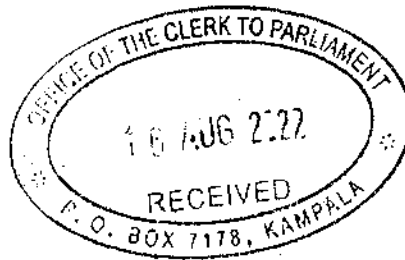




PARLIAMENT OF UGANDA



REPORT OF THE COMMITTEE ON NATIONAL ECONOMY ON THE
PERFORMANCE OF EUROS 10 MILLION FROM THE GOVERNMENT OF
THE REPUBLIC OF ITALY TO FINANCE THE KARAMOJA
INFRASTRUCTURE DEVELOPMENT PHASE II (KIDP11) UNDER THE
HEALTH SECTOR DEVELOPMENT PLAN (HSDP)

Office of the Clerk to Parliament,
Parliament Building,
KAMPALA:

August, 2022

1.0 INTROODUCTION

On 19th March, 2020, the Minister of Finance, Planning and Economic Development presented to Parliament a request by Government to borrow up to Euro 10.0 Million from the Government of the Republic of Italy to finance the Karamoja Infrastructure Development Phase II Project under the Health Sector Development Plan. The request was approved by Parliament on 18th June, 2020.

During the Plenary Sitting of the 3rd meeting of the 2nd Session of the 11th Parliament held on 14th July, 2022 the Rt. Hon. Speaker directed the Committee on National Economy to assess the implementation status of the Euro 10.0 Million loan obtained from the Government of the Republic of Italy to finance the Karamoja Infrastructure Development Phase II.

Pursuant to Rule 178 2 (c) of the Rules of Procedure of Parliament, the Committee considered the assignment and now reports.

2.0 METHODOLOGY

In consideration of the assignment, the Committee held meetings with the Ministry of Finance, Planning and Economic Development and the Attorney General

The committee also reviewed and made references to following documents;

- i. The Minister's brief to Parliament on the current status of the loan;
- ii. Loan agreement between Government of Uganda and Government of Italy.
- iii. Financial agreements between Government of Uganda and Cassa Depositi e Prestiti (CPD)
- iv. Request by MoFPED for Legal Opinion;
- v. Deputy Attorney General's Legal opinion on the Loan agreement;

- vi. Acknowledgement letter by Embassy of Italy acknowledging receipt of the addenda to the agreements;
- vii. Correspondence's from and to Embassy of Italy by MoFPED;

3.0 FINDINGS/OBSERVATIONS AND RECOMMENDATIONS

3.1 Delayed implementation of the project

The Minister of Finance, Planning and Economic Development informed the committee that Karamoja Infrastructure Development Phase II was designed to address the low health care infrastructure distribution, improve coverage situation, access and quality of health care in the region. He informed the committee that due to the obligatory loan effectiveness conditions, the loan implementation process has delayed as government tries to fulfill loan effectiveness requirements

- i. Issuance of a legal opinion of the Attorney General of Uganda on the legal validity of the loan documentation to the lender.
- ii. A Verbal Note to the Embassy of Italy from the Ministry of Foreign Affairs notifying that all internal procedures have been fulfilled and finalized.

The Minister further informed the Committee that the Agreement shall enter into force on the date of receipt of last notification by which parties shall inform each other on the completion of the domestic procedures necessary for the adoption of the Agreement.

The Attorney General informed the Committee that;

- i. Parliament approved Euro 10.0 Million loan from the Government of the Republic of Italy to finance the Karamoja Infrastructure Development Phase II on 18th June, 2020.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. Some signatures are large and stylized, while others are smaller and more compact. There are also some initials that appear to be 'H', 'A', and 'R'.

- ii. On 30th June, 2020, the Ministry of Finance, Planning and Economic Development (MoFPED) submitted to the Attorney General's Chambers a draft loan agreement between Government of Uganda and the Government of Italy for review and clearance. (Annex i)
- iii. The solicitor General studied and cleared the loan agreement on 9th July 2020, nine (9) days after submission. Annex ii
- iv. The loan agreement between Government of Uganda and the Government of Italy was signed one year later on 19th August, 2021, while the financing agreement was signed on 6th October, 2021 without clearance by the Office of the Attorney General. Annex iii

On 26th August 2021, MoFPED returned to Attorney General with a request for a legal opinion on the Loan Agreement, a usual requirement for the effectiveness of loan agreement. While handling this request, the Attorney General noted that this time there were two agreements attached, viz: (Annex iv)

- a) Loan Agreement between the Government of the Italian Republic and the Government of Uganda (already approved); and
- b) Financial Agreement between the Ministry of Finance, Planning and Economic Development of the Republic of Uganda and Cassa Depositi e Prestiti S. p. A

The attorney General Sought clarity from MOFPED, on 13th September 2021 as to:

- a) Whether the Legal Opinion being sought was to cover both agreements; and
- b) Whether the second agreement too had been approved by Parliament.

[Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left, a signature in the center, and several smaller signatures and initials on the right and bottom right.]

- v. On 2nd December 2021, it was brought to the attention of MoFPED that the letter of 13th September 2021 was yet to be responded to, and requested for a meeting on 6th December 2021, and the meeting was postponed to March 2022 at the request of officials from MoFPED. (Annex v)
- vi. Consequently on Monday 28th March 2022, MoFPED officials and those of Attorney General met to discuss the matters raised, and at the said meeting, MoFPED officials responded as follows: (annex vi)
- a. That the multiple correspondences between them and attorney General was as a result of the matter being handled by different officers at different points, from their end;
 - b. That much as their request had not been clear, the legal opinion requested for ought to have covered the two agreements i.e. the loan agreement signed between the Government of Uganda and the Italian Republic as well as the Financial agreement between MoPED and the Cassa Depositi e Prestiti S.P.A;
 - c. That the agreement between MoFPED and Cassa Depositi e Prestiti S.P.A in their opinion did not require authorization of Parliament as it was entered into pursuant to the loan agreement between Uganda and Italy, whose terms had already been cleared by Parliament by its resolution dated 18th June, 2029;
 - d. That because the agreement had been handled by different officers in their office, the loan agreement between MoFPED and Cassa Depositi e Prestiti S.P.A as an oversight was signed before subjecting it to the Attorney General for clearance;
 - e. That because the assignment had been handled by different officers in the MoFPED, the loan agreement between Uganda and Italy had

been signed without incorporating the changes set out in the Attorney General's clearance letter of 9th July 2020;

f. That they had shared general comments highlighted in the letter of 9th July 2022 with the Italian Embassy in the letter dated 17th March, 2022 and were awaiting a reply from the Embassy;

