precise bookkeeping and the 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. In 2017, PricewaterhouseCoopers AG (PwC) controlled the annual results as our appointed auditors.

## **4. Financial Concerns – Donations – Public Relations**

### **4.1. Annual Financial Statement**

The Annual Financial Statement for 2017, approved by the Foundation Board on 8 May 2018, closed with assets of CHF 53,168,181.84 and a surplus of CHF 2,805,898.94.

The organisation capital (equity) therefore increased by approx. CHF 2.8 million to CHF 51.4 million. This development allows to provide for a finance period of the next 12 months' period for hospital operation.

As in the previous year, the Annual Financial Statement 2017 was carried out according to the requirements of standard Swiss GAAP FER 21. The audit report by PwC of 8 May 2018 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 and the lack of legal security, 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 the hospital management and French-Cambodian dual national. There is written evidence of the corresponding trust relationship.

After a surplus of expenditures of CHF 3.5 million the previous year, the annual financial statement 2017 presents a revenue surplus of CHF 2.8 million. The positive results are mainly due to the following factors:

- The operating income increased by CHF 3.6 million from CHF 37.4 million to CHF 41.0 million. The ordinary donations in Cambodia increased by approx. CHF 0.5 million to CHF 4.9 million. Since 1 February 2017, a further CHF 4.3 million have accrued to our foundation from the contributions of the tickets to the Angkor Wat temples. Large donations also increased by approx. CHF 2.4 million to CHF 5.0 million.
- The expenditures for the operation of the hospitals in Cambodia ("project expenditure Cambodia") decreased by CHF 2.7 million to CHF 36.5 million in comparison to the previous year. This decrease is in particular due to lower personnel costs (CHF 0.8 million), lower costs for medication (CHF 1.6 million) and lower operating costs (CHF 0.3 million). Like in the previous year, the investments in medical equipment and building extensions amount to approx. CHF 1.1 million.

The "infrastructure expenses Switzerland" (expenses for fundraising, general advertisement expenditures and administrative costs) amount to about CHF 1.2 million and is by CHF 0.7 million lower than the previous year.

- Based on the currency development of the USD during the year under review, the "financial results" have diminished by approx. CHF 0.7 million in comparison to the preceding year.

The part of our administrative costs confirmed by PwC is in keeping with the average of the past three years at 4.52 % (previous year: 5.40%) of the total revenues, which is an efficiently low ratio and representatively reflects a lean organisational process.

The administrative costs mainly comprise public relations, including advertisements, IT, administration of donations, thank-you letters, bookkeeping and auditing costs.

#### **4.2. Public Relations**

In 2017 we carried out a total of three mailings in March, June and November (in November for the 25th anniversary).

The 26th gala performance of the Circus KNIE took place in Zurich on 9 May 2017.

On 15 November 2017, His Majesty the King and Her Majesty the Queen Mother inaugurated the new information centre with a photo exhibition in Phnom Penh. Switzerland was officially represented by the ambassador Ivo Sieber and the representative of the Swiss Agency for Development and Cooperation. The foundation board was represented by Dr. René Schwarzenbach, President, Dr. Peter Studer, Vice President, and Dr. Florian von Meiss, member of the board.

On 25 November 2017, a worthy celebration for the 25th anniversary took place in front of a large audience at the Grossmünster in Zurich, in the place where Dr. Beat Richner gave regular concerts (advertisement in enclosure 2).

#### **5. Thanks**

The foundation wishes to thank the nearly 100,000 donors and the many companies and foundations for their financial and ideological support of the Kantha Bopha hospitals during the year 2017.

The contributions of the Cambodian government amounted to USD 6 million in 2017. Since February 2017, the foundation receives a contribution of USD 2 for each tourist visiting world-famous temple grounds of Angkor Wat

The yearly contributions of the Swiss confederation have remained at CHF 4 million in 2017.

We would like to address our thanks to the governments of Cambodia and the Swiss Confederation for their regular support and hope for a further increase in their participation.

We thank Circus KNIE for their continued hospitality for 26 years by continuing the traditional Knie Gala, where friends of the foundation can enjoy the exciting programme.

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 for their many years of loyalty and favourable editorial.

Warmest thanks to our donors. You know:

Every franc helps to heal, save and prevent.

Zurich, May 8, 2018

For the foundation board:



Dr. iur. René Schwarzenbach  
President



Dr. med. Alfred Löhner  
Member of the Foundation Board

Enclosures:

- Press communication of 28 March 2017 (enclosure 1)
- Advertisement Ceremony of the 25th anniversary Grossmünster (enclosure 2)
- Table "Global Admission" (enclosure 3)