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## 1. 0 INTRODUCTION

The Committee on National Economy considered the request by Government to borrow up to Twenty million United States Dollars (US\$ 20.0m) from the Arab Bank for Economic Development in Africa (BADEA); Thirty million United States Dollars (US\$ 30.0m) from the Saudi Fund for Development (SFD); and Twenty million United States Dollars (US\$ 20.0m) from the OPEC fund for International Development (OFID) for the Construction and Equipping of the Uganda Heart Institute Project in accordance with Rule 178 (2) (b) of the Parliamentary Rules of Procedure.

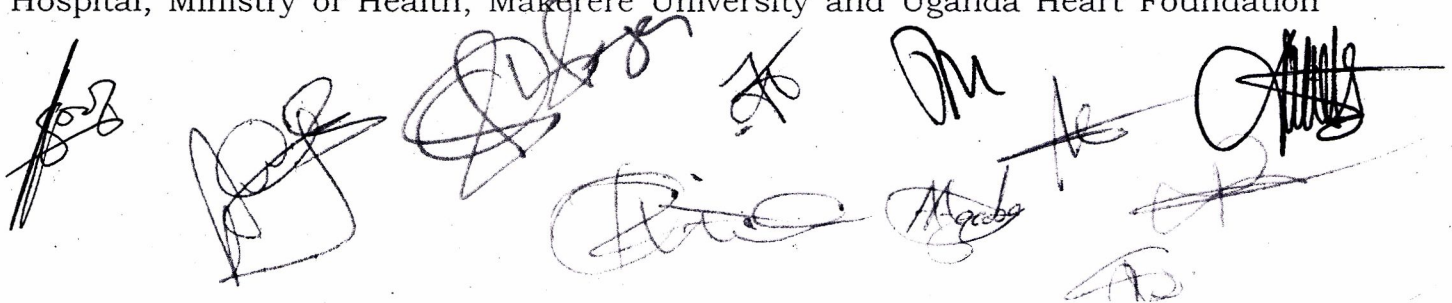
The request was presented to this House by the Hon. Minister of Finance, Planning and Economic Development on 1<sup>st</sup> March, 2022 and accordingly referred to the Committee of National Economy for consideration.

## 2. 0 BACKGROUND

It is estimated that non-communicable diseases account for 56 percent of all deaths and 46 percent of the disease burden globally. This burden constitutes one of the major challenges to development in the 21st century in developing countries bearing the largest burden of non-communicable diseases.

The health sector in Uganda is one of the priority sectors of government that is critical in the attainment of Uganda Vision 2040 by producing a healthy and productive population that effectively contributes to socio-economic growth. Over the last 30 years, Government has progressively made investments to achieve better health for the people in Uganda and thereby contribute to the enhancement of the quality of life and productivity.

Cardiovascular care in Uganda started at Mulago Hospital in 1956 with open heart surgery being performed in 1969. However, due to the political crisis of the 1970s, there was a drastic decline in this service. In 1988, representatives from Mulago Hospital, Ministry of Health, Makerere University and Uganda Heart Foundation



met and resolved that the Uganda Heart Institute be established. This therefore led to the revamping of Cardiovascular Services in Uganda.

The first closed heart surgery was performed on 4th April 1996, while open-heart surgery was performed on 27th October 2007. Currently, Uganda Heart Institute (UHI) is an autonomous body established by the Uganda Heart Institute (UHI) Act, 2016 and is charged with the mandate to undertake and coordinate the management of cardiovascular disease in Uganda. However, the above evolution has not been adequately supported by investment in physical infrastructure and equipment. As a result, Uganda Heart Institute's capacity has not kept pace with the rate of cardiovascular diseases.

**Globally, over 76% of cardiovascular deaths occur in low and middle income countries, of which 80% are due to heart attack (7.4 million) and stroke (6.7 million). It is estimated that one in four adults or about 25% of Uganda's population has high blood pressure which can lead to Cardiovascular diseases, stroke or kidney failure. Accordingly, there is a 27% chance of Ugandans aged between 30 and 70 years dying of Non-Communicable Diseases, with Cardiovascular disease accounting for 9% of these deaths.**

The above statistics confirm that the burden of Cardiovascular disease remain high among African countries. The construction and equipping of Uganda Heart Institute will present an opportunity for Uganda in terms of medical tourism. However, whereas the non-communicable diseases are increasing, the health systems have remained less responsive. Uganda is undergoing an epidemiological transition with non-communicable diseases now accounting for about 40 percent of the disease burden.

It is therefore upon this background that government seeks to borrow up to Twenty million United States Dollars (US\$ 20.0m) from the Arab Bank for Economic Development in Africa (BADEA); Thirty million United States Dollars (US\$ 30.0m)



from the Saudi Fund for Development (SFD); and Twenty million United States Dollars (US\$ 20.0m) from the OPEC fund for International Development (OFID) for the Construction and Equipping of the Uganda Heart Institute Project.

Rt. Hon. Speaker and Hon. Members, the Committee considered and scrutinized the request and now begs to report.

### **3. 0 METHODOLOGY**

#### **3.1 Meetings**

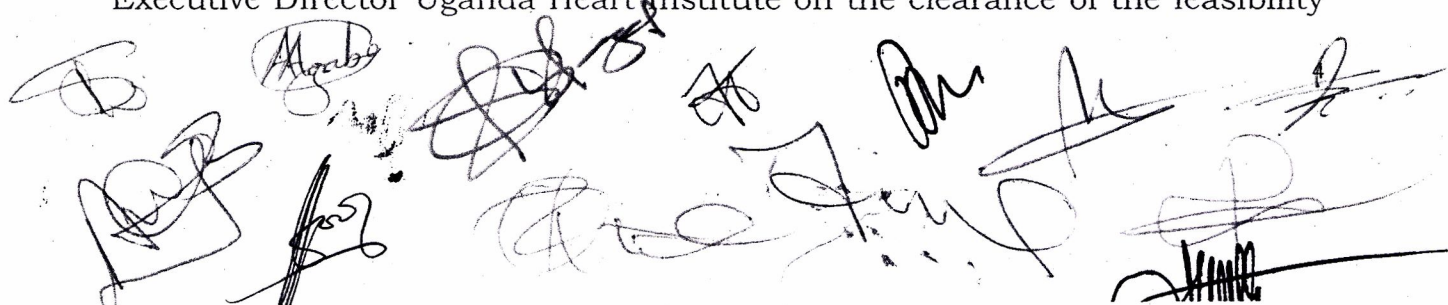
The Committee held meetings and received submission from the following:

