



SIERRA LEONE BUSINESS CONFIDENCE INDEX (SLBCI) 2012



**Economic Statistics Division
Statistics Sierra Leone**

SEPTEMBER, 2013



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Mohamed King-Koroma
Statistician General

EXECUTIVE SUMMARY

The survey for the compilation of the Sierra Leone Business Confidence Index (SLBCI) was approved by the Monetary Policy Committee following the need expressed by the Monetary Policy Technical Committee for a tool to gauge and manage business expectations. This is the second year this index is being compiled in Sierra Leone (the first was in 2010), which is meant to capture the perception of business people on the economy. The Index therefore, measures the perception of top business executives and managers of business establishments on the past/current and future political and macroeconomic developments and indicators as they affect business performance and expectations. The Business Confidence Index is presented as a Diffusion Index (DI) and measured on a scale of 0 to 100, where 0 indicates total lack of confidence and 100 indicates extreme confidence. A score of 50 index point indicates business sentiments remain stable. The Survey Questionnaire covers eight broad themes that together address 20 specific economic policy relevant issues. Questions asked in the survey require the respondent to choose among three options; normal, above normal or below normal or same, increase or decrease. Two types of indices are compiled; the past/current business outlook index (the index derived from perceptions about past/current performance), and the business expectations outlook index (the index derived from business peoples' expectation of performance three months in advance). These two indices are calculated for every variable and aggregated to form a composite business confidence index.

Broadly, two types of indicators are computed, which are confidence-building indicators, which capture positive sentiment about the economy such as those that relate to general economic situation, sales volumes, output levels, business turnover, profitability, investment plan, capacity utilization, and employment level; and confidence-undermining indicators, which capture negative sentiment of business owners about macroeconomic factors, finance and credit markets and governance factors as they affect business operations. As a result, the overall index is computed as a weighted average of all the positive and negative indices highlighted above (all 8 of them) and 50 is added to that average. This is because for a DI, 50 is the base; 50 is therefore the benchmark for comparison. This is done for both the past/current outlook and expected outlook indices.

The index is compiled based on a quarterly survey of all establishments engaged in similar kind of activities such as in Manufacturing, Wholesale and Retail Trade, Construction and Other Services sectors in the Western Area of Sierra Leone. These establishments are classified by employment size in to small scale establishments

(<10 employees), medium scale establishments (10-49 employees) and large scale enterprises (50+ employees). The first survey was conducted in June, 2010.

The sample size consists of 160 reporting units allocated equally within the four strata to allow for sector comparison. Both purposive (judgmental) sampling and ordered probability proportional to size (PPS) of employment sampling techniques were used to select the sample. For each sector, the top ten establishments were purposively selected and the remaining establishments were reorganized by size of employees. Within each sector an ordered list of establishments was reconstructed from which the first 30 establishments on the list were selected and added to the 10 already selected. The pre-coded questionnaire for each sector was then sent to selected establishments for completion. Those establishments that were selected for the quarter 2 survey were maintained and surveyed in quarters 3 and 4. This allowed for the generation of a panel data set, which is handy in conducting trend analysis of responses. Only few replacements have been made to the original list due to non-availability of respondents.

Key Finding : The key findings of this survey were as follows -

- The Sierra Leone Business confidence Index for the first quarter of 2012 was 65.9 index points which was 15.9 points above normal; second quarter was 62.5 index points, which was 12.5 above normal; third quarter was 63.5, which was 13.5 index points above normal: and the fourth quarter was 65.4 index points which was 15.4points above normal. This gives an average of 64.3 index points which is 14.3 index points above normal. This implies that business managers were generally optimistic about future business prospects in the economy as a result of anticipated violence of the November 17th 2012 election, despite the stable exchange rate and declining inflation rate.
- In the Overall Business Confidence Indicators by Period, the Past/Current Business outlook performance index was 60.7% in quarter 1, dipped in quarter 2 to 57.8% and appreciated slightly in quarter 3 (58.2%) and further appreciated in quarter 4 to 60.2%. Thus expressing the fluctuation of assessment of business executives with regards to the general economic outlook, turnover/selling prices and employment expansion on one hand, and the decline in the assessment with regards to the impact of macroeconomic factors such as inflation, taxes and governance factors such as crime and political instability on current operations.
- Expected Business Outlook index at 71.1% in quarter 1 again declined to 67.1% in quarter 2 and then a marginal increase to 68.8% in quarter 3 and further increased in quarter 4 to 70.7% reflecting the inability of business executives to predict the impact of macroeconomic factors on future business operations still in quarter 2.
- The by sector analysis shows that all through quarters 1, 2, 3 and 4, manufacturing sector recorded the least percentage in both Past/Current Business Outlook of 57.18%, 54.92%, 57.18%, 57.13% and Expected Business Outlook of 61.48%, 59.31% 61.48% and 60.24% respectively which is partly explained by the impact of double digit inflation on these sectors.
- Other Services sector expressed the strongest business sentiments regarding past/current business operations for quarters 1, 2 and 4 of 63.37%, 61.20 and 64.25 respectively as can be seen in the above table.
- By size of Establishment, the Past/Current Outlook Index recorded 63.7% in quarter 1 but dipped in quarters 2 (61.3%), 3 (61.2%) and recorded an improvement in quarter 4 (62.1%) for Large scale Establishments, Medium scale establishments recorded a 58.1% in quarter dipped in quarters 2 (56.9%), 3 (55.6%) and improved considerably in quarter 4 (60%) while for Small Scale Establishment quarter 1 recorded 58.2% and also dipped in quarters 2 (55.3%), 3 (55.7%) and appreciated in quarter 4 (56.6%). In all quarters of 2012, quarter 2 and 3 was noticed to have dipped in all sizes of establishment.
- The highest percentage on Expected Business Outlook performance index for large and medium scale establishment was recorded in Quarter 4 at 75% and 68.9% respectively while that of small scale was recorded in quarter 1.
- General Economy and Sector Wide Outlook records that the Past/Current performance of business remained the same at above normal (50.2%) in quarter 1, 2 and 3 but improved in quarter 4 (52.8%) indicating an improvement in the sentiments of mangers, largely due to the improvement of the effects of stable exchange rate, and declining inflation rate.
- The Expected Business Outlook Index in quarters 1, 2 and 3 remained the same also at 78.4% but declined in quarter 4 to 78.2% due to panic of a possible negative impact on the cost of business operations in the country and the confusion surrounding the November 17 election.
- The Production, Sales Volumes or Demand for Services indicates that the business confidence index for

Past/Current level of business activity in the country was above average for all the quarters. Quarters 1 and 3 recorded the same percentage index point of 72.1% while quarters 2 and 4 (62.2% and 67.6%) respectively recorded a decline.

- The expected business confidence index declined sharply from 75.1% in quarter 1 to 59.2% in quarter 2 but increased in quarter 3 (75.1%) and further increased in quarter 4 (77.6%) reflecting a down grading of future production, sales and/or demand levels of businesses from one quarter to the other
- Turnover / Selling Prices index was below normal (49%) in all quarters which could be due to the negative effects of governance factors (effect of Internal Political Climate) and dipped in the 4th quarter (46.7%) as the November 17th 2012 election drew close.
- The Expected business outlook index was above normal and remained the same in quarters 1, 2 and 3 at 64.9% but however declined in quarter 4 (64.0%) indicating a drop in the confidence level regarding sales levels in the next 3 months.
- The Investment Plan Past/Current indices were slightly above normal for quarters 1, 2 and 3 at 56.6% but dipped in quarter 4 to 53.5%, this underlines the fact that current capacity utilisation was just above average for most businesses in the country. This means that the extent to which the company's productive resources were utilised for the production of goods and services was below potential. Low capacity utilisation could be as a result of insufficient demand for the good or service being produced, may be as a result of stiff competition in the economy.
- The Expected Business Outlook on the other hand, business executives expressed sentiments above normal in quarters 1,2 and 3 at 72.2% which indicates an expected increase in capacity utilisation in the next three months. However, there was a decline from 72.2% in quarter 3 to 68.2% in quarter 4.
- The Past/Current Employment Outlook for quarters 1, 2 and 3 was at 53.4% indicating an average sentiment regarding the possibility of expanding employment in the short term, it however declined further in quarter 4 to 50.6%. However, sentiment to expand current employment levels improved considerable in quarters 1, 2 and 3 (63.9%) and further improved in quarter 4 (65.7%) which could be as a result of the optimism of business executives with regards to business turnover/sales.
- Financial and Credit Market Outlook was stable in quarters 1, 2 and 3 at 64.9% but dipped in quarter 4 to 59.9 percentage point index.. This means that the past/current business confidence worsened significantly in quarter 4; the effect of governance factor (Non-availability of Bank Credit, non-availability of Credit from other Financial Sources and negative effect of political climate) could be significant factor behind this drop in this indicator because of the election period.
- The macroeconomic factors (Taxes, Inflation and Exchange rate) in the Past/Current business index, recorded a stable flow in all three quarters at 83.5percentage index point but dipped in quarter 4 to 79.1% due to anticipation of election violence.
- The Governance factor index for Past/Current, Expected and Overall business outlook was below average at 47.7%, 46.4% and 47 percentage point index due to the effect of Internal Political Climate but as time went on Business executives began to gain confidence again in quarters 2 (60.4%), (62.4%), (61.4%) and 3 (67.7%), (64.7%), (66.2%) but declined in quarter 4 (53.2%), (53.6%), (53.4%) respectively. This means that business people were uncertain about improvement in business operations due to the impact effects of Governance factors on their businesses.
- The Past/Current outlook index and the Expected business outlook index recorded a decline in quarter 4. The invocation of sensitization campaign on election violence by Political groups, Government department and other MDA's, Civil Society and International bodies, MAC-P (Military Aid to Civil Power, the joint military and Police patrols reduced crime and instability in the city.

1.0 INTRODUCTION

The Sierra Leone Business Confidence Index measures the perception of Company Chief Executives, Managers, and in some cases Business Owners' on the current and future state of the economy as it affects business operations and investment decisions. The Index estimates business peoples' perception of current and expected developments regarding general economic performance, sales, investments, employment, selling prices, capital inflows or outflows, exchange rates and instability of the Leone etc. The Sierra Leone Business confidence index is measured on a scale of 0 to 100, where 0 indicates total lack of confidence and 100 indicates extreme confidence. The Survey Questionnaire covers seven broad themes that together address 20 specific economic policy relevant issues. The respondent is required to choose from three options; higher, lower or the same for each of the questions. Two types of indices are compiled; the current/past status index (the index derived from perceptions about current/past performance), and the business confidence index (the index derived from business peoples' expectation of performance three months in advance). These two indices are calculated for every variable and aggregated to form a composite index

1.1 Coverage

The index is compiled based on a quarterly survey of all establishments carrying out the same kind of activities in selected sectors in the Western Area of Sierra Leone classified by employment size in to small scale establishments (<10 employees), medium scale establishments(10-49 employees) and large scale establishments(50+ employees). The survey covers four main sectors of the economy; Manufacturing, Wholesale and Retail Trade, Construction and Other Services (Tourism, Banking, Insurance and Transport and Communication) sectors of the economy. The target respondents are top executives, business leaders, owners and top managers of these establishments.

1.2 Periodicity and Timeliness of Data

The Sierra Leone Business Confidence survey is carried out quarterly with a quarterly reference period. This means information collected on a quarterly basis will refer to the past three months and the next three months. The survey is carried out four times in the year during the second and third week of the last month of the quarter. The survey results are released at the end of the first month of the following quarter. The first survey was conducted in quarter 2, 2010.

1.3 Objective of the Survey

The main aim of the Sierra Leone Business Confidence survey is to obtain qualitative information for use in monitoring the current and future business situation and forecasting short-term developments in the economy. It is intended to provide economic decision makers particularly the Monetary Policy Committee with necessary information about future business outlook and expectations that could be used to determine monetary policy. The survey is carried out with the aim of finding out the opinion of senior managers of the major private sector enterprises about the recent past, present and the future macroeconomic developments as they affect production, investment, demand, sales, capacity utilization and inflation expectations. It is widely recognized that business peoples' expectations play a major role in economic development and taking this into consideration in making short-term business decisions is crucial to avoid economic and financial crisis.

2.0 SURVEY METHODOLOGY

This section outlines the methodology of the survey, including index compilation procedures.

2.1 Sampling Frame

The Business Register maintained by SSL was used to reconstruct the sampling frame. The frame consisted of all establishments carrying out the same industrial activity (Kind-of-Activity-Units) in the Western Area and regional cities of the Country classified as belonging to the following four sectors : Construction, Manufacturing , Wholesale & Retail Trade, Other Services (Hotels & Restaurants, Banking, Insurance, Transport and Communication).The frame was updated using records provided by the National Revenue Authority (NRA), the National Social Security and Insurance Trust(NASSIT) and field work done by Statistics Sierra Leone. The regrouping of establishments was done in order to capture pertinent information on key industries of the economy.

2.2 Reporting Unit and Sampling Unit

The frame consisted of several establishments operating from one location and carrying out predominantly one kind of activity. In this case the reporting unit was the same as the sampling unit. However, where the sampled unit (the establishment) carries out several of the same kind of activity in different locations, or several activities in the same location, then the main establishment or head office was used as reporting unit even if the branch was selected. This is particularly applicable wherein the head office keeps a centralize books of accounts for all activities and branches.

2.3 Sample Size and Sample Size Allocation

The sample size was determined on the basis of a rule of thumb that about 30 reporting units were required to obtain an acceptable level of precision for each stratum. Thus 160 reporting units were selected for the study allocated equally within the four strata, ten extra to allow for sample shortfall due to non-response. The sample size was allocated equally among the four sectors covered in the study. Thus there were forty reporting units each from Construction, Manufacturing, Wholesale and Retail Trade, and Other Services (Tourism, Banking, Insurance, and Transport and Communication) sectors. An equal sample size allocation was adopted to allow for comparison of the business expectations across sectors.

2.4 Survey Instrument

The questionnaire was designed following the guidelines set in the Organization for Economic Cooperation and Development Handbook (OECD Handbook on Business Tendency Surveys). The standard OECD harmonized questionnaire for Business Tendency Surveys was used as the main framework adapted to our country specific situation. However, the survey questionnaire is much longer than the standard OECD questionnaire. The Sierra Leone Business Confidence questionnaire contains 40 questions, 20 intended to address past/current business performance and 20 to measure future business expectations. The questions cover eight broad themes that together address 20 specific economic policy relevant issues on both past/current business performance and future expectations. The main themes covered by the survey are; General Economy and Business wide outlook, Sales/Production Volumes, Turnover/Selling Prices, Investment Plans, Employment, Finance and Credit Markets, Macroeconomic Factors and Governance Factors.

There are four questionnaires which are similar in scope but each modified slightly to suit the special needs of the sector surveyed. Three optional multiple choice questions are used in harmony with standard practice. Respondents were asked for judgment on business developments in the recent past; give an assessment of the current situation and their expectation on the future trend of the selected indicators. When asked to assess their current business operations, respondents were asked to state whether they were; “above normal”, “normal” or “below normal”. Alternatively questions on business expectations normally require the respondents to state whether their operations will “increase”, “decrease” or remain the “same”.

2.5 Sample Design

The sample design was a combination of purposive (judgmental) sampling and ordered probability proportional to size sampling techniques. For each sector, the top ten companies were purposively selected using the number of employees as size measure. The remaining establishments were reorganized into four strata, each stratum representing one sector. The sample was selected by stratum. Thus for each establishment in the stratum, the number of employees was represented by x_i and a random number U_i between 0 and 1 was associated with each establishment. A variable Z such that $Z = nx_i/\sum x_i$, where n is sample size, x_i is the number of employees in enterprise i . ($i = 1, 2, 3, \dots, N$) and $\sum x_i$ is the cumulative total number of employees for all establishments of the specified type was computed. The ranking variable Q

which was a function of Z such that $Q_i = U_i(1-Z_i)/Z_i(1-U_i)$ where Z_i and U_i are defined as above was constructed. The values of Q_{is} obtained were sorted in ascending order and for each sector 30 additional establishments with the smallest value of the ranking variable (Q) were selected. The ranking was very useful because during field work the establishments that were found to be unsuitable were replaced with the next ones in the ranking. Thus ordered PPS provided some flexibility and made replacement statistically robust.

To reduce sample variance, and to measure changes over time more accurately and reduce the cost of the survey a fixed panel of reporting units and respondents are used each quarter. However, replacement is made from time-to-time to account for closure and outright refusal cases and to reduce respondent fatigue.

