



ISER's report uncovers major flaws and risks in Lubowa Hospital PPP Project; finding it to be an expensive venture that will not benefit Ugandans

For immediate release

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The Initiative for Social and Economic Rights' (ISER) latest report on the Lubowa Hospital public private partnership (PPP) project, titled "*A False Promise! The Lubowa International Specialized Public Private Partnership Hospital Won't Deliver Universal Health in Uganda*" unveils the detrimental legal, financial, and social repercussions of continuing investment into this PPP in health project. Promissory notes now to a tune of \$113.25 million have been issued and paid to the contractor despite minimal progress in construction.

"Four years since its commencement, this very expensive project remains mired in scandal, barely constructed and draining millions of dollars from public coffers," said Angella Kasule Nabwowe, Executive Director at ISER. "These funds could have supported national and regional referral hospitals three times over, and just 5 per cent of the cost of Lubowa Hospital PPP could have paid for medical interns to be deployed across public hospitals for a year."

"The Lubowa case is not only a cautionary tale but a glaring indictment of PPPs within social sectors like health," noted ISER's Program Officer, Sumayah Labila Musoke. "It serves as a compelling case study demonstrating why developing countries should instead prioritize investments in public health facilities that guarantee universal access."

ISER's report expresses deep concern that the government continues to allocate billions of taxpayers' money to the Lubowa Hospital project without addressing the glaring deficiencies in the public health system. As Ugandans protest the deteriorating state of public health facilities under the #UgandaHealthExhibition and #ReclaimPublicServices campaigns and with repeated strikes of medical workers, questions arise about the government's decision to fund such an extravagant hospital when immediate public health needs are neglected.

"The project is poised to cater exclusively to a privileged minority who can afford its high fees, while the majority of the population remains deprived of basic health services. Who does this PPP hospital truly serve?" asked Allana Kembabazi, ISER's Programs Manager. "Lubowa PPP hospital project not only adds to the country's debt burden but also creates indirect liabilities for the government."



“One of the concerning aspects is the government's assumed responsibility for interest hedging arrangements, resulting in an additional financial burden of \$21.7 million,” noted Ausi Kibowa, Program Officer, ISER. “Moreover, the private contractor shifted all tax liabilities to the government, leaving Uganda liable for all taxes, including those owed by Finasi.”

ISER’s report finds the lack of rigorous penalties for the private actor's failure to deliver. Despite the project stalling at the foundation level and failing to meet critical milestones, the government continues to issue promissory notes and make payments to the investor.

ISER's report also analyses PPPs in healthcare and other social services, finding that even internationally, PPPs in social services have failed to deliver intended outcomes, often costing more than public alternatives and burdening the government with hidden expenses. ISER calls on the government to reassess the project's cost-benefit analysis and terminate this expensive venture.

Efforts to seek accountability have been frustrated. Members of Parliament seeking to assess progress were initially blocked. ISER in 2019 took government to court, petitioning the Constitutional Court over the legality of the agreements that government signed with Finasi/Roko.

“Five years later, we are still waiting on the Constitutional Court to deliver judgement.” Noted ISER’s Legal Officer Elizabeth Atori.” The process from the beginning was flawed and violated the Constitution. The tax payer now bears the cost.”

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For more information

About ISER:

The Initiative for Social and Economic Rights (ISER) is a non-profit organization based in Kampala, Uganda. Since its establishment, ISER has been a leading advocate for social and economic rights. Through research, advocacy, strategic litigation and community mobilisation, ISER works towards creating a more inclusive and equitable society that advances social and economic justice for all.

To access the full publication, please visit ISER's website at <https://iser-uganda.org/wp-content/uploads/2023/09/A-FALSE-PROMISE.-The-Lubowa-Hospital-PPP-Project-will-not-deliver.pdf>

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