- i. The Ministry of Finance, Planning and Economic Development;
- ii. The Ministry of Health;and
- iii. Uganda Heart Institute.
- iv. Parliamentary Sectoral committee on Health

#### **3.2 Documentary Review**

The Committee studied and made reference to the following documents:

- i. The Minister of Finance, Planning and Economic Development's Brief on the loan request;
- ii. The draft Loan Financing Agreement between the Republic of Uganda and the Arab Bank for Economic Development in Africa (BADEA);
- iii. The draft Loan Financing Agreement between the Republic of Uganda and the Saudi Fund for Development (SFD);
- iv. The draft Loan Financing Agreement between the Republic of Uganda and the OPEC fund for International Development (OFID);
- v. Minutes of the Development Sub-Committee of the Ministry of Finance, Planning and Economic Development meeting held on 1<sup>st</sup> February, 2019 on the clearance of the feasibility study for the construction of a state of the art home for the Uganda Heart Institute;
- vi. Letter from the Permanent Secretary/Secretary to the Treasury to the Executive Director Uganda Heart Institute on the clearance of the feasibility



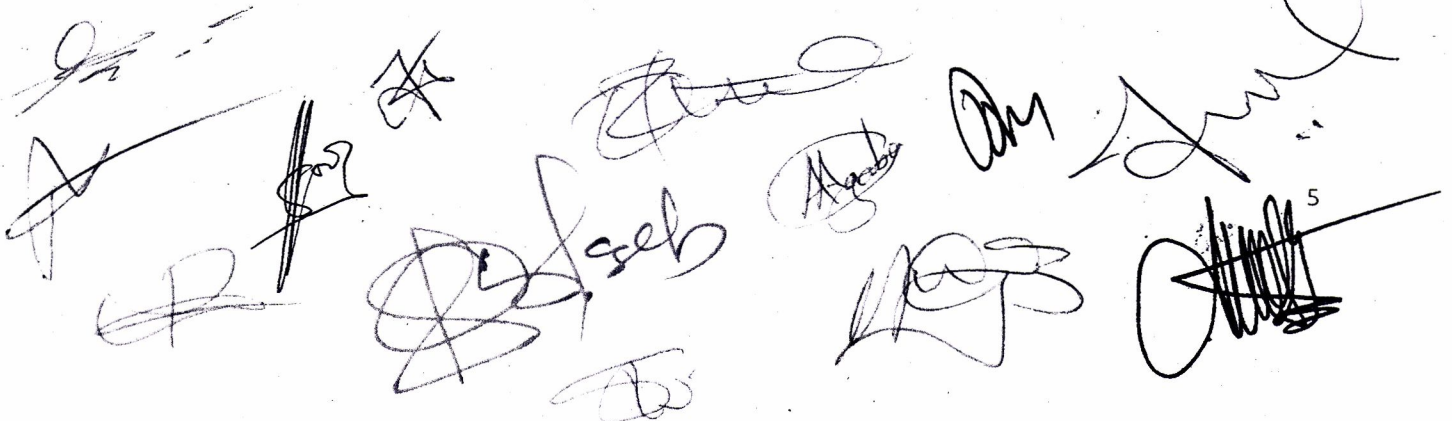
study for the construction of a state of the art home for the Uganda Heart Institute (Dated 13<sup>th</sup> February, 2019)

- vii. Letter from H.E the President to the Chairperson Uganda Land Commission, directing for the allocation of 10 acres of the Nakawa-Naguru Land to the Uganda Heart Institute for the setting up of a Cardiac Centre of excellence (250 bed Hospital) (Dated 14<sup>th</sup> October, 2020)
- viii. The BADEA/OPEC FUND joint mission to Uganda Aide Memoire on the appraisal mission for the construction of a state of the art home for the Uganda Heart Institute project ( 6-13 September, 2021);
- ix. The Lease Hold Land Certificate of Title (49 years, from 17<sup>th</sup> May, 2021 ) for the Uganda Heart Institute located at Naguru (4.0470 Hectares equivalent to approximately 10 acres-Plot 18-24) issued by the Uganda Land Commission on 31<sup>st</sup> May, 2021;
- x. The National Planning Authority letter to the Permanent Secretary/Secretary to the Treasury on the assessment of the loan financing proposal for the Construction and Equipping of the Uganda Heart Institute Project (dated 10<sup>th</sup> February, 2022);
- xi. Project procurement plan;
- xii. environment social impact assessment;



### 3.2 Field Activities

The committee undertook a field visit to the proposed construction site of the “state of the art” home for the Uganda Heart Institute in Naguru to establish the extent to which the Uganda Heart Institute management was well prepared to implement this project. In addition, the committee visited the current home of the Uganda Heart Institute at Mulago National Referral Hospital, to have a quick assessment of the existing infrastructure in relation to its mandate of undertaking and coordinating the management of cardiovascular diseases in Uganda as provided by the Uganda Heart Institute Act, 2016.





