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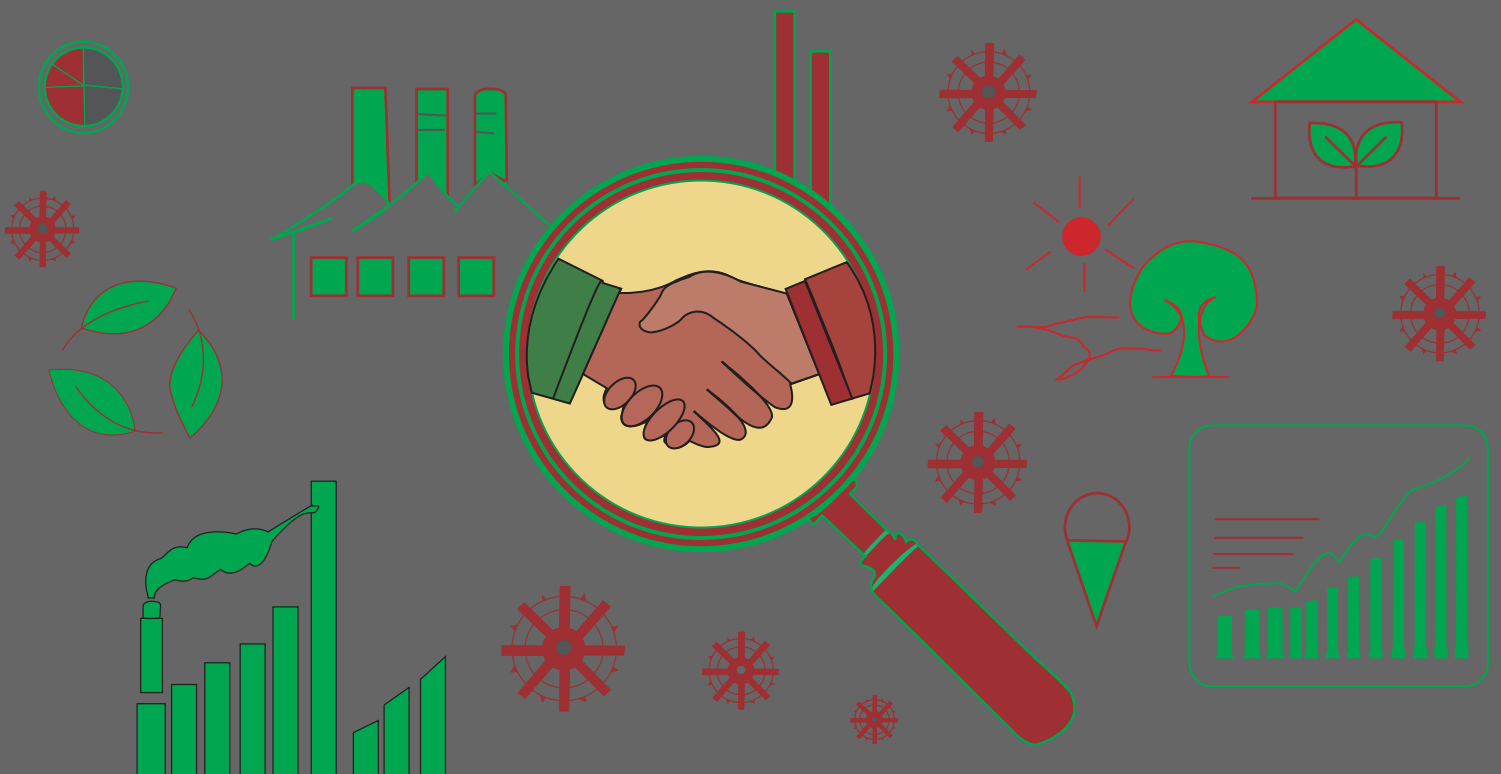
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# Business Climate Survey (BCS) Manual

*A brief handbook to replicate the approach in Nepal*





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*A brief handbook to replicate the approach in Nepal*

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The GRAPE project is co-funded by the European Union, the Ministry for Foreign Affairs of Finland and the German Federal Ministry for Economic Cooperation. GIZ has been commissioned to implement the project by the German Federal Ministry for Economic Cooperation and Development (BMZ).

**Publisher:**

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH  
Registered offices  
Bonn and Eschborn, Germany

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**As at:**

Kathmandu, 2024

URL-links: [www.bcsnepal.org](http://www.bcsnepal.org)

This publication contains links to external websites. Responsibility for the content of the external sites listed always lies with their respective publishers.

This publication was produced with the financial support of the European Union, the Ministry for Foreign Affairs of Finland and the German Federal Ministry for Economic Cooperation and Development (BMZ). It contributes to the project “Green Resilient Agricultural Productive Ecosystems” (GRAPE) which is implemented under the Team Europe approach. The contents are the sole responsibility of the author(s) and do not necessarily reflect the views of the EU, the Government of Finland or the German Federal Ministry for Economic Cooperation and Development (BMZ).

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## Abbreviations

BCS	Business Climate Survey
BCI	Business Climate Index
BMZ	German Federal Ministry for Economic Cooperation and Development
CBS	Central Bureau of Statistics
CD-SG	Capacity Development Support to Governance
CNI	Confederation of Nepalese Industries
DPs	Development Partners
FNCSI	Federation of Nepalese Cottage and Small Industries
GoN	Government of Nepal
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH
GRAPE	Green Resilient Agricultural Productive Ecosystems
IDPG	International Development Partners Groups
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
IFO	Institute for Economic Research <i>Information und Forschung</i>
LED	Local Economic Development
LPED	Local and Provincial Economic Development
LRED	Local and Regional Economic Development
LISA	Local Government Institutional Capacity Self-Assessment
MoF	Ministry of Finance
MoFAGA	Ministry of Federal Affairs and General Administration
MoICS	Ministry of Industry, Commerce and Supplies
MOLCPA	Ministry of Land Management, Cooperatives and Poverty Alleviation
MuAN	Municipality Association of Nepal
NARMIN	National Association of Rural Municipalities in Nepal
NCF	National Cooperative Federation of Nepal
NPC	National Planning Commission
NSO	National Statistics Office
PCI	Provincial Competitiveness Index
USAID	United States Agency for International Development



# 1. Introduction to the Business Climate Survey (BCS)

## 1.1 Purpose and Functions of a Business Climate Survey in Nepal

The Local and Provincial Economic Development (LPED) Project, initially planned for three years (June 2019 – May 2022), aimed to improve the framework conditions for economic development in eleven selected municipalities and three provinces in Nepal. LPED was a joint Nepal-German cooperation project implemented under the guidance of the Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA) of the Government of Nepal (GoN) with technical support provided by GIZ on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ).

In April 2021, the LPED project was merged with the Green Resilient Agricultural Productive Ecosystems (GRAPE) initiative, a development cooperation action in 19 municipalities of Nepal that contributes to the green, resilient, and inclusive development approach adopted by GoN and the International Development Partners Groups (IDPG) to pursue long-term sustainable economic development.

The joint LPED/GRAPE project implemented GIZ's territorial economic development approach called *Local and Regional Economic Development* (LRED) in combination with selected value chain promotion initiatives. LRED is a participatory approach for planning and implementing local economic development initiatives with engagement from the selected municipalities' public, private, and cooperative sectors. The LRED approach applies various methods and tools to understand a local economy, identify ways to improve its economic governance and performance and make informed decisions in times of uncertainty.

An enterprise survey is one of the tools to measure a location's economic development progress and economic governance. Survey results provide suitable indicators to track the economic development status in a location that may become an important input for public discussions and policy formulation. A territory such as a community, municipality or region can measure its economic development progress by comparing relevant economic indicators over time. However, a more significant benchmark often is a territorial comparison with other areas. Inter-territorial benchmarking can fuel healthy competition among locations and, thus, accelerate development progress.

The primary data collected through the BCS are combined with secondary statistical data to calculate an overall Business Climate Index (BCI) for each participating municipality. The municipalities are ranked based on the results of the BCI, which is made up of the eight topical

sub-indices: Local Economic Performance, Local Economic Governance, Infrastructure, Business Sentiments, Business Dynamics, Business Services, Sustainability and Climate Smart Governance. Between 2020 and 2024, three editions of the BCS and subsequent BCI calculations were conducted, with different configurations of participating enterprises (for details, see section 1.3 below).

The objectives of the BCS in Nepal are as follows:

- Monitoring the attractiveness of municipalities to retain and attract business operations and investments
- Measuring the quality of economic governance (economic regulations and services) and private sector performance in investments, employment, trade, legal compliance, environmental sustainability, and climate resilience.
- Assessing climate-smart governance at the municipal level
- Ranking municipalities and triggering healthy competition to improve municipal performance
- Providing input for policy dialogue and planning at the municipal and provincial levels
- *Temporarily*: Understanding the impact of COVID-19 on enterprise performance/needs and exploring the municipal responsiveness to deal with the COVID-19 crisis.

## 1.2 International Experience

In general, a business climate survey is a research tool used to assess the overall business environment and conditions within a specific region, country, or industry. It aims to gather data and insights from businesses operating in that area to understand their perceptions, experiences, and challenges. The survey typically covers various aspects such as government policies, regulations, infrastructure, market conditions, access to finance, labour market, corruption levels, and overall business confidence.

Business climate surveys are conducted by organizations such as government agencies, international institutions, research institutes, or private consulting firms. The data collected from these surveys helps policymakers, businesses, and investors make informed decisions, implement targeted reforms, and identify areas for improvement to foster a favourable business environment.

This type of survey has been widely applied in numerous countries and regions worldwide. Some notable examples include:

- World Bank's "Doing Business" Survey assessed the business climate in countries worldwide. It provided an annual ranking and analysis of economies based on various indicators, including ease of starting a business, dealing with permits, accessing credit, protecting investors, and enforcing contracts.
- However, "Doing Business" was negated in 2020 after it was found to have been manipulated by some countries. The World Bank developed a replacement tool for its flagship "Doing Business" report on a countries' business climate called the Business Ready (B-READY), which aims to assess the business and investment environment on an annual basis. B-READY replaced Doing Business since 2023 onwards. The first B-READY report was launched on 3 October 2024.<sup>1</sup>
- The World Economic Forum's Global Competitiveness Report evaluates a nation's competitiveness based on its institutions, infrastructure, macroeconomic stability, technological readiness, market size, and business sophistication.
- The Business Environment and Enterprise Performance Survey, conducted by the European Bank for Reconstruction and Development (EBRD), focuses on countries in Central and Eastern Europe, the Caucasus, and Central Asia. It examines the business environment, enterprise performance, and challenges faced by firms in these regions.
- The African Development Bank's African Competitiveness Report analyses African countries' competitiveness and business climate. It assesses factors such as infrastructure, human capital, institutions, market size, innovation, and macro-economic stability.
- National government agencies, chambers of commerce, or private organisations conduct national and regional business surveys. These surveys provide valuable insights into the specific business environment of a particular country or region, helping policymakers and businesses understand local dynamics and address specific challenges. Notable examples are the Provincial Competitiveness Index (PCI) in Vietnam and the Business Climate Index by the *Information und Forschung* (IFO) Institute for Economic Research in Germany. The PCI assesses the quality of economic governance at the level of the country's 63 provinces, while the IFO Index assesses the business climate in manufacturing, construction, wholesaling, and retailing.

