



Statistics Sierra Leone

2009 Annual Economic Survey

Economic Statistics Division

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Statistics Sierra Leone

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Economic Statistics Division

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ACKNOWLEDGEMENT

This report is another milestone in the effort of Statistics Sierra Leone to provide quality and timely information for the management of the Sierra Leone economy. It contains useful information for policy-makers, investors and the general public.

Under the active supervision of the Acting Statistician General, Mohamed King Koroma, a team of hardworking and dedicated staff of SSL put this report together from the designing of the survey instruments to the finalization of this report. SSL Management therefore acknowledges the immense contribution, which the following staff made towards the compilation of this report: Abu Bakarr Turay, Officer-in-Charge, Economic Statistics Division (and Head of National Accounts Statistics); Jinah Jusu Ngobeh, Head, Business and Industry Statistics Section; Samuel Turay, Head, Price and Labour Statistics Section; and Francis N. Brewah, Head, Foreign Trade Statistics Section.

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Furthermore, we are very much appreciative of the patience and courage of the respondents in providing pertinent business information required by the survey staff.

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Mohamed King-Koroma
Acting Statistician General

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ABBREVIATIONS

AES	Annual Economic survey
BSL	Bank of Sierra Leone
COE	Compensation of Employees
GDGO	Government Diamond and Gold Office
GDP	Gross Domestic Product
GVA	Gross Value Added
ISIC-Rev.3.1	International Standard Industrial Classification Revision 3.1
SSL	Statistics Sierra Leone

EXECUTIVE SUMMARY

The 2009 Annual Economic survey (AES) was conducted in the middle of the global financial and economic crisis; and was designed to capture information about the economy, which could be used to assess the performance of the economy in 2008. The survey provided information used to estimate the Gross Domestic Product (GDP) and other economic aggregates. This survey report is intended to provide additional information used to answer specific questions on employment, expenditure, revenue, capital expenditure changes in stocks, etc not normally reported in the National Accounts but essential to a better understanding of the dynamics of the economy. The establishment survey covers economic activities that are of significance to the Sierra Leone economy. In all, ten (10) sectors of the economy were covered in the survey namely, trade, other business services, manufacturing; construction, communication, finance and insurance. The basic information collected on establishments includes the number of persons engaged, compensation of employees, sales value of goods produced and purchased for resale, inventory and capital expenditure. This annual economic survey was conducted under the Statistics Act 2002, which makes it mandatory for all business establishments operating in Sierra Leone to submit returns to Statistics Sierra Leone with the relevant statistical information. The Act also stipulates that the content of individual returns received would be kept confidential and used only for statistical purposes.

The survey covered business establishments operating in the Four Regional Cities of Freetown, Bo, Kenema and Makeni. These four cities together constitute over 65% of businesses operating in this country. Agriculture, which contributes about 45% of GDP, was not covered in this survey. Also not covered in this survey are Mining & Quarrying and formal commercial banks, electricity, water and gas industries. For these industries, we rely on administrative data supplied to Statistics Sierra Leone by the various stakeholders such as the Ministry of Agriculture Forestry and Food Security for Agriculture data; the Bank of Sierra Leone (BSL) for commercial banks, Government Diamond and Gold Office (GDGO) for data on mining; the National Power Authority (NPA) for electricity data; and so on.

The main objective of the Survey is to provide annual estimates for the compilation of national accounts aggregates such as the GDP, as well as for analyzing the structure and performance of the business sector in Sierra Leone. It is intended to estimate the contribution of the business sector to GDP, as well as to monitor the development in the various sub-sectors. The Survey is aimed at providing information necessary to inform economic policy.

The Business Register served as the frame for the selection of establishments for the survey. The sampling design for the survey was based on stratified random sampling by industry and other relevant variables such as the size of employment. Firstly, establishments in the Business Register were categorized by industry; then all those establishments with a large employment size of 50 and above employees (including proprietors and working partners) were selected with certainty (take-all stratum). A simple

random sample was then drawn from the remaining establishments with less than 50 employees. In this way, the survey captured all large establishments operating in the country as well as a significant number of small-medium scale establishments some of which are informal.

From a total of 9019 establishments operating in the country, 368 establishments were statistically selected for the survey. The survey covered 74 larger establishments, and 294 small-medium-scale establishments. Although the statistical unit in the survey is the establishment, sampling was done at enterprise level. Once the enterprise was selected for inclusion, all the branches/divisions were automatically included, except in the event the branch(s) kept separate books of accounts. Given the nature and scope of the subject matter, a self-completed questionnaire was deemed to be the best way of collecting information. With a business audience in mind, the length of the questionnaire was limited to allow completion in less than forty five minutes. The questionnaire was designed to capture various information ranging from basic information about the business, size of employment, revenue, wages, salaries, operating cost, to capital expenditure and business environment.

The 2009 Survey targeted 368 establishments; of this number of establishments, 61% were in Freetown alone. Out of the 368 establishments targeted, 317 (86.1%) establishments were successfully interviewed. The non-responses (13.9%) were largely due to closure or not found cases as well as outright refusal to provide the relevant information. Since, these survey data are estimated based on information obtained from survey questionnaires sent to all large establishments and to a sample of small establishments in the business register, weights were developed to reflect the national position of establishments operating in Sierra Leone. The weights were further adjusted to reflect the short fall in the sample; that is, to accounts for non-responses as well as to blow the sample estimates to national estimates. The industrial classification was used as the primary survey-sampling unit; as a result sampling weights were developed at industry level.

Limitation

When comparing the results of the survey with National Accounts estimates, one should note that there are methodological differences between the survey estimates and those for the same sector incorporated in the final National Accounts estimates particularly as it relates to the estimation of Gross Value Added. In National Accounts compilation, the recommendations of the System of National Accounts 1993 (SNA93) are followed; and administrative data are also included in the estimation of GDP. Also the regular National Accounts aggregates include the estimates of informal activities for the different sectors. These estimates are lacking in the current survey estimates that have been made. Informal activities in Sierra Leone cover a wide range of economic activities and therefore contribute greatly to national output.

Key Findings

- The result shows that the trade industry, wholesale or retail trade businesses, accounts for the highest percentages (76.8%) of business establishments in Sierra Leone. The share of manufacturing and other businesses services establishments was 10.60 and 7.10 percents respectively. The high proportion of establishments operating in the trade sector underscores the fact that the Sierra Leone economy is mainly a distributive economy relying mainly on imports for commerce, with devastating consequences on the depreciation of the national currency.
- The data shown that the trade industry employed the largest part of the labour force (80.4% of total employees), with females playing a major role in the trade sector which is mainly informal. The percentage of females is greater in insurance industry (33.2%) and in hotel & restaurants (31.6%) of the total employees in those industries. However in the hotel & restaurant industry, the percentage fell from 34% in 2007 to 31.6% in 2008; which could be attributed to the financial crisis which affected the tourism sector worldwide in 2008. The least proportion of females in employment is in the construction industry with 6.5%; this could be due to the nature of the construction activities which require manual feast especially for site workers.
- In the opinion of most business establishments' owners and managers interviewed, Sierra Leone business environment is fairly good but they experienced lower demand for their products in 2008 compared with 2007. The data shows that about 43.5% had lower demand for their products in 2008 as compared to 2007, 35.2% of business establishments had higher demand for their products and 21.3% of business establishments had the same demand for their products in 2008 compared to 2007.
- The low demand for goods and services in 2008 compared to 2007 could be attributed to the global financial crisis that affected the economies of most developing countries. However, about 80% of the business establishments were not sure about prospect for growth in their businesses in 2009.
- A reasonable number of business establishments all over the country now use mobile telephones as a tool to facilitate business transactions. The use of Landlines in business communication is less effective and it's been gradually replaced by mobile phones. Out of a total of 9019 establishments, only 7.3% of businesses do not use mobile phones and majority of such businesses are found in the Southern region. Western region is the only region that recorded a very high percentage of business establishments (77.9%) that uses telephone landlines in their business communication compared with other regions.
- A large proportion of business establishments, about 76.4% do not have access to internet services. However, the few business establishments that have access to internet services use it mainly for e-mail. The internet Services is widely used in the western region compared to the other regions. It is therefore recommended that more Internet Service Provider (ISP) be encouraged to extend their services to other regions. On average electricity supply (in 2009 compared to 2008) to business establishments increased in the East (from 10.5 to 14.0), West (from 5.8 to 7.4) and constant in the North (from 0.1 to 0.1).
- Prospects for increase employment opportunities lay in the hotel and restaurants industry, which therefore call for the development of the tourism sector of the economy.

CHAPTER 1: INTRODUCTION

1.0 Introduction

The current financial crisis, which originated from the USA's housing market in 2008, affected countries across the world including Sierra Leone. Notwithstanding the 'smallness' of our economy, Sierra Leone is part of the global village, and as a result, the global financial and economic crisis has had its impact on our economy. First, there was the food crisis that saw the global price of rice double in less than a year in 2008. Then there was the fuel crisis, with oil prices climbing to nearly \$150 a barrel also in 2008. And finally there was the financial crisis that plunged the whole world into recession. The crises affected Sierra Leone's real GDP growth rate, as it declined in percentage points from 6.4% in 2007 to 4.3% in 2008. This indicated a slow down in economic activities in the country which reflects the real impact of the global crisis. Mineral exports in the first half of 2009 fell by more than a third from the same period in 2008, while remittances fell by 30%.