2.6 Data Collection

The Business Confidence Survey is carried out by Statistics Sierra Leone using the already established real sector data collection framework. A self-administered questionnaire is sent to each selected establishment (reporting unit) accompanied by a letter from the Statistician General requesting the unit to participate in the study on a quarterly basis and providing additional information on the survey. Data Collectors make return visits to collect completed questionnaires or to answer questions relating to the survey. The data collection normal lasted for 10 days.

2.7 Organization of the Survey

The survey is implemented by the National Accounts Section in the Economic Statistics Division at SSL. The existing real sector data collection framework is used to implement the survey. The Head of the National Accounts Section serves as Survey Coordinator while the Director of the Division provides overall supervision and technical expertise in the design and construction of the indices. To ensure credibility and prompt response from business executives, all Section Heads, Statisticians and other staff in the Economic Statistics Division served as Data Collectors.

3.0 PROCESSING, ANALYSIS AND REPORTING OF THE SURVEY RESULTS

3.1 Index Estimation Procedures

In the survey questionnaire, respondents were given any of three answer choices to select from for each question. The choices may be differently worded but they can broadly be classified as positive, negative and unchanged. This is the standard practice in confidence surveys. These qualitative responses are then converted into quantitative responses by scoring the responses received using the criteria below:

- The score of +1 is assigned to the answers that show positive sentiment
- The score of 0 is given to “unchanged” answers.
- The score of -1 is assigned to “negative” responses

Two approaches are used to estimate the indices; the balances approach (Net-Balances) and the Diffusion Indices approach. In using the Balance Approach, the positive (1), neutral (0) and Negative (-1) responses are first converted into percentages. The net balance is calculated by subtracting the negative percentages from the positive percentages. The formula used to compute the balances is $B=100(P-N)$ where P is the fraction of positive responses in the total and N is the fraction of the negative responses in the total.

The net balances computed are then converted into diffusion indices using the following relationship; $DI = (100+ B)/2$ where DI is the Diffusion Index and B is the Net Balances computed as above.

The indices computed using the net balances approach range from -100 to 100 while diffusion indices range from 0 to 100. The Sierra Leone Business Confidence Index is presented as a diffusion index for ease of presentation and interpretation. However, both index types have exactly the same information content and each represents another way of presenting the same information. First balances are computed for each question based on the total number of responses for each of the three response option. Using the formula outlined above, an elementary diffusion index is computed for each question. The overall indices by sub-indicator, main indicator and eventually sector are computed as simple averages of the item indices. Separate indices are computed for Industry, Construction, Wholesale and Retail Trade, and Other Services Sectors. These are then aggregated to compute the overall Business Confidence Index. The index is computed as a past/current performance index

and a future expectations index. It is also presented by size of establishments divided into small scale establishments (< 9 employees), medium scale establishments (10-49 employees) and large scale establishments (50+ employees).

3.2 Type of Indices Computed

Broadly, two types of indicators are computed:

A. Confidence-building Indicators

These indicators capture positive sentiment about the economy-they are those that relate to general economic situation, sales volumes, output levels, business turnover, profitability, investment plan, capacity utilization, and employment level.

These indicators are summarized as follows:

1. General Economy and Business Outlook (positive average)
 - Business Outlook
 - Economy Wide Outlook
2. Sales volumes (positive average)
 - Sales volumes
3. Turnover/Selling Prices (positive average)
 - Profitability
 - Orders Placed With Suppliers
 - Average Selling Prices
4. Investment Plans (positive average)
 - Investment Changes
 - Capacity Utilization
5. Employment Total (positive average)
 - Employment Levels

Thus the net-balances of these 5 main indicators were given a positive sign in the computation of the composite DI

B. Confidence-undermining Indicators

These are indicators that capture negative sentiment of business owners about the impact of factors under investigation on their business operations.

Three broad indicators are estimated here as show below:

1. Finance and Credit Markets (negative average)
 - High Interest Rates
 - Non-availability of Bank Credit
 - Non-availability of Credit from other Financial Sources
 - Non-availability of Foreign Exchange
2. Macroeconomic Factors (negative average)
 - Taxes
 - Inflation
 - Exchanger Rate instability
8. Governance Factors Summary (negative average)
 - Effect of Corruption
 - Effect of Crime
 - Effect of Bureaucracy
 - Effect of Internal Political Climate

As a result, the net-balances of these 3 main indicators (6-8) were given a negative sign in the computation of the composite DI

Computing the Overall Composite Index:

The overall index is computed as a weighted average of all the positive and negative indices highlighted above (all 8 of them) and 50 is added to that average. This is because for a DI 50 is the base; 50 is therefore the benchmark for comparison. This is done for both the current and expected indices. Thus overall index is computed as follows: Average (1,2,3,4,5,-6,-7,-8)+50

Weights

Two sets of weights are used in the computation of the overall index: establishment weights and sectorial weights. Establishment weights are obtained from the business register based on the sample selected, while sectorial weights are obtained as the sectorial share in the gross domestic product (GDP). The two weights ensured that the index obtained is nationally representative.

3.3 Interpretation of Results

A Diffusion Index ranges from 0 to 100 and is interpreted as follows;

- (i) Index of 50 means that business sentiment remains stable.
- (ii) Index above 50 means business confidence has improved
- (iii) Index below 50 means business confidence has worsened

In the computation of the overall index, the following variables; Finance and Credit Markets (Effect of High Interest Rates, Non-Availability of Bank Credit, Non-Availability of Credit from other sources and Non-Availability of Foreign Exchange); Macroeconomic Factors (effect of taxes, Inflation and Exchange Rate Instability); and Governance Factors (Effect of Bureaucracy, Corruption, Crime and Internal Political Climate) were computed as confidence undermining factors and hence assigned a negative value. As a result, a score above 50 for each of these factors should be regarded as deterioration in the confidence level. Since these variables are regarded as confidence undermining factors, the higher the score on them the lower the business confidence. Thus in the computation of the overall index their individual scores are netted out as a negative balance.

4.0 PRESENTATION AND ANALYSIS OF SURVEY RESULTS

4.1.1 The Indicators of Business Confidence

The Sierra Leone Business Confidence survey questionnaire contained 40 questions, 20 intended to address past/current business performance and 20 to measure future business expectations. The questions covered eight broad themes that together addressed 20 specific economic policy relevant issues on both past/current business performance and future expectations. There were four questionnaires which were similar in scope but each modified slightly to suit the special needs of the sector surveyed. Three optional multiple choice questions were used in harmony with standard practice. Respondents were asked for judgment on business developments in the recent past, and give assessment of the current situation and their expectation on the future trend of the selected indicators. When asked to assess their current business operations respondents were asked to state whether they were; “above normal”, “normal” or “below normal”. Alternatively questions on business expectations required the respondents to state whether their future operations will “increased”, “decrease” or remain the “same”.

4.1.2 Aggregate Business Confidence Indicators

Figure 4.1.2: Overall Business Confidence Index in 2012



For the year 2012, the Sierra Leone Business confidence Index for the first quarter was at 65.9 index points which was 15.9 points above normal; second quarter 62.5 and 12.5 points above normal: third quarter was 63.5 and 13.5 points above normal and the fourth quarter was at 65.4 which was 15.4 points above normal. This gives an annual average of 64.3 index points, which was 14.3 index points above normal. This implies that business managers were

generally optimistic about future business prospects in the economy despite the double digit inflation rate experienced throughout 2012.

The main reason for the strong sentiment expressed in quarter 1, 2012 of 65.9% point index could be attributed to the stability of the domestic currency (The Leones). In some cases the Leones even appreciated against the US Dollar. This stability in the exchange rate coupled with declining inflation trends, dampened inflation pressures in the minds of business executives. As inflation becomes more and more predictable the time planning horizon is enhanced: business executives express positive sentiments about the impact of macroeconomic factors (e.g inflation, taxes, etc) and governance factors (the November election did not generate the anticipated violence) on the business operations of the country, this in turn improved the ratings of the confidence building factors such as investment, sales volume, employment and overall economy performance indicators. These improvements in both the macro and governance factors contributed positively to the overall index.

The 3.4% point decline from quarter 1 to quarter 2 implies that business sentiments decreased between both quarters, which means that sentiments although still strong were weaker in quarter 2 than quarter 1, 2012. The decline in both current index from 60.7% to 57.8% and the expected index from 71.1% to 67.1% showed in figure 4.1.3 in page 14 accounts for this sharp decline and the main reason for this, is the deterioration of the 'governance factors' index resulting mainly from the deterioration of the 'effect of bureaucracy' index between the two quarters.

This 'Effect of Bureaucracy' index captures issues such as the provision of utilities (water and electricity) and deregulation issues. The deterioration of the 'effect of bureaucracy' index could be attributed to the shortage of water and electricity supply during the second quarter, which affected business operations across all sectors of the economy in Freetown. The electricity supplied during quarter 2 in the city was largely inadequate to support efficient business operations in the country and the same can be said of water. Although the exchange rate is stable and inflation is on the decline, yet the absence of adequate supply of water and electricity affected the sentiments of business operations as such basic commodities are required for effective production and capacity utilization, which in turn affected the cost of production.

The 1.0% point increase in the overall index of quarter 3 over quarter 2, 2012 estimate, implies that business sentiments improved between the two

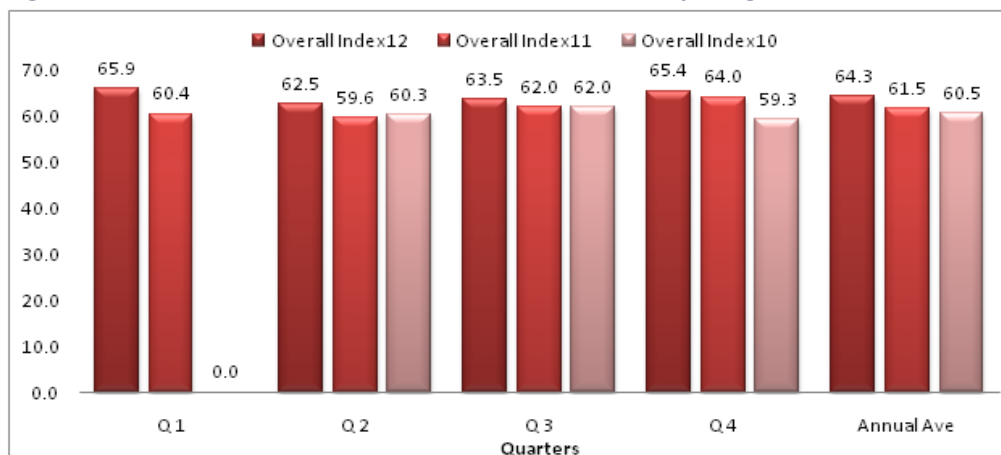
quarters, which means that sentiments were stronger in quarter 3 than in quarter 2, 2012. The increase in both the current index (from 57.8 to 58.2) and the expected index (from 67.1 to 68.8) showed in figure 4.1.3 accounts for this slight increase in sentiments in the overall index for the third quarter, 2012.

The main reason for this improvement is accounted for by the improvement in the 'governance factor' index resulting mainly from the improvement of the 'Effect of Bureaucracy' index between the two quarters. This 'Effect of Bureaucracy' index captures issues such as the provision of utilities (water and electricity) and deregulation issues. The improvement of the 'effect of bureaucracy' index could be attributed to the restoration of water and electricity supply during the third quarter to users, which was largely in short supply in quarter 2; and as such business operations were facilitated in quarter 3. In addition, the exchange rate is stable and inflation is on the decline and tax rate remains unchanged; which provided a stable macroeconomic picture, which in turn facilitated business planning.

The 2.0 percentage point increase over quarter 3, estimate implies that business sentiments improved between the two quarters, which means that sentiments were stronger in quarter 4, 2012 than in quarter 3, 2012. The increase in both the current index (from 58.2 to 60.2) and the expected index (from 68.8 to 70.7) showed in Figure 4.1.3 accounts for this slight improvement in sentiments in the overall index for the third quarter, 2012.

The main reason for this improvement is accounted for by the improvement in the 'macroeconomic factor' index resulting mainly from the improvement of inflation and taxes on business operations between both quarters. The improvement of the 'macroeconomic factors' index could be attributed to the declining inflation and stable taxes currently prevailing in the country, thereby lowering the risk of inflation in the economy. In addition, the exchange rate is stable, inflation on the decline and tax rate remains unchanged; which provided a stable macroeconomic picture, which in turn facilitated business planning.

Figure 4.1.2.1: Overall Business Confidence Index - Comparing 2012, 2011 and 2010



There is no record for the overall index for quarter 1, 2010 since the first survey on Sierra Leone Business Confidence Index was conducted in quarter 2, 2010.

From the above Figure, it can be observed that the overall Index for each year appreciated, which signifies that business sentiments along the years improved greatly, with 2012 recording the highest significant growth.

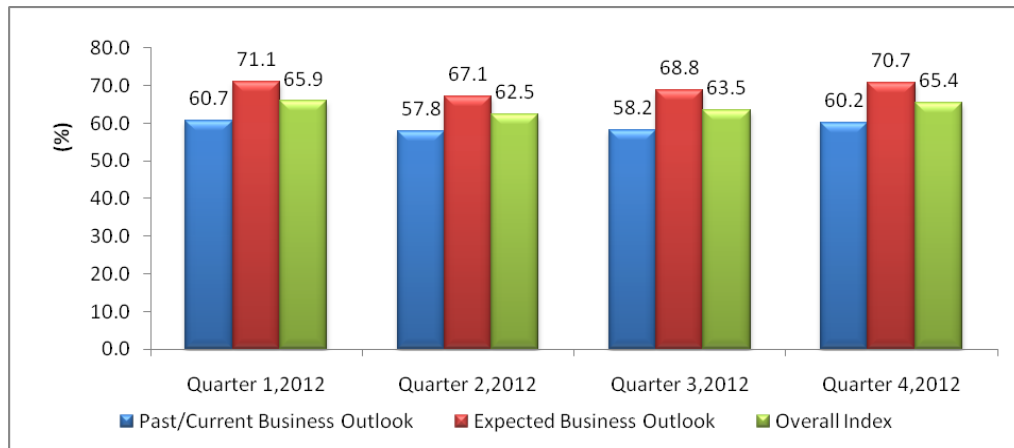
Comparing the Annual average for each year it can without a doubt be seen that the performance index of 2010 at 60.5% grew in 2011 with a 1.5% point growth to 61.5% and further improved in 2012 by 2.8% (64.3%) which implies that there were stronger sentiments in business operations in 2012 than in 2011 and 2010 which could be attributed to the improved sentiments expressed about the impact of macroeconomic and governance factors such as increase in the sales volume, turnover/selling price (profitability, orders placed with suppliers, average selling prices), investment plans, declining inflation rate and stable exchange rate during 2012.

In year 2012, as can be seen in figure 4.1.2.1, the business executives' self-confidence over the years have improved, comparing year 2010 to 2011 and 2012.

4.1.3 Aggregate Business Confidence Indicators by Period

The Past/current Business outlook performance index was 60.7% in quarter 1 but dipped in quarter 2 to 57.8%, appreciated slightly in quarter 3 and further appreciated in quarter 4 to 60.2%. Thus expressing the fluctuation of assessment of business executives with regards to the general economic outlook, turnover/selling prices and employment expansion on one hand, and the decline in the assessment with regards to the impact of macroeconomic factors such as inflation, taxes and governance factors such as crime and political instability on current operations (see appendix Table 3).

Figure 4.1.3: Overall Business Confidence Indicators by Period



Expected Business Outlook index at 71.1% in quarter 1 again declined to 67.1% in quarter 2 and then a marginal increase to 68.8% in quarter 3 and further increased in quarter 4 to 70.7% reflecting the inability of business executives to predict the impact of macroeconomic factors on future business operations still in quarter 2.

The Overall Index recorded 65.9% performance in quarter 1, dipped in quarter 2, increased in quarter 3 and a further increase in quarter 4 to 65.4%. The decline trend experienced with quarter 2 in Past/Current Business Outlook, Expected Business Outlook and Overall Index is as a result of the deterioration in “governance factor” as explained in **Figure 4.1.2: Overall Business Confidence Index in 2012** and this behaviour indicates a continuous increase over time which is consistent with economic theory which suggests that as expectations are built into inflation, the future becomes less predictive and as a result business planning time horizon is reduced; this would have negative impact on business operations in the long-term.

