

## **PRESS STATEMENT**

**By Mr. Keith Muhakanizi,  
Permanent Secretary/Secretary to the Treasury**

### **In Regard to the International Specialized Hospital of Uganda (ISHU) Project**

Following several public and media comments about the proposed International Specialized Hospital of Uganda, I wish to make the following clarifications in light of the various mis-understandings that have been made.

#### **1. Who is the Project Owner?**

The Project is fully owned by the Government of Uganda. The responsibility for the Hospital development has been given to FINASI-ROKO Construction Ltd.

#### **2. Who owns the Project Land?**

- i. The Project land was legally acquired by Government and given to the Joint Clinical Research Center (JCRC), a portion of which has been transferred to the Ministry of Health.
- ii. The ownership of the Project Land has been and will remain Government of Uganda represented by the Uganda Land Commission – Ministry of Health. No Land has been given to FINASI-ROKO Construction Ltd.

#### **3. What is the role of FINASI – ROKO Construction Ltd?**

FINASI-ROKO Construction Ltd is the Project Developer responsible for raising the financing for the design, construction, equipping, and the training of medical personnel over a 2 years.

#### **4. What is the cost of the Hospital?**

- i. The total Project Cost is US\$ 249.9 million inclusive of a 264-bed Hospital, an 82-room budget Hotel, a 500-seater Conference Hall, Health Training School and Staff Housing; all covering 85,000 square meters of built-up area.
- ii. The cost also includes medicines for 1 year; and training costs for Ugandan health professional

#### **5. What is the additional cost that increases the amount to US\$ 379.71 million?**

The additional US\$ 129.81 million represents the 'Time Value of Money' or interest cost of payment that Government has to incur as a result of repaying FINASI\_ROKO Construction over 6 years. The US\$ 129.71 million represents an effective interest of 6.49%.

#### **6. How will FINASI-ROKO Construction Ltd be repaid?**

FINASI-ROKO Construction Ltd will be repaid over 6 years after the 2 year period for the development for the Hospital

#### **7. What assurances/security does FINASI –ROKO Construction Ltd require from Government that it will be re-paid?**

FINASI-ROKO Construction requires that Government issues Irrevocable and Unconditional Promissory Notes for only completed and certified Project activities and works clearly showing how much is due to FINASI-ROKO Construction, and when the amount will be paid by Government of Uganda

**8. Will Government lose money on the Project?**

Government will only issue Promissory Notes for Project activities and works that have been completed and certified by Government's Owner's Engineer.

**9. Is Government issuing a guarantee for a loan that the FINASI-ROKO Construction may be getting to finance the Project Development?**

Government is not issuing any guarantee for a loan. It is only giving assurances (a firm Promise though irrevocable Promissory Notes) that what is due to FINASI-ROKO Construction will be paid at a future date.

**10. Who will manage the Hospital after construction?**

The Hospital will be managed for 8 years after construction by the International Specialized Hospital of Uganda Ltd., which is owned by FINASI International Group, which is partnering with the Pope John the 23<sup>rd</sup> Hospital in Bergamo (Papa Giovanni the 23<sup>rd</sup> Hospital, Bergamo)

**11. Why has Government chosen this model for Hospital development?**

FINASI International Group has experience in developing Hospitals at International Standards to enable Joint Commission International (JCI) accreditation which Government requires in order to stop outflow of foreign exchange used to send persons abroad for advance medical care.

**12. How will the Hospital affect the Health Sector budget?**

The Promissory Notes amounts will be funded from additional allocations made to the Health sector

**13. What are the benefits of the Hospital?**

The Hospital Project will benefit Uganda in the following ways:-

- i. Stop the outflow of foreign resources not only medical treatment abroad (US\$ 73 million in 2014), but also the costs of travel and upkeep (US\$ 113 million in 2014).

Information from the High Commission of India in Uganda indicates that 8,200 persons applied for medical visas in 2016, 5,000 of whom are Government-sponsored. At an average spending of US\$ 15,000 per patient, this totals approximately US\$ 123 million.

- ii. Use the current Government expenditure on treatment abroad to establish a Government-owned, world-class healthcare capacity to treat complicated medical ailments for both national and African region.
- iii. The presence of a world-class health facility locally, will allow many more patients to be treated with the same Government resources.
- iv. Increase foreign exchange inflows as persons from the region will also have access and also increase medical tourism.
- v. Develop skills and expertise of Uganda health professionals to provide advanced medical care, given that ISHU will use 1,100 Ugandan medical personnel at ISHU, supervised by 30-40 medical expatriates.
- vi. Provide advanced diagnostics for early detection of major complicated ailments, as many cases of Government sponsored persons are sent abroad when ailments are advanced and more difficult or impossible to successfully treat.

**MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**