Ordinary Sierra Leoneans have been hit hard by high fuel prices, food prices, and then exchange rate crisis. The fall in world demand is liable to impact the Sierra Leone economy primarily through the balance of payments. It both diminished the prices of primary products (diamonds, cocoa, etc.), which constitute a major part of Sierra Leone exports. It is the past strength of raw material prices, which provides the one logical basis for the stable value of the Leone (Le) in the past three years, and quite recently the most reasonable forecast was that the price of materials might likely continue to slip back from the very high levels of recent months. This is so because a major worldwide recession would be consistent with a longer period reverting to weak commodity prices

The 2009 Annual Economic survey (AES) was designed to capture information about the economy, which could be used to assess the performance of the economy in 2008. The survey provides information used to estimate the Gross Domestic Product (GDP) and other economic aggregates. This survey report is intended to provide additional information used to answer specific questions on employment, expenditure, revenue, capital expenditure changes in stocks, etc not normally reported in the National Accounts but essential to a better understanding of the dynamics of the economy. The establishment survey covers economic activities that are of significance to the Sierra Leone economy, namely, trade, other business services, manufacturing; construction, communication, finance and insurance. The basic information collected on establishments includes the number of persons engaged, compensation of employees, sales value of goods produced and purchased for resale, inventory and capital expenditure.

1.1 Objective of the Survey

The main objective of the Survey is to provide annual estimates for the compilation of national accounts aggregates such as the GDP, as well as for analyzing the structure and performance of the business sector in Sierra Leone. It is intended to estimate the contribution of the business sector to GDP, as well as to monitor the development in the various sub-sectors. The Survey is aimed at providing information necessary to inform economic policy.

The specific objectives of the survey include the following:

- To assess the employment situation in the business sector
- To estimate the turnover of establishments
- To Examining the wage bill of establishments
- To estimate the profit margin of establishments
- To provide information for estimating the Gross Value Added and hence GDP of the industries
- To assess the business and ICT environment in Sierra Leone

CHAPTER 2: THE SURVEY METHODOLOGY

2.0 Coverage (Geographic, Establishment and Content)

Establishments in Sierra Leone are classified according to the International Standard Industrial Classification Revision 3 (ISIC-Rev.3.1), which is based on the economic activities they undertake. This classification is important since it facilitates comparison with other countries. The survey covered business establishments operating in the Four Regional Cities of Freetown, Bo, Kenema and Makeni. These four cities together constitute over 65% of businesses operating in this country. Data was collected on a variety of issues such as employment, operating expenses including payroll and fringe benefits; non-operating expenses, sales revenue; capital expenditure and business environment.

In all, ten (10) sectors of the economy were covered in the survey. The sectors covered in the survey are shown in Table 2.1:

Table 2.1: Industry coverage: ISIC-Rev.3.1 Codes for 10 Industries

No	Industry	Code
1	Air Transport	6304-6309
2	Bureaus (Other Financial Institutions)	6519
3	Communication	6412-6420
4	Construction	4520-4540
5	Hotels & Restaurants	5510-5520
6	Insurance	6601-6720
7	Manufacturing	1520-3691
8	Other Business Services	7130-7530
9	Shipping Agencies	6023-6120
10	Trading	5010-5260

Agriculture, which contributes about 45% of GDP, was not covered in this survey. Also not covered in this survey are Mining & Quarrying and formal commercial banks, electricity, water and gas industries. For these industries, we rely on administrative data supplied to Statistics Sierra Leone by the various stakeholders such as the Ministry of Agriculture Forestry and Food Security for Agriculture data; the Bank of Sierra Leone (BSL) for commercial banks, Government Diamond and Gold Office (GDGO) for data on mining; the National Power Authority (NPA) for electricity data; and so on.

2.1 Sampling Design

The Business Register served as the frame for the selection of establishments for the survey. The Register was developed based on the information captured in the Census of Business Establishments conducted in 2005; and it has since been updated annually using administrative lists of establishments.

The sampling design for the survey was based on stratified random sampling by industry and other relevant variables such as the size of employment. Firstly, establishments in the Business Register were categorized by industry; then all those establishments with a large employment size of 50 and above employees (including proprietors and working partners) were selected with certainty (take-all stratum). A simple random sample was then drawn from the remaining establishments with less than 50 employees. In this way, the survey captured all large establishments operating in the country as well as a significant number of small-medium scale establishments some of which are informal.

2.1.1 Classification of Establishments

There is no internationally accepted criterion for classifying establishments into micro, small, medium or large establishments; which means that the classification varies from country to country, organization to organization and even from survey to survey depending on the nature of the objectives being pursued. However, a number of criteria have been used to define SMEs. The commonly used yardsticks are total number of employees, total investment and sales turnover. For instance, the number of employees, invested capital, total amount of assets, sales volume and production capability and profit have all, one way or the other, been used to classify establishments. However, Statistics Sierra Leone is using employment size to classify establishments as indicated in the Census of Business Establishments Report (2005), which classified establishments as follows:

Petty Enterprise	1-4 employees
Small Scale Establishment.....	5-19 employees
Medium Scale Establishment	20-49 employees
Large Scale establishment.....	50 and above employees

Apparently, all those establishments that engage less than 50 workers are classified as micro (petty), small to medium scale enterprises (SMEs). The concept of defining SMEs is further complicated when there is need to clearly distinguish between formal and informal economic activities. The latter is believed to be playing a significant role in the economy. Small and Medium scale enterprise (SMEs) are an important part of private sector in Sierra Leone.

2.1.2 Sample Size

From a total of 9019 establishments operating in the country, 368 establishments were statistically selected for the survey. The 368 sample size was distributed among the 10 industries covered in the survey as shown in Table 2.2.2 using their respective shares in the total number of persons engaged obtained in the business register as

well as prior knowledge of the economy to permit analysis at the industry level. The final distribution is shown in Table 2.2.2.

Table 2.2.2: Sample Distribution

Industry	Population of establishments	No. of large est.(50+ workers)	No. sampled (<50 workers)	Total sample
Air Transport	18	1	12	13
Bureaus (Other Financial Institutions)	35	0	14	14
Communication	10	6	2	8
Construction	70	8	14	22
Hotels & Restaurants	337	10	55	65
Insurance	11	5	6	11
Manufacturing	960	11	58	69
Other Business Services	636	19	42	61
Shipping Agencies	15	3	4	7
Trading	6927	11	87	98
Total	9019	74	294	368

Those large establishments with at least 50 employees were selected with certainty, while the systematic random sampling techniques were used to select from those establishments with less than 50 employees.

The survey covered 74 larger establishments, and 294 small-medium-scale establishments as seen in Table 2.2.2. Purposive sampling technique was also used in the allocation of sample sizes presented in Table 2.2.2 (column 5), taking into consideration the features of the economy and the number of establishments in each industry. So for industries such as Communication and Insurance where the population of establishments was very small, all the establishments in these industries were included in the sample.

Although the statistical unit in the survey is the establishment, sampling was done at enterprise level. Once the enterprise was selected for inclusion, all the branches/divisions were automatically included, except in the event the branch(s) kept separate books of accounts.

2.1.3 The Questionnaire

Given the nature and scope of the subject matter, a self-completed questionnaire was deemed to be the best way of collecting information. With a business audience in mind, the length of the questionnaire was

limited to allow completion in less than forty five minutes. The questionnaire was designed to capture various information ranging from basic information about the business, size of employment, revenue, wages, salaries, operating cost, to capital expenditure and business environment.

2.2 Data Collection

This annual economic survey was conducted under the Statistics Act 2002, which makes it mandatory for all business establishments operating in Sierra Leone to submit returns to Statistics Sierra Leone with the relevant statistical information. The Act also stipulates that the content of individual returns received would be kept confidential and used only for statistical purposes. An invitation letter signed by the Statistician General of SSL was enclosed with all questionnaires to encourage business owners/executives to provide the relevant data relating to their businesses.

There were a total of 16 Enumerators that were deployed to Bo, Kenema, Makeni and Freetown data collection centers to carry out the data collection exercise under the supervision of 6 Supervisors, 2 National Coordinators and one Survey Director. Data was collected for a period of six weeks starting from July 6, 2009 and referred to actual figures (in million Leones) for the fiscal year 2008, with estimates for 2009. However, majority of establishments did not provide estimates for 2009 and therefore 2009 projections were not included in this report.

2.3 Quality Control

The National Coordinators of the Survey as well as the Survey Director monitored the data collection exercise on a daily basis in Freetown as well as in the Provinces through telephone and other means to assist Enumerators to do their work effectively and diligently. In addition visits were made to some establishments in Freetown and in the Provinces to validate the data collected in each of these centers.

2.4 Sample Achieved

The 2009 Survey targeted 368 establishments; of this number of establishments, 61% were in Freetown alone. Out of the 368 establishments targeted, 317 (86.1%) establishments were successfully interviewed. The non-responses (13.9%) were largely due to closure or not found cases as well as outright refusal to provide the relevant information. This non-response rate for 2009 was low than the non-response rate of 15.2% in 2008. This reduction in the non-response rate could be attributed to the Survey Team's robust effort in

getting returns from respondents through persistent reminder visits and telephone calls.

2.5 Data Processing

The Data Processing Division of Statistics Sierra Leone undertook the computer processing of survey questionnaires. The information in completed questionnaires was manually scrutinized, edited and coded before sending them for entry. Computer editing was also done as a way of validating the data. The data entry process lasted for about three weeks.

2.6 Sample Weights

Since, these survey data are estimated based on information obtained from survey questionnaires sent to all large establishments and to a sample of small establishments in the business register, weights were developed to reflect the national position of establishments operating in Sierra Leone. The weights were further adjusted to reflect the short fall in the sample; that is, to accounts for non-responses as well as to blow the sample estimates to national estimates. The industrial classification was used as the primary survey-sampling unit; as a result sampling weights were developed at industry level.

2.7 Limitations of Survey Estimates

When comparing the results of the survey with National Accounts estimates, one should note that there are methodological differences between the survey estimates and those for the same sector incorporated in the final National Accounts estimates particularly as it relates to the estimation of Gross Value Added. In National Accounts compilation, the recommendations of the System of National Accounts 1993 (SNA93) are followed; and administrative data are also included in the estimation of GDP. Also the regular National Accounts aggregates include the estimates of informal activities for the different sectors. These estimates are lacking in the current survey estimates that have been made. Informal activities in Sierra Leone cover a wide range of economic activities and therefore contribute greatly to national output.