#### 4. 0 ALIGNMENT OF THE PROJECT TO THE NATIONAL PLANNING FRAMEWORK

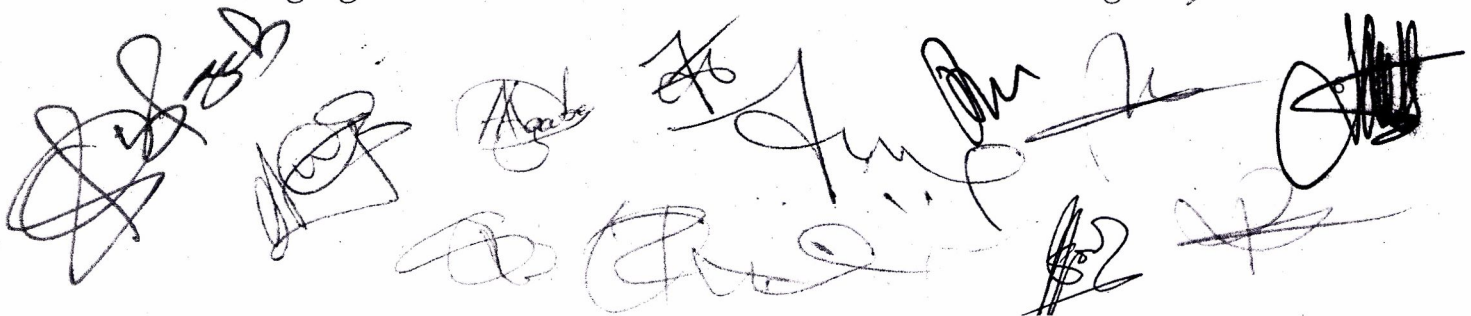
The Uganda Heart Institute infrastructure project is an NDP III core project intended to improve population health, safety and management. The project will boost the responsiveness of Uganda's health systems to the rapidly increasing prevalence of Non communicable diseases. Therefore, the Construction and Equipping of the Uganda Heart Institute Project is in line with the Uganda Vision 2040 and the Third National Development Plan (NDPIII) 2020/21 – 2024/25 and is consistent with the goal of this Plan ***“To Increase Household Incomes and Improve Quality of Life of Ugandans”***.

The Third National Development Plan (NDP III (2020/21- 2024/25)) has identified eighteen (18) programs that have been designed to deliver the required results under this Plan. Among them is the Human Capital Development Programme, which aims to increase productivity of the population for increased competitiveness and better quality of life for all. Key expected results include: increased proportion of labour force transiting to gainful and decent employment; increased years of schooling; improved child and maternal health outcomes; improved access to sexual and reproductive health; increased life expectancy; reduced gender inequalities; access to safe and clean water and sanitation; and increased access by population to social protection.



Strategic objective four of the Third National Development Plan (NDPIII) 2020/21 – 2024/25 seeks to enhance the productivity and social wellbeing of the population while the Human Capital development programme objective seeks to improve population health, safety and management. Some interventions proposed under this objective include the prevention and control of Non-Communicable Diseases with specific focus on cancer, cardiovascular diseases and trauma through;

- i. Establishing centres of excellence in provision of oncology, cardiovascular and trauma services at both national and regional levels and foster regional integration; and
- ii. Positioning Uganda as a medical tourism destination in the region.



## 5. 0 PERFORMANCE OF PREVIOUS DEBT FINANCED PROJECTS UNDER THE HEALTH SECTOR

**Table 1: Loan Performance of Projects under the Ministry of Health as at 30<sup>th</sup> December, 2021 (US\$ millions)**

Donor	Project	Parliament Approval date	Loan Amount Committed	Disbursement Amount	Undisbursed Amount	% Disbursed	Initial Completion date
ADEA	Rehabilitation and expansion of Kayunga and Yumbe General Hospitals Project	16/09/2014	7.00	3.42	3.58	48.90%	31/12/2018
IFD	Rehabilitation and expansion of Kayunga and Yumbe General Hospitals Project	16/09/2014	15.00	10.80	4.20	72.70%	31/12/2018
FID	Rehabilitation and expansion of Kayunga and Yumbe General Hospitals Project	16/09/2014	15.00	13.16	1.84	87.70%	31/12/2018
IDA	Reproductive Maternal and Child Health Services Improvement Project.	21/12/2016	110.00	95.38	14.62	86.70%	30/06/2021
WORLD BANK	Karamoja Infrastructure Development Project Phase 2	18/06/2020	11.72	0	11.72	0%	30/06/23
NICRE	Establishment of a Regional Oncology Center in Northern Uganda	6/10/2020	8.87	3.26	5.61	36.8%	30/05/2022
IDA	COVID - 19 Response and Emergency Preparedness Project	10/05/2021	13.13	2.99	10.14	22.8%	31/12/2022
	<b>TOTAL</b>		<b>180.72</b>	<b>129.01</b>	<b>51.71</b>	<b>71.39%</b>	

**Source: MFPED (March, 2022) , DRS & PBO Computations**

There are 7 approved ongoing projects in the Health sector. by Ministry of Health amounting to US\$ 180.72 Million of which US\$ 129.01 million has been disbursed representing a disbursement rate of 71.39% as at 31st December, 2021. Despite, the improvement in absorption of externally borrowed funds under the sector, there are still a number of individual projects that were facing low absorption of funds as at 31st December, 2021 when compared to their initial completion dates at the time of signing the project loan agreements. These include, the Karamoja Infrastructure Development Project Phase 2, the Establishment of a Regional



Oncology Center in Northern Uganda Project & the COVID – 19 Response and Emergency Preparedness Project.

## 6. 0 PROJECT OBJECTIVES AND OUTPUTS

The overall objective of the Project is to contribute to the NDP III Strategic Objective No. 4; “Enhancing the productivity and social wellbeing of the population” through construction and equipping a state of the art home for the Uganda Heart Institute.

### 6.1 Project Outputs

The Expected Project Outputs are:

- i. Construction of a state of the art home for the Uganda Heart -Three blocks namely:
  - a. the clinical block - one (1) ground floor and nine (9) typical floors
  - b. , research and laboratories block- a ground floor, and nine (9) typical floors;
  - c. staff and maintenance block - one ground floor and eight (8) typical floors;
- ii. Supply and installation of medical equipment for the Uganda Heart Institute.

## 7. 0 PROJECTS COMPONENTS

The project has the following 5 components as shown in table 2;