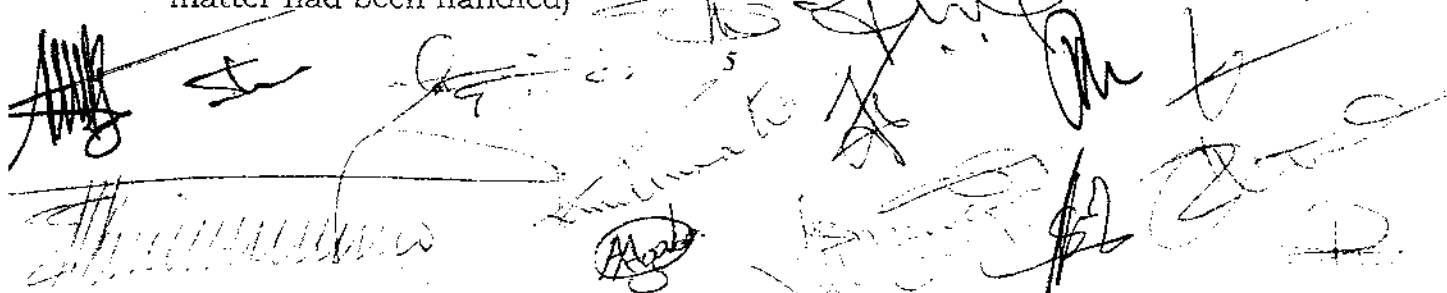
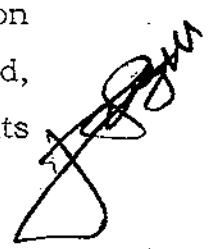
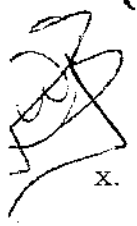
g. That due to gaps regarding the signing of the loan agreement without incorporating the comments raised by the office of the Attorney General as well as signing the agreement between MoFPED and Cassa Depositi e Prestiti S.P.A; without the advice of the Attorney General, they were of the opinion that the whole process be repeated and streamlined.

vii. On 12th April 2022, the Permanent Secretary/ Secretary to the Treasury, MoFPED wrote to the Attorney General informing him that the Ministry had engagements with the Italian Embassy on the matter and had suggested that rather than incorporating the Attorney General's comments which had been disregarded at the signing of the two agreements, the same be covered under respective addenda. (annex v)

viii. By the letter dated 5th May 2022, the Attorney General forwarded to the MoFPED respective addenda to the two agreements on the law applicable and dispute resolution.

ix. The two addenda were forwarded by the PS/SST to the Italian Embassy on 24th May, 2022 and on 15th June, 2022, the embassy responded, requesting that the agreement first enter into force before the amendments (by addenda) could be considered. (annex vi)

x. On 18th July 2022, the legal opinion was duly rendered and delivered to the MoFPED (notwithstanding the AG's reservations about how the whole matter had been handled)



From the above correspondences between 3 parties, the Committee observed the following; (annex vii)

- a) The MoFPED signed the financing agreement without seeking legal opinion of the Attorney General. This was in gross contravention of Art.119 4 (b) and 5 of the Constitution of the Republic of Uganda.
- b) Although the proposed amendments to the agreements were submitted and received by the Government of Italy, it is not clear if they will be considered. This is corroborated in their letter to Ministry of Finance dated 15th July 2022 in which the Government of Italy wants Government of Uganda to first approve the earlier agreements before discussing the proposed amendments. "We request for a confirmation of the entry into force of the Loan and Financial agreements." The letter reads in parts. This confirmation of entry into force by Uganda Government implies that it is prerequisite to discussions of the proposed amendments to the agreements to the signed.
- c) The handling of assignments by different officers is a sign of lack of a centre of responsibility and lack of clarity on the role of officers on the side of the Ministry of Finance. In addition, there is lack of coordination among officers in the ministry.
- d) There is lack of coordination between Ministry of Finance and the office of Chief Advisor of Government.
- e) The process has taken over two (2) years and communication between parties taken too long in endless correspondences which has affected loan disbursement.

Recommendations

- *Minister of Finance, Planning and Economic Development should in future abide by the legal provisions of the Constitution;*
- *Those who signed the financing agreement without first seeking legal opinion of the Attorney General should be personally held responsible for any short comings in the project delays.*
- *The Committee further recommends that the Ministry of Finance, the Attorney General and any other Ministry relevant to fulfilling the effectiveness conditions of a loan form a committee to minimize on the bureaucracy in inter-ministerial correspondences.*

3.2 Minimum amount for external Borrowing

The government of the Republic of Italy will provide Euro 10.00 million equivalent to UGX 39.44 billion¹ to finance KIDP Phase II under concessional terms, with a maturity period of 32 years, repayment period of 11 years, grace period of 21 years, while management fee and commitment fee are at zero.

The Committee observed that whereas the terms of the loan are soft and very favourable the loan amount is relatively small that should have been accommodated in the normal budgeting process. The cost of negotiating and deployment of Government resources to finally make small external loans effective are not justifiable.

The committee further observed that the Public Debt Management Framework FY 2018/19-FY 2022/23 is a primary framework, which offers generic principles that guide the contracting and use of public debt in Uganda, including guaranteed and non-guaranteed debt. It also delivers procedures that guide both external and domestic debt, as well as measures to further the development of the domestic debt market.