CHAPTER 3: PRESENTATION OF RESULTS

3.0 Presentation Of Results

The annual economic survey results presented here give an analysis of the structure of the business sector of the economy, providing basic information on employment, location of establishments, revenue, wages and expenditure of businesses operating in the country. It provides a vivid picture of the general business climate in the country. This chapter presents and discusses the results of the survey for the 2008 fiscal year; the data is presented in tables and charts/figures.

3.1 Concepts and Definition of Terms

The Annual Economic Survey is an establishment-based survey, which means that establishments are technically the respondents of the survey. However, since establishments are owned and run by persons, the respondents of this survey are essentially business owners/executives or in their absence, any designated worker/employee who is knowledgeable about the affairs of the business. Therefore, the information obtained in survey and presented in this report relates to establishments operating in the various sectors of the economy included in the survey. This section gives a brief description of technical terms used in this report.

3.1.1 Statistical Unit

The statistical unit is the entity for which data is being gathered. For the 2009 Annual Economic Survey, the establishment was used as the statistical unit which was defined as a business or organization unit engaged in one activity and operating in a single location. Thus, a multi-activity firm or organization (otherwise known as the enterprise) with several units engaged in separate activities in the same location constitutes distinct establishments. Similarly, each branch of a multi-branch organization at a different location is conceptually a different establishment. So the reporting unit, the entity from which the data were gathered, may or may not have been the enterprise. However, the survey covered the lowest level of a business unit for which separate records are kept for such details as revenue, expenses and employment.

The distinction between the statistical unit and the reporting unit is particularly relevant in the context of the survey since many enterprises do keep consolidated accounts of all its units or branches. Thus, in practice, the accounts of an enterprise are centrally kept such that it is not possible to obtain separate data for each individual unit or branch; the enterprise was treated as a single reporting unit and allowed to

submit a consolidated return covering all units or branches. The use of both the enterprise and the establishment as reporting units for the 2009 Annual Economic Survey was decided upon after considering the number and the importance of multi-activity unit enterprises that keep consolidated accounts of their branches as recoded in the Business Register.

3.1.2 Definition of Other Terms

Kind of Activity: This referred to the specific activity the business was undertaking. The kind of activity characteristic was the principal variable, which determined the ISIC code of the establishment. For establishments engaged in more than one activity, the main or principal activity was used to classify the enterprise.

Number of Paid Employees (Total Employment): This included persons working in the establishment and receiving pay, as well as persons working away from the establishment who were paid by and under the control of the establishment (excluding home workers). These included all workers whether part-time, on paid sick leave or on training.

Other Workers: These included all Working Proprietors, Partners and Executive Directors only receiving a dividend or share of profit as payment as well as the unpaid (family) workers and apprentices; but excluded voluntary workers.

Number of working proprietors: These were defined as all individual proprietors and partners who were actively engaged in the work of the establishment, excluding silent or inactive partners, whose principal activity was outside of the establishment. This category was not applicable to any incorporated or similar enterprise the ownership of which is represented by holding of equity shares.

Number of unpaid family workers: Unpaid family workers referred to persons who lived with the proprietor of the unit and worked regularly for the unit, irrespective of the number of hours worked during the reference period, but did not have a contract of service and did not receive a fixed sum for the work they performed. Unpaid family workers who at the same time were in paid employment with another unit as their principal occupation were not considered as employed in the concerned unit. On the other hand, family workers who receive pay for the work performed and were not in paid employment with another unit, as their principal occupation were classified as employees.

Number of Persons Engaged: This was defined as the total of paid employees and other workers of the business. The following categories of workers were included:

- Unpaid business partners;
- Unpaid family workers;
- Persons working outside the unit who belonged to it (e.g. sales representatives, delivery personnel, repair and maintenance teams) provided that they received a regular salary from that unit;
- Persons on short-term leave (sick leave, annual leave or vacation);
- Persons on special paid leave (educational or training leave, maternity or parental leave);
- Persons on strike;
- Part-time workers on the payroll;
- Seasonal workers on the payroll;
- Apprentices on the payroll;
- Home workers on the payroll, paid for the work done

Wages and Salaries: These included wages and salaries and supplementary benefits in cash as well as in kind.

Total revenue: is income that a company receives from its normal business activities, usually from the sale of goods and services to customers; it is also referred to as turnover. This is income received from activities of a particular corporation, company, partnership, or sole-proprietorship. For some businesses, such as manufacturing and/or grocery, most revenue is from the sale of goods. Service businesses such as law firms and barber shops receive most of their revenue from rendering services. Lending businesses such as car rentals and banks receive most of their revenue from fees and interest generated by lending assets to other organizations or individuals. Revenues from a business's primary activities are reported as sales, sales revenue or net sales. Other revenue (or non-operating revenue) is revenue from peripheral (non-core) operations.

Expenditure: is an outflow of money to another person or group to pay for an item or service, or for a category of costs. An expense is a cost that is "paid" or "remitted", usually in exchange for something of value. Something that seems to cost a great deal is "expensive".

Stock/Inventories: These comprised the value of all stocks owned by the company and held by or under the control of the establishment. Excluded were materials owned by others but held by the establishment for processing. Stocks acquired from others were valued at 'purchaser's prices'. (Book values were acceptable).

3.2 Basic Characteristics

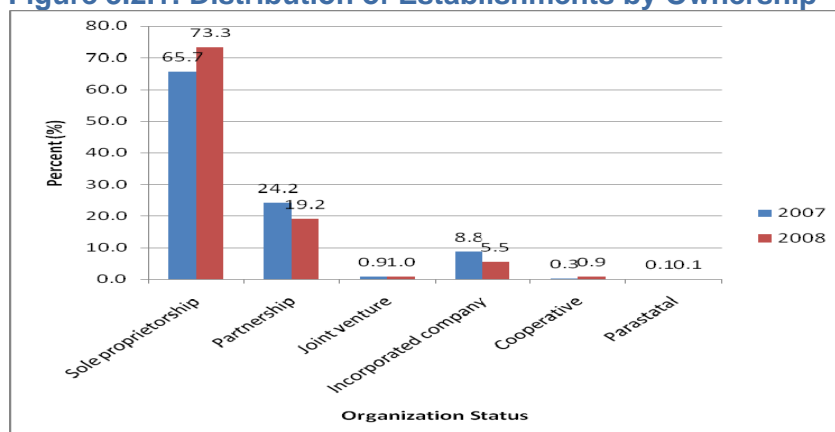
This section presents basic information of establishments obtained in the survey. Such information includes organizational structure, regional distribution, and industrial distribution of businesses operating in the country.

3.2.1 Organizational Structure by Ownership

The survey results were tabulated by industry, ownership and region. Industry responses were placed in ten categories of the industries covered in the Survey. Establishments were also classified by ownership and by the region in which they were located. The survey results showed that the estimated total number of establishment in the ten sectors targeted operating in the country was 9,019.

Figure 3.2.1 below shows the percentage distribution of establishments classified by type of ownership.

Figure 3.2.1: Distribution of Establishments by Ownership



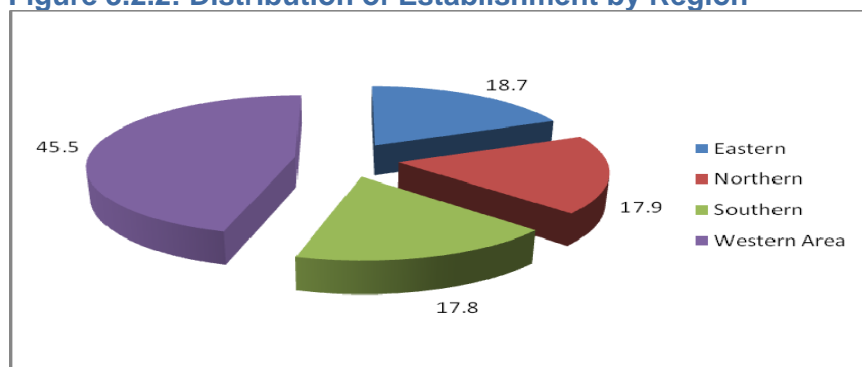
As shown in Figure 3.2.1, there were considerably more Sole Proprietorships (73.3 percent) than Partnerships (19.2 percent), Incorporated Companies (5.5 percent) and Parastatals (0.1 percent). These results underline the small scale nature of business operations in the country and the informal nature of the economy which may be due to the unavailability of functioning capital market in the country from which large scale capital can be raise to support the formation of incorporated businesses.

3.2.2 Regional Distribution of Establishment

Figure 3.2.2 below shows the regional distribution of the estimated 9019 establishments in the ten sectors surveyed. Based on the survey results, it was estimated that 45 percent (about 4,103) of all

establishments in the ten sectors surveyed were located in the Western Area compared to 18.7 percent (1,689) in the Eastern province, 17.8 percent (1,609) in the Southern Province and 17.9 percent (1,617) in the Northern Province. With the exception of Western Area which had the highest number of establishments, there were an almost even number of establishments in the ten sectors in the other regions. The relatively large number of establishments in the Western Area may be due to the fact that Western Area includes Freetown, the capital city which provides better incentives for business activities.

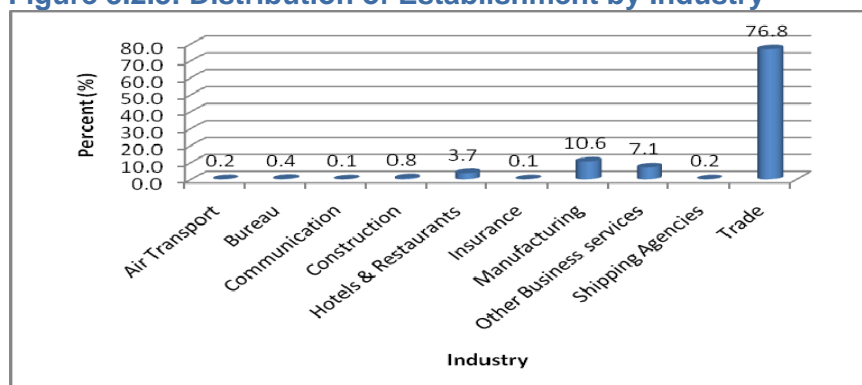
Figure 3.2.2: Distribution of Establishment by Region



3.2.3 Distribution of Establishments by Industry

Figure 3.2.3 below shows the distribution of Establishments by Industry. The result shows that in trade industry, wholesale or retail trade businesses account for the highest percentages (76.8 percent) of business establishments in Sierra Leone. The share of manufacturing and other businesses services establishments was 10.60 and 7.10 percents respectively. These results were not different from the previous survey results. The proportion of Manufacturing and Construction type establishments remain relatively small which indicates that investment in Sierra Leone is yet to come up to the level of generating adequate employment opportunities (especially for the youths) in these sectors and improving on the availability of Manufacturing and Construction services which are key to real sector growth.