Table 2: Project Componets

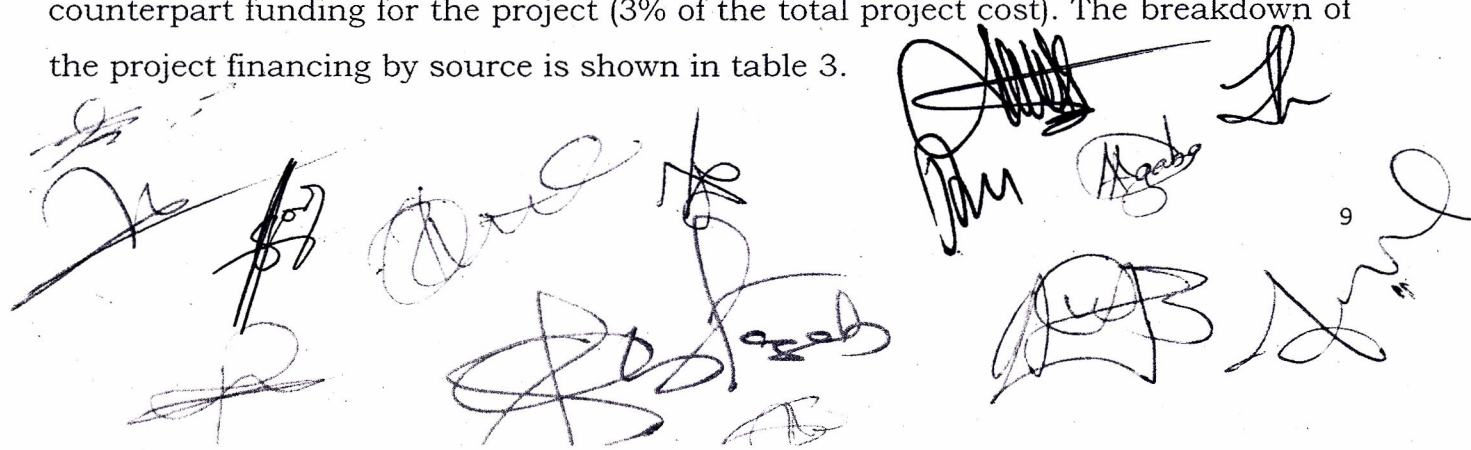
S/N	COMPONENT	DESCRIPTION	AMOUNT (USD million)	% Share
1.	Civil Works and Ancillaries	This component will finance Construction of the Clinical Block, Research and Training Block; Staff Accommodation and Maintenance Block; and External Works.	46.0	63%
2.	Supply and installation of medical Equipment and Furniture	This component will finance the supply ,delivery and installation and commissioning of Modern	17.4	24%

		medical & non-medical equipment and furniture.		
3.	Consultancy Services	This component will finance all studies and designs and Bills of Quantities preparation plus construction supervision.	2.0	3%
4.	Project Management	This component will support UHI, in Coordination of all Project activities	0.9	1%
5.	Contingency funds	This will caters for any cost overruns or reallocations across categories	6.8	9%
	<b>Total</b>		<b>73.0</b>	

**Source: BADEA/OPEC FUND joint mission to Uganda Aide Memoire (September,2021) , DRS & PBO Computations**

Table 2 shows that the Construction of the Clinical Block, Research and Training Block; Staff Accommodation and Maintenance Block; and External Works component of Project will cost USD 46.0 million (63% of the total project cost). The supply ,delivery and installation and commissioning of Modern medical & non-medical equipment and furniture for the Uganda Heart Institute component will cost USD 17.4 million (24% of the total project cost). Consultancy services, project Management and contingency funds account for the remaining 13percent of the total project cost (USD 9.7 million).

The total estimated cost for the Construction and Equipping of the Uganda Heart Institute Project exclusive of taxes, is USD 73 million. The Saudi Fund for Development (SFD) will provide a loan of USD 30 million (41% of the total project cost) while the Arab Bank for Economic Development in Africa (BADEA) will provide a loan of USD 20 million (27% of the total project cost). The OPEC fund for International Development (OFID) will provide a loan of USD 20 million (27% of the total project cost) and the Government of Uganda will provide USD 3 million as counterpart funding for the project (3% of the total project cost). The breakdown of the project financing by source is shown in table 3.



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**Table 3: Project Financing by Source (USD million)**

No.	Component Name	Estimated Cost(USD M) and Contribution from Different Development Partners			
		SFD	BADEA	OPEC	GOU
1	Civil Works and Ancillaries	23.3	11.30	11.40	0.00
2	Equipment and Furniture	3.50	6.95	6.95	0.00
3	Consultancy Services	0.00	0.00	0.00	2.00
4	Project Management, launch & Audit	0.00	0.05	0.00	0.80
5.	Contingency funds( unallocated)	3.20	1.70	1.65	0.20
	<b>Total</b>	<b>30.0</b>	<b>20.00</b>	<b>20.00</b>	<b>3.00</b>
		<b>0</b>			
<b>% Share</b>		<b>41%</b>	<b>27%</b>	<b>27%</b>	<b>4%</b>

Source: BADEA/OPEC FUND joint mission to Uganda Aide Memoire (September,2021)  
, DRS & PBO Staff Computations

## 8. 0 LOAN TERMS, CONDITIONS AND BUDGETARY IMPLICATIONS

### 8.1 Loan terms and conditions

The Arab Bank for Economic Development in Africa (BADEA), the Saudi Fund for Development (SFD) and the OPEC fund for International Development (OFID) will make available loan financing for the Construction and Equipping of the Uganda Heart Institute Project under the terms indicated in **Table 4**.

**Table 4: Loan Terms & Conditions**

Item	Terms		
	SFD	BADEA	OFID
<b>Loan Amount (USD Million)</b>	30	20	20
<b>Maturity Period (Years)</b>	25	20	20
<b>Repayment period (Years)</b>	20	15	15
<b>Grace period (Years)</b>	5	5	5
<b>Interest charge</b>	2.0% per annum on the principal amount of the Loan withdrawn and	2.0 % per annum on the principal amount of the Loan withdrawn and outstanding	6 months USD Libor plus 2.0% per annum payable on amounts withdrawn and outstanding.



	outstanding.	from time to time.	
<b>Front -End fees</b>			0.25% of the loan amount payable within 90 days from the date of effectiveness.
<b>Commitment fee</b>			0.25% per annum on unwithdrawn amounts beginning to accrue 60 days from the date of signature and payable within 90 days from the date of effectiveness.

**Source: SFD/BADEA/OPEC FUND- Draft Financing Agreements**

Table 4 shows that the terms of these loans are soft and favourable, when compared to commercial and domestic borrowing. They all come with a five(5) year grace period, and a maturity period of atleast twenty years (20) years. The Loans from SFD and BADEA are at a fixed interest rate of two percent (2%) while that from OFID has its interest rate on variable terms that are determined by the market forces of demand and supply. Only the Loan from OFID has commitment fees of 0.25percent of the undisbursed loan funds and; a one off front end fee of 0.25 percent of the loan amount payable within 90days from the date of effectiveness.

However, there is need for MFPED to engage these financiers with the view of improving the financing terms to more concessional , in particular increasing the repayment period for the BADEA and OFID loans to minimum of 20 years in order to reduce the liquidity pressures of debt servicing and maximise on investment returns for the project.

