

## **Annual Report 2007**

### **1. Challenges, efficiency and recognition of the Kantha Bopha Children's Hospitals in Cambodia**

2007 has been the year of the huge and terrible Dengue fever epidemic in Cambodia. At the same time the epidemic was able to be contained in Singapore through suitable preventive measures. Unfortunately and incomprehensibly, the authorities and the WHO in Cambodia were too late and, due to corruption, almost ineffective in applying any action, despite the warnings from the Kantha Bopha hospitals, so that 23 250 most seriously ill children with Dengue fever had to be hospitalised in our hospitals.

Mainly due to the Dengue epidemic, the total number of hospitalisations increased by about 10% to 112 865. The hospitals' mortality rate has been reduced from 5.4% in the years 1992/93 to now just 0.75%. In the surgical departments, 15 873 operations were carried out. In addition, there were 744 102 paediatric outpatient consultations, to high degree in the service of tuberculosis treatment control. Additionally about 421 000 examinations and consultations were carried out at the maternity clinic in Siem Reap, where 14 300 births took place. In total, 251 000 vaccinations were given, of which 200 000 against Japanese encephalitis. Why the WHO is still of the opinion that this vaccination is too expensive for Cambodia and yet is routinely given for free in Thailand, South Vietnam and south China is incomprehensible. Our foundation finances these vaccinations (USD 2.50 per vaccination) with a capital contribution of USD 0.5 million. Hunger and sickness in developing countries are a challenge for the wealthier countries which cannot (yet) be dealt with by purely economic considerations demanding action on our own responsibility towards the parties involved. It is therefore decisively important that aid from the wealthy is provided in a controlled manner in the right places and not to the abhorrent rivers of corruption. Consultations and hospitalisations remain free for all children. 90% of Cambodian families have insufficient funds to buy the necessary food for survival. The average daily income here is only USD 1.20.

Especially dangerous for the Cambodian population are the free markets, i.e. the black market of medicines. Fake, counterfeit and contaminated remedies are publicly offered at exorbitant prices, forcing some families into complete material ruin. Many children admitted to the hospitals show the corresponding signs of serious side effects. The Kantha Bopha Hospitals therefore import all medicines and all sterile one-way material itself under supervision. The Diethelm Bangkok company is our preferred reliable supplier, and provides us with reasonably-priced medicines via Thailand, thanks to excellent connections. Nevertheless, medication makes up around 45% of the total outlay for all our hospitals.

In February 2007, Dr. Beat Richner was able to receive Madam Federal President Micheline Calmy-Rey and the vice-director of the SDC at the Kantha Bopha hospitals and show them around the establishment to explain the service the hospitals achieve. The Federal President was seen to be touched and impressed by the aid offered to the sick children of Cambodia. The Foundation was pleased that, as a result, the SDC was willing to extend the contract with the Foundation for the years 2007 to 2009 with the slightly higher sum from the Confederation of CHF 3 million.

In return, the King of Cambodia, Norodom Siamoni, undertook an official visit to Switzerland in May 2007, thanking the Swiss donors and the Confederation heartily for their help to Cambodia. Norodom Siamoni was received by the Swiss Federal Council in Berne and the town mayor of Zurich. Prof. Peter Forstmoser, chairman of the board of directors of Swiss Re both very kindly and in excellent manner arranged and led a reception at the Swiss Re Center for Global Dialogue in Rüslikon. In connection with this, it should be mentioned that the Cambodian royal family is not particularly wealthy and does support the Kantha Bopha hospitals itself as far as possible. The royal family is an important force for the Foundation, since it portrays a symbol of Buddhist charity for the Cambodian population; the work of Dr. Beat Richner is thereby taken as the spirit and dignity of Buddha by them.

On December 29, 2007, the Kantha Bopha V Hospital in Phnom Penh was able to be ceremoniously opened to the Cambodian staff after only 12 months building time, in the presence of the King and the whole Cambodian government as well as a delegation of our Foundation Board. At the inspection, the King and the Prime Minister spoke intensively together for about an hour and also included Dr. Beat Richner as well as members of the Foundation Board in their conversation. They expressed their great gratitude for the hospitals' work.

## **2. The work at the Kantha Bopha I-IV hospitals**

The five statistics in the appendices (Global Admission, Global Consultation, Operated surgical cases, Dengue Haemorrhagic Fever, Global Immunization) give an impressive overview of the development of medical services in the past few years.

In 2007, 112 865 seriously ill children were hospitalised (1993: 5367). In the polyclinics 744 102 consultations took place (1993: 124 962). Because of the extreme Dengue fever epidemic in 2007, 23 500 children were admitted (1995: 2681). 15 873 surgical operations were carried out (2000: 4635) and 251 520 vaccinations were performed (1999: 93 887).