¹ Used exchange rate of 1 Euro: 3,944.49 UGX extracted from Bank of Uganda on 9th August 2022

The committee noted with concern that one of the external debt guidelines has not been fully been adhered to which is: "The minimum amount for any external borrowing shall be US\$10 million. The intention is to maximise the benefits of any external borrowing while minimizing costs related to contracting the loan". In the recent past, some loans have been acquired through external borrowing of as little as Euros 7.5 million equivalent to US \$ 8.6 million (UGX 32 billion), defeating the purpose of the guidelines.

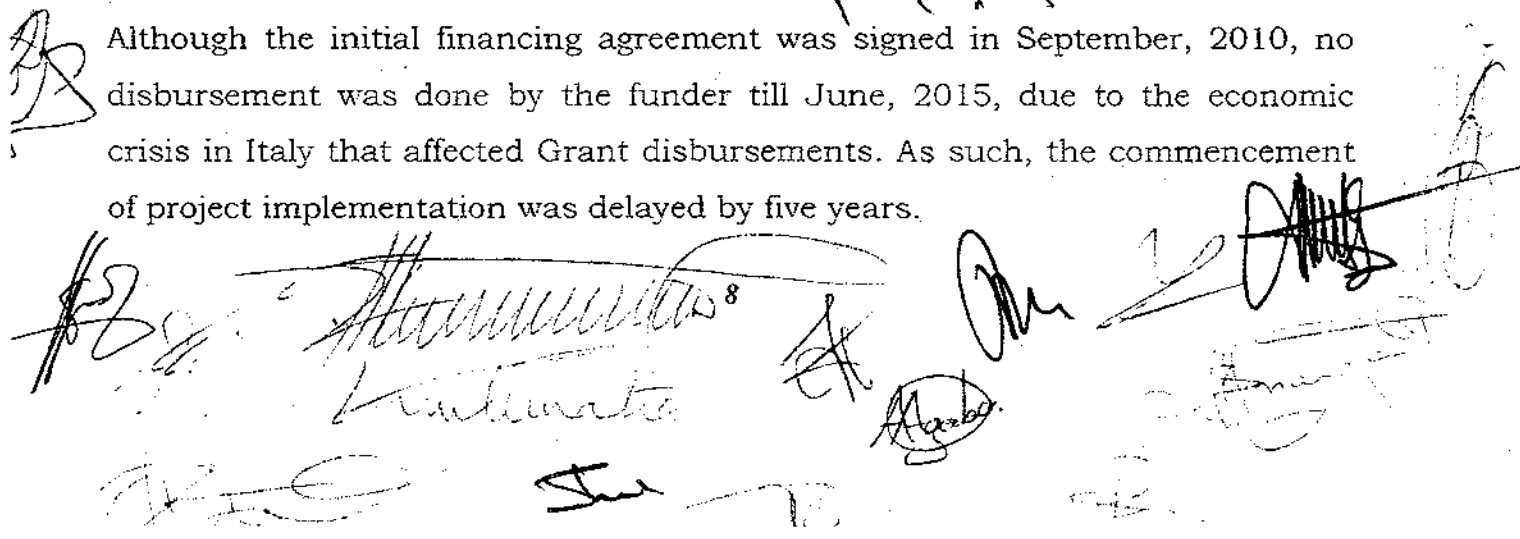
- *The Committee therefore recommends that this august House resolves that the minimum amount for any external borrowing should not be less than US \$ 20 million to minimize costs related to contracting loans and maximize benefits.*
- *The Committee further recommends that in future Government should develop mechanisms of internally financing such small scale projects to avert future pressures of debt repayment.*



3.3 Status of implementation of KIDP1

The Committee noted that Government of Uganda signed a Grant Financing Agreement (GFA) with the Government of Italy, on 23rd December, 2010, for a Grant of Euros 4,200,000 and Government of Uganda co-financing of Euros 739,112, over a three- year period. The grant was to be released in equal instalments of Euros 1,400,000 annually over three years. The project was for constructing 68 staff houses at selected health centre IIIs in the 7 Districts (now 9) of the Karamoja Sub Region.

Although the initial financing agreement was signed in September, 2010, no disbursement was done by the funder till June, 2015, due to the economic crisis in Italy that affected Grant disbursements. As such, the commencement of project implementation was delayed by five years.



The first financing agreement signed in 2010, expired when only one instalment of the grant of Euros 1,400,000 had been disbursed. Renewal of the financing agreement was done in February 2017, the second instalment was subsequently disbursed in December, 2017. The third and final instalment of Euros 1.4m has not been disbursed to-date, which has stalled the implementation of KIDP1.

The Contractor suspended works on 6th November 2017, due to delayed payments from The Ministry of Health and the contract expired on 19th December 2017 before completion of the works. This has caused significant cost overruns due to failure to keep contractual obligations to the contractors, and changes in input prices. At Contract expiry, the status of works in Abim Kotido, Karenga and Kaabong was 85%, in Napak and Moroto, at 36%, while in Amudat, Nakapiripirit and Nabilatuk, at 15% completion. This was against utilization of 66% (2.8 million Euros of the Grant). The contractor subsequently demobilized from the sites.

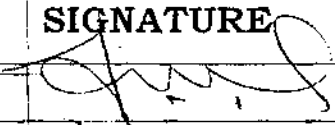
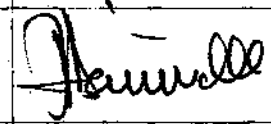

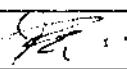
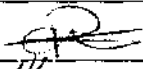


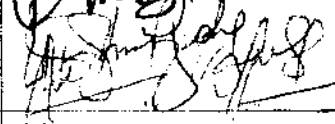
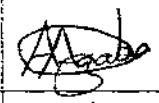
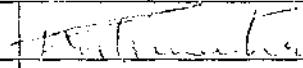
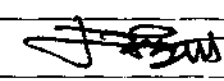
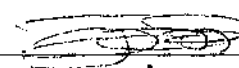

The committee was informed that attempts to directly re-contract the contractor were not successful. Another set of contractors were sourced through open domestic bidding, and are currently implementing the project.