## 8.2 Additional Loan Conditions:

### BADEA Loan

- Condition for effectiveness** . Provision of evidence to BADEA that OFID has confirmed its contribution in financing the Project .



- i) **Condition precedent to disbursement.** No withdrawal from the loan account shall take place unless evidence has been provided to BADEA confirming the following: the establishment of the Ministerial Committee, the Technical Committee and the nomination of the project Coordinator and the Project Implementation Unit.

**OFID Loan**

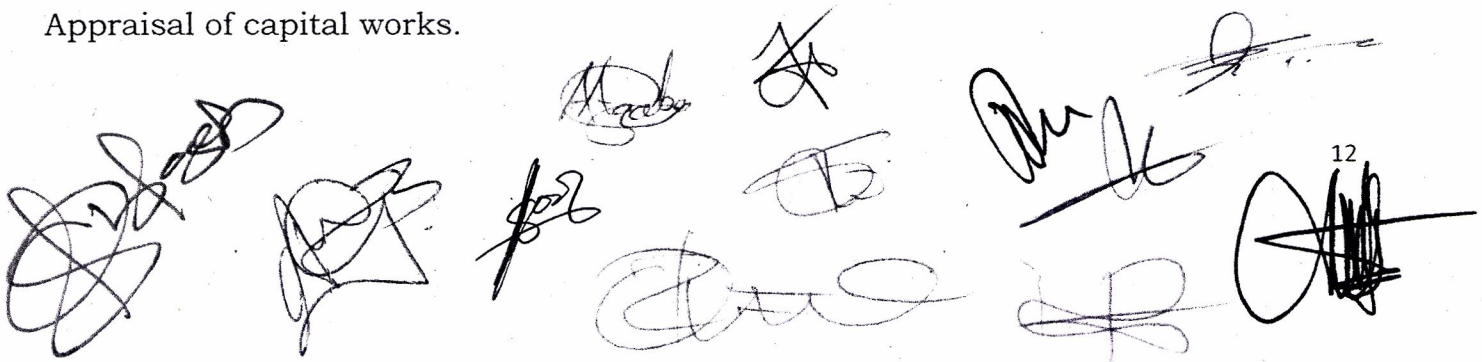
- i. Satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorised and ratified according to the constitutional requirements of the borrower.
- ii. A certificate issued by the Attorney General confirming that the Financing Agreement has been duly authorised and ratified by the borrower and constitutes valid and binding obligation of the borrower in accordance with its terms.

***General conditions for effectiveness of the said loans include the following:***

- i. Resolution of Parliament approving the borrowing;
- ii. Legal Opinion of the Attorney General on the legality of the transaction and legal documentation;
- iii. Letter to the Banks authorising persons to sign withdrawal applications together with specimen signatures; and
- iv. Opening of a special account(s) in a bank(s) acceptable to SFD, OPEC Fund and BADEA to handle projects' disbursements under Loans.

**8.3 Budgetary Implication**

Government has committed to provide counterpart funding for the project. The project is part of the Public Investment Plan and it's included in the Uganda Heart Institute budget for FY 2022/23 under project code: 1526. The project has a Government of Uganda allocation of UGX 4.15 billion to cater for Engineering and Design Studies & Plans for capital works, and for Monitoring, supervision and Appraisal of capital works.



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Once this loan request is approved by Parliament, the Vote's budget estimates will be adjusted upwards to reflect the forecasted disbursements from the financiers in line with the loan disbursement schedule.

## **9. 0 PROJECT IMPLEMENTATION ARRANGEMENTS**

The Project shall be implemented by the Uganda Heart Institute. The project duration is four (4) years. A project implementation Unit will be headed by a competent engineer and shall be equipped with the necessary support staff and facilities to supervise the project.

## **10. THE CURRENT DEBT SITUATION OF THE COUNTRY**

The interim total public debt stock as at end March 2022 was UGX 75.675 trillion, just about 49.4 percent of the GDP. This is a 7.8 percentage increase from the stock recorded in June 2021. The committee was informed that the increase of debt during this FY year is largely due to an increase in domestic debt by 14.1 percent in comparison with that at end of FY 2021/22. External debt continues to maintain the highest share of 61.6 percent of the total public debt. For FY 2021/22, Parliament approved Shs, 2.9 trillion as domestic borrowing for purposes of financing the budget. No additional borrowing was ever approved.

The approval of this loan will increase the external debt exposure for public and publically guaranteed debt by US\$ 70 million and the share of GDP by 0.17 percent to 49.57 percent. Even though public debt will remain within the sustainable levels, Uganda is rated at moderate risk of debt distress. If Uganda experiences an adverse shock, leading to a decline in GDP growth, some of the debt risk indicators will exceed the PDMF thresholds rendering our debt unsustainable.

## **11. COMPLIANCE WITH PARLIAMENTARY RULES OF PROCEDURE**

Rule 155 (7), provides the requirements to be considered when scrutinizing loans requiring Parliamentary approval. The Rule requires performance information and impact assessment for previous projects by a ministry or Government agency, evidence of project appraisal, consistency with the national planning framework for



project implementation, procurement plan, evidence of implementation of the resettlement action plan, evidence of implementation of project readiness for implementation and financing mechanism.

Below are the combined scores MoH received based on submitted documents.

**Table 6: Compliance with Parliamentary Rules of Procedure**

Indicator	Target score	Institutional score	Performance (%)
Performance of previous projects	5	3	60%
Consistency with the National Planning Framework	3	3	100%
Institutional framework	2	2	100%
Procurement	1	0.5	50%
Resettlement Action Plan	4	4	100%
Budgetary Implications	3	2	67%
Implementation Readiness	8	4	50%
Financing	6	4	67%
<b>Total</b>	<b>32</b>	<b>22.5</b>	<b>70%</b>

