THE REPUBLIC OF UGANDA

BRIEF TO PARLIAMENT

THE PROPOSAL TO BORROW UP TO EURO 207.77 MILLION FROM CITI BANK AND OTHER FINANCIAL INSTITUTIONS TO FINANCE THE DESIGN AND BUILD OF THE JINJA-MBULAMUTI-KAMULI-BUKUNGU ROAD (127KM) AND JINJA CITY ROADS (10KM) PROJECT IN UGANDA

1.0 INTRODUCTION

1.1 Rt. Hon. Speaker, this Brief is about the proposal to borrow up to Euro 207.77 million from Citi Bank and other financial institutions to finance the design and build of the Jinja-Mbulamuti-Kamuli-Bukungu road (127km) and Jinja City roads (10km) project in Uganda, land compensation and Supervision costs.

1.2 This Brief is to inform Parliament of the changes in financing requirements and terms for the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project and seek your approval of the revised financing requirements and terms to enable Government obtain financing for implementation of the project.

2.0 BACKGROUND

2.1 Rt. Hon. Speaker, you recall that on Thursday 30th October 2025, Parliament authorised Government to borrow up to Euro

230,454,687.23 from Citi Bank to finance the design and build of the Jinja-Mbulamuti-Kamuli-Bukungu road (127km) and Jinja City roads (10km) project in Uganda – ***Annex 1***.

2.2 Following the approval of Parliament, Citi Bank informed my Ministry that Sinosure changed its lending policy to the effect that they will only finance non-revenue/non-self-financing projects that are not more than EUR 100million. The Jinja-Mbulamuti Road required more than EUR 100million i.e EUR 230million for implementation of the project and thus could no longer be guaranteed by SINOSURE – ***Annex 2***.

2.3 This Ministry subsequently engaged Citi Bank, the original arranger who provided fresh terms with African Trade and Investment Development Insurance (ATIDI) as the provider of the insurance cover.

2.4 My Ministry in consultation with the Ministry of Works and Transport reviewed the financing requirements and in addition undertaken extensive consultations and negotiations with CITI Bank and Africa Trade Investment Development Insurance (ATIDI). These discussions resulted in a reduction in the financing requirements for the civil works and an improvement in the financing terms, thereby reducing the overall financing requirements by Euro 22.68 million from Euro 230.45 million that was approved by Parliament in October 2025 to Euro 207.77 million.

2.5 Rt: Hon. Speaker, the Civil Works Commercial Contract of UShs 649,567,379,245.15 (equivalent to Euro 161.77 million) was signed with M/S Power China International Group Limited on 15th March 2023 for the Design and Build of Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km).

2.6 Rt. Hon. Speaker, the changes from Sinosure to ATIDI and the related changes in terms of financing was brought to the attention of H.E the President and he cleared them – ***Annex 3***

3.0 OBJECTIVE OF THE BRIEF TO PARLIAMENT

3.1 The objective of this Brief is to request Parliament to:

(i) Note the change in financing requirements and terms for the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project;

(ii) Authorize the Minister of Finance, Planning and Economic Development to proceed to borrow up to Euro 207.77 million equivalent to UShs 842.71 billion from Citi Bank and other financial institutions to finance the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road

(127km) and Jinja City Roads (10km) Project, land compensation and supervision costs.

4.0 JUSTIFICATION AND FINANCING TERMS

4.1 Project Justification

4.2 The project remains economically viable. The road has an average Economic Internal Rate of Return (EIRR) of 16.7 percent, above the economic opportunity cost of capital of 11 percent. The project's Net Present Value is 23.07 million, confirming the Economic Benefit for the project cost.

4.3 Project Description

4.3.1 Rt. Hon. Speaker, the Jinja-Mbulamuti-Kamuli -Bukungu Road (127.0km) is an existing class C gravel road in a fair state located in the Busoga Sub-region. This road comprises two sections; Jinja-Mbulamuti-Kamuli Road and Kamuli-Bukungu Road. The road starts at Jinja town and runs in a northerly direction parallel to river Nile starting at Ambercoat Junction and passing through Buwenda, Lubanyi and Mbulamuti before terminating at a junction with the main Jinja-Kamuli road which is currently paved, at Kamuli Town. The road continues to Bukungu at the shores of Lake Kyoga in Buyende District and passes through the sub-counties of Mpumude, Mafubila, Budondo, Butagya, Kisozi, Butansi, Nabwigulu, Balawoli, Nkondo and Kidera. The section starting at Ambercoat round about to Lubanyi lies within Jinja district whereas lubanyi to Mbulamuti lies within Kamuli district.

