



STATISTICS SIERRA LEONE

**Report on 2009 Real Gross Domestic Product
(RGDP) Estimates of Sierra Leone**

National Accounts Section

Economic Statistics Division

Statistics Sierra

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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 system 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 (2001), are used to compute the GDP for all other years, which produces 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 provisional figures for the 2009 GDP are estimated in March 2010 and will be revised after conducting the Annual National Accounts survey and as we receive outstanding data from MDAs.

Trends in 2009 Provisional Real GDP (RGDP) Figures

The 2009 RGDP estimate was earlier projected to grow by 4.6 percent in 2009. However, provisional figures for 2009, which is made up of 55 percent actual production figures from various sectors, now show Sierra Leone's Real GDP grew by 4.4 percent from Le 4,290,993 million in 2008 to Le 4,479,933 million in 2009; indicating about 0.1 percentage points above the 2008 growth rate of 4.3 per cent. (*Table NA02*). This slow growth may partly be attributed to the global economic and financial crisis during the period under review. Although our financial system has been largely spared, yet industry, especially mining and quarrying seriously experienced a slow down due to the crisis.

Agriculture sector, being the dominant economic activity of Sierra Leoneans, still contributes greater percentage to Sierra Leone GDP as compare to the other sectors. Of the total 2009 GDP, Agriculture contributed about 46.1 per cent; Industry is down to 6.5 percent from 7.8 percent in 2008, Services less FISIM¹ 40.0 percent and Net-Tax 7.6 percent. (*Table NA05*)

There is no new set of data from the Ministry of Agriculture; all efforts of the Ministry are current concentrated on conducting the Agricultural Tracking Survey (ATS) in collaboration with Statistics Sierra Leone and JPAL. The field work will soon

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.

commence. As a result, the old series provided in the Ministry's 2009 Bulletin was used to produce estimates for the Agricultural Sector in 2009. These estimates will be revised as soon as the ATS results are made available to SSL.

The output of the Agriculture sector grew by 4 per cent from Le 1,987,367 in 2008 to Le 2,066,593 in 2009. All the sub-sectors experienced growth in output, especially crop, which recorded a 5.2 percent growth rate (*Table NA03*). The tractorization policy of the government is the main reason behind this strong growth in crop sub-sector. The estimates for the fishery sub-sector are based on projected figures provided by the Statistics Unit in the Ministry of Marine Resources. The Fishery sub-sector grew just marginally due to the ban on monofilament fishing net.

In the Industry Sector, total GDP decreased by 13.3 per cent from Le 337,815 million in 2008 to Le **292,827** million in 2009. Growth in this sector declined as a result of a fall in output of the Mining sub-sector, which spurs the sector. Output in the Mining sub-sector continues to record negative growth rate as a result of decreased demand for diamond in the world market and the limited operations of Koidu Holdings following its suspension in 2008. In addition, the dredge crisis that hit Rutile mines which resulted in considerable drop in the minerals produced by the company still affected production in 2009. Bauxite production has remained suspended; while gold production is still largely in the hands of individuals and households.

Manufacturing also recorded a negative growth rate of 6.9 in 2009 due mainly to the decline in output of cement, soft drinks, beer & stout, flour and paint; although the output of maltina and confectionary increased marginally. However, some information is expected from the Annual National Accounts Survey to complement the current data on Manufacturing.

On the other hand, the Electricity and Water sub-sector continues to grow in 2009 due to the increased unit generation from the Bumbuna Hydroelectric plant. The sub-sector grew by 5.1 percent in 2009 which is considerably lower than the 114.9 percent increase in 2008 due to increased power generation as a result of the caterpillar engines of 15 megawatt since 2008 that was added to the Sulzer engines of 4 megawatt. However, the increase was not enough to off-set the decline in Mining, manufacturing and construction sub-sectors (*Table NA03*). The construction sub-sector also declined due to decline in cement output.