Business climate surveys are conducted in various countries and regions around the world. There is no universal approach to these surveys, as the context, objectives, and availability of data all influence their design. Regardless of the specific format, business climate surveys are essential for generating data-driven assessments of the business environment. They help shape policy reforms, attract investments, and promote economic development.

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<sup>1</sup> <https://www.worldbank.org/en/businessready>

## 1.3 Nepal Experience

Various examples of economic and business climate surveys with varying scopes are available for Nepal. The annual Economic Survey originated in 1954 and until today it is a crucial document produced at the federal level by the Ministry of Finance (MoF), providing consolidated data on federal, provincial, and local economies and financial status. The Economic Survey's purpose, scope, and methods evolved over time and alongside the different political systems and changes. Nepal adopted an economic liberalization policy in the early 1990s, and comprehensive records of economic activities were captured through the annual Economic Survey. The administrative and geographic parameters of the Economic Survey were readjusted alongside political changes to abolish the monarchy and establish a federal republic in 2008/09.

The National Statistics Office (NSO), previously called the Central Bureau of Statistics (CBS), of the GoN also conducts various surveys and censuses pertinent to Nepal's economy. The National Economic Census 2018, Industrial Survey 2019, and Nepal Labour Force Survey III 2018 are a few of the recent publications by the CBS. The NSO plans to carry out the next National Economic Census in 2025.

In addition to government-led efforts, numerous development partners and donor agencies have conducted economic surveys in Nepal. At the sub-national level in Nepal, various surveys and studies focused on enhancing competitiveness, improving local governance, and strengthening the investment climate or business environment. The earliest business climate surveys were published by The Asia Foundation in 2010, covering four districts, Kaski, Morang, Rupandehi and Banke as well as by the GIZ and Federation of Nepalese Chambers of Commerce and Industry (FNCCI) in 2013, covering five districts, including Pyuthan, Dang, Banke, Surkhet and Kailali. FNCCI also published a Business Confidence Index in 2014/15. Similarly, the World Bank published an enterprise survey in 2013 and an SME survey for six districts (Chitwan, Kaski, Kathmandu, Morang, Parsa and Rupandehi) in 2018/19.

GIZ/LPED conducted the first edition of the BCS in 2020/21, covering 11 municipalities across 3 Provinces (Lumbini, Karnali and Sudurpashchim).<sup>2</sup> It assessed critical aspects of local economic performance and governance, elements of investments, quality of infrastructure, connectivity, business sentiments, and services, and the impact of COVID-19 on enterprises at the local level. The sample size for all provinces was 1,788 enterprises. The BCS results, combined with secondary statistical data, provided the basis for a comparative index calculation used for inter-territorial benchmarking and ranking.

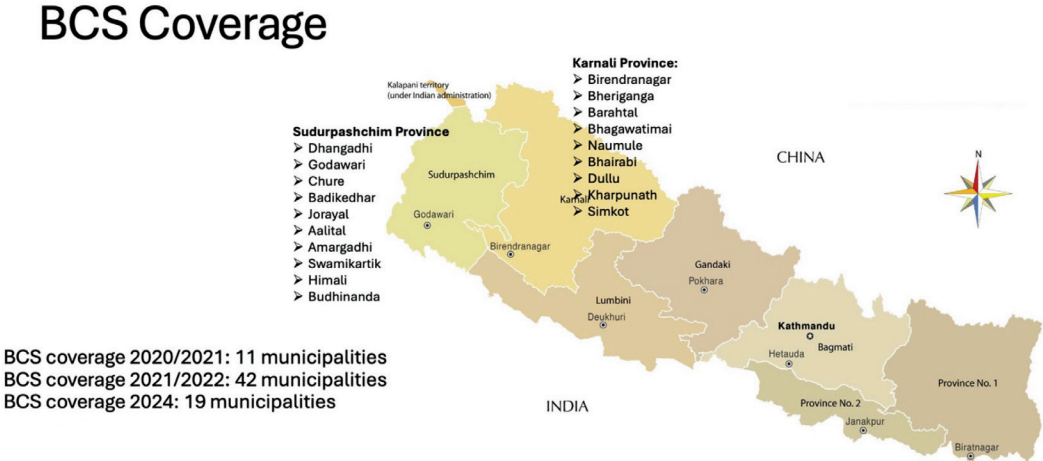
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2. The BCS 2020/2021 included the following 11 municipalities of Lumbini, Karnali and Sudurpashchim provinces: Siddharthanagar, Butwal, Lamahi, Ghorahi, Tulsipur, Kohalpur, Nepalgunj (Lumbini Province), Bheriganga, Birendranagar (Karnali Province) and, Dhangadi and Godawari (Sudurpashchim Province).

The second BCS in Nepal in 2021/22, covered 42 municipalities in three provinces and was a joint effort of three development projects: GIZ LPED/GRAPE, GIZ CD-SG, and USAID—Sajhedari-Support to Federalism. At the time, all three projects worked on improving the framework conditions for economic development in the Western provinces of Nepal. The sample size amounted to 5,690 enterprises.<sup>3</sup> The first and second applications of the BCS were conducted during the Corona pandemic, based on telephone surveys to protect surveyors and respondents from virus infection.

In 2024, the third BCS took place in 19 partner municipalities of GIZ GRAPE in Karnali and Sudurpashchim Provinces (see Figure 1) with a sample size of 2,472 enterprises.<sup>4</sup>

Figure 1: BCS 2024 Coverage



Source: authors’ elaboration

Annex 1 details all three recent BCS implemented by GIZ and its national partner organisations.

### 1.4 Rationale for BCS in Nepal

After adopting federalism and restructuring into a three-tier government system - local, provincial, and federal – it was the local-level units that became the focal point of Nepal’s political, socio-cultural, and economic activities. Among the 753 local-level units across seven provinces are six metropolises, 11 sub-metropolises, 276 municipalities, and 460

3. The BCS 2021/2022 was conducted in 42 municipalities of the provinces Lumbini, Karnali and Sudurpashchim Provinces incorporating: Siddarthanagar, Butwal, Lamahi, Ghorahi, Tulsipur, Kohalpur, Nepalgunj (Lumbini Province), Bheriganga, Barahatal, Birendranagar, Simkot, Khapurnath, Naumule, Bhairabi, Dullu, Bhagawatima (Karnali Province); Dhangadi and Godawari, Budinanda, Himali, Swamikarkita, Aalital, Badikedar, Joroyal, Chure, Amargadhi (Sudurpaschim Province) [all GIZ LPED/GRAPE (26)]; Rapti Sunari, Rajpur, Bangsadi, Kanka Sundari, Tilagupha, Chhedagad, Badimalika, Sanphebagar, Ghodaghodi [all GIZ-CDSG (9)]; Bittadchir, Dipayl, Silgadhi, Shikhar, Gauriganga, Bhimdutta, Punarbas [all USAID/Sajhedari (7)].

4. The BCS 2024 comprised the municipalities Bheriganga, Birendranagar, Dhangadi, and Godawari; Simkot, Khapurnath, Himali, Naumule, Bhairabi, Dullu, Bhagawatimai, Barahatal, Budinanda, Swamikarkita, Aalital, Badikedar, Joroyal, Chure, and Amargadhi.

rural municipalities. These local units bear significant responsibilities, including economic governance, local market management, environmental protection, development planning, and the collection of local statistics. These duties require careful consideration of resource allocation, revenue rights, income estimation, and expenditure functions.

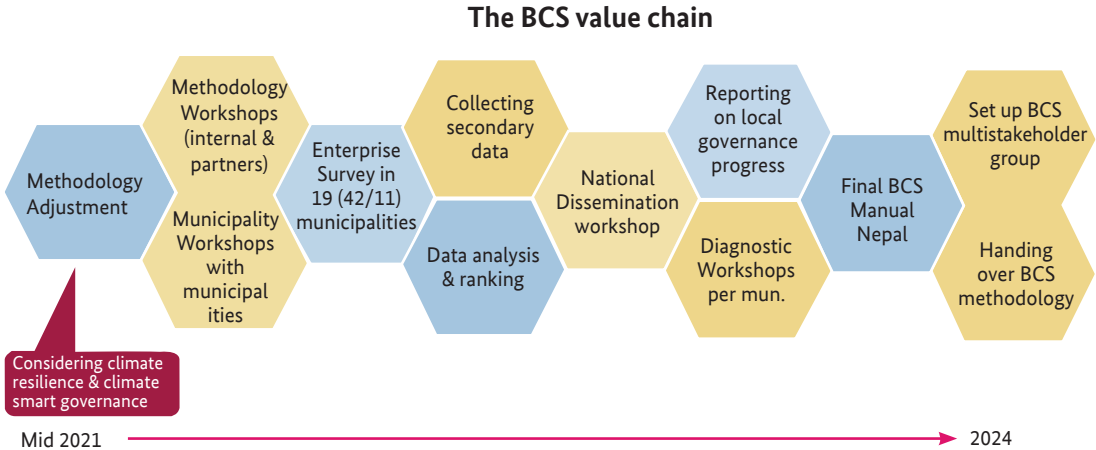
As a strategic and programmatic priority for the federal government, LED is highlighted in the concept paper of the 16<sup>th</sup> periodic plan (2024-2028) by the National Planning Commission (NPC). The Ministry of Federal Affairs and General Administration (MOFAGA) launched an LED program and issued the Innovative Local Economic Development Program Operational Procedures 2023. This procedure emphasises the importance of local government-led local economic assessments as a precondition and criterion for fiscal transfers to the local units, aiming to promote LED efforts and planning efforts nationwide.

The BCS could support this federal initiative by providing critical statistics and data to local governments, empowering them to make informed decisions that drive sustainable economic development. The BCS identifies significant gaps in local-level business climate indicators, often unmet by other surveys or studies due to their limited scope and sample size. By incorporating multiple indicators, the BCS enhances understanding of the business environment and plays a crucial role by providing data and insights that accurately reflect the unique situation of each locality. Its outcomes are designed to support the performance of individual local units, equipping policymakers with critical insights necessary to foster a sustainable business climate. This information helps to engage and inform local stakeholders, thereby fostering local economic development (LED), making it an invaluable tool for policymakers, local governments and businesses operating or intending to invest in these localities.