At Siem Reap maternity clinic, built to prevent the transfer of HIV from mothers to their children, there were 14 300 births (10% increase to 2006). Only 7.5% of all births were by caesarean section, carried out as part of the AIDS prophylaxis. Only 3% of newborns needed to be hospitalised in the neonatal department of Siem Reap hospital. The Phnom Penh (Kantha Bopha IV) neonatal department, on the other hand, is always overflowing with serious cases (100-120 sick newborns), as the obstetrics in the regional hospitals and the corrupt private clinics in Phnom Penh are not run according to proper medical guidelines and these clinics have no neonatal departments attached to them, either.

The transfer to local medical training has led to the 2000 Cambodian staff being perfectly competent in running the hospitals. The University Children's Hospital Zurich under Prof. Felix Sennhauser provides excellent service for us, being prepared to regularly put lecturers for defined training modules at our disposal. This cooperation is an effective model for development aid with great humanitarian value, in our opinion, since the Cambodians receive the necessary know-how from the University Children's Hospital Zurich and the Swiss lecturers are able to experience and gauge the precise problems and possible chances in developing countries on a personal level.

Unfortunately, large-scale corruption in Cambodia is repeatedly a problem which destroys any chances the poor may have. In the hospitals, Beat Richner makes sure that no corruption is acceptable. In case of any breaches, the relevant staff member is immediately given notice and removed. According to confidential sources, private companies in Cambodia have no possibility of working without bribes, so that our Foundation must pay rigorous attention not to lose any money to corruptive forces. In this area, the Foundation holds a clear, hard line towards any staff, private organisation or the authorities in Cambodia.

The research project on tuberculosis together with the Infectious Diseases department of the University of Berne (Prof. Kurt Schopfer) has continued. In March 2007, an international symposium took place in Siem Reap about paediatric tuberculosis. It was made clear that the BCD-vaccination is not only useless but also dangerous, namely, that vaccinated children suffer much more seriously from tuberculosis than those not vaccinated. It is incomprehensible that the WHO and UNICEF continue to recommend the BCD-vaccination in developing countries. Participants at this conference were (et al) Prof. R. Zinkernagel from Zurich and Prof. H.E. Kaufmann from Berlin, who dedicated a chapter of his book on global epidemics and poverty to the Kantha Bopha hospitals in Cambodia.

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

The Foundation Board met twice on January 29th 2007 and May 31st 2007. The Compensatory and Audit Committee met on April 2nd 2007. Once again, all business was conducted quickly and efficiently discussed and decided upon, thanks to the close work of the Foundation Board members at all times including other than during the meetings and thanks to the excellent work of Intercontrol AG. The auditing agency PricewaterhouseCoopers AG took care of our bookkeeping in Switzerland and Cambodia, where the muddy legal system concerning the securing of property (hospital buildings) requires attention. PWC also assesses and audits the administrative expenditure of the Foundation, which once again amounted to only about 6% in 2007.

The aims of the Foundation (good medical treatment for sick children in hospitals, training Cambodian staff, contribution to international medical research, prevention of corruption in the hospitals) were able to be achieved once more in 2007 due to the huge commitment made by Beat Richner and the many donations received.

The SDC and the Foundation signed a further contract for three years, whereby the Foundation is supported by a Federal contribution of CHF 3 000 000 annually. A sum of USD 2 000 000 annually continues to be contractually agreed with the Cambodian government.

The Federal Department of Home Affairs, which once more provided the Foundation's regulatory authority in 2007, confirms irreproachably rendered accounts and thanks the Foundation.

The Foundation Board resp. a delegation thereof took part in following events:

- Reception of the Cambodian King Siahmoni by Swiss Re in Rüslikon and by the town mayor of Zurich on May 30th and 31st 2007
- Galashow of Circus Knie on May 30th 2007
- Annual General Meeting of Benefactor's Society on September 25th 2007 at the Hirslanden Clinic, Zurich
- Opening of the Kantha Bopha V Hospital in Phnom Penh on December 28th 2007

## 4. Financial Concerns – Donations – Public Relations

### 4.1 Annual Financial Statement

The annual financial statement for 2007 closed with a resulting surplus of CHF 3 989 796 and total assets of CHF 17 788 120.13. It was once again carried out according to the recommendations standard of SWISS GAAP FER 21 and audited in the existing form by PricewaterhouseCoopers AG without restriction, who recommend the approval by the Foundation Board.

The net assets available to the Foundation are reduced by approximately CHF 4 million compared to the previous year, now CHF 15.5 million. The capital resources are immediately available as liquid funds. They do, however, only cover the running costs for only 7 or 8 months.

The large surplus in expenditure can be qualified and is due to the investments of total CHF 8.5 million (previous year CHF 2.8 million), which have been amortised.

The income statement for 2007 therefore shows costs for the renovation and extension of Kantha Bopha I and V of around CHF 6.9 million and the purchasing cost of land in Siem Reap of around CHF 1.6 million booked as operating expenses. The cash flow statement sheds light on all of the investment and financing processes. Due to the unstable political situation, the poor legal security and general business caution, the investments continue to be debited directly from the operating expenses.

Since the Cambodian laws forbid the purchase of property by a Swiss foundation, the three plots of land are held in trust for the Foundation by Dr. Denis Laurent, member of the hospital staff and French-Cambodian dual national. Written contracts confirm the corresponding trust situation.