The project end date was extended to May, 2022, through a Note Verbale issued by the Government of Italy though the project remains incomplete to-date.

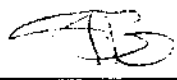

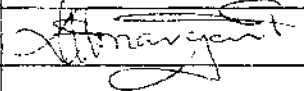
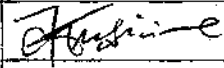
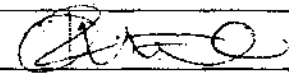
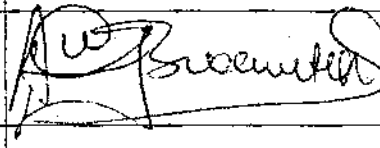
Recommendations

- a. The Committee recommends that the final accounts and closure with the previous contractor be concluded to verify the project cost overruns that were estimated to be USD 344,315 largely as a result of delays in fulfilling contractual obligations.*

**SIGNING OF THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY ON THE
PERFORMANCE OF EURO 10 MILLION FROM THE GOVERNMENT OF THE REPUBLIC
OF ITALY TO FINANCE THE KARAMOJA INFRASTRUCTURE DEVELOPMENT PHASE
II (KIDP11) UNDER THE HEALTH SECTOR DEVELOPMENT PLAN (HSDP)**

S/N	NAME	CONSTITUTENCY	SIGNATURE
1.	Hon. Ikojo John Bosco C/P	Bukedea County	
2.	Hon. Migadde Robert Ndugwa D/CP	Buvuma Islands County	
3.	Hon. Awich Jane	DWR Kaberamaido	
4.	Hon. Ayoo Tonny	Kwania County	
5.	Hon. Baka Stephen Mugabi	Bukooli County North	
6.	Hon. Katwesigye Oliver Koyekyenga	DWR Buhweju	
7.	Hon. Natukunda Midius	DWR Rukungiri	
8.	Hon. Byarugaba Alex Bakunda	Isingiro County South	
9.	Hon. Chemutai Phyllis	DWR Kapchorwa	
10.	Hon. Etuka Isaac Joakino	Upper Madi County	
11.	Hon. Isabirye Iddi	Bunya County South	
12.	Hon. Kajwengye Twinomugisha Wilson	Nyabushozi County	
13.	Hon. Agaba Aisa	Bugangaizi East County	
14.	Hon. Kemirembe Pauline Kyaka	DWR Lyantonde	
15.	Hon. Lematia Ruth Molly Ondoru	Maracha East County	
16.	Hon. Lochap Peterkhen	Bokora East County	
17.	Hon. Twinobusingye Jovanice	DWR Kiruhura	
18.	Hon. Aber Lillian	DWR Kitgum	
19.	Hon. Avur Jane Pacuto	DWR Pakwach	
20.	Hon. Byanyima Nathan	Bukanga North County	



21.	Hon. Kibalya Henry Maurice	Bugabula County South	
22.	Hon. Awasi Sylvia Vicky	DWR Nabilatuk	
23.	Hon. Kwizera Paul	Kisoro Municipality	
24.	Hon. Wokorach Simon Peter	Aswa County	
25.	Hon. Teira John	Bugabula County North	
26.	Hon. Ebwalu Jonathan	Soroti West Division	
27.	Hon. Atugonza Allan	Buliisa County	
28.	Hon. Makhoha Margaret	DWR Namayingo	
29.	Hon. Abeja Susan Jolly	DWR Otuke	
30.	Hon. Macho Geoffrey	Busia Municipality	
31.	Hon. Tusiime Julius Karuhanga	Rwampara East County	
32.	Hon. Kabuusu Moses	Kyamuswa County	
33.	Hon. Oguzu Lee Denis	Maracha County	
34.	Hon. Akena James Micheal Jimmy	Lira East Division	
35.	Hon. Kayondo Fred	Mukono County South	
36.	Hon. Katabazi Francis Katongole	Kalungu East County	
37.	Hon. Kirumira Hassan	Katikamu County South	
38.	Hon. Nyeko Derrick	Makindye Division East	
39.	Hon. Saazi Godfrey	Gomba East County	
40.	Hon. Bwanika Abed	Kimaanya-Kabonera Division	
41.	Hon. Gen. Mugira James	UPDF	

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Fax : 256 41 4233524
Email : finance@finance.go.ug
Website : www.finance.go.ug
Plot No. 2-8 Apollo Kagga Road
In any correspondence on
This subject please quote No. ALD 179/181703

Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

23rd June 2022

The Solicitor General,
Ministry of Justice and Constitutional Affairs,
KAMPALA.

**REQUEST FOR LEGAL OPINION FOR LOAN AGREEMENT FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II (KIDP
II)**

I acknowledge the receipt of your letter dated 5th May 2022 under Ref: ADM.7/170/01 on the above subject matter. Further reference is made to the letter dated 15th June 2022 under Ref: Prot. No. 622 from Embassy of Italy responding to ours following your comments.

The Embassy of Italy has informed this Ministry that the comments you raised are acceptable to them. However, Italy requests for a confirmation of entry into force of the Agreements before the proposed amendments can be made.

This Ministry has no objection to the request given that project implementation will commence after the amendments have been made. In addition, this will enable start of preliminary activities that have no financial implication to Government.

The purpose of this letter therefore is to inform you as above and forward the attached correspondence from the Embassy of Italy for your review and advice.

Patrick Ocailap

FOR: PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

cc. Hon. Minister of Finance, Planning and Economic Development.
" Hon. Attorney General, Constitutional Affairs.
" Hon. Minister of Health.

