

Welcome and Introductory Remarks by the Executive Director of the Institute of Policy Studies of Sri Lanka (IPS), Dr. Saman Kelegama at the conference of World Development Report 2009: Implications for Sri Lanka jointly organized by the IPS and World Bank, Sri Lanka, Galadari Hotel, Colombo, 18 March 2009.

I welcome all of you to this one day conference jointly organized by the Institute of Policy Studies of Sri Lanka and the World Bank, Sri Lanka.

At this conference we will be launching the World Development Report for the year 2009 and discussing its implication for policy in Sri Lanka.

The World Development Report is the flagship publication of the World Bank, published annually since 1978. At its launch in 1978, then President of the World Bank, Robert McNamara stated that the aim of the report was to provide a “comprehensive assessment of the global development issues” (Economist, 22 January 2009). It is an influential publication and essential reference on the world economy and the state of the economic and social development around the world. Each year World Development Report focuses on a specific topic in development such as labour, infrastructure, role of the state, health, environment, agriculture or poverty. Economic policy research institutes such as the Institute of Policy Studies of Sri Lanka (IPS) have found these reports extremely useful to keep track of the latest thinking on development issues and policy debates.

This year’s World Development Report (WDR) is on the theme ‘Reshaping Economic Geography’. It talks about achieving inclusive development when economic growth is imbalanced.

Let us for a moment look at the contemporary economic situation and Sri Lanka in order to look at the relevance of the WDR (2009)’s theme. The world around us is going through a

turbulent time. Many developing countries are already feeling the pinch of the global economic crisis. Sri Lanka has not been spared. In fact Sri Lanka is now planning to go for a package with the IMF close to US \$ 2 billion to ease the difficult situation it is facing in regard to macroeconomic management. It is at a time like this that many of the problems the economy is facing are discussed openly. Some are arguing that the current global situation should be used as an opportunity to bring about macroeconomic stability and rectify the other imbalances in the economy that we have been speaking about for the past two decades.

Often in the Sri Lankan economic debate, in addition to discussing the problems of the macroeconomy, a topic that is frequently highlighted is the regional disparities. The fact that 50% of GDP being concentrated in the Western Province and the Province becoming the fastest growing region has been a subject of discussion. The sharp differences in growth between Western Province and the rest of the country cannot be explained entirely by differences in literacy rates or education attainments of the Western Province vis-à-vis the rest. Neither could it be explained by the existing gaps in terms of access to economic infrastructure in Western Province vis-à-vis the rest of the provinces.

The conclusion made in the study by the World Bank released in early 2007 was that market reforms triggered rapid growth of manufactured and services in the Western Province while due to lack of market reform and market based policies in the agriculture sector which is dominant sector in all other provinces there has not been similar levels of development. According to the World Bank study this is one of the reasons that explains the situation.

But we need to look at this issue more deeply and that is precisely what the WDR of 2009 does in the global context. It argues that transformations along the three dimensions of density, distance, and division are essential for development and should be encouraged. If they do this well, their growth will still be unbalanced but their development will be inclusive. This is an interesting finding and has many implications for policy. The details of this message will be elaborated by the team leader of this

report shortly. The inaugural session today will discuss and debate the findings of the World Development Report 2009.

Thereafter the conference will be examining the implications of these findings for Sri Lanka. In the light of various policy measures currently undertaken under “Mahinda Chintana” to address regional disparities, how relevant are the findings and policy suggestions made by the World Development Report (2009) ?

In order to examine the Sri Lankan case in detail we have three Sessions today. Session 1 on Lagging Regions in Sri Lanka will discuss policy issues in light of the World Development Report findings. Session 2 on Spatial Issues in Sri Lanka will highlight some statistics going beyond the physical infrastructure and touch on the social infrastructure, with special reference to MDGs. The last session is on Spatial Disparities in the Education Sector in Sri Lanka. This is based on field work and detailed analysis done by the IPS with the support of the South Asia Centre for Policy Studies in Dhaka, Bangladesh. Some of the Power Point Presentations and Executive Summary reports are included in your docket to facilitate the dialogue and for a closer study at a future date. We have three discussants to each session followed by a floor discussion as indicated in the programme. We are privileged to have with us a distinguished team of panelists to promote the discussions. The objective is to get maximum participation in the dialogue so that a comprehensive policy brief could be prepared after the conference by the IPS.

The World Bank has been a great pillar of support for growth and development in Sri Lanka. It has been an institution builder cum facilitator and a knowledge partner. The IPS has partnered the World Bank on many projects in the past and organized seminars/conferences together. Last month we organized a joint seminar on the Global Economic Crisis and Sri Lanka. This is the second joint conference this year. We believe that the synergies of both institutions could be drawn by such activities. I take this opportunity to thank the World Bank for the support for this event.

I welcome all of you once again and hope that you will benefit from the deliberations of this conference.