## **2. The BCS Value Chain**

In previous business climate surveys in Nepal, only qualitative data were collected. GIZ's LPED/GRAPE project introduced a methodology that includes qualitative and quantitative data collection tools. The first edition of the BCS 2020/21 introduced the calculation of a Business Climate Index (BCI). During the second BCS in 2021/2022, the methodology was successfully revised by adding an eighth sub-index for climate-smart governance. The aim was to address the resilience and adaptation efforts of municipalities and enterprises in light of climate change.

Figure 2: BCS value chain



Source: authors' elaboration

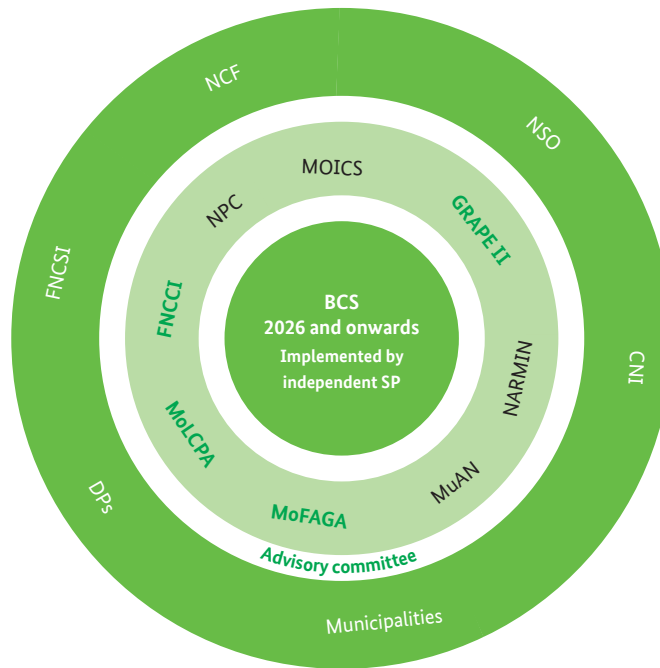
The process for developing a BCS and BCI for Nepal follows the value chain logic, as illustrated in Figure 2. The guiding principles of the process are: participation, ownership, and transparency. From the onset, all discussions on process, content, and tools are conducted jointly with municipalities, development partners, government agencies, service providers, and GIZ’s core team. The result is a mature instrument, described in this manual, ready for handing over to Nepalese organisations as future hosts and organisers of the BCS.

The value chain can be replicated, and additional elements may be included, e.g., adjustments of indicators or sub-indices. However, it is important to ensure the instrument itself and the results can be compared to those of previous editions to track changes in economic governance over time.

### 3. BCS Governance

The BCS is relevant and useful only if it is organized periodically and covers as many local government units as possible in the country. It not only fills the gap of missing data on measuring economic development at the local level but also opens a platform to discuss the economic agenda at the local level, as it requires multi-stakeholder support and provides a solid communication channel for the private sector.

Figure 3: BCS Implementation Management Ecosystem



Source: authors' elaboration

The BCS implementation management ecosystem (see Figure 3) comprises layers of government, non-government, and private stakeholders. One strategic layer is the Advisory Committee, which is conceptualised below.

### 3.1 Advisory Committee

The BCS should be institutionalized for maximum impact and sustainability, involving a federal-level multi-stakeholder committee, such as a 'BCS Nepal Advisory Committee' or similar. An extended BCS governance mechanism that includes provincial and local stakeholders should support the organisational setting. The Advisory Committee should supervise the BCS implementation, contribute funds to execute the survey in Nepal, if needed, and then disseminate the survey results widely.

In the BCS approach presented in this document, the Nepal Advisory Committee's framework is based on a cooperation model that includes the government, the private sector, GRAPE II and other interested projects/programs such as the Swiss Agency for Development and Cooperation (SDC), World Bank, the Asia Development Bank (ADB), etc., as development partners. When GIZ GRAPE and other development projects/programs phase out in the future, the BCS instrument will be handed over to the Advisory Committee, ensuring resource availability and the periodic implementation of the survey.



The Advisory Committee at the federal level could consist of:

- GIZ/ GRAPE II (initially)
- Representative of the GRAPE's Partner Ministry (MOLCPA)
- Representative of MoFAGA
- Representative of FNCCI (as a possible future lead implementer of the BCS Nepal in coordination with a national service provider)
- Representative of Ministry of Industry, Commerce and Supplies (MoICS)
- Representative of National Planning Commission (NPC)
- Representative of National Statistics Office (NSO)

The following organization(s) can be invitee(s) as and when required:

- Representative of the National Cooperative Federation (NCF)
- Representatives of MuAN and NARMIN

Detailed tasks of the Advisory Committee could be:

- Ensure and allocate resources for periodic BCS implementation in Nepal
- Advice on the territorial and sector coverage of the survey
- Advice on the survey concept and methodology
- Facilitate access to institutions that could provide secondary data
- Facilitate access to enterprises and cooperative-led enterprises to be surveyed
- Advice on the use of survey results
- Advice on the dissemination program and other follow-up activities
- Advice on the design of publication activities
- Facilitate a process to promote the methodology among national/local government agencies and other development partners in Nepal

GIZ/GRAPE II and national private sector associations, such as FNCCI, will initially lead the Advisory Committee to fulfil the above-mentioned tasks. The Committee is expected to be set up and function by mid-2025. The first joint BCS and BCI calculation is expected to be implemented in early 2026.

The implementing organizations will further oversee:

- Discussions on adjustments to the survey methodology (while ensuring comparability to previous BCS editions).
- Preparation of ToR and a rough cost estimate and statement of availability of potential national service providers

- Contracting of a national service provider or several provincial service providers to collect secondary data, conduct the survey in the field and enter/process/analyse the data
- Establishment of the organisational setup of the Advisory Committee by involving federal institutions
- Coordination of software development/selection for data entry and processing (through service provider/s)
- Design and testing of questionnaires (through service provider/s)
- Coordination of data analysis activities (through service provider/s)
- Preparation of draft survey report
- Preparation of final survey report
- Design of dissemination program
- Coordination of diagnostic workshops at the level of municipalities (potentially outsourced to service providers)

### 3.2 Potential BCS Lead Agency/Agencies

The BCS is an enterprise survey with a multifaceted purpose. It thoroughly investigates the different dimensions of an area's economic governance efforts and achievements. Therefore, a list of strong and committed partners with the necessary resources, networks, and technical competencies is required to implement the BCS and interpret its results.

The **Federation of Nepalese Chambers of Commerce and Industry (FNCCI)** is Nepal's umbrella organization of businesses. Organized as a representative body of business organizations in the country, it represents the interests of the private sector. It promotes Nepal's socio-economic development through private sector-led economic growth (<https://www.fncci.org/>). FNCCI has previously been involved in LED, promoting economic and social development. For instance, FNCCI teamed up with GIZ in 2013 to conduct a sub-national Business Climate Survey in selected districts in Western Nepal. More recently, FNCCI established an LED committee to put a stronger focus on developing the business environment at the local level.

The **National Cooperative Federation of Nepal (NCF)** is an apex body of the cooperative sector in Nepal. NCF is based on universally accepted cooperative values and principles. It advocates for the cooperative movement at the national policy level. In coordination with cooperatives at different levels, NCF has recognized the cooperative sector as one of the three pillars of economic development in the Constitution of Nepal 2015. NCF has been instrumental in providing tangible feedback for developing national cooperative policies and programs to strengthen cooperatives and promote an inclusive, equitable and sustainable development

of the country. NCF is also an active member of the International Cooperative Alliance. It has 318 different cooperative unions/federations at different levels (district, provincial and national levels) as its members and 12 associate members ([www.ncfnepal.com.np/members-database](http://www.ncfnepal.com.np/members-database)).

The **Ministry of Federal Affairs and General Administration (MoFAGA)** supervises activities undertaken by local governments in Nepal. MoFAGA also regulates and manages the civil service. MoFAGA is the only ministry directly linked to the country's municipalities, rural municipalities, and provinces. It also plays a direct role in implementing various services in the local governments. MoFAGA is responsible for enhancing the access of socially and economically vulnerable and disadvantaged groups, regions, and communities to government services. It is particularly responsible for empowering women, Dalits, indigenous peoples, Madheshi, Muslims, disabled and ultra-poor people. (<https://www.mofaga.gov.np>)

The **Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA)** is responsible for regulation of cooperatives at federal level, providing strategic and policy direction for effective management of cooperatives, land administration and management activities that ensure the efficient and effective administration and sustainable management of available land resources throughout the country. The ministry is also responsible for coordinating poverty alleviation related efforts/activities of different projects/programmes. The ministry, formerly called the Ministry of Land Reform and Management, was merged with the Ministry of Co-operatives and Poverty Alleviation to form the Ministry of Agriculture, Land Management and Cooperatives in February 2018, but was revived and renamed as a separate ministry in August 2018 as the Ministry of Land Management, Cooperatives and Poverty Alleviation. (<https://molcpa.gov.np>)

The **Ministry of Industry, Commerce and Supplies (MoICS)** monitors and manages the country's industries. One significant department is the Department of Industry, responsible for implementing the ministry's rules and regulations. In 2018 the ministry's portfolio was expanded by adding Commerce and Supplies to the then Ministry of Industry, while the Ministry of Commerce was discontinued. Key functions of the ministry include the creation of a conducive atmosphere for industrial development and investment promotion, regulating and facilitating internal, bilateral, and regional trade, and protecting and building industrial infrastructure and intellectual property rights. The ministry also engages in formulating policy and programs in connection with industry, commerce, and supplies and collaborates with different ministries and entities of the Government of Nepal, the private sector, and international donor communities.