4.3.2 The road connects to several districts across waters of Lake Kyoga. The terminal end of the road at Bukungu is a gateway to the districts of Amolatar, Kaberamaido, Soroti, Nakasongola and Kayunga; providing an alternative route between the north and south of the country. The road also includes design and build of 10km of Jinja City Roads.

4.4 Project Cost and Financing

4.5 Rt. Hon. Speaker, the total estimated cost of the project is up to EUR 207.77 million. This will be provided in two facilities;

i. Citi Bank will provide EUR 179.26 million (including insurance) under the Africa Trade Investment Development Insurance (ATIDI) covered loan for works; and

ii. Direct lending from CITI Bank under commercial terms is EUR 28.51 million for land compensation and supervision costs (owner's engineer).

4.5.1 The estimated project cost by component is as follows;

	Component	Amount EURO (Million)	Amount UShs (Billion)
1	Civil Works Contract/ Road Upgrading	161.77	649.57
2	ATIDI Insurance Premium (10.81% of the civil works contract)	17.49	70.22
	Sub-Total component 1 (Exchange Rate: UShs/Eur = 4,015.48)	***179.26***	***719.79***
3	Construction Supervision & Design Review	2.34	10.10
4	Land Acquisition	26.17	112.83
	Sub-Total Component 2 (Exchange Rate: UShs/Eur = 4,311.83)	***28.51***	***122.93***
	Total	**207.77**	**842.72**

5.0 Financing Terms and conditions

5.1 Rt. Hon. Speaker, the table below provides the new financing terms;

5.2 The ATIDI financing terms are as follows;

S/N	Item	Terms
1.	Facility Amount	Euro 179.26 Million (incl. Premium 17.47m)
2.	Tenor	10 years
3.	Grace period	3years
4.	Arrangement fee	1.40%

S/N	Item	Terms
5.	Agency fee	Euro 20,000p.a
6.	Euribor	2.55%[1] (6 months average)
7.	Margin	2.50%
8.	Interest rate	5.05%
9.	Premium	10.810% (Euro 17.47m)
10.	Commitment fee	0.750% (Euro 3.37m)

Note: *Euribor is as at 1st July 2026[1]*

5.3 The Commercial financing terms are as follows;

S/N	Item	Terms
1.	Facility Amount	Euro 28.51
2.	Tenor	6 years
3.	Grace period	3years
4.	Arrangement fee	1.40%
5.	Agency fee (p.a)	Euro 10,000
6.	Euribor	2.55%[1] (6 months average)
7.	Margin	4.50%
8.	**Interest rate**	**7.05%**
9.	Commitment fee	1.25%

Note: *Euribor is as at 1st July 2026*

5.4 The Loan and the Current Debt Situation of the Country

As at end December 2025, Uganda's total debt stock amounted to USD 34.86 which is equivalent to 52.7% of GDP.

5.4.1 **Table 2: Total Public Debt Stock (USD Billion)**

	June-24	June-25	Dec-25
External Debt Stock (USD Billion)	14.63	15.46	15.84
Domestic Debt Stock (USD Billion)	10.96	16.79	19.02
Total Debt Stock (USD Billion)	**25.59**	**32.24**	**34.86**
External Debt to GDP	26.62%	24.39%	24.0%
Domestic Debt to GDP	19.94%	26.49%	28.8%
GDP (UGX Billion)	203,708	227,875	239,767
Debt to GDP	**46.56%**	**50.86%**	**52.7%**
End of Period Exchange Rate	3,706.7	3,594.6	3,624.7

Source: MoFPED

5.4.2 In line with the Debt Sustainability Analysis Report of December 2025, Uganda's debt remains within sustainable limits, with the total debt stock at USD 34.86 billion. This comprises USD 15.84 billion in external debt and USD 19.02 billion in domestic debt. Public Debt as a share of GDP is estimated at 52.7 %.

