



Report on the 2005 Real Gross Domestic Product (RGDP) Estimates for Sierra Leone

**National Account Section
Economic and Social Statistics Division
Statistics Sierra Leone**

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REPORT ON THE 2005 REAL GROSS DOMESTIC PRODUCT (RGDP) ESTIMATES FOR SIERRA LEONE

Introduction

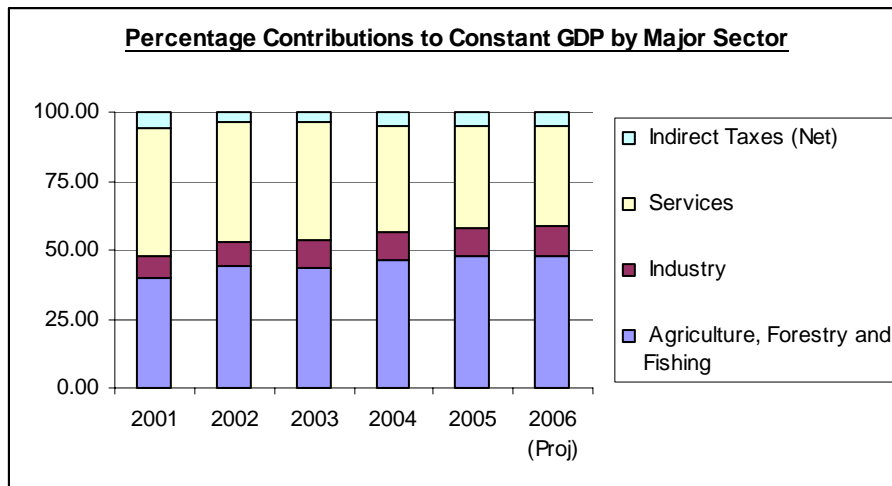
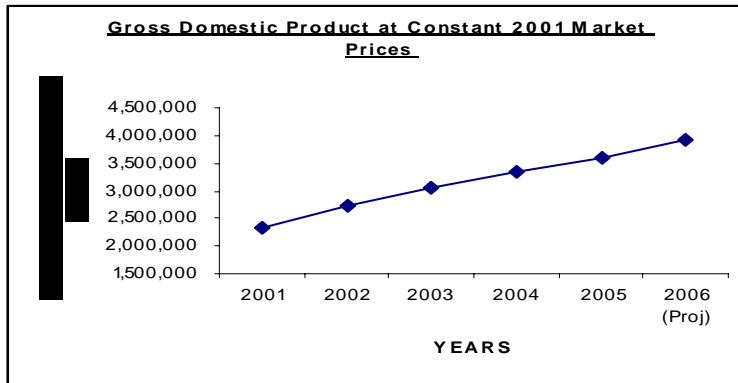
Gross Domestic Product (GDP) figures are estimated from the following sources: administrative data received from institutions, surveys conducted by other institutions and the annual National Accounts Survey conducted to complement the two previous sources mentioned. The final figures for the 2005 GDP were estimated in October 2006. The estimates for 2001, 2002, 2003 and 2004 were also revised and the following points should be noted:

1. Production of Kola nut, though small, has now been included in the Crop sub-sector in Agriculture Sector.
2. Constant Net-Tax which, before now, was estimated using CPI; is estimated by deflating the Current Net-taxes value by Import index.
3. In estimating the Constant GDP figures for Banking sub-sector, current GDP estimates have been deflated using the interest rate indices.
4. The NPISH has also been revised due to availability of additional data for other institutions.
5. Additional data for other sectors have been included.

Performance in 2005

The Sierra Leone GDP increased in real terms by 7.5 percent from Le 3,331,161 million in 2004 to Le3,579,881 million in 2005; about 2 percentage points below the 2004 growth rate. In nominal terms, GDP grew by 15 percent, twice the real growth rate; showing the huge distortions in the price and market structure of the economy.

Generally, all sectors continue to grow with Agriculture being the dominant economic activity of Sierra Leoneans, contributing the greater percentage to GDP. Of the total 2005 GDP, Agriculture contributed about 48 percent, industry 10 percent, Services less FISIM 37 percent and Net-Tax 5 percent.