The **National Planning Commission (NPC)** is the specialized and apex advisory body of the GoN for formulating a national vision, development policy, periodic plans, and sectoral

policies for the nation's overall development. The Prime Minister heads the NPC. The NPC assesses resource needs, identifies funding sources, and allocates a budget for socio-economic development. It is a central agency for monitoring and evaluating development policies, plans, and programs. The NPC also serves as an intellectual hub for exchanging new development ideas and proposals from scholars, the private sector, civil society, and development partners. <https://npc.gov.np/en>

The **National Statistics Office (NSO)**, formerly the Central Bureau of Statistics (CBS), was established in 1959 under the Statistics Act, 2015 BS as the central agency for collecting, consolidating, processing, analysing, publishing, and disseminating statistics. Although it was previously under the NPC when it was CBS, but it is currently under the Prime Minister's Office of Nepal and serves as a national statistical organization for the government of Nepal. CBS generates socio-economic statistics primarily through the operation of censuses and surveys. The main objective of setting up NSO is to provide data to Planning Commissions and other government agencies for formulating national plans and policies and producing national account estimates to measure the country's economic growth. <https://nsonepal.gov.np/>

The **National Association of Rural Municipalities in Nepal (NARMIN)**, established in 1995, is an umbrella organisation of 460 rural municipalities in Nepal. NARMIN contributes to transforming rural municipalities into efficient, transparent, and responsive Local Governments. It empowers rural municipalities by representing and promoting their interests and strengthening their institutional capacity for local self-governance and effective service delivery to the people. (<https://narmin.org.np>)

The **Municipality Association of Nepal (MuAN)**, established in 1994, is an umbrella organisation representing the urban municipalities of Nepal. It is a non-profit and non-political organisation. All 293 urban municipalities, including metropolitan and sub-metropolitan cities, are members of MuAN. This organisation aims to safeguard municipalities' common interests through advocacy and lobbying, networking, and advisory support services. (<https://muannepal.org.np>)

### 3.3. The Survey Implementer

An independent service provider is recommended to manage and implement the enterprise survey. The larger the number of municipalities involved, the bigger the logistics and management challenge. Therefore, selected enterprises could join forces and work in a

consortium to accomplish the surveying task. The selection of the service provider(s) can result from a tender process to give different interested organisations a fair chance to participate.

The task of the surveying service providers would include:

- Participate in methodology discussions with the BCS organisers
- Review and refine the survey questionnaire based on the methodological adjustments and train the enumerators/surveyors
- Select a suitable software for processing soft and hard data
- Conduct the enterprise survey in the participating municipalities
- Collect required secondary data to establish the sample framework for the survey and populate statistical indicators for the BCI calculation
- Enter, process, and analyse all data
- Calculate the Business Climate Index (BCI)
- Report on activities conducted and the survey approach applied
- Give recommendations on necessary updates to the BCS manual for Nepal
- Provide recommendations for future improvements to the survey

The service providers participating in a tender and potentially receiving the contract should meet the following requirements:

- Government-registered firms meeting all standards for legal compliance
- At least five years of operation in the field of economic research and consultancy
- Sound understanding and knowledge of issues relating to the business climate in Nepal
- Access to confirmed human resources to cover all planned/required activities, including a network of surveyors in all provinces participating in the survey
- Previous experience in conducting similar economic surveys and research studies
- Experience in applying relevant survey techniques (interview-based, paper-based, phone-based, tablet-based), depending on the situation and the preferences of the BCS organisers
- Previous experiences in working with development partners and the Nepalese government

The composition of human resources offered by the service provider(s) is crucial, as the survey implementation includes various tasks and responsibilities. Typical positions in the service provider's team are team leader, research associate, data analyst, field supervisors and, surveyors, the number of these positions (apart from the team leader) is growing with the increasing number of municipalities participating in the survey. The profiles of these positions are described in more detail in Table 7 / Chapter 5.1 (see model ToR in Annex 4).

In the BCS 2024 (19 municipalities, approx. 2,500 enterprises), the selected service provider deployed 38 experienced surveyors, 2 field supervisors, one data analyst, one research associate, one team leader and one research advisor<sup>5</sup>. A suitable software, such as droidSURVEY software<sup>6</sup> for online or offline data collection, should be used to upload the interview data collected with the help of tablets into a common server in SPSS format.

The field coordinators collect the details of formal enterprises from the municipalities, wards, and concerned associations. They also collect the details of informal, unregistered enterprises on the ground that are not shown in official statistics.

## 4. BCS Methodology and Process Flow

The BCS core phases can be grouped into pre-BCS phase, BCS implementation phase, and post-BCS phase.

The **pre-BCS phase** includes selecting municipalities, identifying the service provider(s), organising a methodology workshop (optional), designing or adjusting the survey questionnaire, developing a sample matrix and a sample framework, selecting and orientating the enumerators, and conducting the pilot survey.

The **BCS implementation phase** consists of collecting secondary data, executing enterprise surveys, validating and analysing data, calculating the BCI and ranking of the municipalities according to their BCI scores.

**Post-BCS** activities comprise sharing the survey results on the respective websites and in a comprehensive BCS report, organising the national dissemination workshop at the national level, and conducting diagnostic workshops at the municipal level based on the participating municipality's interest.

The major outputs and activities in the BCS process flow are briefly described in Table 1.

Table 1: Key outputs and activities in the BCS process flow

Key Outputs	Detailed Activities
I. Survey Questionnaire	<ul style="list-style-type: none"> <li>• Develop the survey questionnaire or adjusting a previous one as the key survey instrument.</li> <li>• Translate the questionnaire from English into Nepali Language (or vice versa).</li> <li>• Program the software tool to be used with the questionnaire content, e.g. Kobo ToolBox or droidSURVEY software.</li> </ul>

<sup>5</sup> Research advisor was a new position introduced by the service provider. There was no comparable position in the two previous BCS editions or in the BCS ToR.

<sup>6</sup> <https://www.harvestyourdata.com>

<p><b>II. Sample Matrix &amp; Sample framework</b></p>	<ul style="list-style-type: none"> <li>• Sampling follows a stratified sampling approach based on sector affiliation and enterprise size to represent the economic structure of the municipalities. Additional characteristics that can be considered: enterprise formality and male/female ownership of enterprises</li> <li>• Simple random sampling is employed within each characteristic for the selection of individual sample elements (enterprises) out of the sample framework.</li> <li>• Increase the number of enterprises by 10 % to 29 % to a desired sample size for each location to accommodate the high non-response rates and create a reserve of responses.</li> <li>• The enterprise census (2018) serves a sample framework (updated with the next Enterprise census conducted by NSO in 2025).</li> </ul>
<p><b>III. Design Data Collection Mechanism</b></p>	<ul style="list-style-type: none"> <li>• Confirm enterprises through appointment for the survey interview. Advance notification to be provided to the enterprises to boost the response rate. Contact unreachable enterprises again at different times/days of the week before choosing a substitute enterprise.</li> <li>• Prepare a personalized cover letter for those enterprises that demand an authorization letter from the research agency</li> <li>• Prepare for a face-to-face interview survey between the enumerator and the enterprise owner or manager.</li> <li>• Record the response in the software used, e.g. Kobo ToolBox, through tablet. When using paper questionnaires, enter the data after the interview into the software.</li> </ul>
<p><b>IV. Pilot Survey</b></p>	<ul style="list-style-type: none"> <li>• Conduct a minimum of five face-to-face pilot interviews in each province involved. The pilot survey helps to test and ensure that questions cover possible answer options with higher possibilities for answers and that the questions are understood properly.</li> <li>• The questionnaire should have an optimal length: Respondents need to find it easy to work through the entire questionnaire and answer all questions without major confusion within 45 minutes to 1 hour.</li> <li>• The pilot survey also helps to test the functionality of the software capturing the results, e.g. Kobo ToolBox Software using tablets.</li> </ul>
<p><b>V. Finalization of the Questionnaire</b></p>	<ul style="list-style-type: none"> <li>• Finalize the questionnaire by addressing the feedback from the pilot survey and make the necessary adjustments.</li> </ul>

<b>VI. Orientation of enumerators</b>	<ul style="list-style-type: none"> <li>• Provide survey questionnaire orientation to enumerators through the field supervisor with the aim that each enumerator understands each question and can explain it to the respondents, if needed.</li> <li>• Discuss the deployment plan and timeline with the enumerators.</li> </ul>
<b>V. Main Survey</b>	<ul style="list-style-type: none"> <li>• Field supervisors meet face-to-face with informal enterprises to collect their contact details, and in some cases to conduct the survey directly.</li> <li>• Field supervisors collect the formal enterprise details from concerned business associations and municipalities.</li> <li>• Enumerators book appointments with enterprises for face-to-face survey interviews.</li> <li>• Enumerators conduct face-to-face survey interviews simultaneously in all locations.</li> </ul>
<b>VI. Data Analysis and Presentation</b>	<ul style="list-style-type: none"> <li>• Analyse the data, extract the data inputs for all indicators within each sub-index, to allow indicator comparison across municipalities.</li> <li>• Combine both secondary and survey data to calculate the BCI score for each indicator for each municipality.</li> <li>• When secondary data are missing, retrieve them from concerned personnel of the municipalities.</li> <li>• During the data analysis, generate required data tables and charts for the BCI calculation.</li> <li>• Calculate the overall BCI</li> </ul>
<b>VII. Quality Control Mechanism</b>	<ul style="list-style-type: none"> <li>• For validation and verification, check the collected survey data on a regular basis.</li> <li>• Monitor uploaded data daily, checking for inconsistencies and missing data.</li> <li>• Conduct control calls with 10 % of enterprises surveyed to find out whether interviews took place, how the enumerators performed and to cross-check the information received.</li> <li>• If there seem to be mistakes or contradictions in the data, surveyors need to call the respective enterprises to clarify the data and make necessary changes in the dataset.</li> </ul>

Source: authors' elaboration

## 4.1. Sampling



For enterprise sampling, the structure of the enterprise database designed for the National Economic Census 2018 is considered the universal enterprise population structure in the agriculture, manufacturing, and service sectors. As per the 2018 Census, the categorisation of enterprise sizes is based on the number of employees – see Table 2.

Table 2: Categorisation of enterprises by size

Category of enterprise	No. of employees
Micro-enterprises	1 to 9 employees
Small enterprises	10 to 49 employees
Medium enterprises	50 to 99 employees
Large enterprises	100 or more employees

Source: <https://cbs.gov.np/wp-content/uploads/2019/09/Final-0-NEC2018-Final-Results-National-Report-No-For-Press.pdf> (pg. 50)

The sample matrix is constructed proportional to the structure reflected by the Economic Census 2018 for each municipality, considering the size and sectors of the enterprises.

Furthermore, ownership of enterprises per gender is also considered<sup>7</sup>, resulting in a systematic inclusion of **female-owned enterprises in the sample size**. Also, recognizing the importance of the informal sector after referring to the National Economic Census 2018<sup>8</sup>, **a minimum sample from the informal sectors is included** (see Table 3). Over the years, greater emphasis has been placed on identifying and interviewing female-owned and informal enterprises, resulting in an increased share of these types of businesses.

Table 3: Share of female-owned and informal enterprises in BCS editions 2021-2024

BCS Editions	Female-owned enterprises	Informal enterprises
BCS 2021	20%	7%
BCS 2022	25%	6.5%
BCS 2024	35%	24%

Source: authors' elaboration

The BCS in Nepal has adopted the sampling methodology that the World Bank applies for its Enterprises Survey (World Bank 2007). Accordingly, the sample size for each municipality is determined with levels of precision at a minimum of 7.5 % precision for 95 % confidence intervals. The calculation of the sample size with the known total number of enterprises in each location was carried out as follows.