**Source: DRS & PBO Computations**

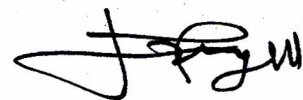
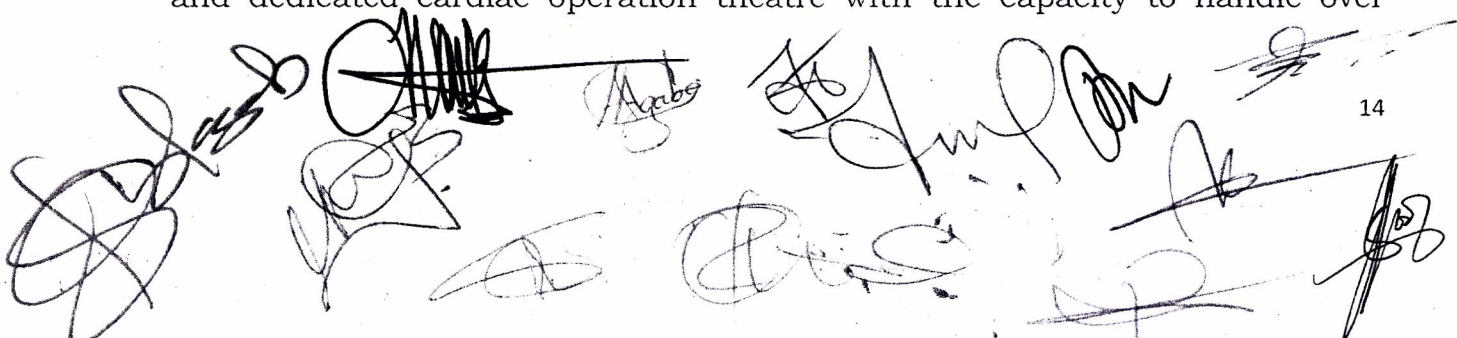


## 12. OBSERVATIONS AND RECOMMENDATIONS

### 12.1 The current state of UHI:

The Committee undertook a field visit to the current premises of the Uganda Heart Institute at Mulago National Referral Hospital and observed the following;

- i. Inadequate Space for expansion of Services. The current facility is located on level 1, Block C of New Mulago Hospital with no room for expansion. For instance when the Committee visited the Uganda Heart Institute, there were equipment lying in the corridors because they could not be installed due to limited space.
- ii. The Uganda Heart Institute has a modern cardiac catheterisation facility and dedicated cardiac operation theatre with the capacity to handle over

1000 operations/procedures per year. However its operating capacity is at only 45% due to limited supportive space and care services.

- iii. Some of the supportive care/services are currently undertaken in the staircases and refurbished containers.
- iv. The current infrastructure conditions under which provision of Cardiovascular medical services are provided at the Uganda Heart Institute are unacceptable especially for both the safety of staff and patients and are gross contravention of medical operational standards.

**The Committee recommends that going forward, government addresses the immediate constraints that is; inadequate working space and medical infrastructure in order to build a strong foundation for the Uganda Heart Institute for it to become a centre of excellence in Cardiovascular medical services.**

### **12.1 Increasing regional access to cardiovascular services:**

The Committee was informed that since 2012, the number of patients that seek cardiac care at Uganda Heart Institute (UHI) has gone beyond the Institute's capacity. For instance in 2014, the committee noted that One in four adults i.e. 25% of Uganda's population has high blood pressure which can lead to cardiovascular disease, stroke or kidney disease. Accordingly, there is a 27% chance of Ugandans aged between 30 and 70 years dying due to an Non Communicable Disease; **with cardiovascular diseases accounting for 9% of these deaths.**

Considering that UHI has remained the only facility providing cardiac services in Uganda, many patients have been put on waiting list and this has ultimately exposed those unable to seek treatment abroad to risks of loss of lives. The Regional Referral Hospitals (RRHs) have the capacity to diagnose and treat minor cases and refer complicated cases to UHI for specialized services, which also has limited the capacity to absorb the large number of patients. At the time of the



Committee visit to the Uganda Heart Institute in Mulago, there were 4 functional ICU beds. There was donated equipment stored in corridors ready for installation.

As a result, the Uganda Heart Institute key strategic priority areas for the period FY 2020/21 – 2024/25) include increasing regional access to cardiovascular services (Phase 1 – Jinja and Mbarara, Phase 2 – Masaka and Gulu).

The Committee observed that West Nile sub region which hosts many refugees should be considered in the 2<sup>nd</sup> phase of the strategic priorities.

**The committee recommends that government should support the UHI in implementing its strategic plan by providing the Institute with adequate financial support to strengthen health promotion and prevention of cardiovascular disease across the entire country.**

### **12.2 Financing Terms:**

The committee noted that the share of concessional loans has dropped by 16 percentage points in the past five years from 74 percent in June 2017 to 58 percent in June 2021. By December 2021, the share of concessional loans had declined to 56.5 percent. In the recent past, Government has continued to borrow on non concessional terms on account of financing major infrastructure projects and budget support. Consequently, the share of non-concessional loans has increased from 11 percent to 24 percent and semi-concessional loans equally increased from 15 percent to 19 percent from June 2017 to December 2021.

**The Committee recommends that there is need for the MFPED to engage the financiers with a view of improving the financing terms to more concessional or semi concessional terms. In particular increasing the repayment period of the BADEA AND OPEC FUND proposed loans to 20 years. This will reduce the liquidity pressures of debt servicing and maximization of the project investment returns.**

**In addition, MFPED should also engage OPEC FUND for a waiver of commitment fees in order to further bring down the cost of financing for this loan.**