Figure 3.2.3: Distribution of Establishment by Industry



The high proportion of establishments operating in the trade sector underscores the fact that the Sierra Leone economy is mainly a distributive economy relying mainly on imports for commerce, with devastating consequences on the depreciation of the national currency.

3.3 Operating Characteristics

The survey collected information on the operating characteristics of business establishments such as employment, compensation of employees, expenditure and revenue, which are important indicators of business output.

3.3.1 Employment Characteristics

The data shown in Table 3.3.1 shown that the distribution network of goods and service employed the largest part of the labour force (80.4 % of total employees), with females playing a major role in the trade sector which is mainly informal. Figure 3.3.1 shows the percentage distribution of employees by Sex and Sector. The survey results show that there were a total of 288,188 persons employed with trade sector alone employing 231,725 (80.4%) persons. Of the 231,725 persons engaged in the trade sector 12% were females in 2008; in 2007 the percentage of females was 11% in the total employees in the trade industry.

Table 3.3.1: Distribution of employees by Sex and Sector

Industrial Sector	2007			2008		
	No. of Employees	No. of Females	% of Females	Total Employed	Female Employees	% of Females
Air Transport	250	70	28	203	54	26.5
Foreign Exchange Bureau	283	62	22	133	28	21.1
Communication	2,353	342	15	3,030	566	18.7
Construction	4,919	175	4	2,092	136	6.5
Hotels/Restaurants	5,980	2,005	34	6,357	2,010	31.6
Insurance	632	210	33	675	224	33.2
Manufacturing	20,084	2,697	13	15,990	1,605	10.0
Other Business Service	20,452	5,406	26	27,672	3,744	13.5
Shipping Agencies	310	70	23	311	79	25.3
Trade	88,886	9,322	11	231,725	27,541	11.9
Total	123,697	20,359	17	288,188	35,987	12.5

The percentage of females is greater in insurance industry (33.2%) and in hotel & restaurants (31.6%) of the total employees in those industries. However in the hotel & restaurant industry, the percentage fell from 34% in 2007 to 31.6% in 2008; which could be attributed to the financial crisis which affected the tourism sector worldwide in 2008. The least proportion of females in employment is in the construction industry with 6.5%; this could be due to the nature of the construction

activities which require manual feast especially for site workers. Such physical strenght requirement drives away female workers from the industry.

3.3.2 Compensation of Employees (COE)

Compensation of employees (COE) is a term used in national accounts, balance of payments statistics and sometimes in corporate accounts as well. It refers basically to the total gross (pre-tax) wages paid by employers to employees for work done in an accounting period, such as a quarter or a year. Compensation of employees is accounted for on an accrual basis; i.e., it is measured by the value of the remuneration in cash or in kind which an employee becomes entitled to receive from an employer in respect of work done, during the relevant accounting period - whether paid in advance, simultaneously, or in arrears of the work itself. The COE data is shown in Table 3.3.2.

Table 3.3.2 Compensation of Employees (CEO) by Industry

Industry	Compensation of Employees, 2007	Compensation of Employees, 2008	COE/Exp Ratio, 2007	COE/Exp Ratio, 2008
Air Transport	1.18	1.08	19.0	12.1
Bureau	1,754.00	2,105.43	37.6	31.1
Communication	23.6	24.19	9.2	8.9
Construction	9.79	4.94	11.7	10.6
Hotels & Restaurants	20.26	14.81	15.8	25.9
Insurance	1,566.00	1,488.46	23.7	23.8
Manufacturing	81.37	137.37	3.5	8.7
Other Business Services	67.43	47.17	43.1	74.1
Shipping Agencies	6.62	4.81	42.2	32.2
Trade	51,701.00	79,396.50	12.4	11.3
Total	55,231.25	83,224.76	12.8	11.6

Table 3.3.2 shows that that the COE was Le 55,231 billion in 2007 and Le 83,224.76 billion is 2008. In terms of percentage of total expenditures, Other Business Services Bureaus spent 43.1% (in 2007) and 74.1% (in 2008) of total expenditures on compensation of employees, compared with manufacturing which spent only 3.5% (in 2007) and 8.7% (in 2008) of expenditures on COE. Shipping Agencies also spent a large proportion of their expenditures on compensation of employees (42.2% in 2007 and 32.2% in 2008). The data suggest that service industries such as Business services, bureaus, shipping agencies, insurance and air transport services, which are less capital intensive have better compensation structures than manufacturing and communication industries which are more capital intensive in nature and hence higher running and maintenance costs. The data also show although trade industry has the largest workforce, it has one of the least proportion of COE/Expenditure ratio of 12.4% in 2007 and 11.3% in 2008. This could be an indication of the low level of salaries paid to workers of the trade industry compared to other sectors.

3.3.3 Total Revenue and Total Expenditure

The Annual Economic Survey also collected data on the revenue and expenditure flows of the establishments; and the result is shown in Table 3.3.3.

Table 3.3.3 below shows the survey results on total revenue and expenditure in billion leones by businesses across the ten sectors surveyed. For 2008, total revenue amounted to Le 850,269.68 billion compared to Le 476,641 billion in 2007. Although there was a drop in the revenue of industries like Foreign Exchange Bureau, hotels & restaurants, manufacturing and other business services, this drop was not strong enough to offset the increase in revenue of industries like trade, construction and insurance. This shows that the 2008 financial crisis did not affect all sectors of the economy at the same time. While Foreign exchange bureau and hotel & restaurants were seriously hit, other industry like trades continued to thrive.

Table 3.3.3: Total Revenue and Expenditure by Sector (billion Leones)

Industry	Total Revenue	Total Revenue	Total Expenditure	Total Expenditure	Exp/Rev Ratio	Exp/Rev Ratio
	2007	2008	2007	2008	2007	2008
Air Transport	6.1	10.1	6.2	8.9	101.8	88.5
Foreign Exchange Bureau	5708.0	41,000	4,659.0	36,780.0	81.6	89.7
Communication	253.2	343.8	255.7	270	101.0	78.6
construction	120.4	174.6	84.0	46.8	69.8	26.8
hotels restaurants	144.1	63.0	128.1	57.2	88.9	90.8
insurance	9288.0	10036.6	6612.0	6265.3	71.2	62.4
manufacturing	2251.0	1622.9	2343.0	1585.6	104.1	97.7
other business services	214.1	73.1	156.6	63.6	73.1	87.0
shipping agencies	16.4	14.7	15.7	15.0	95.4	101.4
trade	458,640.00	796,930.90	416,000.00	705,024.92	90.7	88.5
Total	476,641.32	850,269.68	430,260.29	750,117.74	90.3	88.2

Similarly, the data in Table 3.3.3 shows that there was an increase in estimated expenditure from Le 430,260 billion in 2007 to Le 750,117.74 billion in 2008 affecting the same sectors. Table 3.3.3 also shows that Shipping Agencies spent 1.4% more than the revenue generated which essential means that the industry made a loss in 2008. The global financial crisis could explain this loss in 2008 due to a drop in the number of travelers worldwide.

3.4 Gross Operating Surplus Characteristics

Operating surplus equals gross revenue less operating expenses incurred during the course of producing the output. The report estimated operating surplus of establishments, and the results are shown in Table 3.4.

Table 3.4 Gross Operating Surplus

Industrial Sector	Gross Operating Surplus (GOS), 2007	Gross Operating Surplus (GOS), 2008
Air Transport	-0.1	1.2
Foreign Exchange Bureau	1049.0	4220.0
Communication	-2.5	73.4
Construction	36.4	127.7
Hotels/Restaurants	16.0	5.8
Insurance	2676.0	3771.3
Manufacturing	-92.1	37.3
Other Business Services	57.5	9.5
Shipping Agencies	0.8	-0.2
Trading	42640.0	91906.0
Total	46,381.0	100,151.9

Although there was an improvement in the overall operating surplus of the ten sectors from Le 46,381 billion to Le 100, 151.9 billion in 2008, the data in Table 3.4 show that shipping agencies registered a negative operating surplus of Le 0.2 billion in 2008. The operating surplus of the hotels and restaurant also declined from Le 16.0 billion in 2007 to Le 5.8 billion in 2008. This decline in operating surplus in this sector could be due to the global financial and economic crisis such began in 2008; the crisis affected the international trade as well tourist movements, especially in post war countries like Sierra Leone.

CHAPTER 4: BUSINESS ENVIRONMENT AND INFORMATION COMMUNICATION TECHNOLOGY (ICT)

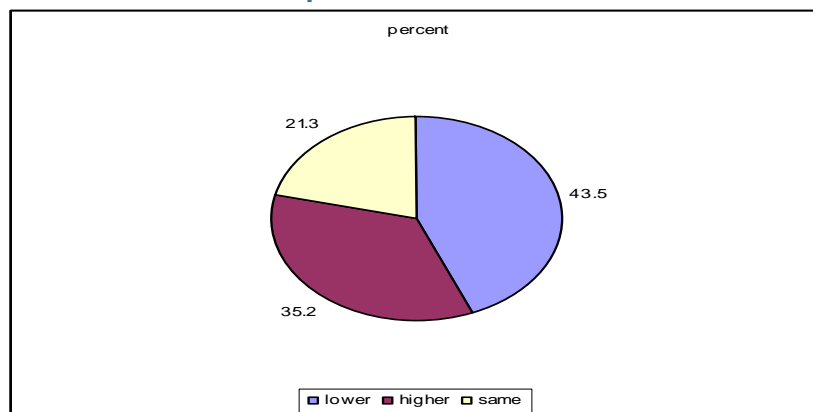
4.0 Introduction

This section of the report basically looks at the business environment in Sierra Leone whether it is conducive or not, which is one of the most important factors for those that are into business. For business to develop in any country which may subsequently lead to increase in the level of investment and growth depends on many factors including government policies. Information and Communication Technology (ICT) is an increasingly powerful tool for participating in global markets and has attracted increase demand for products of many establishments in recent years. Reasons that slow down business expansion in the country are highlighted in this chapter and solutions recommended.