<sup>7</sup> The Business Pulse Survey, 2020 conducted for the World Bank, states that male and female ownership enterprises account for 83% and 17% respectively. National Economic Census, 2018 also states that female managed enterprises account for nearly 30%.

<sup>8</sup> Informal sector accounted for 50% of the enterprise population in 2018.

### Sample size calculation formula

$$n = z^2 * N * p * q / Nd^2 + z^2 * p * q$$

where:

n = Desire Sample Size

z = z-score with 95% confidence interval is 1.96

N = Population size of each location

p = Population proposition q = 1 - P

d = Margin of Error or desired degree of precision i.e. 7.5% or 0.075

Table 42 presents the results of the sample size calculation per location for the 2024 BCS in Nepal, which involved 19 municipalities.

Table 4: Exemplary presentation of sample sizes of the BCS 2024

Province	Name	Type	District	Samples
Karnali	Naumule	Rural Municipality	Dailekh	119
	Bhairabi	Rural Municipality	Dailekh	126
	Dullu	Municipality	Dailekh	146
	Bhagawatimai	Rural Municipality	Dailekh	122
	Kharpunath	Rural Municipality	Humla	108
	Simkot	Rural Municipality	Humla	130
	Bheriganga	Municipality	Surkhet	152
	Birendranagar	Municipality	Surkhet	166
	Barahatal	Rural Municipality	Surkhet	128
	Himali	Rural Municipality	Bajura	113
	Budhinanda	Rural Municipality	Bajura	133
	Swamikartik Khapar	Rural Municipality	Bajura	88
	Sudurpaschim	Aalital	Rural Municipality	Dadeldhura
Amargadhi		Municipality	Dadeldhura	150
Badi Kedar		Rural Municipality	Doti	103
Joroyal		Rural Municipality	Doti	122
Chure		Rural Municipality	Kailali West	119
Godawari		Municipality	Kailali West	161
	Dhangadhi	Sub-metropolitan City	Kailali West	166

Source: authors' elaboration

A two-level sample stratification approach was employed for the sample selection within each level stratum, encompassing 1) sector and 2) enterprise size. This was followed by simple random sampling to choose the enterprises for the interviews.

The initial stratification level was sector-based (e.g., agriculture, manufacturing, trade, and other services). The relative population size of each sector was assessed, and the corresponding sector-wise percentage was calculated. This percentage was then used to establish the final first-stage stratum for each location.

Table 5 below shows the sample distribution in each sector, the percentage-wise distribution in each sector, and the final sample distribution in the stratum.

Table 5: Sample Matrix as per sector of the enterprises in the BCS 2024

	Agriculture	Manufacturing	Trade/other services	Total survey sample	Share of Grand Total
Aalital Rural Municipality	46	16	58	120	4.9%
Amargadhi Municipality	23	17	110	150	6.1%
Badi Kedar Rural Municipality	37	7	59	103	4.2%
Barahatal Rural Municipality	27	12	89	128	5.2%
Bhagawatimai Rural Municipality	51	13	58	122	4.9%
Bhairabi Rural Municipality	37	5	84	126	5.1%
Bheriganga Municipality	4	14	134	152	6.1%
Birendranagar Municipality	8	16	142	166	6.7%
Budhinanda Municipality	20	25	88	133	5.4%
Chure Rural Municipality	33	9	77	119	4.8%
Dhangadhi Sub-Metropolitan City	11	18	137	166	6.7%
Dullu Municipality	17	10	119	146	5.9%
Godawari Municipality	20	19	122	161	6.5%
Himali Rural Municipality	55	8	50	113	4.6%
Joroyal Rural Municipality	27	12	83	122	4.9%
Kharpunath Rural Municipality	27	35	46	108	4.4%
Naumule Rural Municipality	31	13	75	119	4.8%
Simkot Rural Municipality	25	17	88	130	5.3%
Swamikartik Khapar Rural Municipality	42	7	39	88	3.6%
<b>Grand Total</b>	<b>541</b>	<b>273</b>	<b>1,658</b>	<b>2,472</b>	

Source: authors' elaboration

Similarly, the second level of stratification was based on enterprise size (i.e., number of employees: 1-9 as micro, 10-49 as small, 50-99 as medium, and >100 as large). The relative population size of each enterprise size stratum was considered. Based on that population size, the percentage for each enterprise-size stratum was determined. The final second-stage stratum was developed using the enterprise size percentage for each location. Subsequently, individual sample elements were selected using a simple random sampling method within each stratum.

The table below shows the sample distribution in each sector, the percentage distribution within each sector, and the final sample distribution in the stratum. The 2020/21 BCS, covering 11 municipalities, is presented as an example.

Table 6: Sample Matrix as per size of the enterprises in the BCS 2020/21

Location	Enterprise Distribution as per Size					Percentage-wise Distribution of Enterprises					Sample Size in each Location				
	Micro (1-9)	Small (10-49)	Medium (50-99)	Large (100 & over)	Total	Micro (1-9)	Small (10-49)	Medium (50-99)	Large (100 & over)	Total	Micro (1-9)	Small (10-49)	Medium (50-99)	Large (100 & over)	Total
Ghorahi	5020	180	11	8	5219	96.2	3.4	0.2	0.2	100	159	6	0	0	165
Tulsipur	3550	127	6	5	3688	96.3	3.4	0.2	0.1	100	157	6	0	0	163
Lamahi	1255	83	3	2	1343	93.4	6.2	0.2	0.1	100	141	10	0	0	151
Siddharthanagar	4213	229	16	9	4467	94.3	5.1	0.4	0.2	100	155	8	1	0	164
Butwal	9659	417	48	18	10142	95.2	4.1	0.5	0.2	100	160	7	1	0	168
Kohalpur	4437	168	13	5	4623	96.0	3.6	0.3	0.1	100	158	6	1	0	165
Nepalgan	6748	368	37	23	7176	94.0	5.1	0.5	0.3	100	157	9	1	0	167
Bheriganga	1373	37	0	0	1410	97.4	2.6	0.0	0.0	100	148	4	0	0	152
Birendranagar	5467	238	16	10	5731	95.4	4.2	0.3	0.2	100	158	7	1	0	166
Dhangadhi	5744	307	27	11	6089	94.3	5.0	0.4	0.2	100	157	8	1	0	166
Godawari	2554	114	9	4	2681	95.3	4.3	0.3	0.1	100	153	7	1	0	161
<b>Total</b>	<b>50020</b>	<b>2268</b>	<b>186</b>	<b>95</b>	<b>52569</b>						<b>1703</b>	<b>78</b>	<b>7</b>	<b>0</b>	<b>1788</b>

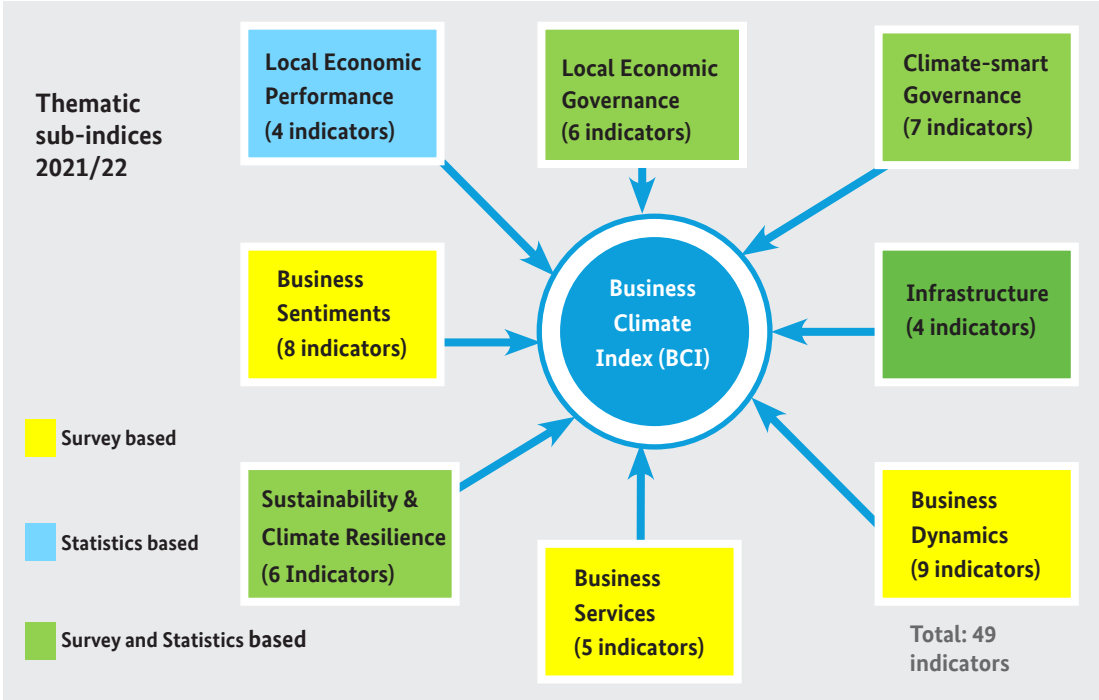
Source: authors' elaboration

## 4.2. Secondary Data Collection

Some BCI indicators are derived from secondary data rather than primary survey results. This includes data such as municipal budgets, development expenditures, local revenue, the relative size of solid waste landfill sites, the number of physical marketplaces, and the number of accredited vocational training institutions, among others. While many of these data points can often be found in publicly available documents, some data are inaccessible through documentation alone. In such cases, it is necessary to identify and reach out to relevant municipal officials to obtain the required data. Additional sources can also be relevant.

During the data collection process, both statistical and other pertinent documents from the NSO, Nepal Rastra Bank (NRB), NPC, Business Chambers, the World Bank, the International Finance Corporation (IFC), municipalities, ward-level entities, and other relevant organizations were consulted to gather secondary data for BCI calculation. Specifically, the sub-indices for Local Economic Performance, Local Economic Governance, Climate-Smart Governance, Infrastructure, and Sustainability rely on secondary data (see Figure 4).

Figure 4: BCI Thematic Sub-indices 2024



Source: authors' elaboration

Below are some key sources of statistical data:

- The number of enterprises is collected from the National Economic Census, 2018.
- Budget-related data are collected from the municipalities' concerned departments (Account Department, Revenue Department, and Planning Department) and their official websites.
- Outstanding credit volume and growth are collected from the Nepal Rastra Bank's financial inclusion dashboard.
- The number of taxpayers is collected from the tax office.
- The number of financial institutions is collected from Nepal Rastra Bank's website.
- The number of CTVET-registered vocational training institutions is collected from the CTEVT website.
- The number of physical markets is collected from the municipalities' accounts departments.

