

Abstract

Sri Lanka State of the Economy – 2011

Post-conflict Growth: Making it Inclusive

As post-conflict Sri Lanka targets a phase of rapid growth, economic policies have to be geared to deliver broad-based growth, and ensure that equity in access to and distribution of resources are addressed. This calls for a growth process that is both sustainable and inclusive. Sri Lanka has made positive progress to date, recording a strong economic recovery, accompanied by an improved macroeconomic environment. While the economy appears to be comfortably positioned to meet an immediate external shock from a weakening global economy, timely macroeconomic policy adjustments to ensure that the country retains the flexibility to respond appropriately to emerging risks to growth and stability are critical.

The myriad channels through which growth is accompanied by a reduction in inequalities are many. Access to productive employment is a critical element. It requires improving employability of workers on the one hand, and improving access to productive employment opportunities on the other. On the supply side, improving employability involves access to good quality health, education and other productive assets. On the demand side, improving access to employment requires opening up opportunities in various sectors of the economy in different geographic regions and for diverse types of workers. The Sri Lanka: State of the Economy 2011 report examines these and other imperatives for inclusive growth in Sri Lanka's post-conflict setting, through a series of chapters and policy discussions.