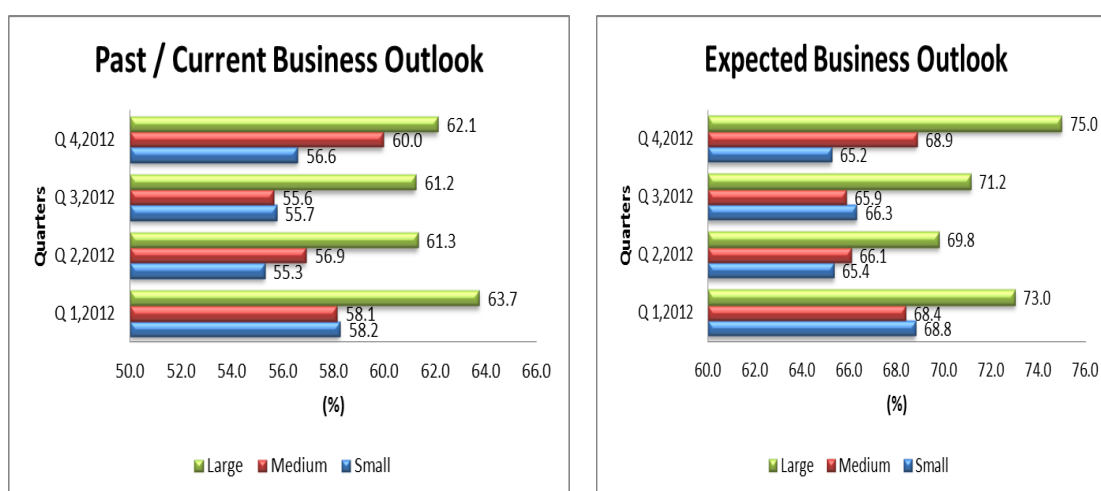
Table 4.1.3: Overall Business Confidence Indicators by Sector

| Quarter | Construction | | Manufacturing | | Other services | | W/R Trade | |
|----------|-------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | Past/Current Business Outlook | Expected Business Outlook | Past/Current Business Outlook | Expected Business Outlook | Past/Current Business Outlook | Expected Business Outlook | Past/Current Business Outlook | Expected Business Outlook |
| Q 1,2012 | 62.91 | 73.93 | 57.18 | 61.48 | 63.37 | 73.96 | 58.59 | 69.31 |
| Q 2,2012 | 62.02 | 71.32 | 54.92 | 59.31 | 61.20 | 71.88 | 55.58 | 65.79 |
| Q 3,2012 | 62.91 | 73.93 | 57.18 | 61.48 | 63.37 | 73.96 | 58.59 | 69.31 |
| Q 4,2012 | 57.71 | 65.66 | 57.13 | 60.24 | 64.25 | 70.92 | 58.85 | 76.00 |

The by sector analysis shows that all through quarters 1, 2, 3 and 4, manufacturing sector recorded the least percentage in both Past/Current Business Outlook of 57.18%, 54.92%, 57.18%, 57.13% and Expected Business Outlook of 61.48%, 59.31% 61.48% and 60.24% respectively which is partly explained by the impact of double digit inflation on these sectors.

Other Services sector expressed the strongest business sentiments regarding past/current business operations for quarters 1, 2 and 4 of 63.37%, 61.20 and 64.25 respectively as can be seen in the above table.

Figure 4.1.4: Overall Business Confidence Indicators by Size of Establishment



The Past/Current Outlook Index on size of establishments recorded 63.7% in quarter 1 but dipped in quarters 2 (61.3%), 3 (61.2%) and recorded an improvement in quarter 4 (62.1%) for Large scale Establishments, Medium scale establishments recorded a 58.1% in quarter dipped in quarters 2 (56.9%), 3 (55.6%) and improved considerably in quarter 4 (60%) while for Small Scale Establishment quarter 1 recorded 58.2% and also dipped in quarters 2 (55.3%), 3 (55.7%) and appreciated in quarter 4 (56.6%).

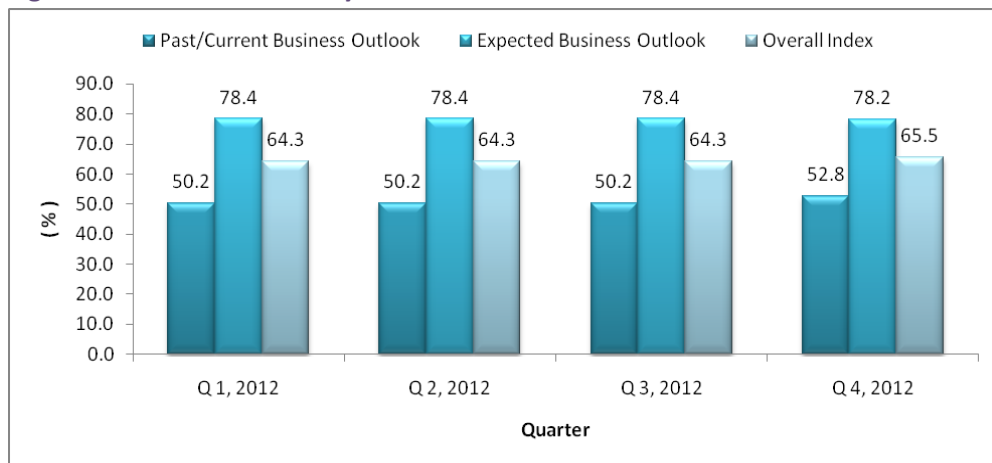
In all quarters of 2012, quarter 2 and 3 was noticed to have declined in all the sizes of establishment. The main reason for this decline is accounted for by the deterioration of the ‘governance factor’ index resulting mainly from the deterioration of the “Effect of Bureaucracy” between the two quarters. This “Effect of Bureaucracy” index captures issues such as the provision of utilities (water and electricity) and deregulation issues.

The highest percentage on Expected Business Outlook performance index for large and medium scale establishment was recorded in Quarter 4 at 75% and 68.9% respectively while that of small scale was recorded in quarter 1 at 58.2percentage point index.

4.2 General Economy and Sector Wide Outlook

Three questions were used to compute this indicator. On the expectation side respondents were asked to rate how they will expect the national economy or the business situation in their sector to perform in the next three months. They were also asked to rate as good, satisfactory or bad the current business situation in their sector. These responses were used to compute two indicators; Economy wide outlook and Business outlook. The indicator “economy wide outlook” reflects the respondents’ perception of the future performance of the economy only. Unlike the Business Outlook indicator which had a question on both the current and future outlook, no question was asked to assess current or past performance of the general economy.

Figure 4.2: General Economy and Sector Wide Outlook



The data in Figure 4.2 illustrates that the average assessment by all respondents for Past/Current performance of business remained the same at above normal (50.2%) in quarter 1, 2 and 3 but improved in quarter 4 (52.8%) indicating an improvement in the sentiments of managers, largely due to the improvement of the effects of stable exchange rate, and declining inflation rate. The Expected Business Outlook Index in quarter 1, 2 and 3 remained the same also at 78.4% but declined in quarter 4 to 78.2% due to panic of a possible negative impact on the cost of business operations in the country and the confusion surrounding the November 17 election.

The overall performance index was above normal for all the four quarters. The percentage index point of 64.3% was recorded in quarters 1, 2 and 3 but improved in quarter 4 to 65.5% due to improvements in investment changes and sales volume.

4.3 Production, Sales Volumes or Demand for Services

Three types of questions were asked to determine this indicator slightly modified to meet the needs of the targeted sector. In the manufacturing sector the questions were asked to address production, in the Retail trade sector the three questions address sale volumes, in construction information was sort on level of business activity while in the services sector, questions were modified to address demand for services. Respondents were asked what had been their company's level of production, sales volumes, demand for services or level of business activity in the past three months, what changes they expected in the next three months and what was their current level of stocks, level of contracts currently been executed or current level of competition in the sector. The two questions relating to current performance were grouped together to compute the current Production, Sales or Demand for services index while only one question was used to determine the future production, sales or demand for services index.

Figure 4.3 Production, Sales Volumes or Demand for Services

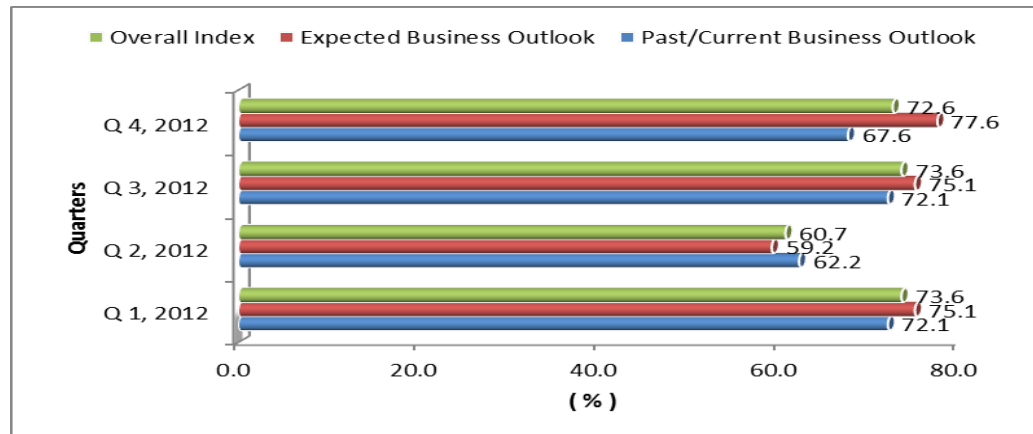


Figure 4.3 indicates that the business confidence index for Past/Current level of business activity in the country was above average for all the quarters. Quarters 1 and 3 recorded the same percentage index point of 72.1% while quarters 2 and 4 recorded a decline of (62.2% and 67.6%) respectively.

The decline in quarter 2 could be attributed to the shortage of water and electricity supply during the second quarter, which affected business operations across all sectors of the economy in Freetown.

The expected business confidence index declined sharply from 75.1% in quarter 1 to 59.2percentage point index in quarter 2 and this could be attributed to the shortage of electricity and water supplied which dampened the sentiments of the business executives, since the supply in the city was largely inadequate to support efficient business operations in the country.

Although the exchange rate is stable and inflation is on the decline, yet the absence of adequate supply of water and electricity affected the sentiments of business operations as such basic commodities are required for effective production and capacity utilization, which in turn affected the cost of production.

It however increased in quarter 3 (75.1%) and further increased in quarter 4 (77.6%) reflecting a down grading of future production, sales and/or demand levels of businesses from one quarter to the other.

As a result, the overall index declined from 73.6% in quarter 1 to 60.7% in quarter 2 but increased in quarter 3 (73.6%) and dipped again in quarter 4 (72.6%) representing a fluctuation in the sentiment expressed for future prospects in production, sales and demand levels.

4.4 Turnover/Selling Prices

This indicator measures the value of the sales of the business organisation or its revenue. It also refers to how quickly the company sells its inventory. A high turnover means that goods are sold quickly, while a low turnover means that goods are sold slowly. Both the total turnover and the rate of turnover affect the profitability of the business. Turnover as an index should be interpreted in a positive light. A high turnover index is good and the higher it is above the 50 index point or the normal level, the better the confidence level. Three indicators are combined to form this indicator; profitability, orders placed with suppliers and average selling prices. In the Services Sector, profitability is combined with capital inflows and capital outflows to produce the turnover index. Thus six questions were asked, three on current outlook and three on expected performance on these indicators. Respondents were asked whether in the past three months their profitability, orders placed with suppliers, selling prices or net inflows from abroad increased, decreased or

remained the same. The responses to these questions were compiled into past/current performance and expected performance indicators for each of these indicators and combined to make up the turnover confidence index

Figure 4.4: Turnover/Selling Prices



The Past/Current business outlook on Turnover/Selling price data in Figure 4.4 above was below normal (49%) in all quarters which could be due to the negative effects of governance factors (effect of Internal Political Climate) and dipped in the 4th quarter (46.7%) as the November 17th election drew close . Expected business outlook index was above normal and remained the same in quarters 1, 2 and 3 (64.9%) but however declined in quarter 4 (64.0%) indicating a drop in the confidence level regarding sales levels in the next 3 months.

The Overall Index was stable in quarters 1 ,2 and 3 (56.9%) but dipped in quarter 4 (55.3%) which clearly shows that business executives were in anticipation of the election atmosphere.

4.5 Investment Plans

For the purpose of the index, four questions were asked; two to solicit responses on investment changes and two on capacity utilisation. To determine current or expected changes in capacity, respondents were asked whether their company changed in capacity during the past three months or expect to change in capacity during the next three months. The company is said to change in capacity if it made new investments, increased space, added new outlets, expanded to new locations, increased working capital, introduced new technology or introduce new distribution networks. The two

questions on capacity utilisation asked whether the respondents' current or future operations relative to optimal capacity were above normal, normal or below normal. Figure 4.5 below illustrates sentiments on current and future investment plans of businesses.

Figure 4.5: Investment Plans



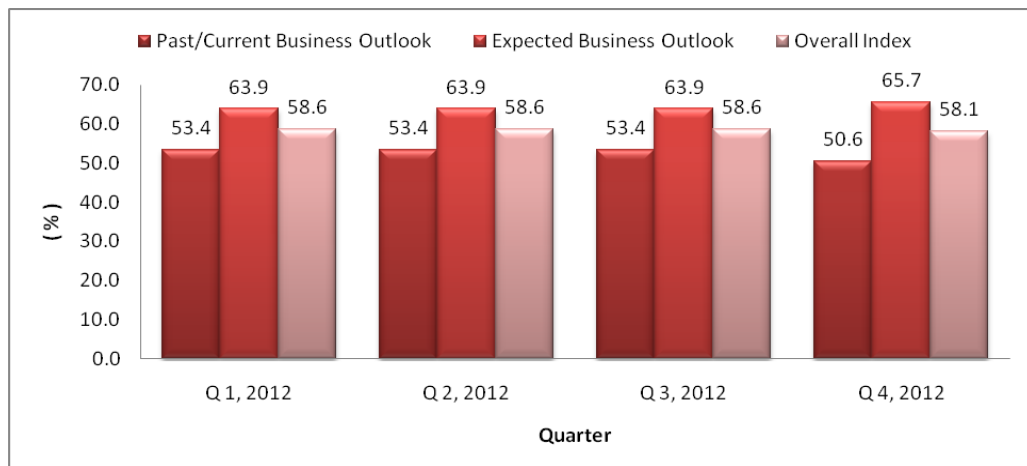
Figure 4.5 shows that the Investment Plan Past/Current indices were slightly above normal for quarters 1, 2 and 3 at 56.6% but dipped in quarter 4 to 53.5%, this underlines the fact that current capacity utilisation was just above average for most businesses in the country. This means that the extent to which the company's productive resources were utilised for the production of goods and services was below potential. Low capacity utilisation could be as a result of insufficient demand for the good or service being produced, may be as a result of stiff competition in the economy.

In the Expected Business Outlook on the other hand, business executives expressed sentiments above normal in quarters 1,2 and 3 at 72.2% which indicates an expected increase in capacity utilisation in the next three months. However, there was a decline from 72.2% in quarter 3 to 68.2% in quarter 4.

4.6 Employment

To compute the employment indices, two questions were asked to determine past and future employment levels. Respondents were asked to state whether their employment levels in the past three months compared with the same period last year increased, decreased or remained the same and how they expect employment levels to be in the coming period. Their responses are illustrated in Figure 4.6.

Figure 4.6: Total Employment Index



As shown on Figure 4.6 the Past/Current Employment Outlook for quarters 1, 2 and 3 was at 53.4% indicating an average sentiment regarding the possibility of expanding employment in the short term, it however declined further in quarter 4 to 50.6%. However, sentiment to expand current employment levels improved considerable in quarters 1, 2 and 3 (63.9%) and further improved in quarter 4 (65.7%) which could be as a result of the optimism of business executives to boost employment with will in turn improve productivity and turnover level.