4.1 Demand Situation for Year 2008 Compared with Year 2007

The demand situation is an important aspect of a firm's business environment that determines its profitability and whether it will remain in or go out of business. The survey seeks to know the opinion of business owners and managers with regards the demand for their products in the current year as compared to the previous year. From the survey result shown in Figure 4.1, it was not surprising at all that a reasonable number of business establishments in Sierra Leone about 43.5% had lower demand for their products in 2008 as compared to 2007, 35.2% of business establishments had higher demand for their products and 21.3% of business establishments had the same demand for their products in 2008 compared to 2007.

Figure 4.1 Pie Chart Showing Percentage of Demand Situation in 2008 Compared with 2007 Nationwide



The low demand for goods and services in 2008 compared to 2007 could be attributed to the global financial crisis that affected the economies of most developing countries.

4.1.1 Demand Situation for Year 2008 Compared with Year 2007 by Sector

The demand situation for goods and services in 2008 compared with 2007 is analyzed by sector in order to determine the sector in which business is booming from those sectors in which businesses are slow for policy interventions. Table 4.1.1 below shows the demand situation in 2008 compared with 2007 by sector of industry.

Table 4.1.1: Percentage distribution of the demand situation in 2008 compared with 2007 by sector

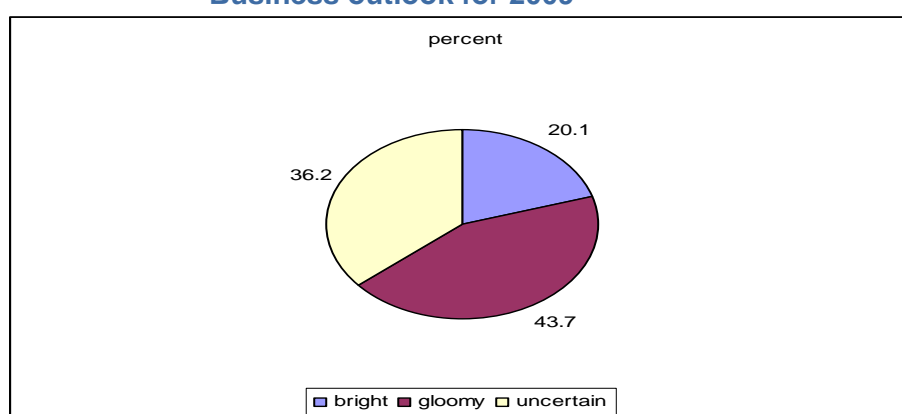
Sector of Industry	Demand situation in 2008 compared with 2007			Number
	Lower %	Higher %	Same %	
Air	50.0	27.8	22.2	18
Bureau	60.0	20.0	20.0	35
Communication	40.0	60.0	0.0	10
Construction	66.2	22.5	11.3	71
Hotels and Restaurants	56.8	22.5	20.7	338
Insurance	18.2	63.6	18.2	11
Manufacturing	48.4	23.4	28.1	960
Other Business Services	45.3	17.0	37.7	636
Shipping Agencies	50.0	50.0	0.0	16
Trade	41.7	39.3	19.0	6926
Total	43.5	35.2	21.3	9021

The survey result in Table 4.1.1 above, gives the respondents self assessment of their demand situation both in number and percentage terms for 2008 compared to 2007. Within industry, establishments in the Communication and Insurance sectors (60% and 63.6% respectively) both experienced higher demand for their services in 2008 compared to 2007. The increase in demand for services in these two sectors is due to wider network coverage by telephone companies as well as increase in the number of Internet service providers nationwide. There are also new insurance companies providing more services to the people in the country. Other sectors that experienced significant decreases in the demand for their goods and services in 2008 compared with 2007 includes: Construction (66.2%), Foreign exchange bureau (60%), Hotels and Restaurant (56.8%), Air transport (50%), Manufacturing (48.4%), other business services (45.3%) and trade (41.7%). The decrease in demand in 2008 as compared to 2007 may be due to the increase in prices of most goods and services as a result of the global financial crises which affected transactions in almost every sector of the economy.

4.2 Business Outlook for 2009

The business outlook considered in this study is the respondents' self assessment of their business growth prospects in terms of increase sales and profitability for 2009, since the aim of every business is profit maximization. Business prospects therefore referred to their forecast for increase sales and profitability. Respondents were asked to rate their prospects as bright, gloomy or uncertain. From the survey result indicated in figure 4.2.1 below, 36.2% of business establishments in Sierra Leone were said to be uncertain about their business prospects.

Figure 4.2.1 Pie Chart Showing Percentage Distribution of Business outlook for 2009



From Figure 4.2.1, about 43.7% of business establishments rated their prospects as gloomy while 20.1% said their prospects were bright. This estimate may be due to the global slow down in business activity reflected in the global financial, energy and food crises that affected most countries in 2008, couple with the consistent depreciation of the exchange rate in 2009 which led to higher prices and low demand for goods and services. The global uncertainty created by these crises may have led to the high degree of uncertainty expressed by respondents on their prospects for growth in 2009

4.2.1 Business Outlook for 2009 by Sector

The study also seeks to know which of the sectors that has more prospects for growth in terms of increase sales and profitability in 2009 than the other sectors. The survey result in Table 4.2.1 shows the business outlook in 2009 by sector. As indicated in table 4.2.1 below, it can be clearly seen that a large proportion of business establishments in more than half of all the sectors: Shipping Agencies (73.3%), Air Transport (68.4%), Manufacturing (50%), Foreign exchange bureau (50%), Hotels and restaurants(46.6%) and Construction (44.3%) said their business outlook was uncertain for 2009. However, there was significant percentage of business establishments in both the Insurance (72.7%) and Communication sector (60%) that were more optimistic about their business prospect in 2009 rating it as bright.

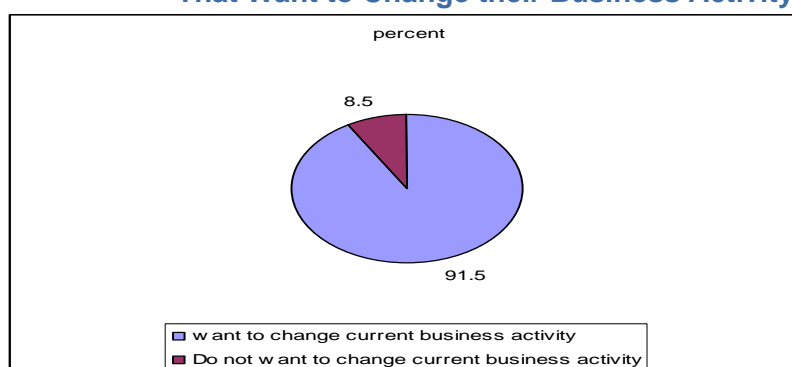
Table 4.2.1 Business Outlook for 2009 by Sector

Sector of industry	Business outlook for 2009			
	Bright (%)	Gloomy (%)	Uncertain (%)	Total
Air	10.5	21.1	68.4	19
Bureau	38.9	11.1	50.0	36
Communication	60.0	20.0	20.0	10
Construction	17.1	38.6	44.3	70
Hotels and restaurants	20.8	32.6	46.6	337
Insurance	72.7	0.0	27.3	11
Manufacturing	18.8	31.2	50.0	960
Other business services	18.9	43.4	37.7	636
Shipping agencies	26.7	0.0	73.3	15
Trade	20.2	46.4	33.3	6927
Total	20.2	43.7	36.2	9021

From Table 4.2.1 about 43.4%% of business establishments in the Shipping Agency and about 46.4% of those in the trade sector were either uncertain about their growth prospects in 2009 or where very pessimist about any such prospects.

4.2.2 Change in Business Activity by Sector

It is also important to know whether business people would like to continue doing the same business or would like to engage in another form of business in a different sector. Therefore, business establishments' owners and managers were asked whether they were willing to change their current business. As shown in Figure 4.2.2 below, only a small proportion of business establishments about 8.5% of the respondents expressed the willingness to change their business activities while the rest (91.5%) did not want to change their current line of business. Further analysis of change in business Activity by sector clearly shows that more than 80% of business establishments in all the sectors would like to continue doing business in the same industry, even though there were few establishments with insignificant percentage that wanted to change their current business to another industry.

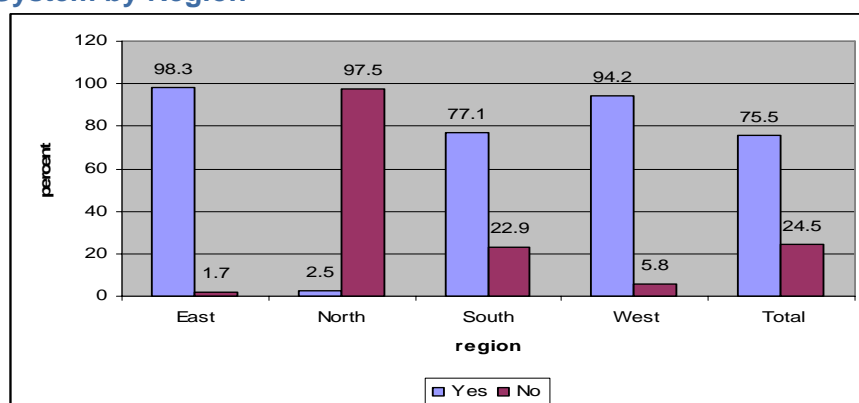
Figure 4.2.2 Pie Chart Showing Proportion of Respondents That Want to Change their Business Activity

The reasons given by business establishments that wanted to change their business activities were; low demand/sales, high taxes levied on their businesses by Government, many people establishing similar businesses and low income.