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources, so as to achieve the most rapid and sustainable economic growth and development"

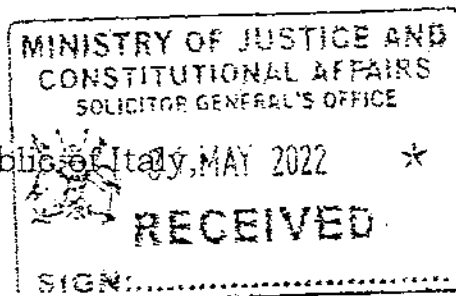
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In any correspondence on
This subject please quote No. ALD 179/181/03



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

24th May 2022

The Ambassador,
Embassy of the Republic of Italy,
KAMPALA.



Your Excellency,

**RE: KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II
(KIDP II) – REQUEST TO ADDRESS CHALLENGES IMPEDING
ACHIEVEMENT OF LOAN EFFECTIVENESS CONDITIONS**

I acknowledge the receipt of your letter dated 29th March 2022 under reference Prot. No.: 299 on the above subject matter responding to ours dated 17th March 2022 of even reference.

This Ministry has consulted internally within Government regarding your proposal and wishes to respond as follows:

Loan Agreement between Government of Uganda and the Republic of Italy.

1. The proposal to sign an addendum to the signed Loan Agreement is acceptable to Government. The addendum incorporates the following:
 - i. Incorporation of an introductory paragraph introducing the parties to the agreement, specifically stating that the Government of the Republic of Uganda is represented by the Ministry of Finance, Planning and Economic Development.
 - ii. "National Development Plan II (NDPII)" be replaced with NDP III under Recital 3.
 - iii. The definition of "BORROWER" under definition 3 in the definitions and recitals section be changed from Ministry of Finance, Planning and Economic Development to Government of the Republic of Uganda is represented by the Ministry of Finance, Planning and Economic Development.

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This subject please quote No. ALD 179/181/03



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

12th April 2022

The Solicitor General,
Ministry of Justice and Constitutional Affairs,
KAMPALA.

**REQUEST FOR LEGAL OPINION FOR LOAN AGREEMENT FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II (KIDP
II)**

I acknowledge the receipt of your letter dated 2nd December 2021,
under Ref: ADM.7/170/01 seeking for clarifications regarding the
above subject matter.

In view of your letter and engagements this Ministry has had with
your Office on the subject matter, we engaged the Embassy of Italy
with a proposal to sign the Agreements afresh while incorporating
your comments. Italy has declined our proposal and has instead
recommended that an Addendum to the Agreement addressing your
comments be made. This Ministry is in agreement with the proposal to
have an Addendum to the Agreements and would wish that your Office
is in concurrence with the same.

The purpose of this letter therefore is to inform you as above and
forward the attached correspondences for your consideration, advice
and clearance.

Ramathan Ggoobi

PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

cc. Hon. Minister of Finance, Planning and Economic
Development.
" Hon. Attorney General, Ministry of Justice and
Constitutional Affairs

Mission

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In any correspondence on
this subject please quote No.ALD 179/181/01

THE REPUBLIC OF UGANDA

22nd February 2021

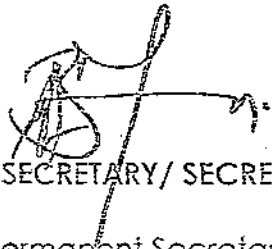
The Solicitor General
Ministry of Justice and Constitutional Affairs
Kampala

**CLEARANCE OF THE DRAFT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF ITALY AND THE GOVERNMENT OF THE REPUBLIC OF UGANDA FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT PHASE II.**

The Government of Uganda has developed the Karamoja Infrastructure Development Project Phase 2 (KIDP II) with a broad objective to contribute to the production of a healthy human capital for wealth creation through provision of equitable, safe and sustainable health services.

Subsequently, the attached draft Loan Financing Agreement has been negotiated between the Government of the Republic of Italy and the Government of the Republic of Uganda, to provide credit of 10 Million Euros for the project.

The purpose of this letter is to request you to review and clear revised Loan Agreement for signature.


Patrick Ocaillap
For: PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Copy to: The Permanent Secretary, Ministry of Health

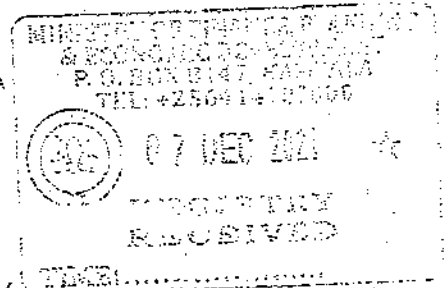
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In any correspondence on this subject
please quote: ADM.7/170/01



ATTORNEY GENERAL'S CHAMBERS
P.O. BOX 7183
Kampala, Uganda

Red/Dep
Please handle
8/12/21

2nd December, 2021



The Permanent Secretary/Secretary to the Treasury,
Ministry of Finance, Planning and Economic Development
P.O.Box 8147
Kampala

REQUEST FOR LEGAL OPINION FOR LOAN AGREEMENT FOR THE KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II

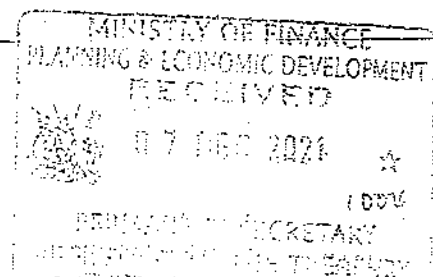
We refer to your letter dated 11th November, 2021 Ref: ALD 179/181/01, in which you sought the legal opinion of the Attorney General concerning the Financing Agreement for the Karamoja Infrastructure Development Project II.

We have reviewed your request and noted that you made an earlier request for the Attorney General's legal opinion in respect of the same Agreement vide letter dated 26th August, 2021 Ref: ALD 179/181/01. In response to this request, this Office vide letter dated 13th September, 2021 Ref: AD.7/170/01 sought clarification from your Office on the following issues;

1. Whereas the forwarding letter, the Parliamentary Resolution and the clearance letter from this Office make reference to the Loan Agreement signed between the Government of the Republic of Uganda and the Republic of Italy worth EURO 10,000,000 under the Italian Support to the Health Sector Development Plan-Karamoja Infrastructure Project Phase II (the first agreement), attached to the request is also a Financial Agreement between Ministry of Finance, Planning and Economic Development of the Republic of Uganda and Cassa Depositi e Presti S.p.A (the latter agreement) on the same Project as the first agreement.