5.4.3 This project is already included in our Debt Sustainability Analysis and in the Fiscal Framework for the Budget for FY 2026/27 and the medium-term fiscal framework. Consequently, this borrowing will not breach Uganda's long term debt sustainability thresholds.

5.5 **Other Conditions attached to the Loan:** The loan financing has the following conditions for effectiveness;

(i) An original or certified copy of the resolution from the Parliament of Uganda approving the terms of, and the transactions contemplated by, the Finance Documents;

(ii) the legal opinion under which the Attorney General of Uganda clears each of the Finance Documents to which the Borrower is a party for execution;

(iii) the legal opinion under which the Attorney General of Uganda confirms that the Minister of Finance, Planning and Economic Development of Uganda is authorised to execute the Finance Documents (and all other documents and notices to be signed or dispatched by it under or in connection with the Finance Documents) on its behalf;

(iv) A legal opinion of the Attorney General of Uganda in the form and substance acceptable to the Facility Agent and distributed to, and capable of being relied on by, the Original Lenders prior to signing this Agreement.

(v) a specimen of the signature of each person confirmed as being authorised to execute the Finance Documents in the legal opinion referred to in paragraph (iii) above;

(vi) a letter from the Minister of Finance, Planning and Economic Development of Uganda confirming that the Borrower's total Commitments would not cause any borrowing or similar limit binding on it to be exceeded or breached; and

(vii) a letter from the Minister of Finance, Planning and Economic Development of Uganda certifying that each copy of the document specified in Schedule 3 of the Financing Agreement is correct, complete, in full force and effective as at a date no earlier than the date of this Agreement.

(viii) evidence that GoU has obtained all Authorisations required in Uganda for:

a) it to enter into this Agreement and any other Finance Documents to which it is a party, to fulfil its obligations under such Finance Documents and for the enforcement of such Finance Documents; and

b) the payment of all sums in euro in England which become due from the Borrower to any Finance Party in relation to any Finance Document to which it is a party, and that each such Authorisation remains in full force and effect.

ix) Confirmation and/or evidence that all Authorisations and Environmental Permits required in connection with the Facility, the Borrower, the Employer and the Project have been obtained and are in full force and effect.

x) Evidence that the terms of, and the transactions contemplated by, the Commercial Contract, and the entry in to by the MoWT are cleared by the Solicitor General of Uganda.

xi) A copy of the Commercial Contract duly executed by the parties to it, certified as a true, complete and accurate copy by an authorised signatory of the Employer.

xii) This Financing Agreement duly executed by all original Parties.

xiii) The Fee Letters duly executed by all Parties party to it.

xiv) Evidence that the fees, costs and expenses then due from the Borrower have been paid or will be paid by the relevant Utilisation Date.

xv) Written confirmation by the Guarantor that, subject only to the payment of the first instalment of premiums due pursuant to such Guarantee, such Guarantee is effective.

xvi) Evidence that the process agent has accepted its appointment.

xvii) Evidence by the borrower that all environmental and social standards required prior to first disbursement of funds from the facility have been met.

5.0 CONCLUSION

5.1 In light of the above, I request Parliament to:

a) Note the change in financing requirements and terms for the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project;

b) Note the need to borrow up to Euro 207.77 million equivalent to UShs 842.71 billion from Citi Bank and other financial institutions to finance the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project, land compensation and supervision costs.

c) Note the financing terms for the loan facilities of up to Euro 207.77 million equivalent to UShs 842.71 billion from Citi Bank and other financial institutions to finance the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project, land compensation and supervision costs.

d) Authorize the Minister of Finance, Planning and Economic Development to proceed to borrow up to Euro 207.77 million equivalent to UShs 842.71 billion from Citi Bank and other financial institutions to finance the upgrade of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project, land compensation and supervision costs.