4.3 Source of Electricity Supply

The availability of electricity is one of the key factors that determine the setting up of an establishment in most of the industries as well as attract foreign investment. Therefore, this study also considered the business connectivity to public power supply. The connectivity to public power supply of businesses by region is shown in figure 4.3.1 below. The graph clearly shows that Northern region is the worse region in terms of the availability of public power supply to business establishments. The North has about 97.5% of business establishments not connected to public power supply with only 2.5% of establishments operating in the north having access to electricity supply through the use of private sources rather than public power supply. All the other three regions: East (98.3%), South (77.1%) and West (94.2%) have a large proportion of business establishments connected to public power supply. Only about 1.7% of business establishments in the East, 5.8% in the West and 22.9% in South are not connected to public power supply. The low percentages of business establishments not having access to electricity in East and Western regions is an indication that there has been an improvement in the generation of electricity by both the BKPS and NPA.

Table 4.3.1 Distribution of Firms Connected to Public Power System by Region



Average consumption of electricity increased in all towns from 7.7 hours per day in 2008 to about 10.8 hours per day in 2009.

Figure 4.3.2: The average number of hours enjoyed by establishments per day in 2008 compared to 2009 classified by region

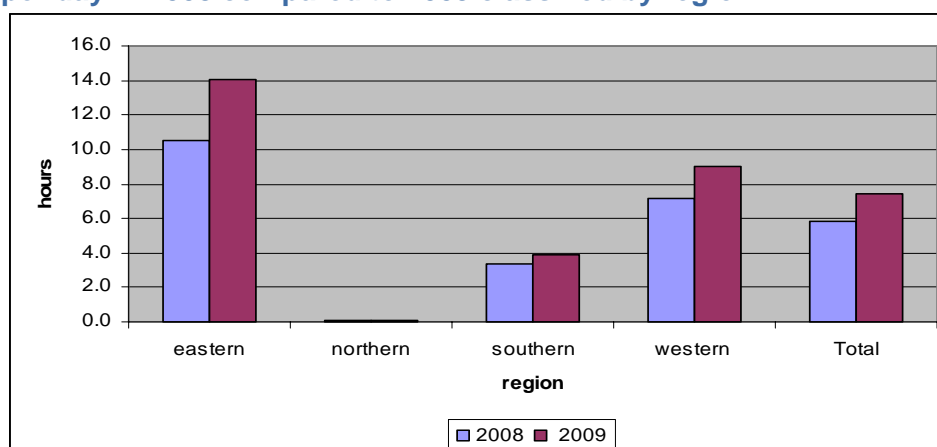


Figure 4.3.2 above shows the Average number of hours that business establishments receive electricity supply by region. There were increases in electricity supplied on average to business establishments in 2009 compared to 2008 in all the regions except for the North where the average number of hours of electricity supply remain the same. The south recorded a marginal increase in electricity supply (from 3.4 to 3.9). On average electricity supply to business establishments increased in the East (from 10.5 to 14.0), West (from 5.8 to 7.4) and constant in the North (from 0.1 to 0.1).

Table 4.3.2 Average Number of Hours Firms Enjoy Electricity by Sector

Sector of industry	Average no of hours firm enjoys electricity 2008	Average no of hours firm enjoys electricity 2009
Air	3.90	5.40
Bureau	3.50	3.90
Communication	5.80	8.20
Construction	6.00	8.06
Hotels and restaurants	6.40	7.12
Insurance	5.27	7.45
Manufacturing	6.42	8.52
Other business services	6.32	7.74
Shipping agencies	3.25	3.75
Trade	5.71	7.31
Total	5.84	7.44

Table 4.3.2 above shows further analysis of the average number of hours business establishments receive electricity supply by sector. It is clear from table 4.3.2 that business establishments in all the sectors receive increase in electricity supply in 2009 compared with 2008. Foreign exchange bureau and Shipping agency are the sectors that receive the lowest number of hours increase in electricity supply in 2009 compared to the other sectors. Manufacturing sector receive the highest number of hours of electricity supply per day (8.52 hours), followed by Communication sector (8.20 hours) and construction sector (8.06 hours). Even though there is improvement in the electricity supply in all the sectors in 2009, yet none of the sectors receive up to 9 hours

of electricity supply per day in 2009. The increase in the electricity supply enjoyed by establishments in the manufacturing sector may be as a result of the government's emergency energy program which places priority on the supply of electricity especially in the western Area where most of the industries are concentrated.

4.4 Communication

The use of the Public (Fixed Line) Phone and the Mobile Phone as important tools of communication in businesses was also investigated in this study. The use of telephones especially mobile phones has helped most business establishments to increase their market size thereby increasing the volume of sales for their products. When asked about the use of the Public Phone, out of 9019 businesses, about 48.2% of the respondents said they use telephone landlines in their business communications while 51.8% said they do not use any landlines. Western region is the only region that recorded a very high percentage of business establishments (77.9%) that uses telephone landlines in their business communication compared with other regions. Table 4.4 below shows the proportion of establishments that use land phones compared to mobile phones classified by region. Mobile phone use is more common in all regions than the use of landlines for business communication. About 92.7% of respondents said they use mobile phones for business communication. Only 7.3% of business establishments in the country reported that they do not use mobile phone at all for business communication. There were various reasons given by businesses for their use of the mobile phone. The main reason advanced for the widely use of the mobile phone was ease of transaction. Unavailability of the land phone was another reason given for the preference of mobile phone.

Table 4.4: Proportion of Establishments that use Land Phones compared to Mobile Phones

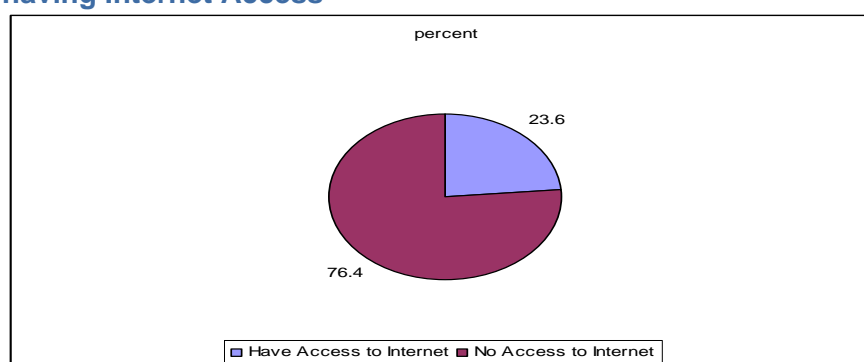
Region	Use Public Telephone		Use Mobile Phone		Number of establishments
	Yes	No	Yes	No	
Eastern	3.9	96.1	87.2	12.8	1690
Northern	5.4	94.6	100.0	0.0	1617
Southern	17.2	82.8	83.1	16.9	1608
Western	77.9	22.1	91.4	8.6	4104
Total	48.19	51.81	92.72	7.28	9019

4.5 Access and Use of Internet Facilities

The access to the Internet and its use in communication by businesses has now become modernized and widely acceptable way of transacting business in most countries of the world. From the survey result in Figure 4.5 below, it is surprising to note that a large proportion of

business establishment (76.4%) in Sierra Leone do not have access to internet. Only 23.6% of the businesses said they have access to internet. Perhaps the reasons for this low Internet use by businesses are that the size of the businesses are too small in terms of capital, the high illiteracy level of business owners or the lack of awareness of the huge potential benefits, which the use of the Internet has for businesses. The limited availability of Internet service providers coupled with the irregular supply of electricity may also be contributing factors.

Figure 4.5 Pie Chart Showing Percentage Distribution of Firms having Internet Access



The use of internet was analyzed by region and the results are shown in table 4.5.

Table 4.5.1: Business Access to Internet Classified by Region

Region	Have Access to Internet	No Access to Internet	No
Eastern	2.7	97.3	1690
Northern	1.1	98.9	1617
Southern	6.8	93.2	1608
Western	47.6	52.4	4104
Total	23.6	74.6	9019

As shown in table 4.5.1 above, the use of the Internet has not yet been widely spread to all parts of the country. Table 4.5.1 shows that majority of the business establishments about 47.6% that have access to internet are concentrated in the western area where as the other regions have fewer businesses that have access to internet facility especially in the Northern and Eastern regions. The reason for the large number of business establishments that have access to internet facility in the west and southern regions could be attributed to the large businesses in terms of size and capital concentrated in these regions.

Further analysis of having access to internet facility by industry (see table 4.5.2 below) shows that most of the businesses in the air transportation, Insurance, communication, and shipping sectors had

Internet access while very few of the businesses in the other sectors had access to Internet. Trade sector has the highest number of business establishments (78.6%) that do not have access to internet facility.

Table 4.5.2 Distribution of Business access to Internet by Sector

Industry	Have Access to Internet	No Access to Internet	No
Air Transportation	88.9	11.1	18
Bureau	40.0	60.0	35
Communication	100.0	0.0	10
Construction	38.6	61.4	70
Hotels and Restaurants	32.6	67.4	337
Insurance	72.7	27.3	11
Manufacturing	25.0	75.0	960
Other Business Services	32.1	67.9	636
Shipping agencies	100.0	0.0	15
Trade	21.4	78.6	6927
Total	23.6	76.4	9019

4.5.1 The First Main Use of Internet by Businesses

Respondents were asked to list the main use to which they put the Internet in their establishments. Table 4.5.3 below shows the various ways in which business establishments' use internet facility.