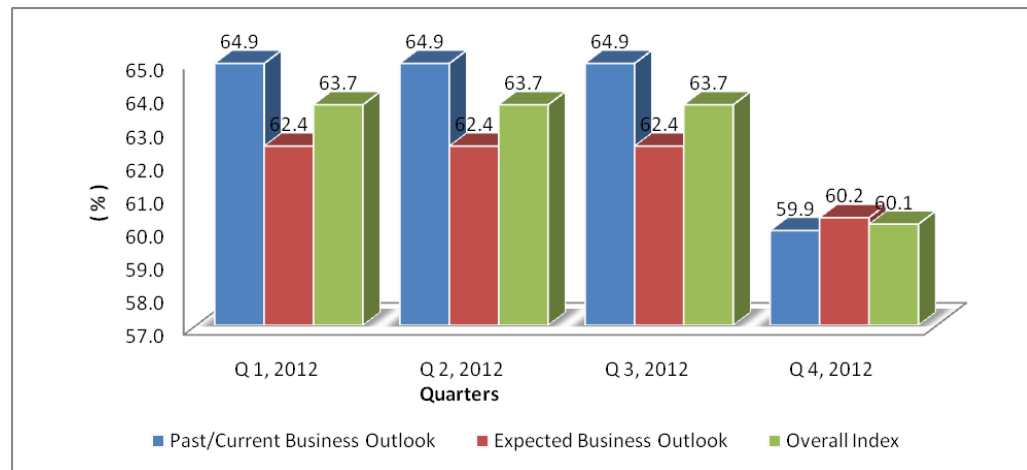
The expected business outlook index was all a little above average. This is also the case for the overall indices with quarters 1, 2 and 3 recording 58.6 percentage point index with a slight decline in quarter 4 to 58.1%.

4.7 Finance and Credit Markets

Four economic variables were combined to compute this aggregate variable. These were; interest rates, bank credit, credit from other financial sources and availability of foreign exchange. These variables are closely related to transactions on the financial markets where financial transactions in the form of bonds, shares, foreign exchange, short term credit etc. take place. The intention is to provide a measure of the aggregate impact of these variables on business confidence. Respondents were asked the questions; “How did the following financial and monetary factors affect your business operations in the past three months?” and “How do you expect the following financial and monetary factors to affect your business in the next three months?”. The respondents were required to state whether; “Greatly”, “No effect” or “Less Extent”. In the computation of the specific indicators on each of the variables, a score of +1 was given to “Greatly” responses, 0 score on “No effect”

responses and -1 score was given for “less extent” responses. The indices computed for each of these variables and the aggregated index (Financial and Credit Markets) should be interpreted as reflecting the negative impact of these variables on the business. If high interest rates, non-availability of bank credit, credit from other financial sources and non-availability of foreign exchange affected the business greatly that would be regarded as a confidence undermining factor. A high index on each of these variables implies a decrease in confidence. So in the computation of the aggregated business confidence index the score on each of these variables and by implication the index on financial and credit markets was regarded as a negative balance and netted out.

Figure 4.7: Finance and Credit Markets



The average current Financial and Credit Market Outlook which represents the combined effect of increase in high interest rates and the non-availability of bank credit, credit from other financial sources and foreign exchange on business operations was stable in quarters 1, 2 and 3 at 64.9%, 62.4% and 63.7% for Past/ Current business outlook, Expected business Outlook and Overall Index respectively but dipped in quarter 4 to 59.9%, 60.2% and 60.1 percentage point index. This means that the business executives sentiments worsened significantly in quarter 4 due to the effect of “governance factor” (Non-availability of Bank Credit, non-availability of Credit from other Financial Sources and negative effect of political climate) because of the anticipated violence of the election period. The trend is the same for the expected business outlook index and the overall index indicating a drop in the confidence level of business executives in quarter 4.

4.8 Macroeconomic Factors

The macroeconomic variables referred are the impact of taxes, inflation and the instability of the Leone which is closely linked to foreign exchange transactions. Respondents were asked the questions “To what extent do you think the following macroeconomic factors affected your business in the last quarter?” and “To what extent do you think the following macroeconomic factors will affect your “business in the next quarter”? The required responses were “Greatly”, “No effect” or “To a less extent”. The responses were combined to compute the current and expected aggregate macroeconomic index. In the computation of the final Business Confidence Index, Macroeconomic variables were treated as confidence undermining factors and netted out in the same way as Financial and Credit Market factors. The below figure illustrates the results.

Figure 4.8: Macroeconomic Factors

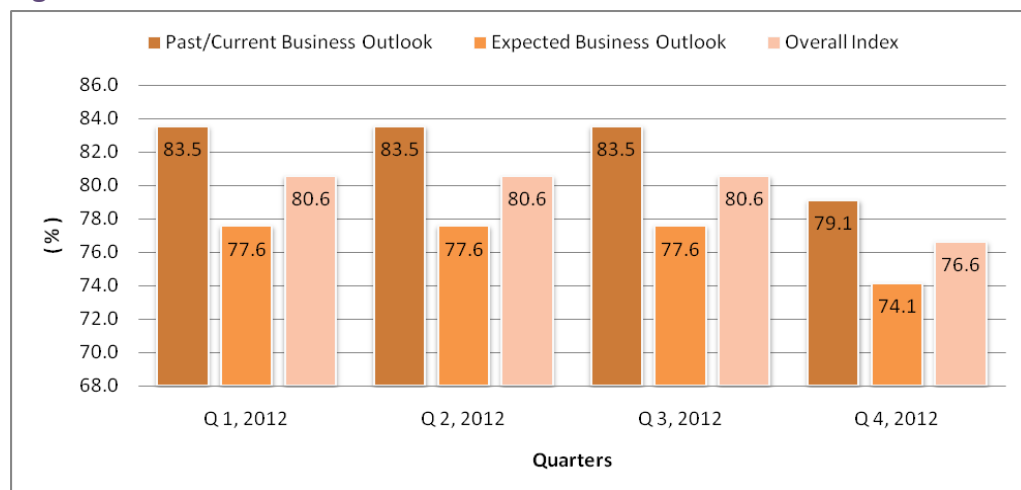


Figure 4.8 shows that the impact of macroeconomic factors (Taxes, Inflation and Exchange rate) in the Past/Current business, Expected business and Overall index Outlook, it recorded a stable flow in all three quarters at 83.5%, 77.6% and 80.6 percentage index point but dipped in quarter 4 to 79.1%, 74.1% and 76.6% due to anticipation of November 17th election, business executives expressed negative sentiments about the impact of governance factors (Effect of Internal Political Climate and Effect of Corruption) on the business operations in the country and as a result, the expectations of business executives declined in the fourth quarter.

4.9 Governance Factors

Four indicators were combined to compile what we call the governance index. These include; effect of corruption, effect of crime, effect of bureaucracy, and the effect of internal political climate.

The effect of bureaucracy refers to the impact of any existing time consuming paperwork and administrative procedures in place to regulate the conduct of business. It refers to the extent to which current structures and organizational arrangements are put in place to regulate business activities such as the need for many signatures to get business approvals added costs, or delayed business operations.

Corruption refers to bribery; the practice of giving money or anything of value to influence actions of officials in charge of decision making to induce them to alter their decisions in favor of the company. Companies may give money to avoid being taken to task for business irregularities or they may merely pay bribes to avoid harassment from government officials who are responsible for checking certain irregularities. The indicator is also intended to find out whether establishments have to pay bribe to continue in business or gain certain privileges such as winning contracts.

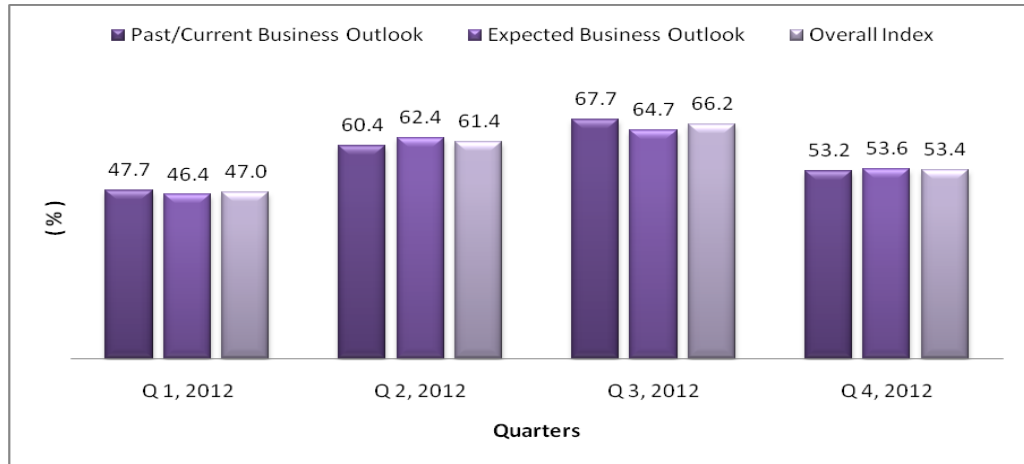
The crime indicator measures the extent to which establishments are affected by employee dishonesty and cheating to promote personal interest. It includes fraud, forgery, embezzlement etc.

The effect of political climate refers to the prevailing political attitudes, standards, policies or conditions in the country. Respondents were required to assess the extent to which factors such as political unrest, political affiliation, changes in government policy etc affect business operations. This indicator is also included in the study to gauge the impact of political events such as local, municipal or national elections on business confidence

The respondents were asked the questions “ To what extent did the following governance related factors affect your business in the last quarter?” and “To what extent do you expect the following governance related factors to affect your business in the next quarter?”. They were required to respond “Greatly”, “No effect” and “To a Less Extent”. The responses “Greatly were regarded as positive responses, “No effect” as neutral responses and “To a less Extent” as negative responses. The net balance for each of these indicators was treated

like the macroeconomic factors and in the compilation of the overall balance were netted out.

Figure 4.9: Governance Factors



The negative effect of Governance factors (effect of Internal political factors) coupled with the negative impact of Finance and credit market (availability of bank credit and non- availability of credit from other financial sources) had a severe impact on Governance factors as can be seen in figure 4.9 above.

The anticipated violence effect of Internal political factors coupled with the shortage of Leones experienced during February - March, 2012 (quarter 1), resulted to the Past/Current, Expected and Overall business outlook index to be below average at 47.7%, 46.4% and 47 percentage index point, but as time went on Business executives regained confidence again in quarters 2 (60.4%), (62.4%), (61.4%). and 3 (67.7%), (64.7%), (66.2%) but declined again in quarter 4 (53.2%), (53.6%), (53.4%) respectively due to the apprehension of the November 17, 2012 election

5.0 CONCLUSION

In all quarters of 2012, one affirmative outcome of this study was that sentiments about future business outlook were higher than sentiments about past/current business performance. This means that business executives were confident about future expectations, in trepidation that there will be an improvement in the performance of all indicators, which is an indication that macroeconomic, and governance indicators are not yet out-of-control, all things being equal.

The data has showed there was a high level of capacity under utilisation in all sectors surveyed particularly in the manufacturing sector. Capacity under utilisation is associated with increasing costs as total costs per unit remain high. Thus, the results show that most managers reported below normal profitability or decreases in profitability, due to increased competition from cheap imports and high inflation.

Widespread capacity underutilization implies that actual output was below the economy's potential output. A negative output gap may create problems of unemployment (which is widespread among the youth), weak business profits and low investment. With a low output base there is likely to be a large number of people out of work which means that wages could decline. A decline in demand and slump in profits also mean that the amount of tax revenue that can be raised declines. Inflationary pressures are currently high with double digit rates of inflation reported to be undermining business confidence. It might be worthwhile to further investigate the extent of capacity underutilization particularly in industry and the implications for monetary policy.

The negative sentiments about Governance factors such as effect of bureaucracy, effect of internal political climate, effect of corruption and effect of crime had immense impact on both the medium and small scale size establishments especially between quarter 2 and 3. The main reason for this decline is accounted for by the deterioration of the 'governance factor' index resulting mainly from the deterioration of the "Effect of Bureaucracy" between the two quarters. This "Effect of Bureaucracy" index captures issues such as the provision of utilities (water and electricity) and deregulation issues.

The electricity supplied during quarter 2 in the city was largely inadequate to support efficient business operations in the country and the same can be said of water in the country. Although the exchange rate is stable and inflation is

on the decline, yet the absence of adequate supply of water and electricity affected the sentiments of business operations since these basic commodities are required for effective production and capacity utilization, which in turn affected the cost of production.

Attentions are needed to be paid to the operations of finance and credit markets. Negative sentiments on the impact of factors such as high interest rates, non-availability of bank credit, credit from other financial sources and foreign exchange were very high. Key sectors such as construction and manufacturing were the most affected especially by high interest rates and the non-availability of bank credit.

The main governance factors undermining business confidence particularly in the construction and wholesale and retail trade sectors were bureaucracy, corruption and crime, especially in the second and third quarters. The impact internal political climate was manageable although above normal. The focus of policy should therefore be to intensify the current efforts to reduce crime, corruption and bureaucratic procedures on business operations in the country.

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APPENDIXES

APPENDIX A:

SIERRA LEONE BUSINESS CONFIDENCE INDEX - 2012 ANNUAL TABLES OF RESULTS

| Table A,1: Overall Business Outlook Indices and Quarterly Percentage Change | | | |
|---|-------------------------------|---------------------------|---------------|
| Quarter | Past/Current Business Outlook | Expected Business Outlook | Overall Index |
| Q 1,2012 | 60.7 | 71.1 | 65.9 |
| Q 2,2012 | 57.8 | 67.1 | 62.5 |
| Q 3,2012 | 58.2 | 68.8 | 63.5 |
| Q 4,2012 | 60.2 | 70.7 | 65.4 |
| Annual Average | 59.2 | 69.4 | 64.3 |
| Quarterly Change | | | |
| Quarter 1,11 | 0.0 | 0.0 | 0.0 |
| Quarter 2,2011 | -4.6 | -5.6 | -5.2 |
| Quarter 3,2011 | 0.6 | 2.5 | 1.6 |
| Quarter 4,2011 | 3.5 | -1.8 | -1.7 |

Table A.2: Summary Business Outlook Indices by Quarter

| Description | Quarter 1, 2012 | | | Quarter 2, 2012 | | | Quarter 3, 2012 | | Quarter 4, 2012 | | | |
|---|------------------------------------|------------------------------|---------------|------------------------------------|------------------------------|---------------|------------------------------------|------------------------------|-----------------|------------------------------------|------------------------------|---------------|
| | Past / Current Business Outlook | Expected Business Outlook | Overall Index | Past / Current Business Outlook | Expected Business Outlook | Overall Index | Past / Current Business Outlook | Expected Business Outlook | Overall Index | Past / Current Business Outlook | Expected Business Outlook | Overall Index |
| General Economy and Business Outlook | 50.2 | 78.4 | 64.3 | 50.2 | 78.4 | 64.3 | 50.2 | 78.4 | 64.3 | 52.8 | 78.2 | 65.5 |
| Sales volumes | 72.1 | 75.1 | 73.6 | 62.2 | 59.2 | 60.7 | 72.1 | 75.1 | 73.6 | 67.6 | 77.6 | 72.6 |
| Turnover/Selling Prices | 49.0 | 64.9 | 56.9 | 49.0 | 64.9 | 56.9 | 49.0 | 64.9 | 56.9 | 46.7 | 64.0 | 55.3 |
| Investment Plans | 56.6 | 72.7 | 64.7 | 56.6 | 72.7 | 64.7 | 56.6 | 72.7 | 64.7 | 55.8 | 68.2 | 62.0 |
| Employment Total | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 50.6 | 65.7 | 58.1 |
| Finance and Credit Markets | 64.9 | 62.4 | 63.7 | 64.9 | 62.4 | 63.7 | 64.9 | 62.4 | 63.7 | 59.9 | 60.3 | 60.1 |
| Macroeconomic Factors | 83.5 | 77.6 | 80.6 | 83.5 | 77.6 | 80.6 | 83.5 | 77.6 | 80.6 | 79.1 | 74.1 | 76.6 |
| Governance Factors Summary | 47.7 | 46.4 | 47.0 | 60.4 | 62.4 | 61.4 | 67.7 | 64.7 | 66.2 | 53.2 | 53.6 | 53.4 |
| Overall Business Confidence Index | 60.7 | 71.1 | 65.9 | 57.8 | 67.1 | 62.5 | 58.2 | 68.8 | 63.5 | 60.2 | 70.7 | 65.4 |