Article 3 of the latter agreement indicates one of the conditions precedent to its effectiveness as "a statement by the competent authority of the

MINISTRY OF FINANCE, PLANNING
ECONOMIC DEVELOPMENT
P. O. BOX 7031, KAMPALA
MINISTRY OF FINANCE, PLANNING & ECONOMIC DEVELOPMENT



Government of the Republic of Uganda evidencing the powers and authority of the Borrower to sign in the name and on behalf of the Government of the Republic of Uganda..."

While the link between the two agreements is established under Article 15.1 of the first agreement which provides that upon its signature and completion of internal procedures, Ministry of Finance, Planning and Economic Development and Cassa Depositi e Presti S.p.A shall enter into a Financial Convention, the two agreements availed raise the following questions;

- a) Whether the legal opinion to be rendered by the Hon. Attorney General should cover both agreements.
 - b) Whether the latter agreement was approved by Parliament
 - c) Whether the latter agreement was approved by this Office
 - d) The first agreement makes reference to annexes 1 and 2 which have not been availed.
2. The comments reflected in this Office's clearance letter of 9th July, 2020 concerning the first agreement were not addressed. The provisions referred to in this letter do not tally with the corresponding provisions of the said agreement.

This is therefore to remind you to respond to the above concerns to enable us render further guidance on the subject.



Racheal Rwomushana

FOR: SOLICITOR GENERAL

3. Mr. Godfrey B. Ssemugoma - Ag. Director
Financial Management Services
Accountant General's Office
Kampala

Signature

4. Mr. Mubarak Nasamba - Ag. Commissioner
Treasury Services Department
Accountant General's Office
Kampala

Signature

5. Mr. Aiden D. Rujumba - Commissioner,
Financial Management Systems
Department
Accountant General's Office,
Kampala

Signature

Matia Kasajja (M.P.)
MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Telephone : 256 41 431380/20487
Fax : 256 41 423354
Email : info@cdp.gov.ug
Website : www.cdp.gov.ug
Plot No. 2-8 Sir Apollo Kagame Road
In any correspondence on this subject
please quote No. ALD/179/18/01



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

November 04, 2021

Cassa Depositi e Prestiti (CDP)
Via Goito 4 Rome
ITALY

**FINANCING AGREEMENT FOR THE ITALIAN SUPPORT TO THE
HEALTH SECTOR DEVELOPMENT PLAN - KARAMOJA
INFRASTRUCTURE PROJECT' PHASE II: VERIFICATION OF
SPECIMEN SIGNATURES**

I am writing with reference to the Agreement to be concluded between your
good selves and the Republic of Uganda for the Karomoja infrastructure
project phase II.

Now pursuant to the provisions of the above Agreement, I hereby verify the
following persons whose names and specimen signatures appear here
below as the Authorized Representatives of the Borrower, for the purposes
of issuing Drawdown Certificates.

Any two of the following Signatories

1. Mr. Lawrence Semakula - Accountant General
Accountant General's Office
Kampala

Signature

2. Ms. Jennifer Muhuruzi Bigirwa - Ag. Director
Treasury Services and Assets
Management Directorate
Accountant General's Office
Kampala

Signature

7-60
Kaduna
moden
22.11.2011

This is to request, dear PSSF, for fast completion of the above conditions for effective services of the improvements, to ensure an early start of the KIDP II project implementation, and those contribute to the universal health service accessibility and availability to the people of the Karamoja Region.

22/12/21

Dear PST, dear Ronald Thom.

The Technical Agreement for the "Italian Support to the Health Sector Development Plan" (Kamanga Infrastructure Development Project Phase II - KIIPII) was signed on 19/06/2021 and the concerned Financial Convention signed by Cassa Depositi e Prestiti (CDP) on the 6/10/2021.

As indicated within the two agreements, their entry into force requires the ratification of the following steps:

13 For the technical Agreement, formal inception of the KADP II Steering Committee, and signing of a Memorandum from the Ministry of Foreign Affairs of CRL, to the Embassy of Italy, marking that all the internal procedures have been finalized and completed.

2) For the financial contribution (see Art 5.1)

ii) a statement by the competent authority of the host, evidencing the powers and authority of the Borrower to sign in the name and on behalf of the Government of the Republic of Uganda, and to undertake the obligations arising out of this Agreement;

b) the appointment in writing by the competent authority of the Borrower (...) of the person or persons duly authorised to sign (s.s.) the Request of Disbursement and the Acknowledgement of Indebtedness; (...) Such designation shall specify the name and the office of such persons and contain the up to date "specimen form" of the signatures thereof;

e) a statement that certifies the opening of the Special Project Account and its details.

Following completion of the above-mentioned steps, (70) can proceed to request for the first disjunct, which entails few additional conditionalities:

ai) The communication by the Italian Agency for Development Cooperation (AICS) to the financial institution, Cassa di Risparmio di Padova e Rovigo (CIR), about the entry into force of the Loan Agreement and the approval of the Work Plan and the Procurement Plan respectively, by the Project Steering Committee and AICS.