Table 4.5.3 The Main Use of Internet by Businesses

	East	North	South	West	Total
E-mail	0.8	0.8	5.3	93.1	91.2
E-learning (learning over the Internet)	0.0	0.0	0.0	100	1.4
E-commerce (buying or selling or enquiring over the internet)	0.0	0.0	0.0	100	0.3
Advertising	0.0	0.0	0.0	0.0	0.9
Research	0.0	0.0	0.0	100	2.0
Other Internet Services	0.0	0.0	0.0	0.0	4.2
Number	46	17	110	1955	2128

From table 4.5.3 above, it is clear that most business establishments use internet facility mainly to communicate by e-mail. It is however surprising to note that less than 1% of business establishments in Sierra Leone use internet facility for advertisement and marketing of their products compared with other countries that are now using internet facility as a main tool and lead channel to promote business in this age of ICT. The total number of establishments with access to Internet facility was 2128, of this, 91.2% said they use Internet mainly for e-mail communication, 2% used Internet for research while 4.2% for other internet Services. The internet Services is widely used in the western region compared to the other regions, an indication that more Internet Service Providers (ISPs) are required in the other regions.

5.0 CONCLUSION

The 2009 Annual Economic survey (AES) was conducted in the middle of the global financial and economic crisis; and was designed to capture information about the economy, which could be used to assess the performance of the economy in 2008. The survey provided information used to estimate the Gross Domestic Product (GDP) and other economic aggregates. This survey report is intended to provide additional information used to answer specific questions on employment, expenditure, revenue, capital expenditure changes in stocks, etc not normally reported in the National Accounts but essential to a better understanding of the dynamics of the economy. The establishment survey covers economic activities that are of significance to the Sierra Leone economy. In all, ten (10) sectors of the economy were covered in the survey namely, trade, other business services, manufacturing; construction, communication, finance and insurance. The basic information collected on establishments includes the number of persons engaged, compensation of employees, sales value of goods produced and purchased for resale, inventory and capital expenditure.

The survey covered business establishments operating in the Four Regional Cities of Freetown, Bo, Kenema and Makeni. These four cities together constitute over 65% of businesses operating in this country. Agriculture, which contributes about 45% of GDP, was not covered in this survey. Also not covered in this survey are Mining & Quarrying and formal commercial banks, electricity, water and gas industries. For these industries, we rely on administrative data supplied to Statistics Sierra Leone by the various stakeholders such as the Ministry of Agriculture Forestry and Food Security for Agriculture data; the Bank of Sierra Leone (BSL) for commercial banks, Government Diamond and Gold Office (GDGO) for data on mining; the National Power Authority (NPA) for electricity data; and so on.

Key Findings

The result shows that the trade industry, wholesale or retail trade businesses, accounts for the highest percentages (76.8%) of business establishments in Sierra Leone. The share of manufacturing and other businesses services establishments was 10.60 and 7.10 percents respectively. The high proportion of establishments operating in the trade sector underscores the fact that the Sierra Leone economy is mainly a distributive economy relying mainly on imports for commerce, with devastating consequences on the depreciation of the national currency.

The survey data shows for 2008, total revenue amounted to Le 850,269.68 billion compared to Le 476,641 billion in 2008. Although there was a drop in the revenue of industries like Foreign Exchange Bureau, household & restaurants, manufacturing and other business

services, this drop was not strong enough to offset the increase in revenue of industries like trade, construction and insurance. This shows that the 2008 financial crisis did not affect all sectors of the economy at the same time. While Foreign exchange bureau and hotel & restaurants were seriously hit, other industry like trades continued to thrive.

The data suggest that service industries such as bureaus, shipping agencies, insurance and air transport services, which are less capital intensive have better compensation structures than manufacturing and communication industries which are more capital intensive in nature. The data also show that although the trade industry has the largest workforce, it has one of the least proportion of COE/Expenditure ratio of 12.4% in 2007 and 11.3% in 2008. This could be an indication of the low level of salaries paid to workers of this industry compared to other sectors.

In the opinion of most business establishments' owners and managers interviewed, Sierra Leone business environment is fairly good but they experienced lower demand for their products in 2008 compared with 2007. The data shows that about 43.5% had lower demand for their products in 2008 as compared to 2007, 35.2% of business establishments had higher demand for their products and 21.3% of business establishments had the same demand for their products in 2008 compared to 2007.

The low demand for goods and services in 2008 compared to 2007 could be attributed to the global financial crisis that affected the economies of most developing countries. However, about 80% of the business establishments were not sure about prospect for growth in their businesses in 2009.

A reasonable number of business establishments all over the country now use mobile telephones as a tool to facilitate business transactions. The use of Landlines in business communication is less effective and it's been gradually replaced by mobile phones. Out of a total of 9019 establishments, only 7.3% of businesses do not use mobile phones and majority of such businesses are found in the Southern region.

A large proportion of business establishments, about 76.4% do not have access to internet services.

Prospects for increase employment opportunities for females lay in the hotel and restaurants industry, which therefore call for the development of the tourism sector of the economy.

6.0 Appendix A: List of Staff

2009 Annual Economic Survey Report Writers

ANALYSTS	
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Appendix B: GDP Estimates (2006-2009)

Table1: Gross Domestic Product at Current Prices (in Millions Leones) by Sector

Sector	2006	2007	2008	2009	2010 (Prov)
1. Agriculture, Forestry and Fishing	2,488,576	3,240,402	3,721,762	4,306,282	4,904,308
1.1 Crops	1,701,521	2,349,907	2,713,795	3,267,826	3,432,951
1.1.1 Rice	633,984	1,040,585	1,412,472	1,780,573	1,802,007
1.1.2 Fruits & Vegetable	173,341	175,417	179,696	184,108	188,667
1.1.3 Cassava	452,788	457,302	382,575	466,829	536,981
1.1.4 Ground Nut	257,996	430,723	442,019	493,971	506,282
1.1.5 Maze	75,191	94,197	106,003	120,712	147,627
1.1.6 Sweet Potato	34,324	35,626	30,805	33,591	32,957
1.1.7 Other crops	73,897	116,057	160,225	188,043	218,431
1.2 Livestock	115,919	140,293	132,418	133,273	170,207
1.3 Forestry	182,154	202,307	251,632	271,874	225,037
1.4 Fishery	488,982	547,894	623,917	633,309	1,076,112
2. Industry	402,433	456,700	412,096	360,011	443,166
2.1 Mining and Quarrying	190,144	233,442	171,161	132,382	142,111
2.1.1 Diamond	139,722	155,712	90,064	64,616	65,443
2.1.1 Other minerals (Rutile, Bauxite, Gold, etc)	29,464	54,372	67,588	58,073	66,852
2.1.1 Quarrying	20,958	23,357	13,510	9,692	9,816
2.2 Manufacturing and Handicrafts	107,908	114,586	128,082	122,316	156,869
2.3 Electricity and Water Supply	15,949	15,999	16,917	19,948	24,833
2.3.1 Electricity	9,567	12,351	8,559	9,348	12,567
2.3.2 Water	6,382	3,648	8,357	10,601	12,266
2.4 Construction	88,431	92,674	95,936	85,364	119,354
3. Services	1,774,339	1,903,412	2,152,002	2,380,432	2,778,577
3.1 Trade and Tourism	465,723	545,639	583,990	584,236	680,114
3.1.1 Wholesale & Retail	443,491	521,256	563,344	559,818	652,467
3.1.2 Hotels And Restaurants	22,232	24,383	20,646	24,418	27,647
3.2 Transport, Storage and Communication	345,198	349,866	424,827	475,009	560,867
3.2.1 Transport	216,920	222,084	268,642	297,428	349,953
3.2.2 Communication	128,279	127,781	156,186	177,581	210,913
3.3 Finance, Insurance and Real Estate	279,193	291,643	317,536	348,199	396,264
3.3.1 Banking	110,219	84,054	105,270	116,699	133,422
3.3.2 Insurance	14,979	18,361	17,858	18,732	22,041
3.3.3 Real Estate	134,516	151,986	178,790	198,138	224,400
3.3.4 Other Financial Institutions	19,480	37,243	15,618	14,629	16,401
3.4 Administration of Public Services	223,474	224,005	215,951	244,668	279,729
3.5 Other Services	170,138	177,239	189,134	205,036	234,465
3.6 Education	114,017	137,794	214,918	234,002	275,327
3.7 Health	134,731	136,366	147,946	158,734	197,338
3.8 NPISH	41,866	40,860	57,699	130,548	154,474
4. FISIM	71,068	78,157	105,210	126,328	153,141
5. Gross Domestic Product at Basic Prices (1+2+3-4)	4,594,280	5,522,357	6,180,649	6,920,396	7,972,910
6. Indirect Taxes (Net)	280,799	302,727	357,365	420,503	566,482
7. Gross Domestic Product at Market Prices (5+6)	4,875,079	5,825,084	6,538,014	7,340,900	8,539,392
	13.2%	19.5%	12.2%	12.3%	16.3%
<i>Note: NPISH = Non-Profit Institutions Serving Household FISIM = Financial Intermediation Services Indirectly Measured</i>					

Table 2: Gross Domestic Product at Constant 2001 Prices (in Millions Leones) by Sector