Table A, 3: Detailed Overall Index Summary by Quarter

| Description | Quarter 1, 2012 | | | Quarter 2, 2012 | | | Quarter 3, 2012 | | | Quarter 4, 2012 | | |
|--|---|---------------------------------|------------------|---|---------------------------------|------------------|---|---------------------------------|------------------|---|---------------------------------|------------------|
| | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0.0 | 76.7 | 76.7 | 0.0 | 76.7 | 76.7 | 0.0 | 76.7 | 76.7 | 0.00 | 78.66 | 78.66 |
| Business Outlook | 50.2 | 80.2 | 65.2 | 50.2 | 80.2 | 65.2 | 50.2 | 80.2 | 65.2 | 52.80 | 77.67 | 65.24 |
| General Economy and Business Outlook | 50.2 | 78.4 | 64.3 | 50.2 | 78.4 | 64.3 | 50.2 | 78.4 | 64.3 | 52.80 | 78.17 | 65.48 |
| Sales Volumes | 72.1 | 75.1 | 73.6 | 62.2 | 59.2 | 60.7 | 72.1 | 75.1 | 73.6 | 67.64 | 77.56 | 72.60 |
| Profitability | 46.9 | 61.0 | 53.9 | 46.9 | 61.0 | 53.9 | 46.9 | 61.0 | 53.9 | 45.71 | 62.77 | 54.24 |
| Orders Placed With Suppliers | 46.7 | 67.1 | 56.9 | 46.7 | 67.1 | 56.9 | 46.7 | 67.1 | 56.9 | 46.81 | 67.02 | 56.92 |
| Average Selling Prices | 53.5 | 66.5 | 60.0 | 53.5 | 66.5 | 60.0 | 53.5 | 66.5 | 60.0 | 47.58 | 62.08 | 54.83 |
| Turnover/Selling Prices | 49.0 | 64.9 | 56.9 | 49.0 | 64.9 | 56.9 | 49.0 | 64.9 | 56.9 | 46.70 | 63.95 | 55.33 |
| Investment Changes | 61.9 | 71.3 | 66.6 | 61.9 | 71.3 | 66.6 | 61.9 | 71.3 | 66.6 | 58.69 | 66.15 | 62.42 |
| Capacity Utilisation | 51.3 | 74.2 | 62.7 | 51.3 | 74.2 | 62.7 | 51.3 | 74.2 | 62.7 | 52.87 | 70.26 | 61.57 |
| Investment Plans | 56.6 | 72.7 | 64.7 | 56.6 | 72.7 | 64.7 | 56.6 | 72.7 | 64.7 | 55.78 | 68.20 | 61.99 |
| Employment Levels | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 50.57 | 65.68 | 58.13 |
| Employment Total | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 53.4 | 63.9 | 58.6 | 50.57 | 65.68 | 58.13 |
| High Interest Rates | 72.1 | 67.4 | 69.8 | 72.1 | 67.4 | 69.8 | 74.5 | 70.4 | 72.4 | 71.27 | 68.33 | 69.80 |
| Non-Availability of Bank Credit | 63.4 | 62.5 | 63.0 | 63.4 | 62.5 | 63.0 | 63.4 | 62.5 | 63.0 | 53.61 | 57.14 | 55.38 |
| Non-Availability Credit from other Financial Sources | 61.7 | 56.4 | 59.1 | 61.7 | 56.4 | 59.1 | 61.7 | 56.4 | 59.1 | 56.09 | 55.78 | 55.94 |
| Non-Availability of Foreign Exchange | 62.3 | 63.3 | 62.8 | 62.3 | 63.3 | 62.8 | 62.3 | 63.3 | 62.8 | 58.45 | 59.74 | 59.09 |
| Finance and Credit Markets | 64.9 | 62.4 | 63.7 | 64.9 | 62.4 | 63.7 | 64.9 | 62.4 | 63.7 | 59.86 | 60.25 | 60.05 |
| Taxes | 86.4 | 79.3 | 82.8 | 86.4 | 79.3 | 82.8 | 88.7 | 84.7 | 86.7 | 84.87 | 79.06 | 81.96 |
| Inflation | 85.6 | 79.7 | 82.6 | 85.6 | 79.7 | 82.6 | 85.6 | 83.0 | 84.3 | 78.25 | 76.85 | 77.55 |
| Exchanger Rate Instability | 78.7 | 73.7 | 76.2 | 78.7 | 73.7 | 76.2 | 78.7 | 73.7 | 76.2 | 74.21 | 66.51 | 70.36 |
| Macroeconomic Factors | 83.5 | 77.6 | 80.6 | 83.5 | 77.6 | 80.6 | 83.5 | 77.6 | 80.6 | 79.11 | 74.14 | 76.63 |
| Effect of Corruption | 46.5 | 47.7 | 47.1 | 46.5 | 47.7 | 47.1 | 46.5 | 47.7 | 47.1 | 51.93 | 55.65 | 53.79 |
| Effect of Crime | 46.5 | 45.9 | 46.2 | 51.4 | 48.0 | 49.7 | 51.5 | 51.2 | 51.3 | 51.93 | 50.40 | 51.16 |
| Effect of Bureaucracy | 48.1 | 46.1 | 47.1 | 61.8 | 60.3 | 61.1 | 57.1 | 52.1 | 54.6 | 53.45 | 53.48 | 53.46 |
| Effect of Internal Political Climate | 45.2 | 46.0 | 45.6 | 51.7 | 49.9 | 50.8 | 65.2 | 66.0 | 65.6 | 52.26 | 54.82 | 53.54 |
| Governance Factors Summary | 47.7 | 46.4 | 47.0 | 60.4 | 62.4 | 61.4 | 67.7 | 64.7 | 66.2 | 53.23 | 53.59 | 53.41 |
| Overall Business Confidence Index | 60.7 | 71.1 | 65.9 | 57.8 | 67.1 | 62.5 | 58.2 | 68.8 | 63.5 | 60.16 | 70.70 | 65.43 |

Table A 4: Quarter 1, 2012 Detailed Overall Index Summary by Sector

| Description | Construction | | | Manufacturing | | | Other services | | | W/R Trade | | |
|--------------------------------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|
| | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 74.86 | 74.86 | 0 | 70.69 | 70.69 | 0 | 84.86 | 84.86 | 0 | 77.48 | 77.48 |
| Business Outlook | 61.75 | 84.86 | 73.3 | 54.85 | 73.96 | 64.4 | 56.9 | 93.07 | 74.98 | 35.48 | 68.02 | 51.75 |
| General Economy and Business Outlook | 61.75 | 79 | 70.37 | 54.85 | 71.47 | 63.16 | 56.9 | 88.11 | 72.5 | 35.48 | 71.89 | 53.69 |
| Sales Volumes | 70 | 47.09 | 58.55 | 60.08 | 48.87 | 54.47 | 95.74 | 86.26 | 91 | 55.69 | 73.18 | 64.43 |
| Profitability | 46.69 | 56.42 | 51.55 | 46.54 | 59.83 | 53.19 | 52.71 | 72.78 | 62.74 | 41.42 | 52 | 46.71 |
| Orders Placed With Suppliers | 50.49 | 77.8 | 64.14 | 43.21 | 59.83 | 51.52 | 50.28 | 79.61 | 64.95 | 42.92 | 52.9 | 47.91 |
| Average Selling Prices | 51.02 | 73.34 | 62.18 | 50.69 | 50.69 | 50.69 | 50.28 | 74.32 | 62.3 | 59.49 | 63.08 | 61.29 |
| Turnover/Selling Prices | 49.4 | 69.18 | 59.29 | 46.81 | 56.79 | 51.8 | 51.09 | 75.57 | 63.33 | 47.94 | 56 | 51.97 |
| Investment Changes | 54.49 | 70.4 | 62.44 | 59 | 66.48 | 62.74 | 67.49 | 76.09 | 71.79 | 61.58 | 69.22 | 65.4 |
| Capacity Utilisation | 52.75 | 76.27 | 64.51 | 49.03 | 65.65 | 57.34 | 56.46 | 87.77 | 72.12 | 46.46 | 63.73 | 55.1 |
| Investment Plans | 53.62 | 73.34 | 63.48 | 54.02 | 66.07 | 60.04 | 61.97 | 81.93 | 71.95 | 54.02 | 66.48 | 60.25 |
| Employment Levels | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Employment Total | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Interest Rates | 74.87 | 63.14 | 69.01 | 78.12 | 75.62 | 76.87 | 84.47 | 78.29 | 81.38 | 55.45 | 54.45 | 54.95 |
| Bank Credit | 56.75 | 50.36 | 53.55 | 62.33 | 67.31 | 64.82 | 67.26 | 64.4 | 65.83 | 63.53 | 64.23 | 63.88 |
| Credit from other Financial Sources | 53.09 | 40.16 | 46.63 | 65.65 | 66.48 | 66.07 | 68.59 | 60.21 | 64.4 | 57.24 | 55.75 | 56.49 |
| Availability of Foreign Exchange | 54.69 | 41.23 | 47.96 | 63.99 | 72.3 | 68.14 | 65.06 | 69.69 | 67.38 | 62.48 | 63.58 | 63.03 |
| Finance and Credit Markets | 59.85 | 48.72 | 54.29 | 67.52 | 70.43 | 68.97 | 71.34 | 68.15 | 69.75 | 59.68 | 59.5 | 59.59 |
| Taxes | 82.79 | 62.28 | 72.54 | 82.27 | 71.47 | 76.87 | 92.63 | 90.86 | 91.74 | 83.89 | 80.3 | 82.1 |
| Inflation | 75.2 | 66.08 | 70.64 | 92.24 | 81.44 | 86.84 | 97.7 | 91.3 | 94.5 | 75.36 | 73.96 | 74.66 |
| Exchange Rate Stability | 76.93 | 63.48 | 70.2 | 84.76 | 75.62 | 80.19 | 96.6 | 83.58 | 90.09 | 58.54 | 68.02 | 63.28 |
| Macroeconomic Factors | 78.31 | 63.94 | 71.13 | 86.43 | 76.18 | 81.3 | 95.64 | 88.58 | 92.11 | 72.6 | 74.09 | 73.35 |
| Effect of Corruption | 41.36 | 44.36 | 42.86 | 56.51 | 63.99 | 60.25 | 46.53 | 49.84 | 48.19 | 43.92 | 38.98 | 41.45 |
| Effect of Crime | 41.36 | 31.57 | 36.47 | 56.51 | 59.83 | 58.17 | 46.53 | 48.08 | 47.31 | 43.92 | 43.87 | 43.89 |
| Effect of Bureaucracy | 48.96 | 40.7 | 44.83 | 51.52 | 59 | 55.26 | 54.69 | 54.69 | 54.69 | 39.43 | 33.79 | 36.61 |
| Effect of Internal Political Climate | 34.17 | 32.64 | 33.4 | 46.54 | 52.35 | 49.45 | 48.74 | 54.69 | 51.72 | 46.56 | 40.77 | 43.67 |
| Governance Factors Summary | 45.23 | 37.32 | 41.27 | 54.22 | 58.79 | 56.51 | 50.45 | 51.83 | 51.14 | 42.84 | 39.35 | 41.1 |
| Overall Business Confidence Index | 62.91 | 73.93 | 68.42 | 57.18 | 61.48 | 59.33 | 63.37 | 73.96 | 68.66 | 58.59 | 69.31 | 63.95 |

Table A 5: Quarter 2, 2012 Detailed Overall Index Summary

| Description | Construction | | | Manufacturing | | | Other services | | | W/R Trade | | |
|--------------------------------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|
| | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 73.14 | 73.14 | 0 | 68.97 | 68.97 | 0 | 83.14 | 83.14 | 0 | 77.48 | 77.48 |
| Business Outlook | 61.75 | 84.86 | 73.3 | 54.85 | 73.96 | 64.4 | 56.9 | 93.07 | 74.98 | 35.48 | 68.02 | 51.75 |
| General Economy and Business Outlook | 61.75 | 79 | 70.37 | 54.85 | 71.47 | 63.16 | 56.9 | 88.11 | 72.5 | 35.48 | 71.89 | 53.69 |
| Sales Volumes | 70 | 47.09 | 58.55 | 56.09 | 44.88 | 50.48 | 81.82 | 72.34 | 77.08 | 41.77 | 59.26 | 50.51 |
| Profitability | 46.69 | 56.42 | 51.55 | 46.54 | 59.83 | 53.19 | 52.71 | 72.78 | 62.74 | 41.42 | 52 | 46.71 |
| Orders Placed With Suppliers | 50.49 | 77.8 | 64.14 | 43.21 | 59.83 | 51.52 | 50.28 | 79.61 | 64.95 | 42.92 | 52.9 | 47.91 |
| Average Selling Prices | 51.02 | 73.34 | 62.18 | 50.69 | 50.69 | 50.69 | 50.28 | 74.32 | 62.3 | 59.49 | 63.08 | 61.29 |
| Turnover/Selling Prices | 49.4 | 69.18 | 59.29 | 46.81 | 56.79 | 51.8 | 51.09 | 75.57 | 63.33 | 47.94 | 56 | 51.97 |
| Investment Changes | 54.49 | 70.4 | 62.44 | 59 | 66.48 | 62.74 | 67.49 | 76.09 | 71.79 | 61.58 | 69.22 | 65.4 |
| Capacity Utilisation | 52.75 | 76.27 | 64.51 | 49.03 | 65.65 | 57.34 | 56.46 | 87.77 | 72.12 | 46.46 | 63.73 | 55.1 |
| Investment Plans | 53.62 | 73.34 | 63.48 | 54.02 | 66.07 | 60.04 | 61.97 | 81.93 | 71.95 | 54.02 | 66.48 | 60.25 |
| Employment Levels | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Employment Total | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Interest Rates | 74.87 | 63.14 | 69.01 | 78.12 | 75.62 | 76.87 | 84.47 | 78.29 | 81.38 | 55.45 | 54.45 | 54.95 |
| Bank Credit | 56.75 | 50.36 | 53.55 | 62.33 | 67.31 | 64.82 | 67.26 | 64.4 | 65.83 | 63.53 | 64.23 | 63.88 |
| Credit from other Financial Sources | 53.09 | 40.16 | 46.63 | 65.65 | 66.48 | 66.07 | 68.59 | 60.21 | 64.4 | 57.24 | 55.75 | 56.49 |
| Availability of Foreign Exchange | 54.69 | 41.23 | 47.96 | 63.99 | 72.3 | 68.14 | 65.06 | 69.69 | 67.38 | 62.48 | 63.58 | 63.03 |
| Finance and Credit Markets | 59.85 | 48.72 | 54.29 | 67.52 | 70.43 | 68.97 | 71.34 | 68.15 | 69.75 | 59.68 | 59.5 | 59.59 |
| Taxes | 82.79 | 62.28 | 72.54 | 82.27 | 71.47 | 76.87 | 92.63 | 90.86 | 91.74 | 83.89 | 80.3 | 82.1 |
| Inflation | 75.2 | 66.08 | 70.64 | 92.24 | 81.44 | 86.84 | 97.7 | 91.3 | 94.5 | 75.36 | 73.96 | 74.66 |
| Exchange Rate Stability | 76.93 | 63.48 | 70.2 | 84.76 | 75.62 | 80.19 | 96.6 | 83.58 | 90.09 | 58.54 | 68.02 | 63.28 |
| Macroeconomic Factors | 78.31 | 63.94 | 71.13 | 86.43 | 76.18 | 81.3 | 95.64 | 88.58 | 92.11 | 72.6 | 74.09 | 73.35 |
| Effect of Corruption | 41.36 | 44.36 | 42.86 | 56.51 | 63.99 | 60.25 | 46.53 | 49.84 | 48.19 | 43.92 | 38.98 | 41.45 |
| Effect of Crime | 41.36 | 31.57 | 36.47 | 68.14 | 59.83 | 63.99 | 55.53 | 54.43 | 54.98 | 43.92 | 43.87 | 43.89 |
| Effect of Bureaucracy | 48.96 | 40.7 | 44.83 | 63.16 | 63.99 | 63.57 | 75.34 | 71.63 | 73.48 | 53.92 | 57.06 | 55.49 |
| Effect of Internal Political Climate | 34.17 | 32.64 | 33.4 | 54.85 | 52.35 | 53.6 | 64.09 | 66.34 | 65.21 | 46.56 | 40.77 | 43.67 |
| Governance Factors Summary | 52.33 | 58.16 | 55.24 | 68.35 | 72.09 | 70.22 | 67.79 | 68.46 | 68.12 | 52.95 | 53.55 | 53.25 |
| Overall Business Confidence Index | 62.02 | 71.32 | 66.67 | 54.92 | 59.31 | 57.12 | 61.2 | 71.88 | 66.54 | 55.58 | 65.79 | 60.69 |

