



OIL IN UGANDA

Everyone's talking about oil. We capture the whole conversation.

Editorial



Happy new era!

By Lynn Turyatamba

Last month, Uganda celebrated 50 years of independence from British colonial rule. A new era has dawned in the social, economic and political life of the nation. There is much to look forward to.

A key milestone in the last ten years has been the discovery of commercially viable deposits of oil. Expected revenues from the oil have the potential to help raise out of poverty the 75 percent of Ugandans living on less than two dollars a day, and to bring to reality government plans for rehabilitation, development and maintenance of social service infrastructure.

But this can only happen if the money is managed prudently.

The Public Finance Bill 2012, currently before parliament, outlines a framework for oil revenue management. There is an opportunity, with this Bill, for stakeholders to engage on issues relating to the collection, use, sharing and saving of oil money.

Chapter VII, dealing with oil revenues, provides for basic transparency and oversight mechanisms,

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It's all about money!

| By Oil in Uganda staff

Uganda needs a real debate about government plans for oil revenue.

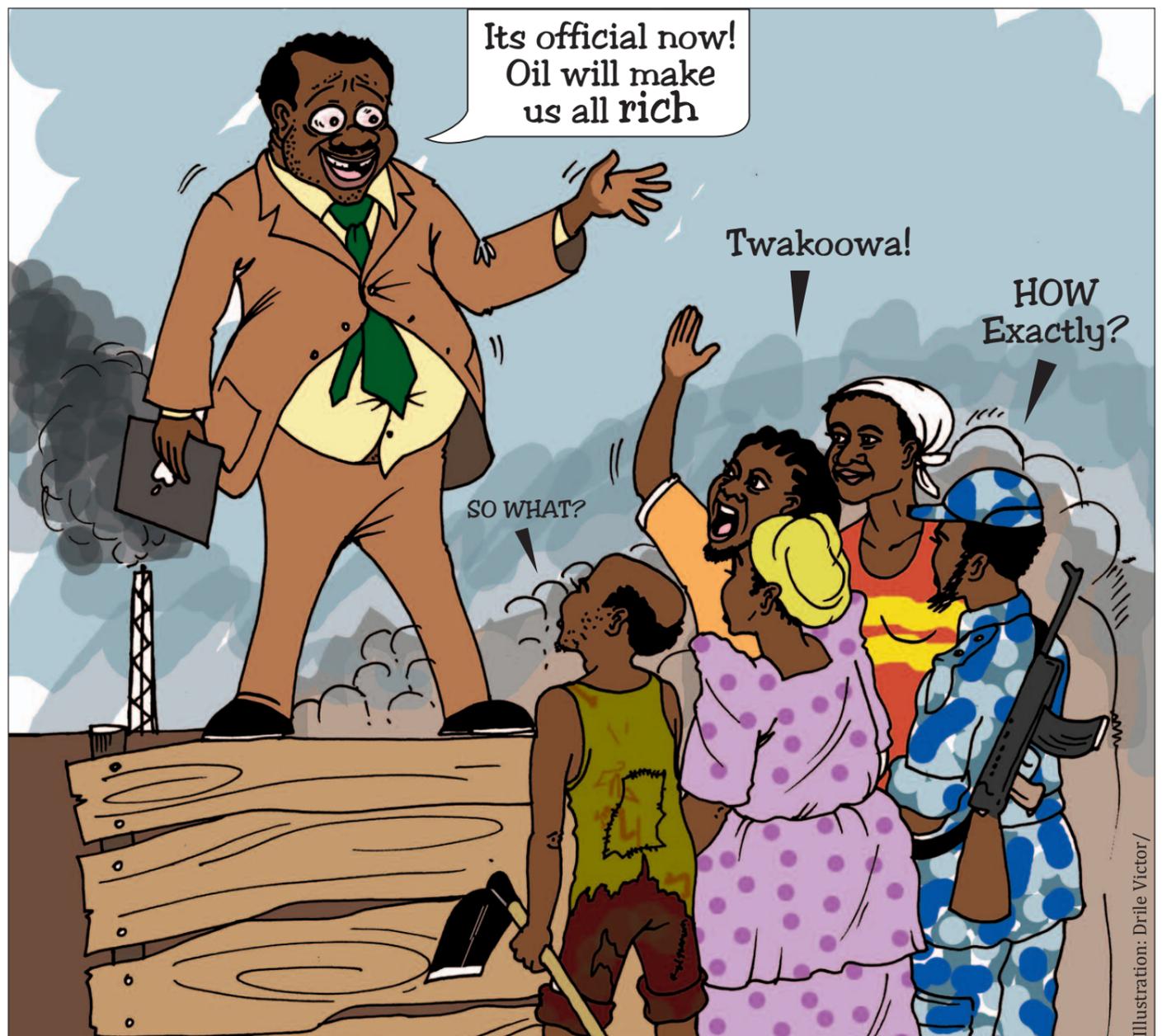


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What did international oil companies come to look for in Uganda? Money. Why did the government let them in? Money. Why are businesses scrambling for oil company contracts? Money. Why are speculators rushing round Bunyoro buying up land? Money.

Everyone knows it's all about money.

But if we switch that thought to "It's all about economics" it suddenly sounds uncomfortably complicated. Something only economic experts can talk about. Yet most of us hardly know which economists to trust because one thing we are fairly sure of—and rightly so—is that in the past the 'experts'

have been utterly wrong at least as often as they have been right!

Nevertheless, Ugandans must not opt out of economic policy debate around oil. Because decisions being taken today will shape the country's future for many decades to come.

In February, 2012, the Government of Uganda published an Oil and Gas Revenue Management Policy. This was rapidly followed by the tabling in parliament of a Public Finance Bill. Chapter VII of the draft law is, in effect, a 'bill within a bill' to regulate oil revenue management. The proposed legislation

will have important, wide-reaching and long-lasting consequences.

How much money will there be? How will it be divided up? What will the government do with its share? How much will it spend, how much will it save? How much *should* it spend, and how much should it save? What should it spend the oil money on? And who should make those decisions?

Uganda needs to talk about this. Every Ugandan should be in the conversation.

Oil in Uganda's simple contribution (see pages 7-11) is to lay out some key issues that may help to inform the conversation.