- The size of landfill sites is collected from the municipal offices.
- The climate risk index is based on the municipalities' Exposure, Sensitivity, Adaptive Capacity, and Vulnerability situations presented in Annex 4 and 5 of the Ministry of Forests and Environment (MoFE) report on vulnerability and risk assessment and identifying adaptation options (MoFE 2021).
- The volume of municipal investment in climate adaptation measures was generated using the municipality's budget allocation for disaster response.
- The status of implementing climate budget coding is determined based on municipal awareness and application of climate budget coding, which is categorized into three categories: “aware,” “aware but incapable,” and “aware and applying.”
- The status of the Local Adaptation Plan of Action (LAPA) preparation per municipality is determined by verifying with the municipal officers whether it has started. If it has started, the status of the preparation must be checked.

### **4.3. Building the Sample Framework**

The service provider identifies potential enterprise respondents from municipal records, commercially sourced business databases, trade associations, government agencies, business support programs, and previous BCS respondent lists. Field supervisors are mobilised to get access to databases on informal enterprises. Field supervisors should personally visit unregistered enterprises and persuade them to participate in the BCS. During this process, local team members support in the communication with the respective municipalities, chamber of commerce, and associations to identify micro, small, medium, and large-scale industries for the survey. While developing a sampling framework, the service provider often encounters considerable difficulties in identifying businesses that fit the required profile of the sample matrix and in encouraging them to participate in the survey.

The second approach to identifying enterprise respondents is mapping the enterprises to collect information on micro, small, medium, and large enterprises within the pre-selected sectors in the municipalities. For this purpose, the service provider approaches the Company Registrar's Office and the National Statistics Office (NSO) for the National Economic Census 2018 data. They then approach other relevant networks of business associations such as the Federation of Nepalese Chamber of Commerce and Industries (FNCCI), Federation of Nepalese Cottage and Small Industries (FNCSI), Nepalese Young Entrepreneurs Forum (NYEF), Federation of Women Entrepreneurs' Association of Nepal (FWEAN), Municipal Association of Nepal (MuAN) and NARMIN. Finally, representatives from the municipalities, the wards, and registered cooperatives can also be contacted during enterprise mapping activities.

## 5. BCS Implementation

### 5.1 Planning and preparation of BCS implementation

The planning and preparation of the BCS involve several key activities. These include setting up the team and clarifying the team members' roles and tasks, selecting communication apps, adapting or designing the survey software, training the surveyors, and running the pilot survey with a few selected enterprises. Each of these tasks is described in more detail below.

#### 5.1.1 Team composition and role division

The survey implementation team usually comprises various roles and positions, necessitating careful delineation of responsibilities and collaboration to ensure the survey's success. Table 7 presents the typical positions and roles of the BCS implementation team members contracted by the service provider commissioned for this task. The ToR and tender documents should specify these roles and tasks during the contracting and implementation periods.

Table 7: Typical roles of the BCS implementation team

Team Positions	Role Allocation
Research Advisor	<ul style="list-style-type: none"><li>• Give guidance and support to the survey team</li><li>• Provide expert input in developing the survey methodology and framework</li><li>• Participate in key meetings</li><li>• Backstop the team with quality assurance and deliverables</li><li>• Review, refine, and help improving the survey questionnaire</li></ul>
Team Leader	<ul style="list-style-type: none"><li>• Point of contact for the client / BCS organizer</li><li>• Responsible for the overall coordination of the survey team</li><li>• Coordinate and interact with relevant authorities and agencies for enterprise mapping</li><li>• Guide research associate, enumerators, data analysts, and the report writing process</li><li>• Oversee the overall quality control of the research</li></ul>
Research Associate	<ul style="list-style-type: none"><li>• Guide field supervisors</li><li>• Translate and digitize the survey questionnaire</li><li>• Conduct data cleaning, validation, and oversee quality control</li><li>• Administer the survey instruments</li><li>• Collect secondary data</li></ul>

<b>Data Analyst(s)</b>	<ul style="list-style-type: none"> <li>• Responsible for ensuring hassle-free completion of the survey using the selected survey software, e.g., Kobo ToolBox</li> <li>• Gather regular survey data updates</li> <li>• Clean and validate the data</li> <li>• Assist the team leader to ensure a smooth survey</li> </ul>
<b>Field Supervisors</b>	<ul style="list-style-type: none"> <li>• Train the enumerators before deployment to carry out the survey</li> <li>• Oversee error-free and high-quality survey data collection</li> <li>• Guide the surveyors in the field</li> <li>• Coordinate and manage the field activities</li> <li>• Manage local municipal level coordination with relevant authorities and actors</li> <li>• Collect the details of formal enterprises from the municipalities, wards, and concerned associations.</li> <li>• Collect the details of informal, unregistered enterprises on the ground</li> </ul>
<b>Surveyor</b>	<ul style="list-style-type: none"> <li>• Conduct survey interviews with the key respondents (enterprises)</li> </ul>

Source: authors' elaboration

### 5.1.2 Communication and Survey Software

It is advisable to use a popular communication platform, such as Viber, Zalo, or WhatsApp, to communicate regularly with team members about updates and challenges they face. Sharing challenges and learning experiences within the team helps to stay informed, boosts team members' confidence when conducting the survey and helps to avoid mistakes.

In the 2024 face-to-face survey, Kobo ToolBox survey software in electronic tablets was used for field deployment. Enumerators conducted face-to-face interviews and recorded the responses on tablets simultaneously through Kobo ToolBox Survey Software. The data is stored on tablets, and at the end of the day, the enumerators upload the stored data to the Kobo ToolBox Software server. The research associate and data analyst(s) check the incoming data for inconsistencies and missing data and corrects any errors to maintain data quality. Eventually, the final data are transferred from the Kobo ToolBox to the Statistical Package for the Social Sciences (SPSS) and Microsoft Excel.

In 2020/21 and 2021/22, remote surveys were conducted as safety measures during Covid 19. The enumerators conducted a telephone survey and recorded the responses through the droidSURVEY Software on tablets in real-time. In this case, the data is stored on tablets and uploaded to the droidSURVEY Software server at the end of the day. Again, the research associates check the available data to communicate any inconsistencies in the survey. The



'droidSURVEY Software' has several features to program the survey questionnaire. It safely stores data without any possibility of tempering data. The data can be downloaded to Excel and SPSS, which helps speed up the data cleaning and analysis processes.

### **5.1.3 Field Preparation**

The surveyors and field coordinators need to thoroughly understand the questionnaire and the underlying concepts for each question. This is necessary to clarify the intention of a question to the respondents and promptly identify any inconsistencies in a respondent's answers. Therefore, selected key staff, notably the field supervisors, train the surveyors in a 1 to 2-day training session on the concepts behind each section in the questionnaire and conduct a run-through the questionnaire so that the surveyors understand each question. The training should conclude with a brief test to evaluate the success of the training measure.

Furthermore, the service provider arranges all the necessary logistics for the field orientation and the survey. This involves organizing flight tickets, road transport, accommodation, and providing the surveyor and field coordinators with a daily allowance and a travel stipend.

As a physical backup, the service provider should ensure enough printed questionnaires available for the surveyors in case the batteries in phones and tablets die and immediate charging is not possible.

### **5.1.4 Pilot survey**

A pilot survey should be conducted with at least ten companies of various sizes and industry affiliations. The pilot survey should confirm that the survey can be completed within the expected timeframe, typically within one hour. Additionally, the pilot survey helps to ensure that all questions are clear and that the optional answers developed for multiple-choice questions are consistent, comprehensive, and in a suitable order. After the pilot survey, the team leader and research assistant should convene to discuss the results and possible changes to the questionnaire. Possible changes involve converting open-ended questions into closed questions, splitting single questions into multiple questions, or rephrasing a question or a predefined answer to enhance understanding. The service provider must communicate any changes to the questionnaire to the BCS organiser for review and approval. Once the approval is received, the survey questionnaire should be finalized.

## **5.2 Technical Implementation**

The enumerators must receive a list of enterprises previously collected from multiple sources (see section 4.3 above). The municipalities, particularly the ward-level administration, should provide critical information on enterprise contact data (email, phone, address).

Each enumerator records the appointment communication details of enterprises and inserts them in a joined Google sheet. The selected enterprises are notified in advance after obtaining personalised letters for cooperation with the enterprises. The letters are issued by the BCS organisers, e.g. the GIZ project.

After receiving the respondents' consent to be interviewed, the survey is conducted face-to-face, and the responses are recorded using a licensed data collection tool, such as Kobo ToolBox.

The interview duration should not exceed 45 – 60 minutes. BCS interviews must only be held with the manager or owner of an enterprise, hence someone who knows all the details of the enterprise, its past and prospective future, the business environment and the sector in which it operates. An interview should not be conducted if the respondent is busy or engaged in other activities. Enumerators should kindly ask for an appointment based on the availability of respondents to be interviewed and without any disturbance during the interviews.

Conducting the main survey takes approximately two to three months, depending on the number of participating municipalities and the size of the survey team. Additional responses should be collected during the survey to avoid a shortage of responses due to incomplete or contradictory questionnaires or other missing details. The number of additional responses must be agreed upon between organisers and survey implementers, but it should amount to 10 % to 20 % of the targeted sample size.

### **5.3 Data validation and processing**

The survey is conducted in Nepali and typically requires translation into English before starting the data-cleaning process using SPSS software. After completing the survey, the number of datasets agreed beforehand (e.g., 5,690 in 2024) are selected based on the study's requirements. While segregating the data, consideration is given to informal enterprises, cooperatives, and women-led enterprises to avoid missing any relevant economic group.

Data are arranged in SPSS for further analysis as required. While the dataset is cleaned up and prepared, the consistency across the closed questions ('yes' or 'no') and quality ranking questions with multiple choices is carefully considered. After addressing all the above requirements, the clean dataset of all responses needs to be finalised for data analysis.

Employment figures for enterprises of similar sectors and sizes should be examined to ensure consistency. The legal registration status is verified to determine if an enterprise is informal. The number of inconsistencies is also reviewed. Data accuracy is assessed by considering enterprise revenue, location, and number of employees relative to their sector and size. All responses are checked for completeness. To maintain data orderliness, the questionnaire

design is carefully reviewed to identify any contradictory responses.

For validation and verification, research associates regularly review the collected survey data. They monitor the data daily to identify inconsistencies and missing information. Research associates should randomly contact 10% of the respondents to verify the information collected by the surveyors. If data errors or ambiguities arise, the surveyors contact the respective enterprises for clarification. Research associates make necessary adjustments to the dataset and recommend that surveyors address common issues by routinely reviewing the dataset.

The data analyses consider 49 indicators within eight sub-indices. Tables and graphs are produced as per the requirements. Municipality data are analysed to compare different indicators. Both secondary and survey data are combined to generate the municipality score for each indicator. When specific secondary data are missing, they should be retrieved from the municipality's persons in charge. Necessary data from the survey database are extracted for the Business Climate Index (BCI) calculation.