Table A 6: Quarter 3, 2012 Detailed Overall Index Summary

| Description | Construction | | | Manufacturing | | | Other services | | | W/R Trade | | |
|--------------------------------------|---|---------------------------------|------------------|---|---------------------------------|------------------|---|---------------------------------|------------------|---|---------------------------------|------------------|
| | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index | Past/ Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 74.86 | 74.86 | 0 | 70.69 | 70.69 | 0 | 84.86 | 84.86 | 0 | 77.48 | 77.48 |
| Business Outlook | 61.75 | 84.86 | 73.3 | 54.85 | 73.96 | 64.4 | 56.9 | 93.07 | 74.98 | 35.48 | 68.02 | 51.75 |
| General Economy and Business Outlook | 61.75 | 79 | 70.37 | 54.85 | 71.47 | 63.16 | 56.9 | 88.11 | 72.5 | 35.48 | 71.89 | 53.69 |
| Sales Volumes | 70 | 47.09 | 58.55 | 60.08 | 48.87 | 54.47 | 95.74 | 86.26 | 91 | 55.69 | 73.18 | 64.43 |
| Profitability | 46.69 | 56.42 | 51.55 | 46.54 | 59.83 | 53.19 | 52.71 | 72.78 | 62.74 | 41.42 | 52 | 46.71 |
| Orders Placed With Suppliers | 50.49 | 77.8 | 64.14 | 43.21 | 59.83 | 51.52 | 50.28 | 79.61 | 64.95 | 42.92 | 52.9 | 47.91 |
| Average Selling Prices | 51.02 | 73.34 | 62.18 | 50.69 | 50.69 | 50.69 | 50.28 | 74.32 | 62.3 | 59.49 | 63.08 | 61.29 |
| Turnover/Selling Prices | 49.4 | 69.18 | 59.29 | 46.81 | 56.79 | 51.8 | 51.09 | 75.57 | 63.33 | 47.94 | 56 | 51.97 |
| Investment Changes | 54.49 | 70.4 | 62.44 | 59 | 66.48 | 62.74 | 67.49 | 76.09 | 71.79 | 61.58 | 69.22 | 65.4 |
| Capacity Utilisation | 52.75 | 76.27 | 64.51 | 49.03 | 65.65 | 57.34 | 56.46 | 87.77 | 72.12 | 46.46 | 63.73 | 55.1 |
| Investment Plans | 53.62 | 73.34 | 63.48 | 54.02 | 66.07 | 60.04 | 61.97 | 81.93 | 71.95 | 54.02 | 66.48 | 60.25 |
| Employment Levels | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Employment Total | 51.89 | 72.8 | 62.35 | 49.86 | 54.02 | 51.94 | 58.66 | 68.37 | 63.52 | 50.66 | 59.89 | 55.27 |
| Interest Rates | 76.23 | 63.14 | 69.69 | 78.12 | 75.62 | 76.87 | 84.47 | 78.29 | 81.38 | 55.45 | 54.45 | 54.95 |
| Bank Credit | 58.75 | 53.36 | 56.05 | 62.33 | 67.31 | 64.82 | 67.26 | 64.4 | 65.83 | 63.53 | 64.23 | 63.88 |
| Credit from other Financial Sources | 55.09 | 43.16 | 49.13 | 65.65 | 66.48 | 66.07 | 68.59 | 60.21 | 64.4 | 57.24 | 55.75 | 56.49 |
| Availability of Foreign Exchange | 57.69 | 46.23 | 51.96 | 63.99 | 72.3 | 68.14 | 65.06 | 69.69 | 67.38 | 62.48 | 63.58 | 63.03 |
| Finance and Credit Markets | 59.85 | 48.72 | 54.29 | 67.52 | 70.43 | 68.97 | 71.34 | 68.15 | 69.75 | 59.68 | 59.5 | 59.59 |
| Taxes | 84.79 | 62.28 | 73.54 | 87.27 | 71.47 | 79.37 | 92.63 | 90.86 | 91.74 | 83.89 | 80.3 | 82.1 |
| Inflation | 75.2 | 71.08 | 73.14 | 92.24 | 81.44 | 86.84 | 97.7 | 91.3 | 94.5 | 75.36 | 73.96 | 74.66 |
| Exchange Rate Stability | 81.93 | 68.48 | 75.2 | 84.76 | 75.62 | 80.19 | 96.6 | 83.58 | 90.09 | 58.54 | 68.02 | 63.28 |
| Macroeconomic Factors | 78.31 | 63.94 | 71.13 | 86.43 | 76.18 | 81.3 | 95.64 | 88.58 | 92.11 | 72.6 | 74.09 | 73.35 |
| Effect of Corruption | 41.36 | 44.36 | 42.86 | 56.51 | 63.99 | 60.25 | 46.53 | 49.84 | 48.19 | 43.92 | 38.98 | 41.45 |
| Effect of Crime | 46.36 | 41.57 | 43.97 | 56.51 | 59.83 | 58.17 | 46.53 | 48.08 | 47.31 | 43.92 | 43.87 | 43.89 |
| Effect of Bureaucracy | 48.96 | 40.7 | 44.83 | 51.52 | 59 | 55.26 | 54.69 | 54.69 | 54.69 | 39.43 | 33.79 | 36.61 |
| Effect of Internal Political Climate | 34.17 | 32.64 | 33.4 | 46.54 | 52.35 | 49.45 | 48.74 | 54.69 | 51.72 | 46.56 | 40.77 | 43.67 |
| Governance Factors Summary | 45.23 | 37.32 | 41.27 | 54.22 | 58.79 | 56.51 | 50.45 | 51.83 | 51.14 | 42.84 | 39.35 | 41.1 |
| Overall Business Confidence Index | 62.91 | 73.93 | 68.42 | 57.18 | 61.48 | 59.33 | 63.37 | 73.96 | 68.66 | 58.59 | 69.31 | 63.95 |

Table A7: Quarter 4, 2012 Detailed Overall Index Summary

| Description | Construction | | | Manufacturing | | | Other services | | | W/R Trade | | |
|--------------------------------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|
| | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index | Past/Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 69.86 | 69.86 | 0 | 65.71 | 65.71 | 0 | 94.79 | 94.79 | 0 | 78.58 | 78.58 |
| Business Outlook | 55.02 | 73.47 | 64.24 | 49.03 | 55.68 | 52.35 | 67.71 | 89.54 | 78.62 | 38.68 | 78.9 | 58.79 |
| General Economy and Business Outlook | 55.02 | 70.8 | 62.91 | 49.03 | 59.83 | 54.43 | 67.71 | 91.3 | 79.5 | 38.68 | 77.88 | 58.28 |
| Sales Volumes | 55.45 | 36.23 | 45.84 | 48.03 | 39.72 | 43.88 | 91.44 | 90.89 | 91.16 | 60.01 | 86.02 | 73.01 |
| Profitability | 36.9 | 56.42 | 46.66 | 47.37 | 57.34 | 52.35 | 54.03 | 67.71 | 60.87 | 40.97 | 63.73 | 52.35 |
| Orders Placed With Suppliers | 50.49 | 63.34 | 56.92 | 42.38 | 59 | 50.69 | 51.39 | 71.46 | 61.42 | 42.62 | 68.42 | 55.52 |
| Average Selling Prices | 42.1 | 65.08 | 53.59 | 42.38 | 49.86 | 46.12 | 52.93 | 59.99 | 56.46 | 47.56 | 68.77 | 58.17 |
| Turnover/Selling Prices | 43.16 | 61.61 | 52.39 | 44.04 | 55.4 | 49.72 | 52.78 | 66.38 | 59.58 | 43.72 | 66.97 | 55.35 |
| Investment Changes | 57.08 | 67.27 | 62.18 | 59.83 | 62.33 | 61.08 | 73.44 | 69.91 | 71.68 | 44.17 | 63.73 | 53.95 |
| Capacity Utilisation | 44.16 | 64.54 | 54.35 | 39.89 | 57.34 | 48.61 | 59.55 | 72.34 | 65.94 | 57.04 | 77.51 | 67.27 |
| Investment Plans | 50.62 | 65.91 | 58.27 | 49.86 | 59.83 | 54.85 | 66.49 | 71.12 | 68.81 | 50.61 | 70.62 | 60.61 |
| Employment Levels | 43.96 | 61.95 | 52.95 | 53.19 | 52.35 | 52.77 | 57.56 | 70.13 | 63.85 | 45.56 | 69.77 | 57.67 |
| Employment Total | 43.96 | 61.95 | 52.95 | 53.19 | 52.35 | 52.77 | 57.56 | 70.13 | 63.85 | 45.56 | 69.77 | 57.67 |
| Interest Rates | 75.87 | 72.07 | 73.97 | 76.45 | 67.31 | 71.88 | 83.14 | 84.69 | 83.92 | 54.5 | 50.61 | 52.55 |
| Bank Credit | 55.42 | 58.81 | 57.12 | 53.19 | 58.17 | 55.68 | 63.52 | 67.71 | 65.61 | 43.02 | 45.22 | 44.12 |
| Credit from other Financial Sources | 58.48 | 59.88 | 59.18 | 56.51 | 58.17 | 57.34 | 63.52 | 65.06 | 64.29 | 47.26 | 43.27 | 45.27 |
| Availability of Foreign Exchange | 53.35 | 52.09 | 52.72 | 57.34 | 63.99 | 60.66 | 69.25 | 73.22 | 71.23 | 50.76 | 47.96 | 49.36 |
| Finance and Credit Markets | 60.78 | 60.71 | 60.75 | 60.87 | 61.91 | 61.39 | 69.86 | 72.67 | 71.26 | 48.88 | 46.76 | 47.82 |
| Taxes | 81.06 | 63.81 | 72.44 | 78.95 | 74.79 | 76.87 | 91.97 | 91.97 | 91.97 | 82.65 | 75.91 | 79.28 |
| Inflation | 69.67 | 66.61 | 68.14 | 69.81 | 68.14 | 68.97 | 95.93 | 91.97 | 93.95 | 69.07 | 71.22 | 70.14 |
| Exchange Rate Stability | 66.74 | 53.29 | 60.01 | 64.82 | 55.68 | 60.25 | 93.07 | 85.57 | 89.32 | 63.78 | 59.49 | 61.63 |
| Macroeconomic Factors | 72.49 | 61.23 | 66.86 | 71.19 | 66.2 | 68.7 | 93.66 | 89.83 | 91.74 | 71.83 | 68.87 | 70.35 |
| Effect of Corruption | 52.22 | 56.35 | 54.29 | 58.17 | 55.68 | 56.92 | 53.37 | 63.74 | 58.55 | 47.21 | 47.21 | 47.21 |
| Effect of Crime | 52.22 | 50.16 | 51.19 | 58.17 | 57.34 | 57.76 | 53.37 | 49.84 | 51.61 | 47.21 | 47.61 | 47.41 |
| Effect of Bureaucracy | 52.89 | 42.9 | 47.89 | 54.02 | 59.83 | 56.92 | 66.38 | 67.04 | 66.71 | 40.52 | 42.02 | 41.27 |
| Effect of Internal Political Climate | 45.69 | 47.76 | 46.73 | 54.85 | 55.68 | 55.26 | 52.27 | 59.1 | 55.69 | 54.25 | 53.65 | 53.95 |
| Governance Factors Summary | 53.25 | 49.29 | 51.27 | 55.06 | 57.13 | 56.09 | 58.5 | 59.93 | 59.22 | 47.02 | 47.62 | 47.32 |
| Overall Business Confidence Index | 57.71 | 65.66 | 61.68 | 57.13 | 60.24 | 58.68 | 64.25 | 70.92 | 67.59 | 58.85 | 76 | 67.43 |

Table A,8: Quarter 1, 2012 Detailed Overall Summary by size of Establishment

| Description | Small Scale Establishments | | | Medium Scale Establishments | | | Large Scale Establishments | | |
|--------------------------------------|----------------------------|---------------------------|---------------|-----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 70.63 | 70.63 | 0 | 73.77 | 73.77 | 0 | 85.56 | 85.56 |
| Business Outlook | 46.86 | 73.17 | 60.01 | 52.36 | 81.56 | 66.96 | 51.47 | 85.78 | 68.62 |
| General Economy and Business Outlook | 46.86 | 71.9 | 59.38 | 52.36 | 77.66 | 65.01 | 51.47 | 85.67 | 68.57 |
| Production/Sales Volumes | 63.09 | 63.41 | 63.25 | 66.43 | 63.82 | 65.13 | 71.9 | 74.16 | 73.03 |
| Profitability | 42.05 | 58.57 | 50.31 | 43.99 | 56.18 | 50.08 | 54.71 | 68.15 | 61.43 |
| Orders Placed With Suppliers | 44.54 | 69.24 | 56.89 | 39.37 | 66.44 | 52.91 | 56.14 | 65.65 | 60.89 |
| Average Selling Prices | 52.47 | 66.73 | 59.6 | 43.11 | 65.47 | 54.29 | 65.04 | 67.23 | 66.13 |
| Turnover/Selling Prices | 46.35 | 64.85 | 55.6 | 42.16 | 62.7 | 52.43 | 58.63 | 67.01 | 62.82 |
| Investment Changes | 50.43 | 61.8 | 56.11 | 55.7 | 61.76 | 58.73 | 79.68 | 90.2 | 84.94 |
| Capacity Utilisation | 43.86 | 66.14 | 55 | 47.92 | 70.7 | 59.31 | 62.03 | 85.63 | 73.83 |
| Investment Plans | 47.15 | 63.97 | 55.56 | 51.81 | 66.23 | 59.02 | 70.86 | 87.91 | 79.39 |
| Employment Levels | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Employment Total | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Interest Rates | 74.23 | 65.14 | 69.69 | 73.39 | 71.47 | 72.43 | 68.79 | 65.51 | 67.15 |
| Bank Credit | 59.73 | 54.27 | 57 | 60.55 | 61.19 | 60.87 | 70.05 | 72 | 71.02 |
| Credit from other Financial Sources | 54.66 | 50.03 | 52.34 | 63.6 | 55.31 | 59.45 | 66.94 | 63.94 | 65.44 |
| Availability of Foreign Exchange | 52.61 | 51.59 | 52.1 | 63.67 | 67.6 | 65.64 | 70.59 | 70.84 | 70.72 |
| Finance and Credit Markets | 60.31 | 55.26 | 57.78 | 65.3 | 63.89 | 64.6 | 69.09 | 68.07 | 68.58 |
| Taxes | 91.53 | 82.31 | 86.92 | 84.26 | 75.62 | 79.94 | 83.26 | 80.1 | 81.68 |
| Inflation | 84.81 | 78.67 | 81.74 | 79.95 | 73.17 | 76.56 | 92.03 | 87.19 | 89.61 |
| Exchange Rate Stability | 75.44 | 67.49 | 71.46 | 74.02 | 61.86 | 67.94 | 86.52 | 91.81 | 89.17 |
| Macroeconomic Factors | 83.93 | 76.16 | 80.04 | 79.41 | 70.22 | 74.81 | 87.27 | 86.37 | 86.82 |
| Effect of Corruption | 39.06 | 46.33 | 42.7 | 50.94 | 54.4 | 52.67 | 49.38 | 42.26 | 45.82 |
| Effect of Crime | 39.06 | 35.68 | 37.37 | 50.94 | 49.69 | 50.31 | 49.38 | 52.28 | 50.83 |
| Effect of Bureaucracy | 42.03 | 38.61 | 40.32 | 56.74 | 56.06 | 56.4 | 45.59 | 43.66 | 44.63 |
| Effect of Internal Political Climate | 41.2 | 41.89 | 41.54 | 56.72 | 51.8 | 54.26 | 37.74 | 44.27 | 41.01 |
| Governance Factors Summary | 43.48 | 40.63 | 42.06 | 55.24 | 52.99 | 54.11 | 44.3 | 45.62 | 44.96 |
| Overall Business Confidence Index | 58.25 | 68.81 | 63.53 | 58.13 | 68.37 | 63.25 | 63.73 | 73.03 | 68.38 |