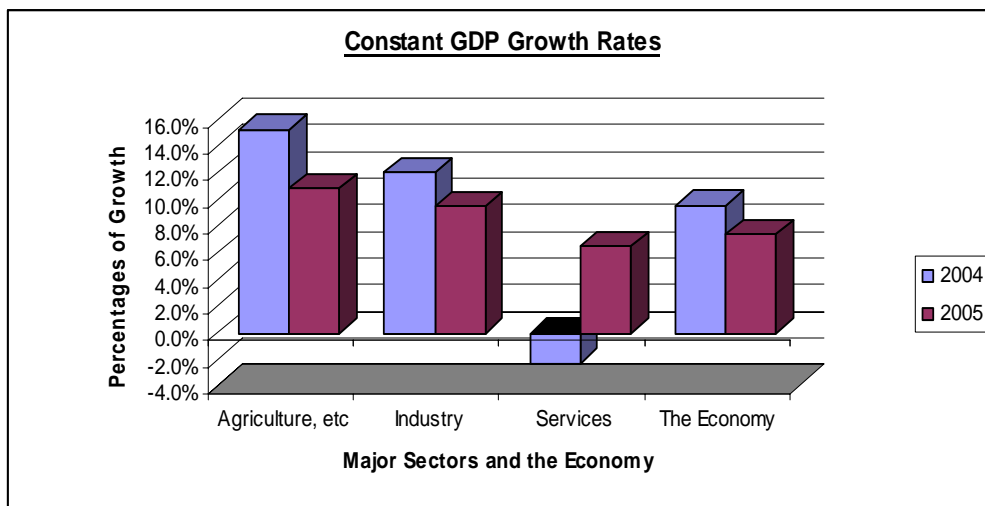
The Agricultural Sector grew by 11 Percent from Le 1,536,176mil in 2004 to Le 1,703,776million in 2005. Growth is visible in all agricultural sub-sectors except Forestry. Growth in Agriculture was due mainly to growth in rice production in the Crop sub-sector, significant increase in livestock and fish catch.

In the Industry Sector, total GDP increased by 9.5 percent from Le 338,150million in 2004 to Le 370,367million in 2005. Growth in this sector has been spurred by Construction and Manufacturing sub-sectors. Mining, the largest in this sector, declined by 7 percent from Le 201,132million in 2004 to Le 187,449 million in 2005. However, the Electricity and Water sub-sector declined by 29 percent from Le 9,505million in 2004 to Le 6,729million in 2005.

The Services Sector which was the major contributor to national GDP during the peak war period and just after the war, continues to grow but at a declining rate. This Sector realized a 7 percent growth from Le 1,303,950million in 2004 to Le 1,389,627million in 2005. The largest sub-sector, Trade and Tourism grew by only 1 percent though Hotels and Restaurants (a sub-sector) declined by 11

percent due to fewer bed-nights spent in hotels in 2005. Transport, Storage and Communication grew by 20 percent from Le 227,073million in 2004 to Le 272,441million in 2005. Reasons behind growth in this sub-sector are the growth in communication following the increase in mobile companies, and the continuous increase in the volume of vehicles licensed. In the Finance, Insurance and Real Estate sub-sector, GDP increased by 8 percent from Le 210,126million in 2004 to Le 227,379million in 2005. Real output by this sub-sector declined because of higher interest rate but nominal GDP grew because new banks are being opened and existing ones are expanding.

Administration of General Government services, also, grew by 14 percent from Le 119,418 million in 2004 to Le 136,528 million in 2005 as a result of increase in government compensation of employees. The NPISH, which were largely relief oriented, continues to decline and in 2005 it dropped by 22 percent from Le25,827 million in 2004 to Le20,117 million in 2005 because some of them have either folded-up or cut down their operations in Sierra Leone.



In conclusion, the economy seems to be doing well in most of the sectors and their sub-sectors except Electricity and Water supply. The slow down in this sub-sector may cause other sub-sectors to slow down because development in modern economies hinges on affordable and regular power supply.