

Kingdom of Cambodia

FY2020 Ex-Post Evaluation of Private Sector Investment Finance

“Emergency Life Saving Center Development Project”

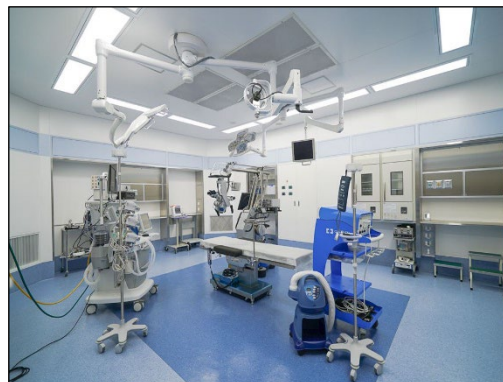
External Evaluator: Nobuyuki Kobayashi, OPMAC Corporation

Hideyuki Takagi, Ernst & Young ShinNihon LLC

1. Project Description



Project Location



Operating Room of the Supported Hospital

1.1 Project Outline

This project supported the opening of a private hospital with an emergency care center in Phnom Penh and aimed to provide medical services (prevention, treatment, rehabilitation, etc.) utilizing Japanese technology and know-how and to contribute to the improvement of the health situation in the country. In June 2015, project finance was provided for the opening of the Sunrise Japan Hospital, established by three Japanese companies (JGC Corporation, Innovation Network Corporation of Japan¹, and Kitahara Medical Strategies International Co., Ltd. (KMSI)).

2. Outline of the Evaluation Study

2.1 External Evaluator

Nobuyuki Kobayashi, OPMAC Corporation

Hideyuki Takagi, Ernst & Young ShinNihon LLC

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

Duration of the Study: January 2021 – February 2022

Duration of the Field Study: Not conducted

¹ The company name at the time of appraisal. Due to the reorganization of the company, INCJ, Ltd. was a shareholder at the time of the ex-post evaluation.

2.3 Constraints during the Evaluation Study

In this ex-post evaluation, the external evaluators were unable to conduct a field survey due to the COVID-19 pandemic. For this reason, the collection of information and data was limited to questionnaires and interviews using a web conferencing system. The web conferencing system was also used for the inspection of equipment. The information obtained in this ex-post evaluation was limited compared to information that could be collected from a field survey.

3. Conclusion

The objective of this project was to provide medical services (prevention, treatment, rehabilitation, etc.) utilizing Japanese technology and know-how by the construction of a private hospital with an emergency care center in Phnom Penh, thereby contributing to improvement of the health situation in the country. The evaluation results are as follows:

Relevance: The mortality rate for non-communicable diseases, including traffic accident injuries, was on the rise from the appraisal to the ex-post evaluation. During this period, the development policy of Cambodia emphasized a reduction of the mortality rate for non-infectious diseases and the utilization of the private sector. At both the time of appraisal and that of the ex-post evaluation, the number of hospitals where neurosurgery could be performed was limited in the country, and patients seeking a second opinion visited the supported hospital with its Japanese resident doctors. The objectives of this project were consistent with Japan's aid policy.

Efficiency: The construction of the hospital and the procurement of medical equipment were carried out almost as planned. The actual project cost was within the plan due to the exchange rate of the Japanese yen, which was stronger than that forecast at the time of appraisal. On the other hand, the actual project period exceeded the plan due to the delay in project implementation.

Effectiveness: While the target for inpatients per year was 2,816 persons at three years after the hospital opening, the actual figure was 1,124 persons (40% of the plan) in 2019. While the target for outpatients per year was 26,355 at three years after the hospital opening, the actual figure was 50,819 (193% of the plan) in 2019. Since the cost of medical services requiring hospitalization was expensive for the ordinary Cambodian patient, the number of inpatients per year was lower than planned. On the other hand, the number of outpatients per year was higher than planned because it was possible to control costs. To increase the bed utilization rate, the supported hospital allowed payment in installments for medical fees, discounted the hospitalization fee for long-term hospitalization, and introduced hospitalization for rehabilitation. Clinical departments for pediatrics and obstetrics/gynecology were also

established in consideration of the medical needs in Cambodia. Assuming an increase in the number of patients in line with the plan at the time of the ex-post evaluation, the Financial Internal Rate of Return exceeds the target, and the Economic Internal Rate of Return reaches the social discount rate. As the blood transfusion system in Cambodia had many issues, minimally invasive surgery, which was one of the supported hospital's strengths, could reduce the amount of blood transfusion and, thus, this type of surgery is agreed to be meaningful. Moreover, the supported hospital could conduct treatment, especially in neurosurgery, which other hospitals were unable to perform. According to patients, explanations of their medical conditions and treatments was easy to understand, and the medical professionals listened carefully to their main complaints. On the other hand, clients were of the opinion that the waiting time was a little long. For this reason, the supported hospital continuously made efforts to reduce the waiting time for patients.

Impact: Patients who were discharged in a better condition after hospitalization for neurosurgery accounted for about 90% of the total. Although spontaneous recovery should also be considered, rehabilitated patients were less dependent on the care of others. Based on the interview with the health authority, it was concluded that the specialized neurosurgery provided by the supported hospital was meaningful in terms of emergency medical care, and it was expected that the overall capacity would be expanded. The hospital has organized a coordination scheme within the regional medical service and sent patient referral letters to other hospitals. As a contribution to medical research, the supported hospital organized conferences for APSARA (Asian Pacific Society of Hospital General Medicine) from 2018 to 2020. Moreover, doctors from the hospital have published three research papers, which have made it possible to provide appropriate treatment and health guidance based on the lifestyle of patients. As a contribution to medical education, the supported hospital has accepted a total of 37 medical students and internship students from Petit Sastra University and other institutions. In addition, the doctors at the hospital have provided medical guidance to doctors at public hospitals in Cambodia. The supported hospital set up a fund to provide support for the payment of medical expenses for patients who faced difficulties (25 patients in total). Using donations from Dai-ichi Life Holdings Inc. and its subsidiary in Cambodia, anti-cancer drugs were provided to 6 patients free of charge. In addition, the supported hospital provided on-site medical health checks for free before the COVID-19 pandemic. It was discovered that the implementation of this project did not cause a negative impact on the natural environment. The final disposal of infectious waste was outsourced to a contractor designated by the Cambodian government.

Sustainability: The management setup was as planned and could obtain support from the shareholders. The increase in the number of medical professionals in response to the increase in

outpatients and an appropriate maintenance system for the building and medical equipment were also confirmed. In-hospital laundry and in-hospital cleaning were outsourced to a Cambodian subsidiary of a Japanese company for the prevention of infection, and the supported hospital receives the same level of services as it would in Japan. Five Japanese doctors with treatment experience in their fields were dispatched, and Cambodian nurses trained in Japan were responsible for the management of the nursing department. Training for Cambodian medical staff was implemented with JICA support, and continued using the hospital budget. Based on the profit and debt repayment capability, the borrower's financial health was considered to remain stable in the future. The budgets for repair, maintenance, and cleaning were secured. Under the maintenance contracts and the administration of user departments, medical equipment has been continuously inspected and repaired, and there are no major issues regarding its use.

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