Table A, 9: Quarter 2, 2012 Detailed Overall Summary by size of Establishment

| Description | Small Scale Establishments | | | Medium Scale Establishments | | | Large Scale Establishments | | |
|--------------------------------------|----------------------------|---------------------------|---------------|-----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 70.63 | 70.63 | 0 | 73.77 | 73.77 | 0 | 85.56 | 85.56 |
| Business Outlook | 46.86 | 73.17 | 60.01 | 52.36 | 81.56 | 66.96 | 51.47 | 85.78 | 68.62 |
| General Economy and Business Outlook | 46.86 | 71.9 | 59.38 | 52.36 | 77.66 | 65.01 | 51.47 | 85.67 | 68.57 |
| Production/Sales Volumes | 58.17 | 55.47 | 56.82 | 61.51 | 55.88 | 58.69 | 66.97 | 66.22 | 66.6 |
| Profitability | 42.05 | 58.57 | 50.31 | 43.99 | 56.18 | 50.08 | 54.71 | 68.15 | 61.43 |
| Orders Placed With Suppliers | 44.54 | 69.24 | 56.89 | 39.37 | 66.44 | 52.91 | 56.14 | 65.65 | 60.89 |
| Average Selling Prices | 52.47 | 66.73 | 59.6 | 43.11 | 65.47 | 54.29 | 65.04 | 67.23 | 66.13 |
| Turnover/Selling Prices | 46.35 | 64.85 | 55.6 | 42.16 | 62.7 | 52.43 | 58.63 | 67.01 | 62.82 |
| Investment Changes | 50.43 | 61.8 | 56.11 | 55.7 | 61.76 | 58.73 | 79.68 | 90.2 | 84.94 |
| Capacity Utilisation | 43.86 | 66.14 | 55 | 47.92 | 70.7 | 59.31 | 62.03 | 85.63 | 73.83 |
| Investment Plans | 47.15 | 63.97 | 55.56 | 51.81 | 66.23 | 59.02 | 70.86 | 87.91 | 79.39 |
| Employment Levels | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Employment Total | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Interest Rates | 74.23 | 65.14 | 69.69 | 73.39 | 71.47 | 72.43 | 68.79 | 65.51 | 67.15 |
| Bank Credit | 59.73 | 54.27 | 57 | 60.55 | 61.19 | 60.87 | 70.05 | 72 | 71.02 |
| Credit from other Financial Sources | 54.66 | 50.03 | 52.34 | 63.6 | 55.31 | 59.45 | 66.94 | 63.94 | 65.44 |
| Availability of Foreign Exchange | 52.61 | 51.59 | 52.1 | 63.67 | 67.6 | 65.64 | 70.59 | 70.84 | 70.72 |
| Finance and Credit Markets | 60.31 | 55.26 | 57.78 | 65.3 | 63.89 | 64.6 | 69.09 | 68.07 | 68.58 |
| Taxes | 91.53 | 82.31 | 86.92 | 84.26 | 75.62 | 79.94 | 83.26 | 80.1 | 81.68 |
| Inflation | 84.81 | 78.67 | 81.74 | 79.95 | 73.17 | 76.56 | 92.03 | 87.19 | 89.61 |
| Exchange Rate Stability | 75.44 | 67.49 | 71.46 | 74.02 | 61.86 | 67.94 | 86.52 | 91.81 | 89.17 |
| Macroeconomic Factors | 83.93 | 76.16 | 80.04 | 79.41 | 70.22 | 74.81 | 87.27 | 86.37 | 86.82 |
| Effect of Corruption | 39.06 | 46.33 | 42.7 | 50.94 | 54.4 | 52.67 | 49.38 | 42.26 | 45.82 |
| Effect of Crime | 53.88 | 42.04 | 47.96 | 50.94 | 49.69 | 50.31 | 49.38 | 52.28 | 50.83 |
| Effect of Bureaucracy | 63.55 | 61.12 | 62.33 | 62.01 | 62.42 | 62.22 | 59.76 | 57.5 | 58.63 |
| Effect of Internal Political Climate | 51.7 | 53.54 | 52.62 | 56.72 | 51.8 | 54.26 | 46.74 | 44.27 | 45.5 |
| Governance Factors Summary | 62.27 | 60.34 | 61.31 | 60.12 | 63.35 | 61.73 | 58.7 | 63.44 | 61.07 |
| Overall Business Confidence Index | 55.28 | 65.36 | 60.32 | 56.91 | 66.09 | 61.5 | 61.32 | 69.81 | 65.56 |

Table A 10: Quarter 3, 2012 Detailed Overall Summary by size of Establishment

| Description | Small Scale Establishments | | | Medium Scale Establishments | | | Large Scale Establishments | | |
|--------------------------------------|----------------------------|---------------------------|---------------|-----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 70.63 | 70.63 | 0 | 73.77 | 73.77 | 0 | 85.56 | 85.56 |
| Business Outlook | 46.86 | 73.17 | 60.01 | 52.36 | 81.56 | 66.96 | 51.47 | 85.78 | 68.62 |
| General Economy and Business Outlook | 46.86 | 71.9 | 59.38 | 52.36 | 77.66 | 65.01 | 51.47 | 85.67 | 68.57 |
| Production/Sales Volumes | 58.17 | 55.47 | 56.82 | 61.51 | 55.88 | 58.69 | 66.97 | 66.22 | 66.6 |
| Profitability | 42.05 | 58.57 | 50.31 | 43.99 | 56.18 | 50.08 | 54.71 | 68.15 | 61.43 |
| Orders Placed With Suppliers | 44.54 | 69.24 | 56.89 | 39.37 | 66.44 | 52.91 | 56.14 | 65.65 | 60.89 |
| Average Selling Prices | 52.47 | 66.73 | 59.6 | 43.11 | 65.47 | 54.29 | 65.04 | 67.23 | 66.13 |
| Turnover/Selling Prices | 46.35 | 64.85 | 55.6 | 42.16 | 62.7 | 52.43 | 58.63 | 67.01 | 62.82 |
| Investment Changes | 50.43 | 61.8 | 56.11 | 55.7 | 61.76 | 58.73 | 79.68 | 90.2 | 84.94 |
| Capacity Utilisation | 43.86 | 66.14 | 55 | 47.92 | 70.7 | 59.31 | 62.03 | 85.63 | 73.83 |
| Investment Plans | 47.15 | 63.97 | 55.56 | 51.81 | 66.23 | 59.02 | 70.86 | 87.91 | 79.39 |
| Employment Levels | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Employment Total | 50.27 | 58.44 | 54.35 | 52.26 | 63.69 | 57.97 | 57.67 | 69.54 | 63.6 |
| Interest Rates | 74.23 | 65.14 | 69.69 | 73.39 | 71.47 | 72.43 | 68.79 | 65.51 | 67.15 |
| Bank Credit | 59.73 | 54.27 | 57 | 60.55 | 61.19 | 60.87 | 70.05 | 72 | 71.02 |
| Credit from other Financial Sources | 54.66 | 50.03 | 52.34 | 63.6 | 55.31 | 59.45 | 66.94 | 63.94 | 65.44 |
| Availability of Foreign Exchange | 52.61 | 51.59 | 52.1 | 63.67 | 67.6 | 65.64 | 70.59 | 70.84 | 70.72 |
| Finance and Credit Markets | 60.31 | 55.26 | 57.78 | 65.3 | 63.89 | 64.6 | 69.09 | 68.07 | 68.58 |
| Taxes | 91.53 | 82.31 | 86.92 | 84.26 | 75.62 | 79.94 | 83.26 | 80.1 | 81.68 |
| Inflation | 84.81 | 78.67 | 81.74 | 79.95 | 73.17 | 76.56 | 92.03 | 87.19 | 89.61 |
| Exchange Rate Stability | 75.44 | 67.49 | 71.46 | 74.02 | 61.86 | 67.94 | 86.52 | 91.81 | 89.17 |
| Macroeconomic Factors | 83.93 | 76.16 | 80.04 | 79.41 | 70.22 | 74.81 | 87.27 | 86.37 | 86.82 |
| Effect of Corruption | 39.06 | 46.33 | 42.7 | 50.94 | 54.4 | 52.67 | 49.38 | 42.26 | 45.82 |
| Effect of Crime | 53.88 | 42.04 | 47.96 | 50.94 | 49.69 | 50.31 | 49.38 | 52.28 | 50.83 |
| Effect of Bureaucracy | 63.55 | 61.12 | 62.33 | 62.01 | 62.42 | 62.22 | 59.76 | 57.5 | 58.63 |
| Effect of Internal Political Climate | 51.7 | 53.54 | 52.62 | 56.72 | 51.8 | 54.26 | 46.74 | 44.27 | 45.5 |
| Governance Factors Summary | 62.27 | 60.34 | 61.31 | 60.12 | 63.35 | 61.73 | 58.7 | 63.44 | 61.07 |
| Overall Business Confidence Index | 55.28 | 65.36 | 60.32 | 56.91 | 66.09 | 61.5 | 61.32 | 69.81 | 65.56 |

Table A 11: Quarter 4, 2012 Detailed Overall Summary by size of Establishment

| Description | Small Scale Establishments | | | Medium Scale Establishments | | | Large Scale Establishments | | |
|--------------------------------------|----------------------------|---------------------------|---------------|-----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index | Current Business Outlook | Expected Business Outlook | Overall Index |
| Economy Wide Outlook | 0 | 73.87 | 73.87 | 0 | 71.59 | 71.59 | 0 | 90.53 | 90.53 |
| Business Outlook | 52.23 | 72.45 | 62.34 | 50.66 | 72.22 | 61.44 | 55.51 | 88.34 | 71.92 |
| General Economy and Business Outlook | 52.23 | 73.16 | 62.7 | 50.66 | 71.91 | 61.28 | 55.51 | 89.44 | 72.47 |
| Production/Sales Volumes | 56.56 | 62.43 | 59.5 | 65.64 | 64.29 | 64.96 | 65.94 | 82.15 | 74.04 |
| Profitability | 42.13 | 61.24 | 51.68 | 46.81 | 58.61 | 52.71 | 48.2 | 68.47 | 58.34 |
| Orders Placed With Suppliers | 46.63 | 61.68 | 54.15 | 39.34 | 69.97 | 54.65 | 54.48 | 69.4 | 61.94 |
| Average Selling Prices | 54.31 | 65.05 | 59.68 | 42.81 | 62.58 | 52.69 | 45.61 | 58.6 | 52.11 |
| Turnover/Selling Prices | 47.69 | 62.66 | 55.17 | 42.99 | 63.72 | 53.35 | 49.43 | 65.49 | 57.46 |
| Investment Changes | 53.5 | 55.39 | 54.44 | 62.15 | 63.47 | 62.81 | 60.42 | 79.58 | 70 |
| Capacity Utilisation | 41.48 | 63.05 | 52.26 | 51.09 | 68.34 | 59.72 | 66.04 | 79.4 | 72.72 |
| Investment Plans | 47.49 | 59.22 | 53.35 | 56.62 | 65.9 | 61.26 | 63.23 | 79.49 | 71.36 |
| Employment Levels | 47.44 | 52.03 | 49.74 | 50.88 | 69.46 | 60.17 | 53.38 | 75.56 | 64.47 |
| Employment Total | 47.44 | 52.03 | 49.74 | 50.88 | 69.46 | 60.17 | 53.38 | 75.56 | 64.47 |
| Interest Rates | 75.33 | 70.47 | 72.9 | 71.63 | 68.27 | 69.95 | 66.84 | 66.24 | 66.54 |
| Bank Credit | 61.35 | 60.92 | 61.13 | 56.19 | 59.06 | 57.63 | 43.3 | 51.44 | 47.37 |
| Credit from other Financial Sources | 55.48 | 56.08 | 55.78 | 58.95 | 56.37 | 57.66 | 53.85 | 54.91 | 54.38 |
| Availability of Foreign Exchange | 63.83 | 63.13 | 63.48 | 61.66 | 61.28 | 61.47 | 49.87 | 54.81 | 52.34 |
| Finance and Credit Markets | 64 | 62.65 | 63.32 | 62.11 | 61.24 | 61.68 | 53.46 | 56.85 | 55.16 |
| Taxes | 83.76 | 76.71 | 80.23 | 81.78 | 76.57 | 79.18 | 89.07 | 83.89 | 86.48 |
| Inflation | 78.17 | 74.51 | 76.34 | 75.27 | 75.01 | 75.14 | 81.3 | 81.03 | 81.17 |
| Exchange Rate Stability | 72.18 | 62.54 | 67.36 | 71.31 | 62.18 | 66.74 | 79.14 | 74.82 | 76.98 |
| Macroeconomic Factors | 78.04 | 71.25 | 74.65 | 76.12 | 71.26 | 73.69 | 83.17 | 79.92 | 81.54 |
| Effect of Corruption | 54.19 | 56.96 | 55.57 | 47.11 | 51.63 | 49.37 | 54.48 | 58.38 | 56.43 |
| Effect of Crime | 54.19 | 46.93 | 50.56 | 47.11 | 48.62 | 47.87 | 54.48 | 55.64 | 55.06 |
| Effect of Bureaucracy | 62.56 | 60.13 | 61.35 | 46.27 | 52.06 | 49.17 | 51.52 | 48.24 | 49.88 |
| Effect of Internal Political Climate | 51.15 | 50.57 | 50.86 | 50.55 | 54.74 | 52.64 | 55.09 | 59.17 | 57.13 |
| Governance Factors Summary | 56.68 | 53.65 | 55.16 | 48.94 | 51.76 | 50.35 | 54.06 | 55.36 | 54.71 |
| Overall Business Confidence Index | 56.59 | 65.24 | 60.92 | 59.95 | 68.88 | 64.42 | 62.1 | 75 | 68.55 |

APPENDIX B:

**SIERRA LEONE BUSINESS CONFIDENCE
PRESS RELEASES**

APPENDIX B1: QUARTER 1, 2012 PRESS RELEASE



BUSINESS CONFIDENCE INDEX-FIRST QUARTER 2012, SUMMARY REPORT

Released on Wednesday April 25, 2012 at 12:00 Noon

Business Confidence as at March 2012 was 15.9 points above normal

The Sierra Leone Business confidence Index for the first quarter of 2012 was 65.9 index points which was 15.9 points above normal. The overall index for the first quarter of 2012 is above the quarter 4 of 2011 estimated at 64.0, which represents a 1.9 percentage point improvement over quarter 4, 2011 estimate. This implies that business sentiments, improved slightly between the two quarters, which means that sentiments (notwithstanding the shortage of Leones during the February-March, 2012) were stronger in quarter 1, 2012 than in quarter 4, 2011. The improvement in the expected business outlook (Figure 2) accounts for this stronger sentiment in the overall index.

The main reason for the strong sentiment expressed by the expected business outlook index could be attributed to the stability of the domestic currency (the Leone) in quarter 1; in some case the Le even appreciated against the US Dollar in quarter 1. This stability in the exchange rate coupled with declining inflation trends, dampened inflation pressures in the minds of business executives in quarter 1. As inflation becomes more and more predictable, the time planning horizon is enhanced; business executives expressed positive sentiments about the impact of macro-economic factors (e.g. inflation, taxes, etc) and governance factors (the November 17 elections have not generated the anticipated violence) on the business operations in the country. This in turn, improved the rating of the confidence building factors such as the investment, sales volume, employment and the overall economy performance indicators. These improvements in macro and governance factors contributed positively to the overall index.

Figure 1: Overall Business confidence

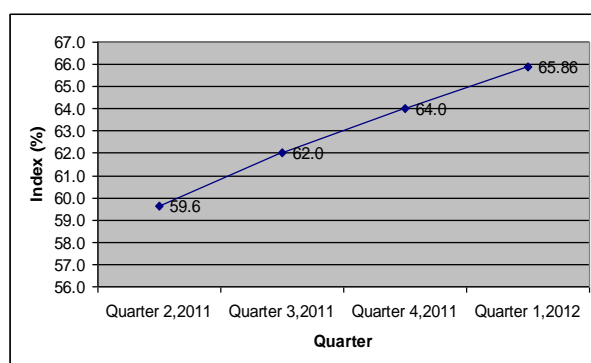
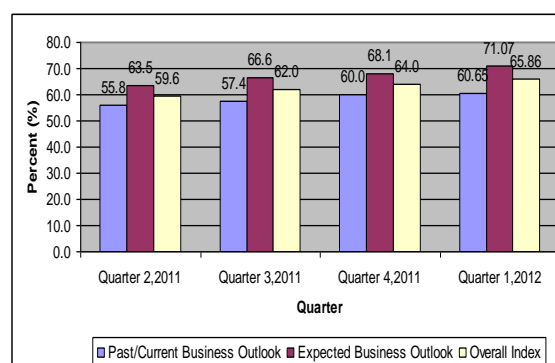


Figure 2: Type of Indices



When analysed by industry, the index shows improvement from quarter 4, 2011 to quarter 1, 2012 for all the sectors except for other services sector. Highest improvement is recorded in the trade sector from 58.9% in quarter 4, 2011 to 63.9% in quarter 1, 2012 followed by Manufacturing and Construction Sectors as seen in Table 1 below. The stable exchange rate

could be a reason behind this improvement due to stable production cost and hence increased in sales expectation during this period.

