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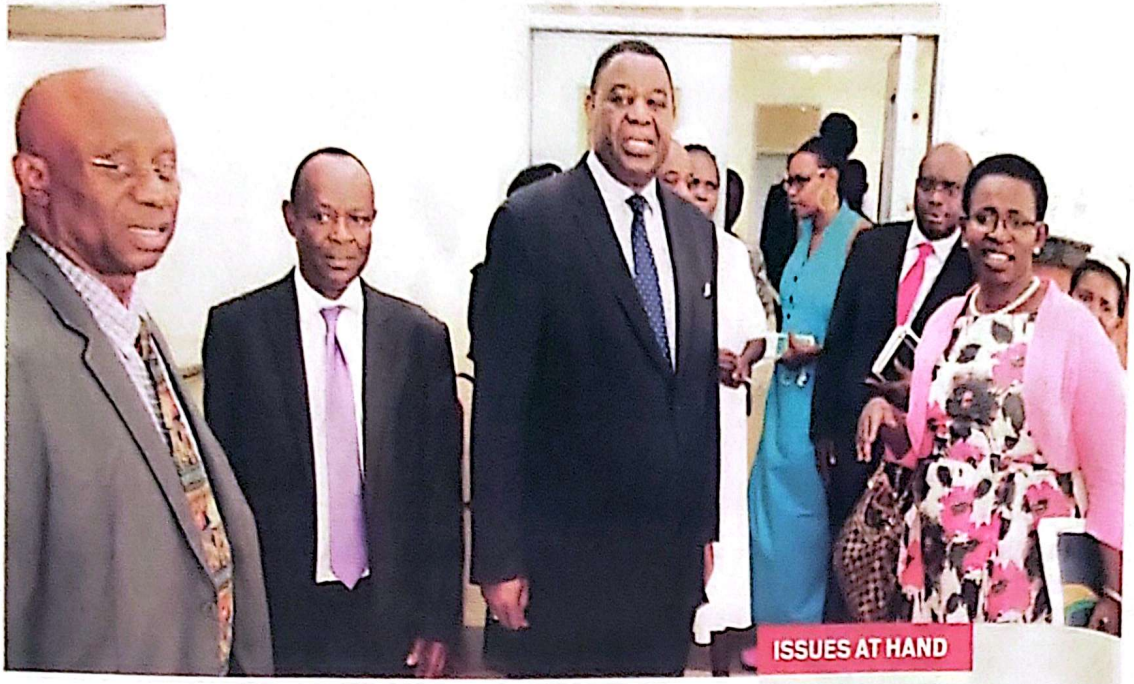
Mulago in $6m loss due to Shilling depreciation



Visited. East African Development Bank executive director, Dr Calleb Weggoro Nyamajeje (centre), being led around Kiruddu Hospital by the Ministry of Health Permanent Secretary, Dr Diana Atwiine (right), yesterday. PHOTO BY STEPHEN WANDERA

Advice. ADB has advised management of Mulago National Referral Hospital to expedite the procurement process to ensure Kiruddu and Kawempe hospitals are fully functioning.

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Mulago National Referral Hospital has made a loss of $6 million (about Shs21.5 billion) due to the depreciation of the Shilling against the dollar in the recent years.

This means that per every dollar, the hospital made a loss of about Shs1,300, which leaves the hospital in a deficit to have all the facilities and the equipment of the two hospitals completed.

While briefing the African Development Bank (ADB) executive director for East African region during the fact-finding mission tour to Mulago (Kiruddu Hospital) yesterday, the director planning and development, who is also the coordinator of ADB health project in Uganda, Dr Henry G. Mwebesa, said: "Exchange rate at time of appraisal of the project, the Shilling had not depreciated. However, due to fall in the exchange rate against the US dollar, the total project cost has reduced to approximately $79 million (about Shs283.768 billion) resulting in a loss of over $6 million (about Shs21.552 billion)."

Dr Mwebesa said the cost of construction of Kiruddu Hospital is $10.3 million and Kawempe Hospital is $11.3 million and about $690,000 for supervision consultancy for both hospitals.

"Occupancy exceeds 300 in patients per night on average at Kiruddu and can go up to 500 at Kawempe," he said.

The executive director of Mulago National Referral Hospital, Dr Baterana Byarugaba, asked ADB to consider providing additional money to help them close the gap that has been caused by the shortfall as result of the loss that has been made due to exchange rate depreciation.

"The two hospitals are functioning well although there are some units that have not been fully completed and furnished with equipment. The government has already provided Shs4.3 billion for equipment to use at Mulago hospital," he said.

In response, the executive director of the ADB in charge of East African region, Dr Calleb Weggoro Nyamajeje, said the bank is always ready to support under their policy of performance based allocation.

"If the project performance is better and well, we give more money if it doesn't perform well, we don't give the money," he said.

Dr Weggoro advised the management of Mulago hospital to speed up the procurement of the equipment to have the facilities in the two hospitals fully functioning to handle the various health cases it is being built to handle.

ISSUES AT HAND

Cost. Before the depreciation of the Shilling cost of the two hospitals was $85.68 million in July 2012.

Consideration. The programme officer at African Development Bank Uganda field office, Dr Sebastian Okeke, said the bank will look into the matter and decide whether to provide additional funding.

Govt tasked. The Permanent Secretary in the Ministry of Health, Dr Diana Atwiine, said the government should fill the gap that has been caused by the exchange rate depreciation instead of the hospitals asking ADB to do so.

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