Mr. Kamalhan Gajwabi
Permanent Secretary to the Treasury,
Ministry of Finance, Planning & Economic Development
Kampala

Minister of Health and Family Development
Dr. C. Hanjiraj

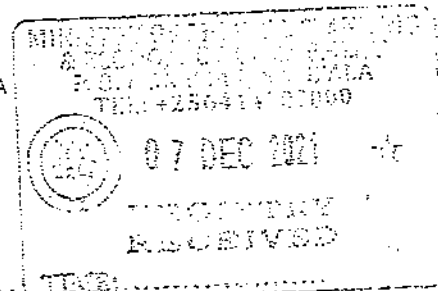
Kind Regards,
J. F. Kennedy
Massachusetts, U.S.A.
Ambassador of Italy

GENERAL LINES: +256-230802/254829
DIRECT LINE: +256-414-341-018
FAX NO. +256-414-230802/254829
EMAIL: info@jlos.go.ug
WEBSITE: www.jlos.go.ug
In any correspondence on this subject
please quote: ADM.7/170/01



ATTORNEY GENERAL'S CHAMBERS
P.O. BOX 7183
Kampala, Uganda

THE REPUBLIC OF UGANDA



2nd December, 2021

The Permanent Secretary/Secretary to the Treasury,
Ministry of Finance, Planning and Economic Development
P.O.Box 8147
Kampala

REQUEST FOR LEGAL OPINION FOR LOAN AGREEMENT FOR THE KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II

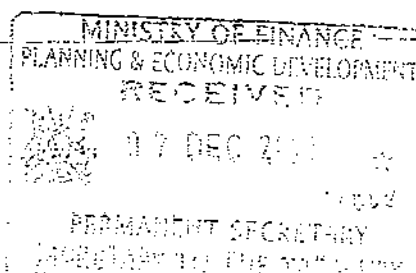
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MINISTRY OF FINANCE, PLANNING,
ECONOMIC DEVELOPMENT
P. O. BOX 7031, KAMPALA
MINISTRY OF FINANCE, PLANNING & ECONOMIC DEVELOPMENT



Government of the Republic of Uganda evidencing the powers and authority of the Borrower to sign in the name and on behalf of the Government of the Republic of Uganda..."

While the link between the two agreements is established under Article 15.1 of the first agreement which provides that upon its signature and completion of internal procedures, Ministry of Finance, Planning and Economic Development and Cassa Depositi e Presti S.p.A shall enter into a Financial Convention, the two agreements availed raise the following questions;

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This is therefore to remind you to respond to the above concerns to enable us render further guidance on the subject.



Racheal Rwomushana

FOR: SOLICITOR GENERAL

ADM.7/170/01

2nd December, 2021

The Permanent Secretary/Secretary to the Treasury,
Ministry of Finance, Planning and Economic Development
P.O.Box 8147
Kampala

**REQUEST FOR LEGAL OPINION FOR LOAN AGREEMENT FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT II**

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Article 3 of the latter agreement indicates one of the conditions precedent to its effectiveness as *"a statement by the competent authority of the Government of the Republic of Uganda evidencing the powers and authority of the Borrower to sign in the name and on behalf of the Government of the Republic of Uganda..."*

While the link between the two agreements is established under Article 15.1 of the first agreement which provides that upon its signature and completion of internal procedures, Ministry of Finance, Planning and Economic Development and Cassa Depositi e Presti S.p.A shall enter into a Financial Convention, the two agreements availed raise the following questions;

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Racheal Rwomushana
FOR: SOLICITOR GENERAL

TELEGRAMS: "ADMINISTER"
DIRECT LINES:
ATTORNEY GENERAL: 0414-343841
MINISTER OF STATE: 0414-343401
SOLICITOR GENERAL: 0414-343941
UNDER SECRETARY: 0414-342261
GENERAL LINES: 0414-230538/9
FAX: 0414-230802/254829
WEBSITE: www.justice.go.ug



MINISTRY OF JUSTICE AND
CONSTITUTIONAL AFFAIRS
P.O. BOX 7183
KAMPALA - UGANDA

In any correspondence on this subject
Please quote No. ADM.7/171/01

9th July, 2020

The Permanent Secretary/Secretary to The Treasury,
Ministry of Finance Planning and Economic Development,
P.O Box 8147,
Kampala.

**CLEARANCE OF THE DRAFT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF ITALY AND THE GOVERNMENT OF THE REPUBLIC OF UGANDA
FOR THE KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT PHASE II**

Reference is made to yours dated 30th June, 2020 Ref: ALD 179/182/01 in
respect of the above subject.

This is to advise that the draft Loan Financing Agreements secured from the
Government of the Republic of Italy to finance the Karamoja Infrastructure
Development Project Phase 2 worth €10,000,000.00 (Euros Ten Million Only) is
hereby cleared for signature subject to the following;

Refer to Article 5 on project expected results; the word "the" appearing in sub
clause 1 and 2 should be deleted so as to read;

The expected project results are two;

- 5.1 Improved health facilities in Karamoja through infrastructure and
equipment investment.*
- 5.2 Strengthened outreach activities in remote areas through tools and goods
supply for the eight (8) district hospitals.*

Refer to article 21 on settlement of disputes; this should be rephrased as
follows;

*"..... In the event of failure to resolve the disputes amicably, reference shall be
made to international law."*

Please send us a signed copy for our records.


Betty Adwoh
FOR: SOLICITOR GENERAL

Telephone: 256 41 4707 000
: 256 41 4232 095
Fax : 256 41 4230 163
: 256 41 4343 023
: 256 41 4341 286
Email : finance@finance.go.ug
Website : www.finance.go.ug



Ministry of Finance, Planning &
Economic Development
Plot 2-12, Apollo Kaggwa Road
P.O. Box 8147
Kampala
Uganda

In any correspondence on
this subject please quote No.ALD 179/181/01

THE REPUBLIC OF UGANDA

22nd February 2021

The Solicitor General
Ministry of Justice and Constitutional Affairs
Kampala

**CLEARANCE OF THE DRAFT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF ITALY AND THE GOVERNMENT OF THE REPUBLIC OF UGANDA FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT PHASE II.**

The Government of Uganda has developed the Karamoja Infrastructure Development Project Phase 2 (KIDP II) with a broad objective to contribute to the production of a healthy human capital for wealth creation through provision of equitable, safe and sustainable health services.

Subsequently, the attached draft Loan Financing Agreement has been negotiated between the Government of the Republic of Italy and the Government of the Republic of Uganda, to provide credit of 10 Million Euros for the project.

The purpose of this letter is to request you to review and clear revised Loan Agreement for signature.