## 6. Business Climate Index (BCI)

### 6.1 Constructing the Composite BCI

An indicator is a quantitative or qualitative measure derived from a series of observed facts or perceptions that can reveal relative positions (e.g. of a municipality) in each area. A composite indicator like the BCI is formed when individual indicators are compiled into a single index based on an underlying model. A composite indicator should ideally measure multidimensional concepts that a single indicator cannot capture, e.g., economic governance, climate-smart governance, business dynamics, etc. The justification for a composite indicator lies in its fitness for the intended purpose and peer acceptance (OECD 2008).

There is a set of recommendations on how to design, develop and disseminate composite indicators that are considered for the BCI (OECD 2008):

- A **theoretical framework** should be developed to provide the basis for selecting and combining single indicators into meaningful composite indicators under a fitness-for-purpose principle. For the BCI, the key question discussed and answered is: How can economic governance and climate-smart governance be measured?
- **Indicators** should be **selected** based on their analytical soundness, measurability, municipality coverage, relevance to the phenomenon being measured, and relationship to each other. When data are scarce, the use of proxy variables should be considered. To select single indicators for the BCI, it was discussed what indicators

are sound, support the theoretical framework and offer the required data to track each indicator.

- Different approaches to **inserting missing data** should be considered. Extreme values should be examined as they can become unintended benchmarks. In the case of consistently missing data, e.g. for parts of the municipalities, solutions were found to fill the gaps, or the indicators were replaced by others that promised better data availability.
- An exploratory **multivariate analysis** should investigate the indicators' overall structure, assess the data set's suitability, and explain the methodological choices, e.g., weighting and aggregation. Multivariate analyses were challenging in Nepal due to the lack of data series for most single indicators.
- Indicators should be **normalised** to render them comparable. Extreme values should get attention as they may influence subsequent steps in building a composite indicator. Skewed data should also be identified and accounted for. A normalisation formula was adopted and used consistently to compare indicators in each sub-index (see section 6.3 below).
- Indicators should be **aggregated and weighted** according to the underlying theoretical framework. Correlation and compensability issues among indicators need to be considered and either corrected for or treated as features of the phenomenon that need to be retained in the analysis. BCI Indicators were aggregated into eight sub-indices according to relevant themes. Weighting was deliberately foregone to avoid organiser's and consultants' bias and subjectivity in assessing the importance and relevance of indicators or sub-indices. However, weighting could be introduced for future BCI calculations, if the representatives in a relevant advisory committee can agree on weights.
- Analysis should be undertaken to assess the composite indicator's **robustness**, e.g., the mechanism for including or excluding single indicators, the normalisation scheme, the imputation of missing data, the choice of weights, and the aggregation method. The robustness of the BCI was discussed within the BCS team and with stakeholders during two **methodology workshops** organised before the 1<sup>st</sup> and the 2<sup>nd</sup> editions of the BCS in Nepal.
- Composite indicators should be **transparent and able** to be decomposed into their underlying indicators or values. In the BCS report, the synopses, and the diagnostic

workshops, a decomposition from the composite BCI to sub-indices and indicators occurred to identify specific areas of strengths and weaknesses in each municipality.

- If possible, attempts should be made to **correlate** the composite indicator with **other published indicators** and identify linkages through regressions. Correlating and linking the BCI results to other indicators in economic governance at the municipal level was a challenge due to the absence of a multi-year data series of those other indicators.
- Composite indicators can be **visualised or presented** in different ways, which can influence their interpretation. The BCI data are usually presented in various graphical and tabulated forms to allow for different interpretations and to examine the results from different angles.

## 6.2 Defining Sub-indices and indicators

### BCI SUB-INDICES AND INDICATORS

Each sub-index is calculated and compared across the participating municipalities. The eight sub-indices are 1) Local Economic Performance, 2) Local Economic Governance, 3) Infrastructure, 4) Business Sentiments, 5) Business Dynamics, 6) Business Services, 7) Sustainability and 8) Climate Smart Governance. The eight sub-indices contain 49 indicators (see Figure 4).

Table 8: Definition of BCI Sub-indices and Indicators

Thematic Sub-indices of business climate	Definition	Indicators
Local Economic Performance	It measures economic growth reflected through relative size of population or enterprise population respectively, credit behaviour of entrepreneurs and their tax payments. The sub-index is a combination of four indicators. All four indicators are based on statistical data collected from different sources for each local-level unit.	No. of established enterprises per 1,000 inhabitants
		Volume of outstanding credits (2024) per enterprise population
		Growth of outstanding credits (2023/24)
		Total taxpayers 2023 per 1,000 inhabitants

Local Economic Governance	It measures how public and private institutions jointly steer the local economy. It has six indicators of which three are collected from statistical data and the remaining three indicators from survey data.	(Proposed) Municipal budget per capita (2023)
		(Proposed) Development expenditure per capita (2023)
		(Proposed) Contribution of local revenue to total budget in per cent (2023)
		Percentage of registered companies (formality)
		Average no. of days to obtain a business license/registration
		Quality of performance of government service provision
Infrastructure	It is the conditions of the basic physical and economic infrastructure and facilities that enterprises rely on to run their operation. The sub-index measures availability, access and quality of the economic infrastructure. Of the four indicators, one is collected from the survey data and the remaining three indicators are from statistical data.	Assessment of infrastructure maintenance and development
		Number of finance institutions per 100 enterprises (2024)
		Number of CTVET registered vocational training institutions per 100 enterprises (2024)
		Physical markets per 100 enterprises (2024)

<b>Business Sentiments</b>	It measures how business enterprises perceive the challenges or opportunities they face; the perception of obstacles faced, and opportunities gained; the regulatory issues that hinder the enterprise growth. It has eight indicators, for which the data is collected from the enterprise survey.	Assessment of change of business environment over the last 2 years
		Business conditions compared to 2 years ago
		Expected business conditions in the next 2 years
		Average severity of four major obstacles to doing business
		Average severity of business problems related to climate change
		Number of regulatory problems perceived by minimum 25 per cent of enterprises
		Consistent acting of government officials
		Need of informal payments in percentage

<b>Business Dynamics</b>	It measures the activity changes or continuous progress made in the business activities over time; innovation made; and future investment planned by the enterprises. The sub-index has nine indicators, for which the data is collected from the survey.	Percentage of businesses younger than 10 years
		Percentage of business with turnover more than 25 million NPR
		Need for finance (presently)
		Loan application rate (need and apply)
		Percentage of innovative firms (product innovation)
		Percentage of firms that (partially) digitalized business operation
		Percentage of enterprises invested in 2023
		Percentage of enterprises planning to invest in the next 12 months
		Average assessment of investment attractiveness of Municipality
<b>Business services</b>	It measures the services accessed, received, used by the enterprises and the quality of services for the growth of their business. It has five indicators, for which the data is collected from the survey.	Percentage of membership in business membership organizations
		Accessibility and quality of non-financial business development services
		Accessibility and quality of financial business development services (banking, insurance)
		Accessibility and quality of quality infrastructure services
		Accessibility and quality of climate relevant services (e.g. early warning system, risk assessment, advisory on climate change, climate friendly technology)



Sustainability and climate resilience	It means meeting our own needs without compromising the ability of future generations to meet their need and has three pillars – economy, environment and society. It has six indicators, of which one is collected from statistical sources and the remaining five are collected from survey data.	Size of landfill site (m2) per 1,000 inhabitants
		Quality and effectiveness of local waste management system
		Average investment activities into technical areas of sustainability/ climate resilience
		Taking measures to become resilient vis-à-vis climate change
		Responding to regulatory constraints or opportunities regarding sustainability and climate change
		Responding to market and image opportunities regarding sustainability and climate change
Climate-Smart Governance	It considers the adaptation of municipalities and enterprises to address climate change and its impacts, including implementing a Local Adaptation Plan of Action (LAPA) and climate budget coding at the municipal level. The climate-smart governance sub-index has seven indicators with two indicators from survey data and the remaining five indicators from statistics.	Climate Risk Index (VRA – Exposure – Hazard)
		Adaptation of municipal infrastructure to climate change (enterprise assessment)
		Status of the implementation of climate budget coding
		Status of LAPA preparation and implementation
		Disaster response plan and budget allocation
		Volume of municipal budget for disaster response per 1,000 inhabitants
		Degree of water stewardship (enterprise view)

Source: authors' elaboration

A more detailed description of each indicator is provided in Annexes 2 and 3.

### 6.3 Standardization and BCI Calculation

A specific formula is applied following international good practice (for instance, [www.pcvietnam.org](http://www.pcvietnam.org)) to make the qualitative and quantitative indicators and the sub-indices comparable and depict them in radar graphics or bar charts (using a 100-point scale).

Each indicator must be calculated carefully by considering whether it positively or negatively affects economic performance. A score of 1 point means the lowest possible ranking regarding economic performance; a score of 100 points means the highest possible ranking. Hence, a correct interpretation of the value of each indicator based on its nature is necessary. If an indicator is associated with positively attributing effects, the standard formulation will use the positive attribution of indicators.

The following formula (100-point scale) is used if a high score on an indicator means good performance:

$$\{99*((Municipal\ Score - Sample\ Minimum)/(Sample\ Maximum - Sample\ Minimum))+1\}.$$

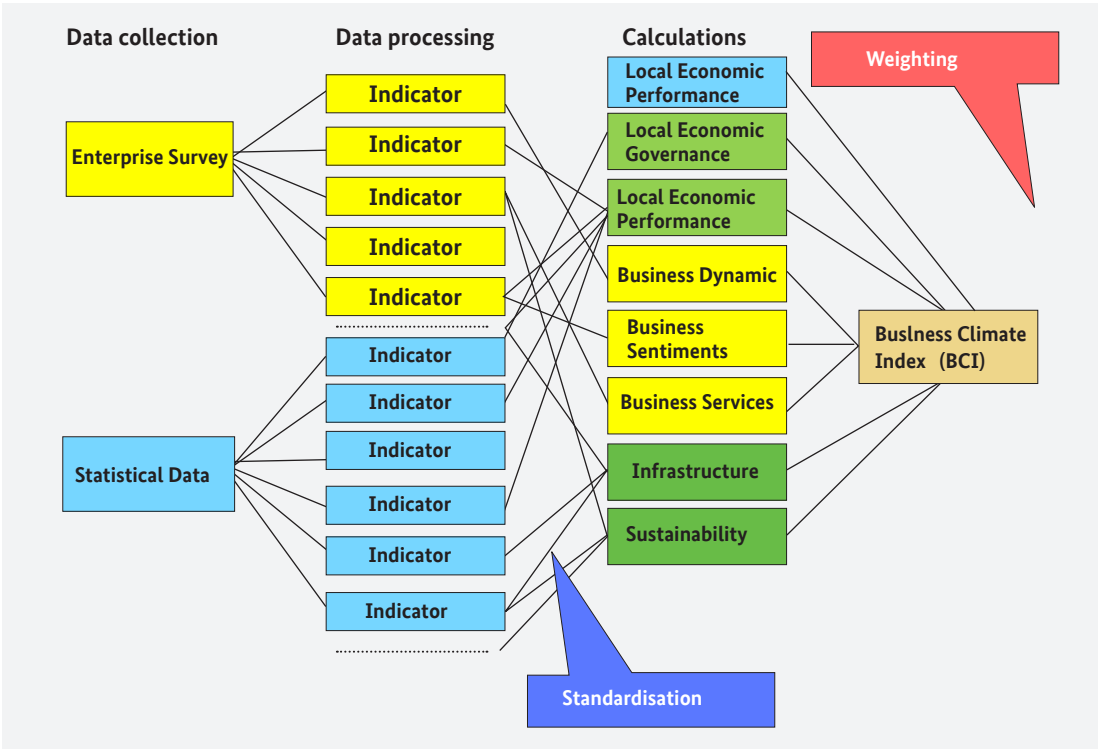
For example, the growth of outstanding credits can indicate economic performance. High credit growth rates indicate positive attribution to economic performance, and therefore, a municipality with the highest credit growth rates will receive a 100-point score for this specific indicator.

