



**PRESS STATEMENT
FOR IMMEDIATE RELEASE**

Civil Society sues Government over the International Specialized Hospital, Lubowa.

4 April 2019, Kampala, Uganda. TODAY, civil society led by the Initiative for Social and Economic Rights (ISER) have dragged government to court over the proposed Lubowa International Specialized Hospital, alleging that the process was procedurally flawed, failed to seek the constitutionally required approval of Parliament before executing any agreement where the Government has to take and/or guarantee a loan as such and that the process to approve this public private partnership was marred with limited participation of the citizens.

Converged at the Constitutional Court, Ms. Allana Kembabazi, ISER's right to health Program Manager, noted: "We should not operate outside the ambit of the law. The Constitution is clear about what needs to be done before government takes or guarantees a loan. It also enshrines the right of citizens to participate. Participation in these large Public Private Partnerships that have a big impact not only on the national budget but also the right to health is critical."

ISER is asking the Constitutional Court to declare all the agreements that Government entered into before approval by Parliament illegal, null and void, contravening and inconsistent with **the Constitution of the Republic of Uganda**, and therefore seeks that they be quashed by the Court. It seeks for Parliament to come up with systematic guidelines on public participation.

"The construction of the ISHU at Lubowa will not solve Uganda's health sector challenges and as such, the entire project runs against broader national interests that ought to be protected." Noted Elizabeth Atori, ISER's Legal Officer.

The proposed hospital which came into the limelight when Parliament, after heated debate, approved promissory notes of **USD 379.71 Million** on March 12, 2019 has been marred by controversy.

Sometime around February 2013, an investor identified as "FINASI SRL" made a proposal to H.E the President to build and manage specialized healthcare at Entebbe Grade A and the Uganda Cancer Institute and to which his Excellency the President directed the Ministry of Health and Ministry of Finance, Planning and Economic Development to negotiate the project and the contractor financing. Consequently, the Government of Uganda entered into a Project Works Investment Agreement and a Project Services Agreement with the International Specialised Hospital of Uganda Limited. Further still, the Ministry of Health and Ministry of Finance, Planning and Economic Development entered into a Lenders Direct Agreement with African Export-Import Bank and Barclays Bank of Uganda to finance the project.



INITIATIVE FOR SOCIAL AND ECONOMIC RIGHTS

On the 12th February 2019, the Minister of State for Finance, Planning and Economic Development in Charge of Planning, Hon. David Bahati, tabled a Proposal before Parliament for Government to issue Promissory Notes not exceeding **USD 379.71 Million** to FINASI/ ROKO Construction Special Purpose Vehicle Limited for financing the design, construction and equipping of the International Specialized Hospital of Uganda at Lubowa, Wakiso District. The proposal was then referred to the Parliamentary Committee on National Economy for consideration

However, in March 2019, The Parliamentary Committee on National Economy in its independent report observed that necessary Parliamentary approval had not been obtained but went ahead and recommended that the House approves the proposal for Government to issue Promissory Notes not exceeding **USD 379.71 Million** to FINASI/ROKO Construction Special Purpose Vehicle Limited for financing of the design, construction and equipping of the International Specialized Hospital of Uganda at Lubowa, Wakiso District which recommendation was adopted and approved by the House.

ISER is challenging the entire process of conceptualization of this project by the Government; arguing primarily that the process was procedurally flawed. Not only did the Government disregard procedural diligences that would be required of it in executing a Public Private Partnership, but it also failed to seek the constitutionally required approval of Parliament before executing any agreement where the Government has to take and/or guarantee a loan as such. The consequent act of Parliament approving the proposal after the fact does not in any way cure the illegalities that had already been occasioned by Government.

ISER emphasises that the process was marred with lack of transparency and participation of the citizens who are bound to shoulder the financial implication of the enormous loan obligations that the State has illegally gotten into.

ISER called on the government and donors to instead prioritise the public health sector. “ Investing in a quality and equitable public health system should be prioritized—both by the government and donors. The public health system is often the first point of call for the poor and vulnerable.” Says Brian Kiira, program officer, ISER.

Civil society has cautioned Government about engaging in Public Private Partnerships in health. ISER’s latest research, [‘Achieving Equity in Health: Are Public Private Partnerships the Solution?’](#) has noted the lack of participation in formulating PPPs and the fact that they may not be cost effective.

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