<u>Prepared by;</u>
MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT
P.O. BOX 8147
KAMPALA.
AUGUST, 2026

"SECRET"

ANNEX 1 RESOLUTION OF PARLIAMENT

PARLIAMENT OF UGANDA

RESOLUTION OF PARLIAMENT AUTHORISING GOVERNMENT TO BORROW UP TO EURO 230,454,687.23 FROM CITI BANK TO FINANCE THE DESIGN AND BUILD OF THE JINJA-MBULAMUTI-KAMULI-BUKUNGU ROAD (127KM) AND JINJA CITY ROADS (10KM) PROJECT IN UGANDA

WHEREAS on Tuesday 20th October 2025, the Minister of Finance, Planning and Economic Development, in accordance with Article 159 of the Constitution of the Republic of Uganda and section 34 of the Public Finance Management Act, Cap. 171, laid before Parliament a request to authorize Government to borrow up to Euro 230,454,687.23 from Citi Bank to finance the Design and Build of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project in Uganda;

PARLIAMENT, on Thursday 30th October 2025, authorized Government to borrow up to Euro 230,454,687.23 from Citi Bank to finance the Design and Build of the Jinja-Mbulamuti-Kamuli-Bukungu Road (127km) and Jinja City Roads (10km) Project in Uganda.

I certify that this Resolution was passed by Parliament on Thursday 30th October 2025.

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Adolf Mwesige Kasaija
CLERK TO PARLIAMENT

"SECRET"

Annex 2- Letter Communicating Change in Sinosure Financing Policy

..ntre Court
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24 March 2026

Mr. Ramathan Ggoobi,
The Permanent Secretary and Secretary to the Treasury
Ministry of Finance, Planning & Economic Development,
Government of Uganda,
P.O Box 8147,
Kampala - Uganda.

Dear Mr. Ramathan Ggoobi,

Change in agency support for the design and build of the Jinja - Mbulamuti - Kamuli - Bukungu road (127km) and Jinja City road (10km) in Uganda (the "Jinja Project")

Over the past 18 months, Citi has been engaged in detailed discussions with China Export & Credit Insurance Corporation ("**Sinosure**") regarding their support of the financing of the above referenced Jinja Project.

Following rigorous and sustained engagement from the Citi team, including the dedicated efforts of our colleagues in Asia over the past several months, we received definitive feedback from Sinosure. Regrettably, after their comprehensive re-assessment of the economic feasibility of the project, Sinosure concluded that this project does not generate sufficient standalone revenue to support their financial criteria.

Furthermore, Sinosure informed us that it had elected to prioritize other strategic projects within their portfolio, including a major petroleum development project by CNOOC in Uganda. They anticipate that this prioritization will utilize their remaining available country capacity for Uganda.

As result of this shift in position from Sinosure, Citi has worked proactively to structure an alternative financing solution for the Jinja Road Project, in the form of an ATIDI (African Trade Insurance Agency) support.

We note that ATIDI has a strong and distinct credit profile. Accordingly, the commercial terms reflected in the ATIDI proposal are aligned with ATIDI's credit rating, risk appetite, and its form of support structure.

Thank you for your leadership and continued understanding on this vital national infrastructure project.

We trust that you will find the terms of the ATIDI supported financing agreeable, allowing us to proceed with this critical endeavour with your support. Thank you for your leadership and continued understanding.

Yours sincerely,

Sarah Arapta
Managing Director
Citibank Uganda Limited

MINISTRY OF FINANCE
PLANNING & ECONOMIC DEVELOPMENT
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PERMANENT SECRETARY
SECRETARY TO THE TREASURY

ANNEX 3

FAX. 235462

IN ANY CORRESPONDENCE ON THIS SUBJECT PLEASE QUOTE No. **PO/10**

7th July, 2026

Dr. Ramathan Ggoobi
Permanent Secretary/
Secretary to the Treasury
KAMPALA

CLEARANCE OF RE-NEGOTIATED FINANCING TERMS FOR THE JINJA-MBULAMUTI-KAMULI-BUKUNGU ROAD (127KM) AND JINJA CITY ROADS (10KM)

I have seen your letter dated the 4th of June, 2026, regarding the loan for financing the Jinja — Mbulamuti Road and some roads in Jinja City. I am glad that your re-negotiating with Citibank and ATIDI has resulted in better terms. That being the case, go ahead and conclude the Agreement. The contractor, Kore Kore, also told me that she had a better offer for Luku — Kalangala Road. If that is the case, I also approve of that borrowing. The Ssesse Islands have become a growing Tourist Centre. It is imperative that we remove the dust from that core area of the Islands.

YKMuseveni

Yoweri Kaguta Museveni
PRESIDENT OF THE REPUBLIC OF UGANDA

Copy to: H.E the Vice President
Rt. Hon. Prime Minister
Minister of Works and Transport
Minister of Finance, Planning and Economic Development
Kore Kore