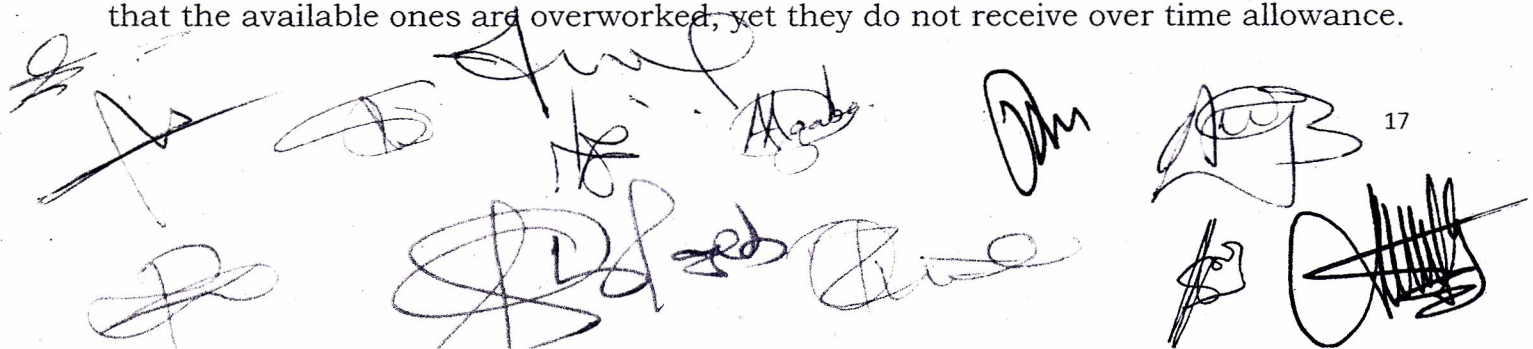
### **12.3 Project Sustainability:**

The committee noted that countries within the EAC region and beyond continue to poach on Uganda's redundant human resource and capacity in cardiovascular operations and procedures. The establishment of the state of the art home of the Uganda Heart Institute is therefore seen as crucial in providing facilities for gainful retention of cardiovascular experts who are currently operating at about 30% of their capacity.

The Committee was informed that despite the expanded services of the UHI as provided under the UHI Act, 2016, the Institute has remained with a thin human resource structure which currently accommodates only 189 staff approved over 15 years ago, against the required 707 personnel, leaving a staffing gap of 518 personnel. In addition, some of the staff who have acquired specialized training cannot be recruited because the current structure does not accommodate them. Ministry of Public service applies same salary terms to the health cadres without considering the number of years one spends on training.



The Committee was further informed that the Institute is currently operating at only 20% of the critical care nurses required. Cardiac care nurses are considered to be the most competent in reducing the mortality and morbidity rates for post-procedure cardiac care to recovering patients. This is further worsened by the fact that some of the trained staff leave for greener jobs in other countries because they have waited to be recruited in vain. In addition, there are very many such personnel who have been trained in this area but cannot be employed because Ministry of Public Service has for a long time failed to recruit them. This means that the available ones are overworked, yet they do not receive over time allowance.





The committee recommends the following in order to realize the anticipated social and economic benefits of this project;

- **Ministry of Public Service should review the staffing structure of Uganda Heart Institute to address the expanded services as provided under the the UHI Act, 2016 as well as retain the super specialists. This will reduce brain drain in the country.**
- **Government should prioritize providing adequate financial support towards the operation and maintenance of the proposed state of the heart home of the Uganda Heart Institute**
- **The Ministry of Health and the Uganda Heart Institute should ensure that there is a strong human resource recruitment and capacity building strategy for the proposed state of the art home of the Uganda Heart Institute to ensure that adequate skills are attracted and maintained especially for key medical specialists and super specialists.**
- **Ministry of Health and the Ministry of Public Service should urgently recruit critical care nurses to enable the institute function effectively.**

#### **12.4 Quality of Completed Works:**

The committee noted that this project seeks to establish a state of the art home for Uganda Heart Institute. The construction will follow approved drawings. All works will be done in accordance with the Ugandan Building Regulations as well as Uganda Heart Institute - Ministry of Health regulations for delivery of quality health care services.

**The committee recommends that Ministry of Health and the Uganda Heart Institute should strengthen technical supervision of the construction works that will be undertaken under this project to ensure good quality of works is achieved, minimize cases of delayed completion of works, payments for unexecuted works, and paying for works that do not conform to the expected quality specifications.**

### **12.5 Multi-Sectoral Coordination.**

The Committee observed that one of the setbacks for smooth implementation of debt financed projects is the failure to involve other key sector players that complement on the implementation of the projects during their implementation . The National Development Plan III highlights that it is unsustainable and counter-productive to have the planning of major development projects undermined by a lack of coordination. It further states that development projects are not isolated stand-alone items but directly impact on a wide variety of competencies covered by numerous government departments and institutions. The establishment of the state of the art home of the Uganda Heart Institute requires for instance; a 3-phase power line, ambulance lane, a helipad, reliable water and sewerage lines, fire rescue services and security , hence the need for a multi-sectoral approach in the execution of the project to enable other sectors provide complementary services and avoid critical operational delays/challenges.

**The Committee recommends that Uganda Heart Institute should coordinate with Ministry of Water & Environment, Ministry of Energy & Mineral Development, Kampala Capital City Authority and Ministry of Works & Transport in order to strengthen linkages for effective sustainable implementation and operation of the project.**



### **12.6 Availability for land for the Project**

The Committee was informed that UHI has been allocated 10 acres of land (situate on Plot 18-24 Naguru Avenue) with a land title. On opening the boundaries, UHI noted that part of the land is being encroached on by Church of Uganda - Naguru Parish, KCCA - Nakawa Division and a one Mr. Lukyamuzi of Lukyamuzi Investments.

During the Committee visit to proposed site in Naguru, it was observed that UHI has already secured part of the land by fencing it and about 75% of the land was free from any encumbrances. It was however noted that, the developer, a one Mr. Lukyamuzi, had constructed a wall fence around a plot inside the provided land.



The Committee recommends that UHI should follow up with Ministry of Lands to ensure that the remaining 25percent of the land is immediately secured.

