**Press Release**

**“Falling oil prices could be good news for Uganda”**

Stefan Dercon is Chief Economist of the UK Government’s Department for International Development and a leading academic from the University of Oxford. On Wednesday 18 February he gave a speech on the topic “Falling Oil Prices and a Rebased Economy: Implications for Ugandan Employment and Growth” at an event organised by The Bank of Uganda and the International Growth Centre.

Dercon is expected to say:

*“The fall in oil prices may well delay Uganda’s impending resource rents, and limit its impact. This is not bad news – a smaller shock, in slower time will offer a better chance for the rest of the economy and the state to be more resilient to it, and prepare to take full advantage of it. It is an opportunity to go for a more cautious and effective rebalancing of governance and the economy to cope with oil. To sustain growth and poverty reduction, Uganda’s economy requires a stronger reallocation to more productive and high return sectors, and a sustained transformation out of subsistence agriculture. Rapid oil may offer huge opportunities for investment in infrastructure and other sectors, but it also tends to hinder the incentives for tradable sectors to become stronger, and provides strong incentives against good governance and political commitment for inclusion.*

*There are plenty of lessons from the rest of the world that these negative effects do not need to materialise. Much has already been done in the country to avoid this, compared to many other countries in the region. However, to take full advantage of new resource wealth, the country needs to take advantage of the possible delay to invest in high potential tradable sectors, including those focused on regional export. It also must take the opportunity to think carefully about how to build linkages to the oil sector, not through import content rules, but measures that encourage the development of industrial and service sectors in line with firms’ existing and potential technological and managerial capabilities. The cautious approach to the oil sector can be further strengthened, with strong emphasis on transparency – and the accountability of the state.*

*To ensure that growth is inclusive, a strong focus on the productive opportunities offered by urbanisation (beyond the emergence of ‘consumption’ cities) will contribute to the essential need for more productive and higher earning jobs. Oil should also be seen as an opportunity to strengthen the social contract including for the poor, via provision of quality social services and social protection. Special attention to strengthen the social and political contract with the North is a key part of this and will enable the country to achieve its full peace dividend.”*

**Notes to Editors:**

**DFID** is the UK Government’s Department for International Development and spends around 400 billion shillings in Uganda each year to help Uganda to achieve the MDGs, boost wealth creation and create jobs and

strengthen governance and security.

**The International Growth Centre (IGC)** is directed by the London School of Economics and Political Science, and the University of Oxford. It is funded by DFID, and it aims to provide research and ideas for growth.

**Stefan Dercon** is the current chief economist of the UK [Department for International Development](http://en.wikipedia.org/wiki/Department_for_International_Development) (DfID). He is a notable Micro-Development Economist who has, since 2004, been a Professor of Development Economics at [Oxford University](http://en.wikipedia.org/wiki/Oxford_University) and a Fellow of [Wolfson College](http://en.wikipedia.org/wiki/Wolfson_College,_Oxford). Between 2000 and 2002 he was Programme Director at the [World Institute of Development Economics (WIDER)](http://en.wikipedia.org/wiki/World_Institute_for_Development_Economics_Research), United Nations University where he led their research programme on “Insurance against Poverty”. Prior to this between 1993 and 2000 he was a Tenured Professor of Development Economics at the Katholieke Universiteit Leuven, Belgium. He is also now the Lead Academic for the Ethiopia country programme at the [International Growth Centre](http://en.wikipedia.org/wiki/International_Growth_Centre), which is a research centre based jointly at [The London School of Economics and Political Science](http://en.wikipedia.org/wiki/The_London_School_of_Economics_and_Political_Science) and the [University of Oxford](http://en.wikipedia.org/wiki/University_of_Oxford).