



Report on the 2007 Real Gross Domestic Product (RGDP) Estimates of Sierra Leone

**National Accounts Section
Economic Statistics Division
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Introduction

Gross Domestic Product (GDP) is the basic measure of how much a country produced in a given period. It is therefore the country's expenditure on all final goods and services consumed within the borders of the country during a given year and at market price. GDP figures are computed by Statistics Sierra Leone using the standard 1993 systems of National Accounts (SNA93) methodology. The base year was recently revised from 1990 to 2001 to ensure that the estimates do not only comply with current international standards but also satisfy the ECOWAS statistical harmonization system of reporting by member states. In order to enhance comparability over the years the prices of a single year, known as the base year, is used to compute the GDP for all other years and is called the Real/Constant Gross Domestic Product (RGDP).

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 by Statistics Sierra Leone to complement the sources mentioned. The final figures for the 2007 GDP were estimated in August 2008 and may be revised when new data or additional information becomes available.

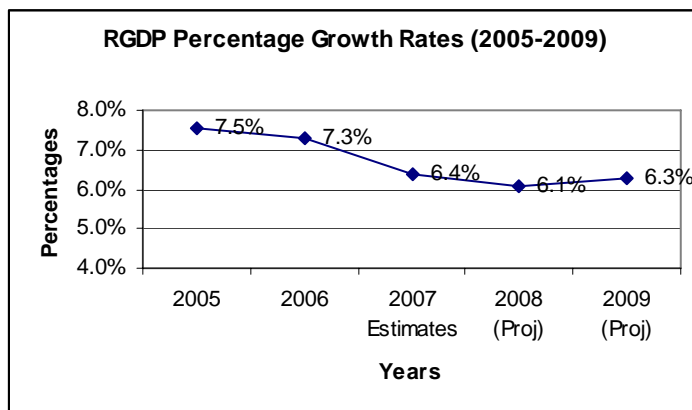
Trends in 2007 Real GDP figures

The 2007 RGDP estimate was earlier projected to grow by 7.0 percent from 2006 but was later revised downwards to grow by 6.9 percent as actual data coming in were showing downward trends. Actual measure of 2007 output now shows Sierra Leone's Real GDP grew by 6.4 percent from Le 3,860,775 million in 2006 to Le 4,106,739 million in 2007; indicating about 0.9 percentage points below the 2006 growth rate of 7.3 per cent. (*Table NA02*)

Agriculture sector, being the dominant economic activity of Sierra Leoneans, still contributes greater percentage to Sierra Leone GDP. Of the total 2007 GDP, Agriculture contributed about 46 percent, Industry 10 percent, Services less FISIM¹ 37 percent and Net-Tax 7 percent. (*Table NA04*)

¹ FISIM is Financial Intermediation Services Indirectly Measured. The SNA 93 recommends that it should be treated as Intermediate Consumption and therefore deducted from the output of the sectors that incur them; or appears in the account but deducted from the total.

The Agricultural Sector grew by 4 percent from Le 1,817,655 million in 2006 to 1,891,649 million in 2007. Growth in Agriculture was due to steady increase in domestic production of major crops and livestock. (Table NA02)



In the Industry Sector, total GDP increased by 13 percent from Le 366,903 million in 2006 to Le 413,236 million in 2007. Growth in this sector is now spurred by the Mining sub-sector. The Mining sub-sector seems to be heading back to full operation since the end of war with additional minerals now exported and the expansion in the Rutile mineral production. In 2007 Mining realized a 20 percent growth in real terms due to increased outputs of other mining activities such as bauxite, rutile etc. However, the Electricity and Water sub-sector further declined by 6 percent from Le 6,520 million in 2006 to Le 6,158 million in 2007 due to low power generation. (Table NA02)

The Services sector realized a 5 percent growth from Le 1,526,750 million in 2006 to Le 1,598,504 million in 2007. Real estimates in this sector were adversely affected because most of the sub-sectors are deflated using the Consumer Price Index. In the Finance, Insurance and Real Estate sub-sector, GDP declined by 7 percent from Le 252,497 million in 2006 to Le 234,326 million. Even though the banking market is expanding; profitability in this service declined in 2007 thus slowing-down its Gross Value Added (GVA) contribution.

Administration of General Government services, also, decreased by 10 percent from Le 153,214 million in 2006 to Le 138,501 million as a result of decrease in Government Expenditure in Compensation of Employees and increased general Consumer Price Level (CPI) that is used to deflate the estimates. (Table NA02)

Growth Drivers

From the supply side, Table NA05 shows that the main growth drivers in the 2007 Sierra Leone economy were: Crop farming (1.4 percentage points (22%)) in Agriculture sector, Net Indirect Taxes (1.4 percentage points (22%)) and Mining (1 percentage points (16%)) in the Industry sector. Further analysis shows that Mining sub-sector made the most giant leap to contribute to the 2007 GDP growth (63 times). Crop farming, in fact, continued to decline in contributing to growth while Mining continued to grow in contributing to GDP growth. However, contribution made by Transport, Storage and Communication sector is worth mentioning as it shows sustained growth in the contribution to GDP growth (1.4 percentage points (22%)).

Conclusion

In conclusion, economic growth is still sustained as all sectors appear to be doing well; except Electricity and Water supply sub-sector. The mining sector, which now includes other minerals like bauxite, rutile etc, is heading back to full production capacity which may lead to increased output.

The **2008 Real Sector** outlook shows a projected growth in productivity declining to 5.8 percent minimum and 6.1 percent maximum of GDP. Communication, Electricity, Banking and Mining sub-sectors seem set to increase productions in 2008. However, Manufacturing sub-sector, ironically, is declining even though there is increase in Electricity output. This at the moment is attributed to lower local demand for locally manufactured goods and increased competition faced from some imported products. The minimum growth rate projection of output incorporates the dredge crisis at rutile mines and the possibility of increase in Consumer Price Index level.