Table 1: Type of Business Confidence Index by industry

| Quarter | Construction | Manufacturing | Other services | W/R Trade |
|----------------|--------------|---------------|----------------|-----------|
| Quarter 2,2011 | 59.43 | 54.64 | 66.11 | 55.03 |
| Quarter 3,2011 | 66.17 | 56.42 | 68.35 | 55.67 |
| Quarter 4,2011 | 65.49 | 56.84 | 69.73 | 58.86 |
| Quarter 1,2012 | 68.42 | 59.33 | 68.66 | 63.95 |

APPENDIX B2: QUARTER 2, PRESS RELEASE



BUSINESS CONFIDENCE INDEX-SECOND QUARTER 2012, SUMMARY REPORT

Released on Wednesday July 11, 2012 at 12:00 Noon

Business Confidence as at June 2012 was 12.5 points above normal

The Sierra Leone Business confidence Index for the second quarter of 2012 was 62.5 index points which was 12.5 points above normal. The overall index for the second quarter of 2012 is below the first quarter of 2012 estimated at 65.9, which represents a 3.4 percentage point decline over quarter 1, 2012 estimate. This implies that business sentiments declined between the two quarters, which means that sentiments, although still strong, were weaker in quarter 2, 2012 than in quarter 1, 2012. The decline in both the current index (from 60.7 to 57.8) and the expected index (from 71.1 to 67.1) showed in Figure 2 accounts for this sharp decline in sentiments in the overall index for the second quarter, 2012.

The main reason for this decline is accounted for by the deterioration of the 'governance factor' index resulting mainly from the deterioration of the 'Effect of Bureaucracy' index between the two quarters (See Appendix 1). This 'Effect of Bureaucracy' index captures issues such as the provision of utilities (water and electricity) and deregulation issues. The deterioration of the 'effect of bureaucracy' index could be attributed to the shortage of water and electricity supply during the second quarter, which affected business operations across all sectors of the economy in Freetown. The electricity supplied during quarter 2 in the city was largely inadequate to support efficient business operations in the country and the same can be said of water in the country. Although the exchange rate is stable and inflation is on the decline, yet the absence of adequate supply of water and electricity affected the sentiments of business operations as such basic commodities are required for effective production and capacity utilization, which in turn affected the cost of production. It is worth noting that the November 17 elections have not generated the anticipated violence, and hence have not had the anticipated negative impact on business operations in the country.

Figure 1: Overall Business confidence

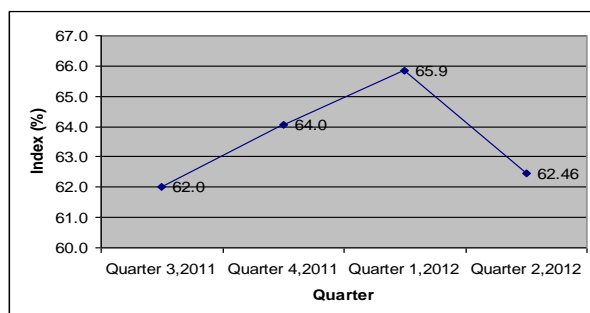
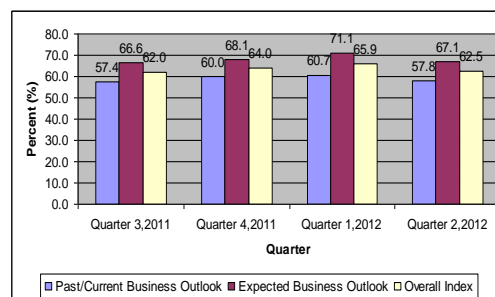


Figure 2: Type of Indices



When analysed by industry, the index shows deterioration of sentiments from quarter 1 to quarter 2, 2012 for all the sectors. Worst deterioration is recorded in the trade sector from 63.95% in quarter 1 to 60.69% in quarter 2, 2012 followed by the manufacturing sector as seen in Table 1 below. The deterioration in the 'effect of bureaucracy' index resulting from

the lack of adequate supply of water and electricity is the main reason behind the decline in the sectorial business sentiments as the cost of production could have been altered.

Table 1: Type of Business Confidence Index by industry

| Quarter | Construction | Manufacturing | Other services | W/R Trade |
|----------------|--------------|---------------|----------------|-----------|
| Quarter 3,2011 | 66.17 | 56.42 | 68.35 | 55.67 |
| Quarter 4,2011 | 65.49 | 56.84 | 69.73 | 58.86 |
| Quarter 1,2012 | 68.42 | 59.33 | 68.66 | 63.95 |
| Quarter 2,2012 | 66.67 | 57.12 | 66.54 | 60.69 |

APPENDIX B3: QUARTER 3, PRESS RELEASE



BUSINESS CONFIDENCE INDEX-THIRD QUARTER 2012, SUMMARY REPORT

Released on Wednesday October 17, 2012 at 12:00 Noon

Business Confidence as at September 2012 was 13.5 points above normal

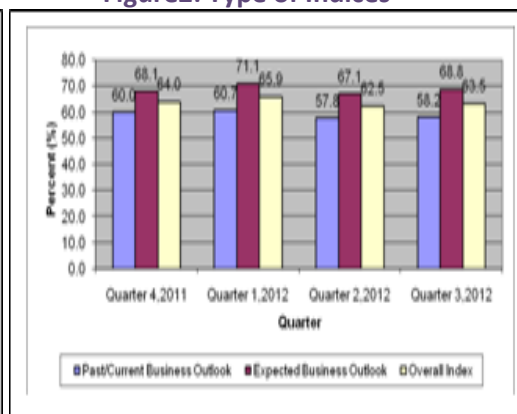
The Sierra Leone Business confidence Index for the third quarter of 2012 was 63.5 index points which was 13.5 points above normal. The overall index for the third quarter of 2012 is above the second quarter of 2012 estimated at 62.5, which represents a 1.0 percentage point increase over quarter 2, 2012 estimate. This implies that business sentiments improved between the two quarters, which means that sentiments were stronger in quarter 3, 2012 than in quarter 2, 2012. The increase in both the current index (from 57.8 to 58.2) and the expected index (from 67.1 to 68.8) showed in Figure 2 accounts for this slight increase in sentiments in the overall index for the third quarter, 2012.

The main reason for this improvement is accounted for by the improvement in the 'governance factor' index resulting mainly from the improvement of the 'Effect of Bureaucracy' index between the two quarters (See Appendix 1). This 'Effect of Bureaucracy' index captures issues such as the provision of utilities (water and electricity) and deregulation issues. The improvement of the 'effect of bureaucracy' index could be attributed to the restoration of water and electricity supply during the third quarter to many users, which was largely in short supply in quarter 2; and as such business operations were facilitated in quarter 3. In addition, the exchange rate is stable and inflation is on the decline and tax rate remains unchanged; which provided a stable macroeconomic picture, which in turn facilitated business planning. It is worth noting that the November 17 elections have not generated the anticipated violence in the third quarter, and hence have not had the anticipated negative impact on business operations in the country.

Figure 1: Overall Business confidence



Figure 2: Type of Indices



When analysed by industry, the index shows improvement of sentiments from quarter 2 to quarter 3, 2012 for all the sectors. Manufacturing sentiments, for example, improved from 57.1% in quarter 2 to 59.3% in quarter 3; while trade sentiments improved from 60.7% in quarter 2 to 63.95% in quarter 3.

Table 1: Type of Business Confidence Index by industry

| Quarter | Construction | Manufacturing | Other Services | Wholesale/Retail Trade |
|----------------|--------------|---------------|----------------|------------------------|
| Quarter 4,2011 | 65.49 | 56.84 | 69.73 | 58.86 |
| Quarter 1,2012 | 68.42 | 59.33 | 68.66 | 63.95 |
| Quarter 2,2012 | 66.67 | 57.12 | 66.54 | 60.69 |
| Quarter 3,2012 | 68.42 | 59.33 | 68.66 | 63.95 |

APPENDIX B4: QUARTER 4, PRESS RELEASE



BUSINESS CONFIDENCE INDEX-FOURTH QUARTER 2012, SUMMARY REPORT

Released on Wednesday January 23, 2013 at 12:00 Noon

Business Confidence as at September 2012 was 15.4 points above normal

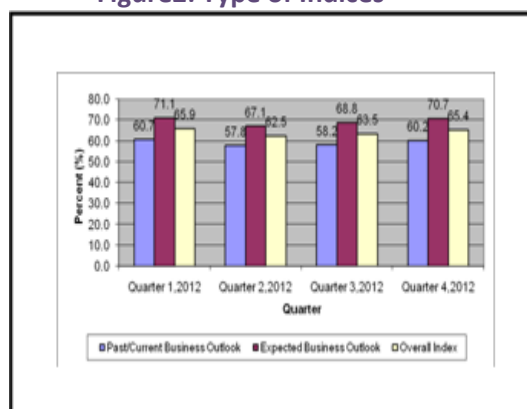
The Sierra Leone Business confidence Index for the fourth quarter of 2012 was 65.4 index points which was 15.4 points above normal. The overall index for the fourth quarter of 2012 is above the third quarter of 2012 estimated at 63.5, which represents a 2.0 percentage point increase over quarter 2, 2012 estimate. This implies that business sentiments improved between the two quarters, which means that sentiments were stronger in quarter 4, 2012 than in quarter 3, 2012. The increase in both the current index (from 58.2 to 60.2) and the expected index (from 68.8 to 70.7) showed in Figure 2 accounts for this slight improvement in sentiments in the overall index for the third quarter, 2012.

The main reason for this improvement is accounted for by the improvement in the 'macroeconomic factor' index resulting mainly from the improvement of the inflation and taxes on business operations between the two quarters (See Appendix 1). The improvement of the 'macroeconomic factors' index could be attributed to low inflation and stable taxes currently prevailing in the country, thereby lowering the risk of inflation in the economy. In addition, the exchange rate is stable, inflation on the decline and tax rate remains unchanged; which provided a stable macroeconomic picture, which in turn facilitated business planning. It is worth noting that the November 17 elections did not generate the anticipated violence in the fourth quarter, and hence have not had the anticipated negative impact on business operations in the country.

Figure 1: Overall Business confidence



Figure 2: Type of Indices



When analysed by industry, the index shows improvement of sentiments from quarter 3 to quarter 4, 2012 for only the Retail Trade sector, which could be due to the festive activities surrounding the Christmas vacation. This is not surprising as retailers expect the highest level of sales during this period.

Table 1: Type of Business Confidence Index by industry

| Quarter | Construction | Manufacturing | Other services | Wholesale/ Retail Trade |
|----------------|--------------|---------------|----------------|----------------------------|
| Quarter 1,2012 | 68.42 | 59.33 | 68.66 | 63.95 |
| Quarter 2,2012 | 66.67 | 57.12 | 66.54 | 60.69 |
| Quarter 3,2012 | 68.42 | 59.33 | 68.66 | 63.95 |
| Quarter 4,2012 | 61.68 | 58.68 | 67.59 | 67.43 |

APPENDIX C: SAMPLE OF ONE OF THE FOUR QUESTIONNAIRES USED IN THE SURVEY



SIERRA LEONE BUSINESS CONFIDENCE INDEX (SLBCI)

MANUFACTURING SURVEY QUESTIONNAIRE

| | |
|-------------------|-------------------|
| Company Name: | |
| Address: | |
| Contact Phone | |
| Email Address | |
| Respondent Name | Enumerator's Name |
| Resp. Designation | Supervisor Name |
| Resp. Signature | Type of Activity |
| Date | Sector ISIC Code |

Note to Respondent: For ALL Questions below kindly circle the CORRECT response after giving a careful thought to the various choices as they apply to your business situation

1: Classification of establishment

(i) Approximately how many people do your business /organisation employ?

- (1) Less than 10 (2) 10- 49 (3) 50+

2: General Economic Conditions

(i) How do you expect the national economy to perform in the next six months?

- (1) Better (0) Unchanged (-1) Worse

(ii) How do you rate current Business conditions/Prospects in the Manufacturing industry?

- (1) Better (0) Unchanged (-1) Worse

(iii) How do you expect Business conditions/Prospects in Manufacturing to be like in the next six months?

- (1) Better (0) Unchanged (-1) Worse

3: Production

(i) Excluding normal seasonal changes, what has been your company's experience with regard to volume of production during the past three to four months?

- (1) Up (0) Unchanged (-1) Down

(ii) Excluding normal seasonal changes, what changes do you expect in the next three months with regard to volume of production?

- (1) Up (0) Unchanged (-1) Down

(iii) Excluding normal seasonal changes, do you consider that your present level of stocks of finished goods in volume terms is;

- (1) Above normal (0) Unchanged (-1) Below normal

4 : Turnover/Selling Prices

4A: Excluding for seasonal changes, did activity level for the past three months in the following areas increase, remain the same or decrease;. **Please tick the appropriate response in the column and row against it**

| Item | Increased (1) | Same (0) | Decreased (-1) |
|------------------------------|---------------|----------|----------------|
| (i) Profitability | | | |
| (ii) Total Sales | | | |
| (iii) Average selling prices | | | |

4B: Excluding for seasonal changes, what changes do you expect to see in the next three months with regard to your; **Please tick the appropriate response in the column and row against it**

| Item | Increased (1) | Same (0) | Decreased (-1) |
|------------------------------|---------------|----------|----------------|
| (i) Profitability | | | |
| (ii) Total Sales | | | |
| (iii) Average selling prices | | | |

5A: Investment Plans

(i) Did your company change in capacity (e.g. made new investments or increase space, additional outlets, expand to new location, working capital, computerization or distribution network) during the past three months compared to the same period the previous year

(1) Increased (0) Unchanged (-1) Decreased

(ii) What changes in the level of your capital investment expenditure or capacity (i.e. increase space, additional outlets, location, working capital, computerization or distribution network) do you expect over the next three months?

(1) Increased (0) No change (-1) Decreased

5B:Capacity Utilisation

(iii) How do you assess your current level of operations relative to optimal capacity?

(1) Above normal (0) Unchanged (-1) Below normal

(iv) How do you assess your expected level of operations in the next three Months relative to optimal capacity?

(1) Expected to increase (0) Normal (-1) Expected decrease

6: Employment

(i) How was the number of employees of your company during the past three months compared to the same period of the previous year

(1) Increased (0) Same (-1) Decreased

(ii) How do you expect it to be in the coming period compared to the same period of the previous year?

(1) Increased (0) Same (-1) Decreased

7: Finance and Credit Markets

A: How did the following financial and monetary factors affect your business in the last quarter? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|---|-------------|---------------|------------------|
| (i) High Interest rates | | | |
| (ii) Non-availability of banking credit | | | |
| (iii) Non-availability of other financial alternative sources of credit | | | |
| (iv) Non-availability of Foreign currency | | | |

B: To what extent do you anticipate the following financial and monetary factors will affect your business in the next quarter? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|---|-------------|---------------|------------------|
| (i) High Interest rates | | | |
| (ii) Non-availability of banking credit | | | |
| (iii) Non-availability of other financial alternative sources of credit | | | |
| (iv) Non-availability of Foreign currency | | | |

8: Macroeconomic Factors

A: To what extent did the following macroeconomic factors affect your business in the last quarter? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|-------------------------------------|-------------|---------------|------------------|
| (i) Taxes | | | |
| (ii) Inflation | | | |
| (iii) Instability of the Leone (Le) | | | |
| (iv) Low Market Demand | | | |

B: To what extent do you think the following macroeconomic factors will affect your business in the next quarter? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|-------------------------------------|-------------|---------------|------------------|
| (i) Taxes | | | |
| (ii) Inflation | | | |
| (iii) Instability of the Leone (Le) | | | |
| (iv) Low Market Demand | | | |

9: Governance Factors

A: To what extent did the following governance factors affect your business in the last quarter?

Internal political situation? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|---|-------------|---------------|------------------|
| (i) Corruption | | | |
| (ii) Crime/Theft | | | |
| (iii) Bureaucracy | | | |
| (iv) Internal Political Climate/Good Governance | | | |

B: To what extent do you anticipate the following governance factors will affect your business in the next quarter? *Please tick the appropriate response in the column and row against it*

| Item | Greatly (1) | No effect (0) | Less extent (-1) |
|---|-------------|---------------|------------------|
| (i) Corruption | | | |
| (ii) Crime/Theft | | | |
| (iii) Bureaucracy | | | |
| (iv) Internal Political Climate/Good Governance | | | |

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