The expenses for the infrastructure in Switzerland has risen from approx. CHF 1.8 million in the previous year to CHF 2.3 million, which is due to intensified and successful efforts in collecting donations. This position includes administrative costs such as advertisements, information technology, donation administration, thank you letters, bookkeeping and auditing costs and in 2007 and relative to the total of donations and grants came to only 6.86%.

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

The total of donations and grants came to around CHF 31.7 million in 2006 rose to CHF 33.5 million in 2007.

### 4.2 Donations

Happily, the CHF 24 million budgeted as regular donations was bettered by almost CHF 4 million.

Compared to the previous year, a moderate increase in the total of all donations and grants by about CHF 1.8 million or 5.6% has been resulted. The total income of CHF 33.5 million is only about CHF 0.6 million less than the present record year 2005, when it was CHF 34.1 million.

Many thousands of donators from all over Switzerland have contributed to this excellent result. We have noticed that the amount of the average donation has risen.

The income from inheritances and legacies remain just as important at 11% of the total income.

The Federal contribution of CHF 3.0 million (previous year still CHF 2.75 million), as well as the contribution from the Cambodian government of approx. CHF 2 million account for only 15% of the total income. Over 85% of the total income is financed by private persons and non-state institutions.

Our work continues to enjoy a high degree of acceptance thanks to the quick and direct help given to the relevant children by the Swiss population. The incoming donations are not augmented and invested in stocks, property or other investments, but goes immediately to medical aid, meaning that the running of the hospital is ensured – without further donations – for 7 to 8 months.

### 4.3 Public Relations

Apart from two mailings in March and November, two other campaigns were launched in 2007. In June 2007, the donators were informed about the present serious Dengue fever epidemic. Another donations campaign was launched for the 15th anniversary of Kantha Bopha in August 2007.

The filmmaker Georg Gachot made a documentary film on the same subject, which was shown on Swiss TV. The film, now available on DVD, has recently been sent to our most generous donators as a thank you for their support.

The photographer Martin Steiner, sponsored by an anonymous Swiss company, created a calendar for 2009 with very striking pictures from the Kantha Bopha Children's Hospitals in Cambodia. The calendar was presented to the public at the Knie-Gala of May 6th 2008.

An important key to communication are the regular and very well visited church concerts that Dr. Beat Richner does in the course of his short visits to Switzerland. In the past financial year 2007, Dr. B. Richner performed in the Einsiedeln Minster, Zurich Cathedral, the Jesuit Church in Lucerne, the Elisabeth Church in Basle and also in Geneva. A particularly important and impressive performance was that given as part of the exhibition „Angkor, Cambodia's divine bequest“ at the Rietberg Museum Zurich.

As in previous years, the public were informed of current problems regularly through newspaper advertisements. The costs for these were only about 3% of total income.

Furthermore, Dr. Beat Richner gives a concert in Siem Reap every Saturday in the new conference building, which is heard regularly by tourists from all over the world. Apart from playing the cello, Dr. Beat Richner speaks about the work done and current problems. Twice a week, the Janine Hosking Australian documentary „Dr. Beat and the passive genocide of children“ is shown.

It is thanks to the many foreign visitors that the 15-year work of the Children's Hospitals in Cambodia is increasingly well-known internationally.

## 5. Thanks and Forecast

The enormous perseverance and unfailing tenacity of Beat Richner for the extension and the running of the Kantha Bopha Hospitals have brought the sick children of Cambodia blessed help and hope in the last 15 years. Cambodia's people rightly consider Beat Richner to be a personality in the tradition of Buddha, someone who gives of themselves to the poor and needy. The Foundation Board is very aware and grateful that Beat Richner's dedication is unique and is keen to find ways of continuing to help the sick children of Cambodia long-term.

The Foundation Board heartily thanks all the donators for their contributions, for which the Foundation guarantees their direct and specific use for the sick children in Cambodia. We give thanks to the many private events where collections are carried out for the benefit of Beat Richner's aid agency. If there is time, the Foundation Board likes to occasionally send a representative to such events. Direct contact with Beat Richner himself is best accomplished at his information events and concerts in Switzerland.

Once again, we thank the Cambodian government, the Cambodian royal family and the Swiss Federation for their financial contributions and their trust in the Foundation.

The media, too, must be thanked for their willingness to keep reporting on the activities of the Kantha Bopha Hospitals. Without this channel of information and without being able to spread the word, good things are often ignored in the modern world. That poverty and illness need to be fought with controlled, disciplined campaigns needs to be remembered, and not suppressed by our wealthy societies. Jayavarman VII, the last king of the historic Khmer empire in the 13th century said the quintessential point of his sovereignty was that the most important duty of the king was the care of the poor and the sick. Our hospital in Siem Reap is named after Jayavarman VII.

Zurich, June 8th, 2008

For the Foundation Board:



Dr. med. Alfred Löhner, President

Appendices: Statistics (Global Admission, Global Consultation, Operated surgical cases, Dengue Hemorrhagic Fever, Global Immunization)