The Services sector realized a 7.95 percent growth from Le 1,987,367 million in 2008 to Le 2,066,593 million in 2009. This sector continues to grow mainly due to the expansion of sub-sectors like Transport and Communication and Banking, which continue to record impressive growth rates (*Table NA03*). Trade and Tourism, grew by 3.7%, which represents a 0.7 percentage point dropped from its 4.3 percent increase in 2008. The decline in the tourism sub-sector was due largely to a decline in the number of bed nights spent in hotels in 2009. This is may also be an indication of the negative impact of the global crisis on the Sierra Leone economy as a whole and the Tourism sub-sector in particular (see *Tables NA03*).

Administration of General Government services decreased by 1.3 percent from Le 115,541 million in 2008 to Le 114,039 million in 2009, which is an improvement when

compared with the 16% decline between 2007 and 2008. In addition, there is a noticeable increase in the output of education and health services in 2009 (*Table NA03*) due to the PRGF programme expressed under the Agenda for Change document.

Growth Drivers

From the supply side, *Table NA06* clearly shows that Services Sector (3.29 percentage points) has taken the lead in terms of its contribution to the growth of the Sierra Leone economy, followed by Agriculture (1.85 percentage points). On the other hand, the Industry sector is making negative contribution to growth in 2009 by 1.05 percentage points. At the sub-sector level, the main contributors to growth are: Crops (1.66 percentage points) and Fishery (0.10 percentage points) in the Agriculture Sector; and Transport, storage and communication (1.11 percentage points), Education (0.77 percentage points), and Health (0.57 percentage points) in the services sector.

In conclusion, economic growth in 2009 was spurred by Services and Agriculture Sectors but dented by the Industry Sector.

2010 Projections

Real GDP is projected to grow by 5.2 percent in 2010. Agriculture and services will continue to be the major contributors to growth in 2010. The Government's commercialization policy of agriculture (tractorization, processing and marketing) is expected to stimulate growth in the sector. Banking and communication services will continue to grow, although at a slower rate. Health and education services will also continue to grow driven by the 'Agenda for Change' targets. Industry will continue to record negative growth rates in 2010. Mining industry will not fully recover in 2010 for a number of reasons:

- The diamond production by Koidu Holdings will still be below the pre suspension level;
- Rutile will still operating a single (old) dredge for much of 2010
- Actual production of iron ore by London Mining and African Minerals may not commence in 2010 by all indications
- Bauxite mines will remain closed for much of 2010

Electricity and water will continue to grow in 2010; NPA distribution lines are being upgraded, and SLWACO is expanding its activities to Lungi, Mile 91 and Pujehun Manufacturing output will continue to be mixed in 2010.

Taxes are expected to grow in 2010 due to the introduction of the Goods and services Tax (GST) in January 2010.

Government services including health and education will grow in 2010 under the Agenda for Change and the free health care for children, pregnant women and lactating mothers to commence April 2010.

Improvements in National Accounts Compilation

During the first quarter of the year of 2009, the National Accounts Section carried out a pilot survey to estimate the volume sand extraction currently going on in the Western Area (as a replacement to the indirect method of estimating other quarry products) to actually measure a sub component in the Mining and Quarrying sector. This survey will be extended this year 2010 to the eastern part of the city.

To improve on the Agriculture Output estimates, SSL is taking full advantage of the initiative of the Office of the President to carryout a nationwide Agriculture Tracking Survey (ATS), the data collection exercise will commence this March 2010. The survey is a donor funded project with technical support provided by JPAL. It is hoped that the results of the survey will greatly improve on the agriculture output estimates.

Preparations are also on-going for the conduct of the Sierra Leone Integrated Household Survey (SLIHS) and the Labour Force Survey (LFS) which will provide data for the revision of the major components of the accounts.

Collaborative activities with other institutions like BSL, EPRU, SLICOM and NATCOM to improve the data collection continues for the communication and insurance sectors respectively.

Statistics Sierra Leone has conducted the benchmark survey to compile weights for the introduction of a producer price index (PPI). The PPI is required to introduce the double deflation of GDP aggregates as recommended by the recent IMF technical assistance mission.

The benchmark survey provides the basis for conducting the regular monthly PPI surveys starting second quarter in 2010. The compilation of a business confidence index is also being planed to commence during the second quarter of 2010.

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