Patrick Ocailap
For: PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Copy to: The Permanent Secretary, Ministry of Health



Telephone : 256 41 4341305/230487
Fax : 256 41 4233524
Email : finance@finance.go.ug
Website : www.finance.go.ug
Plot No. 2-8 Sir Apollo Kagwa Road
In any correspondence on this subject
please quote No. ALD 179/181/01



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

November 04, 2021

Cassa Depositi e Presititi (CDP)
Via Goito 4 Rome
ITALY

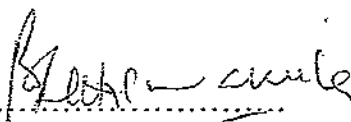
**FINANCING AGREEMENT FOR THE ITALIAN SUPPORT TO THE
HEALTH SECTOR DEVELOPMENT PLAN - KARAMOJA
INFRASTRUCTURE PROJECT PHASE II: - VERIFICATION OF
SPECIMEN SIGNATURES**

I am writing with reference to the Agreement to be concluded between your good selves and the Republic of Uganda for the Karomoja infrastructure project phase II.

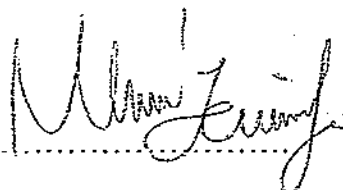
Now pursuant to the provisions of the above Agreement, I hereby verify the following persons whose names and specimen signatures appear here below as the Authorized Representatives of the Borrower, for the purposes of issuing Drawdown Certificates.

Any two of the following Signatories

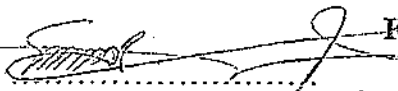
1. Mr. Lawrence Semakula - Accountant General
Accountant General's Office
Kampala

Signature 

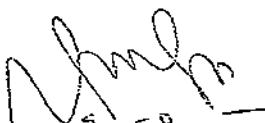
2. Ms. Jennifer Muhuruzi Bigirwa - Ag. Director
Treasury Services and Assets
Management Directorate
Accountant General's Office
Kampala

Signature 

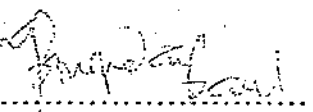
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Accountant General's Office
Kampala

Signature 

4. Mr. Mubarak Nasamba - Ag. Commissioner
Treasury Services Department
Accountant General's Office
Kampala

Signature 

5. Mr. Aiden D. Rujumba - Commissioner,
Financial Management Systems
Department
Accountant General's Office,
Kampala

Signature 


Matia Kasajja (M.P)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

REPUBLIC OF UGANDA

KAMPALA

Kampala, 9th November, 2021

Dear PSST, Dear Ramathan,

The Technical Agreement for the "Italian Support to the Health Sector Development Plan: Karamoja Infrastructure Development Project Phase II - KIDP II" was signed on 19/8/2021 and the concerned Financial Convention signed by Cassa Depositi e Prestiti (CDP) on the 6/10/2021.

As indicated within the two agreements, their entry into force requires the fulfilment of the following steps:

1) For the Technical Agreement, formal inception of the KIDP II Steering Committee, and sending of a Note Verbale from the Ministry of Foreign Affairs of GOU, to the Embassy of Italy, notifying that all the internal procedures have been finalized and completed.

2) For the Financial Convention (see Art 3.1)

- a) a statement by the competent authority of the GOU, evidencing the powers and authority of the Borrower to sign, in the name and on behalf of the Government of the Republic of Uganda, and to undertake the obligations arising out of this Agreement;
- b) the appointment in writing by the competent authority of the Borrower (...) of the person or persons duly authorised to sign (...), the Request of Disbursement and the Acknowledgement of Indebtedness, (...) Such designation shall specify the name and the office of such person/s and contain the up to date "specimen form" of the signatures thereof;
- c) a statement that certifies the opening of the Special Project Account and its details.

Following completion of the above-mentioned steps, GOU can proceed to request for the first disbursement, which entails few additional conditionalities:

- a) The communication by the Italian Agency for Development Cooperation (AICS) to the financial institution, Cassa Depositi e Prestiti (CDP), about the entry into force of the Loan Agreement and the approval of the Work Plan and the Procurement Plan respectively, by the Project Steering Committee and AICS.

Mr. Ramathan Ggobi
Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning & Economic Development
Kampala

C.C. Hon Minister of Finance, Planning & Economic Development
C.C. Hon Minister of Health

① Ag Nelson
Follow up this
matter.

22/11/2021

POST N. 1100

Signature
22/11/21

DL
②
Process
22.12.21

3) Daisy
Please
handle
Signature

Signature
22/12/21

C.C. The Permanent Secretary, Ministry of Health

This is to request, dear PSSF, for fast completion of the above conditionalities for effectiveness of the agreements, to ensure an early start of the KIDP II project implementation, and thus contribute to the universal health service accessibility and availability to the people of the Karamoja Region.

Kind Regards,



Massimiliano Mazzanti
Ambassador of Italy

Telephone: 256 41 4707 000
: 256 41 4232 095
Fax : 256 41 4230 163
: 256 41 4343 023
: 256 41 4341 286
Email : finance@finance.go.ug
Website : www.finance.go.ug



Ministry of Finance, Planning &
Economic Development
Plot 2-12, Apollo Kaggwa Road
P.O. Box 8147
Kampala
Uganda

In any correspondence on
this subject please quote No.ALD 179/181/01

THE REPUBLIC OF UGANDA

22nd February 2021

The Solicitor General
Ministry of Justice and Constitutional Affairs
Kampala

**CLEARANCE OF THE DRAFT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF ITALY AND THE GOVERNMENT OF THE REPUBLIC OF UGANDA FOR THE
KARAMOJA INFRASTRUCTURE DEVELOPMENT PROJECT PHASE II.**

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Patrick Ocailap
For: PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Copy to: The Permanent Secretary, Ministry of Health

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