### **12.7 Structural design of the project**

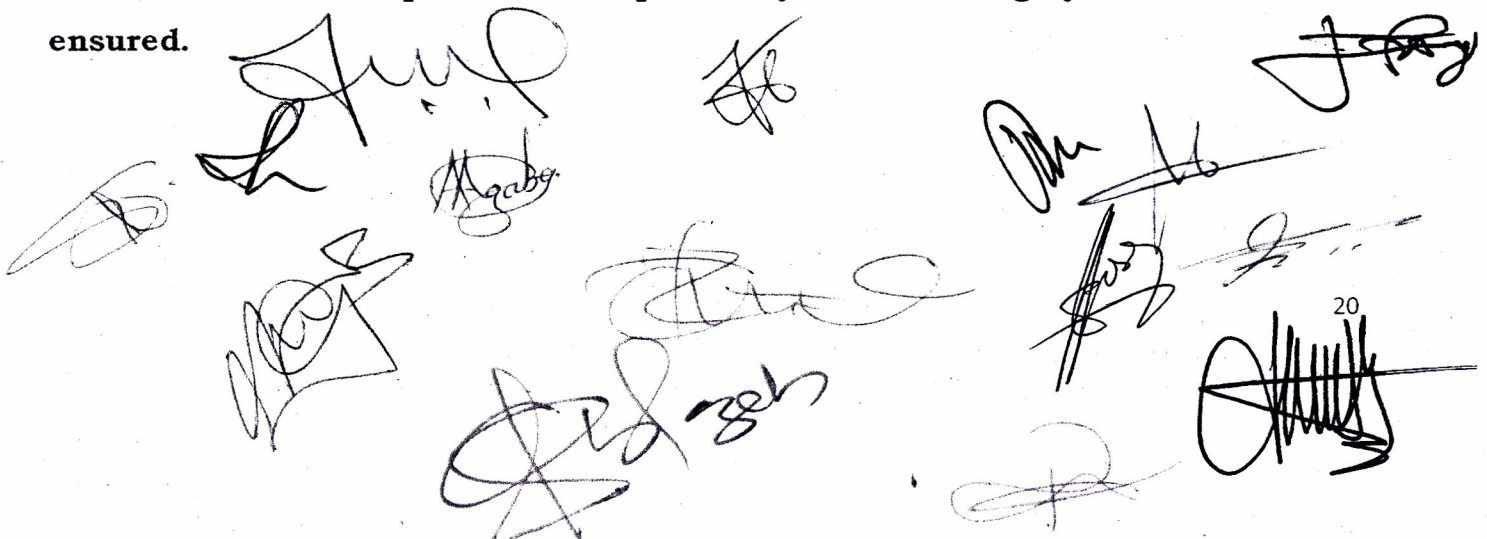
During a meeting with officials from Uganda Heart Institute, the Committee was able to view the structural design of the project and noted that there is no provision for a blood bank, sufficient parking for staff, care-takers and visitors and accommodation in form of hostels or hotels for visiting lecturers & caretakers.

**The Committee recommends that subject to consultations, the structural design should accommodate the missing facilities mentioned above. Care should be taken in design guarding against possible leakage of the structure due to heavy rains.**

### **12.8 Procurement contracts for equipment**

The Committee observed that outright purchase of equipment in the health sector is not an appropriate method of procurement as it leads to maintenance challenges long run. Previously, a number of medical equipment has been procured by Government without clear service and maintenance contracts in place. In addition, there have been cases of equipment procured but incompatible to the existing power supply as well as having challenges of interoperability rendering them idle and non-functional.

**The Committee recommends that the contracts signed with the supplier/provider of equipment should factor in maintenance and upgrade of equipment in the event that technology changes. Adequate assessment to ensure that there is perfect interoperability with existing systems should be ensured.**

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### **12.9 Performance of ongoing debt financed projects under the Health Sector:**

There are 7 approved projects in the Health sector that are ongoing and being implemented by Ministry of Health amounting to US\$ 180.72 Million of which US\$ 129.01 million has been disbursed representing a disbursement rate of 71.39% as at 31st December, 2021. Despite, the improvement in absorption of externally borrowed funds under the sector, there are still a number of individual projects that were facing low absorption of funds as at 31st December, 2021 when compared to their initial completion dates at the time of signing the project loan agreements. These include, the Karamoja Infrastructure Development Project Phase 2, the Establishment of a Regional Oncology Center in Northern Uganda Project & the COVID – 19 Response and Emergency Preparedness Project. The low absorption of funds under externally funded programs makes them costly to Government in terms of commitment fees and interest payables on loans as well as delayed health services to the citizens.

**The Committee recommends that the Ministry of Finance, Planning and Economic Development and the Ministry of Health should expedite the execution of the Karamoja Infrastructure Development Project Phase 2, the Establishment of a Regional Oncology Center in Northern Uganda Project & the COVID – 19 Response and Emergency Preparedness Projects that were timely approved by Parliament in order for these projects to meet their respective project objectives including enhancing health service delivery in the country.**



### 13. CONCLUSION

Rt. Hon. Speaker and Hon. Members, the Committee therefore recommends that the request by Government to borrow up to Twenty million United States Dollars (US\$ 20.0m) from the Arab Bank for Economic Development in Africa (BADEA); Thirty million United States Dollars (US\$ 30.0m) from the Saudi Fund for Development (SFD); and Twenty million United States Dollars (US\$ 20.0m) from the OPEC fund for International Development (OFID) for the Construction and Equipping of the Uganda Heart Institute Project be approved, subject to the recommendations herein.

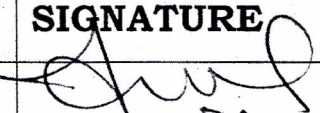
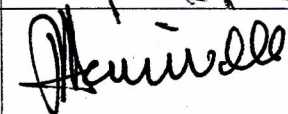
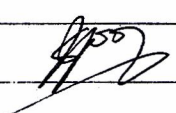



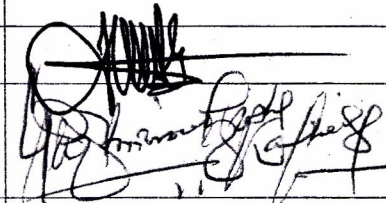
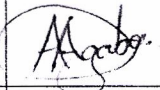

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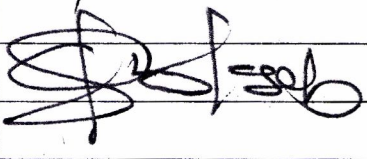
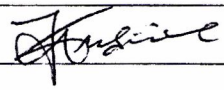
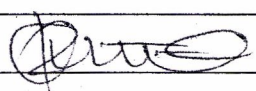
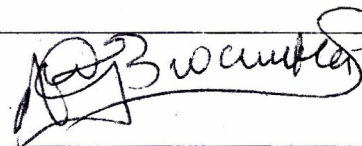
**SIGNING OF THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY ON THE PROPOSAL TO BORROW UP TO TWENTY MILLION UNITED STATES DOLLARS (US\$ 20.0M) FROM THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA (BADEA); THIRTY MILLION UNITED STATES DOLLARS (US\$ 30.0M) FROM THE SAUDI FUND FOR DEVELOPMENT (SFD); AND TWENTY MILLION UNITED STATES DOLLARS (US\$ 20.0) FROM THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID) FOR THE CONSTRUCTION AND EQUIPPING OF THE UGANDA HEART INSTITUTE PROJECT**

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39.	Hon. Saazi Godfrey	Gomba East County	
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41.	Hon. Gen. Mugira James	UPDF	