Sector	2006	2007	2008	2009	2010 (Prov)
1. Agriculture, Forestry and Fishing	1,828,271	1,904,554	1,984,374	2,059,567	2,141,185
1.1 Crops	1,238,190	1,293,180	1,362,322	1,429,526	1,509,406
1.1.1 Rice	610,630	577,434	614,275	655,549	709,282
1.1.2 Fruits & Vegetable	158,236	160,131	164,037	168,065	172,227
1.1.3 Cassava	191,013	244,471	252,381	267,281	276,332
1.1.4 Ground Nut	148,796	161,571	170,244	173,805	181,204
1.1.5 Maze	50,081	63,968	65,887	68,066	71,412
1.1.6 Sweet Potato	26,689	28,024	28,584	29,196	30,044
1.1.7 Other crops	52,745	57,581	66,912	67,565	68,906
1.2 Livestock	112,175	119,414	120,824	122,361	124,216
1.3 Forestry	145,461	148,074	152,353	154,455	148,462
1.4 Fishery	332,445	343,887	348,876	353,225	359,100
2. Industry	356,493	399,002	337,816	294,621	327,617
2.1 Mining and Quarrying	181,572	219,392	148,008	108,957	118,262
2.1.1 Diamond	137,827	142,914	79,350	47,536	51,921
2.1.2 Other minerals (Rutile, Bauxite, Gold)	19,304	51,743	43,243	37,801	36,246
2.1.3 Quarrying	24,442	24,736	25,415	23,620	30,095
2.2 Manufacturing and Handicrafts	86,817	88,597	89,671	88,385	99,725
2.3 Electricity and Water Supply	6,520	6,158	13,232	12,608	13,141
2.3.1 Electricity	2,637	1,977	7,459	6,583	7,129
2.3.2 Water	3,883	4,181	5,773	6,025	6,012
2.4 Construction	81,584	84,855	86,905	84,671	96,490
3. Services	1,516,524	1,614,289	1,779,197	1,890,196	1,990,878
3.1 Trade and Tourism	422,320	489,826	508,092	529,768	555,735
3.1.1 Wholesale & Retail	404,846	471,870	490,570	512,409	538,029.94
3.1.2 Hotels And Restaurants	17,474	17,956	17,522	17,358	17,705.39
3.2 Transport, Storage and Communication	291,468	345,444	435,084	463,426	492,964
3.2.1 Transport	183,156	221,517	275,128	290,175	307,585.11
3.2.2 Communication	108,312	123,927	159,957	173,251	185,378.56
3.3 Finance, Insurance and Real Estate	239,012	221,035	239,900	237,559	244,013
3.3.1 Banking	116,342	81,052	105,270	112,531	115,907.11
3.3.2 Insurance	13,473	19,418	26,847	16,366	17,347.89
3.3.3 Real Estate	92,225	93,329	95,606	97,953	99,942.74
3.3.4 Other financial Institutions	16,972	27,236	12,176	10,708	10,815.15
3.4 Administration of Public Services	153,214	137,553	115,478	142,447	146,720.56
3.5 Other Services	155,312	158,746	164,701	169,807	174,936.04
3.6 Education	109,853	137,021	165,252	179,828	190,617.26
3.7 Health	121,237	102,328	124,745	138,567	155,194.69
3.8 NPISH	24,106	22,336	25,946	28,796	30,697.43
4. FISIM	75,016	75,365	105,210	121,816	133,037
5. Gross Domestic Product at Basic Prices (1+2+3-4)	3,626,271	3,842,480	3,996,177	4,122,568	4,326,642
6. Indirect Taxes (Net)	228,711	242,348	252,041	260,013	272,884
7. Gross Domestic Product at Market Prices (5+6)	3,854,982	4,084,828	4,248,218	4,382,580	4,599,526

Table 3: Real Gross Domestic Product Growth Rates by Sectors (Percentage change, unless otherwise indicated)

Sector	2006	2007	2008	2009	2010 (Prov)
1. Agriculture, Forestry and Fishing	5.04	4.17	4.19	3.79	3.96
1.1 Crops	7.63	4.44	5.35	4.93	5.59
1.1.1 Rice	5.06	-5.44	6.38	6.72	8.20
1.1.2 Fruits & Vegetable	5.24	1.20	2.44	2.46	2.48
1.1.3 Cassava	10.48	27.99	3.24	5.90	3.39
1.1.4 Ground Nut	11.43	8.59	5.37	2.09	4.26
1.1.5 Maze	25.18	27.73	3.00	3.31	4.92
1.1.6 Sweet Potato	5.00	5.00	2.00	2.14	2.91
1.1.7 Other crops	12.30	9.17	16.21	0.98	1.98
1.2 Livestock	-2.55	6.45	1.18	1.27	1.52
1.3 Forestry	3.26	1.80	2.89	1.38	-3.88
1.4 Fishery	-0.49	3.44	1.45	1.25	1.66
2. Industry	0.37	11.92	-15.33	-12.79	11.20
2.1 Mining and Quarrying	-5.15	20.83	-32.54	-26.38	8.54
2.1.1 Diamond	-19.03	3.69	-44.48	-40.09	9.22
2.1.2 Other minerals (Rutile, Bauxite, Gold)	..	168.05	-16.43	-12.58	-4.11
2.1.3 Quarrying	15.30	1.20	2.75	-7.07	27.41
2.2 Manufacturing and Handicrafts	12.74	2.05	1.21	-1.43	12.83
2.3 Electricity and Water Supply	-3.10	-5.56	114.88	-4.72	4.23
2.3.1 Electricity	-24.21	-25.05	277.36	-11.74	8.29
2.3.2 Water	19.51	7.68	38.07	4.36	-0.21
2.4 Construction	1.95	4.01	2.42	-2.57	13.96
3. Services	9.43	6.45	10.22	6.24	5.33
3.1 Trade and Tourism	14.07	15.98	3.73	4.27	4.90
3.1.1 Wholesale & Retail	15.18	16.56	3.96	4.45	5.00
3.1.2 Hotels And Restaurants	-6.66	2.76	-2.42	-0.93	2.00
3.2 Transport, Storage and Communication	6.98	18.52	25.95	6.51	6.37
3.2.1 Transport	10.15	20.94	24.20	5.47	6.00
3.2.2 Communication	2.03	14.42	29.07	8.31	7.00
3.3 Finance, Insurance and Real Estate	5.12	-7.52	8.53	-0.98	2.72
3.3.1 Banking	19.10	-30.33	29.88	6.90	3.00
3.3.2 Insurance	157.42	44.12	38.26	-39.04	6.00
3.3.3 Real Estate	2.97	1.20	2.44	2.46	2.03
3.3.4 Other financial Institutions	-51.37	60.48	-55.29	-12.06	1.00
3.4 Administration of Public Services	20.38	-10.22	-16.05	23.35	3.00
3.5 Other Services	3.58	2.21	3.75	3.10	3.02
3.6 Education	15.59	24.73	20.60	8.82	6.00
3.7 Health	1.56	-15.60	21.91	11.08	12.00
3.8 NPISH	-0.36	-7.35	16.16	10.99	6.60
4. FISIM	26.49	0.47	39.60	15.78	9.21
5. Gross Domestic Product at Basic Prices (1+2+3-4)	5.96	5.96	4.00	3.16	4.95
6. Indirect Taxes (Net)	5.96	5.96	4.00	3.16	4.95
7. Gross Domestic Product at Market Prices	5.96	5.96	4.00	3.16	4.95
Annual Growth Rate	6.0	6.0	4.0	3.2	5.0

AVERAGE PRICE CHANGE BY DEFLATOR

Table 4: Percentage Contributions to Real Gross Domestic Product by Sectors

Sector	2006	2007	2008	2009	2010 (Prov)
1. Agriculture, Forestry and Fishing	47.43	46.63	46.71	46.99	46.55
1.1 Crops	32.12	31.66	32.07	32.62	32.82
1.1.1 Rice	15.84	14.14	14.46	14.96	15.42
1.1.2 Fruits & Vegetable	4.10	3.92	3.86	3.83	3.74
1.1.3 Cassava	4.95	5.98	5.94	6.10	6.01
1.1.4 Ground Nut	3.86	3.96	4.01	3.97	3.94
1.1.5 Maze	1.30	1.57	1.55	1.55	1.55
1.1.6 Sweet Potato	0.69	0.69	0.67	0.67	0.65
1.1.7 Other crops	1.37	1.41	1.58	1.54	1.50
1.2 Livestock	2.91	2.92	2.84	2.79	2.70
1.3 Forestry	3.77	3.62	3.59	3.52	3.23
1.4 Fishery	8.62	8.42	8.21	8.06	7.81
2. Industry	9.25	9.77	7.95	6.72	7.12
2.1 Mining and Quarrying	4.71	5.37	3.48	2.49	2.57
2.1.1 Diamond	3.58	3.50	1.87	1.08	1.13
2.1.2 Other minerals (Rutile, Bauxite, Gold)	0.50	1.27	1.02	0.86	0.79
2.1.3 Quarrying	0.63	0.61	0.60	0.54	0.65
2.2 Manufacturing and Handicrafts	2.25	2.17	2.11	2.02	2.17
2.3 Electricity and Water Supply	0.17	0.15	0.31	0.29	0.29
2.3.1 Electricity	0.07	0.05	0.18	0.15	0.15
2.3.2 Water	0.10	0.10	0.14	0.14	0.13
2.4 Construction	2.12	2.08	2.05	1.93	2.10
3. Services	39.34	39.52	41.88	43.13	43.28
3.1 Trade and Tourism	10.96	11.99	11.96	12.09	12.08
3.1.1 Wholesale & Retail	10.50	11.55	11.55	11.69	11.70
3.1.2 Hotels And Restaurants	0.45	0.44	0.41	0.40	0.38
3.2 Transport, Storage and Communication	7.56	8.46	10.24	10.57	10.72
3.2.1 Transport	4.75	5.42	6.48	6.62	6.69
3.2.2 Communication	2.81	3.03	3.77	3.95	4.03
3.3 Finance, Insurance and Real Estate	6.20	5.41	5.65	5.42	5.31
3.3.1 Banking	3.02	1.98	2.48	2.57	2.52
3.3.2 Insurance	0.35	0.48	0.63	0.37	0.38
3.3.3 Real Estate	2.39	2.28	2.25	2.24	2.17
3.3.4 Other financial Institutions	0.44	0.67	0.29	0.24	0.24
3.4 Administration of Public Services	3.97	3.37	2.72	3.25	3.19
3.5 Other Services	4.03	3.89	3.88	3.87	3.80
3.6 Education	2.85	3.35	3.89	4.10	4.14
3.7 Health	3.14	2.51	2.94	3.16	3.37
3.8 NPISH	0.63	0.55	0.61	0.66	0.67
4. FISIM	1.95	1.85	2.48	2.78	2.89
5. Gross Domestic Product at Basic Prices (1+2+3-4)	94.07	94.07	94.07	94.07	94.07
6. Indirect Taxes (Net)	5.93	5.93	5.93	5.93	5.93
7. Gross Domestic Product at Market Prices	100.00	100.00	100.00	100.00	100.00