If a high score on an indicator means weak performance, the above formula (100-point scale) is subtracted from 101.

$$101-[99*((Municipal\ Score - Sample\ Minimum)/(Sample\ Maximum - Sample\ Minimum))+1].$$

For example: The average number of days to obtain a business license/registration can be used as one indicator of local economic governance. A high number of days to register or receive licenses contributes negatively to economic governance performance and territorial competitiveness. A municipality with the highest number of registration days will receive the lowest possible rate, “1” on the 100-point scale. At the same time, the municipality with the lowest number of registration days will receive the highest possible rank (“100”) for this indicator.

Figure 5: Generic BCI structure



Source: authors' elaboration

The standardisation formula applied to the indicators includes the sample minimum and maximum, besides the indicator score for each municipality. This has two implications:

1. The original indicator values differ, e.g., percentages, financial amounts, or an assessment score. Through the standardisation formula, they are all made comparable.
2. The best performer for each indicator is the positive reference, even if the value achieved is not so high. This means that the municipality's performance scores are only relative. If other municipalities participated with much higher or much lower performance, the results for all municipalities would change.

All indicators within a sub-index are then averaged to produce the final score. This approach means that the indicators within each sub-index and the sub-indices themselves are treated equally, with no weighting applied, implying that all are considered equally relevant for the municipalities' competitiveness and economic governance performance. Instead of applying weights, the average of all indicators within a sub-index is calculated to determine the sub-index score for each municipality. The average of all sub-index scores for each municipality is used to calculate the overall BCI. Assigning equal weights to all sub-indices helps minimize bias and avoids the challenge of selecting weights based on subjective perceptions of importance, relevance, or impact.

## 7. Disseminating the BCS Results

Sharing the BCS results with surveyed municipalities, businesses, policymakers, government agencies, think tanks/academia, development partners, and the media is crucial. Before publishing the report, it is advisable to have a dissemination strategy in place. Reports should be customized for different stakeholders, providing a summary with indicator-level evaluations and recommendations for municipalities and local actors, while a detailed report will cater to the needs of policymakers and government officials.

BCS results are disseminated through national, provincial, and municipality-level workshops and diagnostic sessions to highlight insights and organize multi-stakeholder dialogues (PPCD) to enhance the business environment. Visual tools like infographics can make complex data more accessible and facilitate feedback collection from businesses and governments, enhancing future surveys.

Collaborating with the media, universities, and think tanks to analyze, produce, and disseminate concise policy briefs for inclusion in government planning and decision-making is recommended.

### 7.1 BCS Results Report

After completing the BCS, a report with the final results is prepared. This report includes details about the BCS, such as its history, methodology, results, challenges, and recommendations for archiving and future use. The survey report is detailed and presented with an elaboration of findings and analysis. The generic structure of a BCS report can be found in Annex 5.

### 7.2 BCS Synopsis

Each participating municipality is showcased in a synopsis of its BCS performance, emphasizing the overall BCI and the indicators within each sub-index. The purpose of these synopses is to provide a comprehensive examination of the BCS results for each municipality. They include visual representations of the results for future reference by the respective municipalities.

The synopsis provides general information about the BCS and its overall findings. It also features graphical representations of the results at each municipality's sub-index and indicator levels and a summary of these results. Additionally, the synopsis highlights each municipality's strengths and weaknesses based on the BCS indicator-level findings. This independent document is distributed to participants at the diagnostic workshop in each municipality.

Annex 6 presents the standard synopsis structure.

### **7.3 BCS Dissemination Workshop at the federal level**

The BCS Dissemination Workshop at the federal level aims to share the BCS key results and the methodology applied with the larger stakeholder community. The federal-level BCS dissemination workshop offers a platform to award municipalities for their high performance in the overall business climate index and in each sub-index, recognizing their performance and encouraging future improvement. The invitees to the workshop typically include representatives from the federal and provincial ministries and line agencies, local governments, planning commissions, the private and cooperative sectors, development partners, academia, media and institutions working on economic development. The usual dissemination workshop agenda is presented in Annex 7.

### **7.4 Diagnostic Workshop at the municipal level**

The municipal diagnostic workshops aim to dive deeply into the components of a respective municipality's overall business environment based on survey results and statistics. The workshop intends to support each individual municipality in improving its economic governance and business environment by elaborating targeted recommendations. Further, the key objective of the workshop is sharing, disseminating, and discussing key municipal BCS results with the local stakeholders and providing targeted recommendations to improve economic governance and the business environment.

The diagnostic workshop provides an opportunity for all local stakeholders to come together in a dialogue forum and discuss the shortcomings and potentials identified by the BCS. The input from the workshop should be well considered and integrated into the municipality's planning process. The typical diagnostic workshop agenda is presented in Annex 8.

## **8. Challenges and recommendations**

### **8.1 Possible challenges**

Like other enterprise surveys in Nepal, the BCS has encountered numerous challenges, from accessing the sample framework to conducting field surveys.

In all BCS editions, the challenges are unique but exhibit similar patterns, especially in the context of climatic conditions and difficult geographic terrain. The challenges also include the difficulty of gathering enterprise details from multiple sources or the concern of participating businesses/enterprises about legal consequences (a significant proportion of surveyed enterprises are “informal” and thus not registered with the authorities).

Some further key challenges are listed here:

- The first two editions of Nepal's BCS were conducted virtually (thanks to COVID-19), the third edition onsite. The telephone survey had a higher percentage of refusals compared to onsite in-person surveys.
- It was challenging to locate suitable surveyors in some locations because the Karnali and Sudurpashchim provinces have difficult geographical terrain, and this survey required surveyors to travel to municipalities in the high mountains.
- Finding qualified surveyors is always a challenge, particularly in rural areas. If the within the timeframe of the assignment is tight, surveyor recruitment is proved to be particularly challenging.
- Rugged terrain and the remoteness of many locations meant longer-than-anticipated travel times and fewer surveys completed daily. The rough geographical terrain in Joraya and Badi Kedar made it challenging to locate survey respondents and complete the survey within the allocated timeframe. This was also true for Bhairabi, Dullu, and Bhagwatimai Rural municipalities and Dullu Municipality.
- Severe weather conditions in Simkot and Kharpunath Rural municipalities made travelling difficult.
- Persistent snowfall in the survey regions (the survey was conducted in winter) exacerbated mobility issues, making it exceedingly challenging to access various sections and meet sampling requirements. Transportation options were unreliable, often requiring weather clearance or queuing for flight tickets.
- Accessing Budhinanda Municipality, Swamikartik Khapar, and Himali Rural municipalities proved difficult, and transportation to those locations was demanding and expensive. The population density in these locations is very low, resulting in extensive foot travel to locate survey respondents.
- Delays in completing the work within schedule posed potential financial and time risks for the project. Delays can happen due to surveyors' illness or family emergencies, leaving the service provider scrambling to hire replacements.

It is always wise to anticipate potential challenges and proactively devise strategies to address them. This includes carefully selecting and briefing surveyors through various channels, ensuring they are well-informed about the project's objectives and challenges. The solution was to prioritize hiring surveyors from these specific regions. This approach offered several advantages, including the surveyors' familiarity with local weather conditions and terrain and smoother interactions with respondents during interviews.

## 8.2 Hints and Tips for Future Replication

The collective experience of the survey team has resulted in several recommendations for similar future work.

- a. It is best to conduct the survey at the respondents' preferred time, as that will generate better engagement and better responses from respondents.
- b. Considering that even formal, registered enterprises are hesitant to answer questions from some research agency/agencies located far away from their geographical area, ward-level and municipal-level government institutions should issue official letters encouraging the enterprises' participation in the survey.
- c. However, the situation of informal and unregistered enterprises is often different. If authorization letters from government institutions are available, it may cause rather further hesitation among informal and unregistered enterprises. Here, it is particularly important to highlight that only aggregated results will be published, and no individual questionnaires will be shared with local authorities or other parties.
- d. The survey length matters. In survey design, there is always a trade-off between the surveyor's desire to ask every possible question and the likelihood that respondents will stay sufficiently engaged to answer all the questions. The balance must be right.
- e. Some open-ended questions may be useful, but they generate various answers/responses that are sometimes difficult to analyze and categorize. Exploring and identifying possible responses and designing close-ended questions with "other" options is a better approach.
- f. Respondents are reluctant to answer questions about finance or financing. In future surveys, those questions could be formulated differently. Perhaps multiple-answer options with scales/range of financial data are a better approach than leaving such questions open-ended.
- g. Obtaining good data/information on "climate change" related topics was difficult because respondents were not very knowledgeable on the issue despite it posing challenges to their business. Better knowledge/information sharing and capacity building on climate change at a grassroots level are necessary for surveys to extract meaningful conclusions from survey responses on the issue.
- h. Due to the challenges of obtaining municipal-level data, there is a clear need for a centralized digital repository for information on municipal enterprises.

### 8.3 Recommendation on institutionalizing the BCS in Nepal

The recommendation on institutionalizing and upscaling the BCS in Nepal can be summarised as follows.

- a) Disseminate the BCS results at the local level with the participation of all relevant stakeholders to foster ownership of the results.
- b) Organize timely BCS diagnostic workshops in each municipality to highlight local strengths and weaknesses and brainstorm ways to improve weaker indicators.
- c) Afterward, share the BCS diagnostic reports with municipalities, enabling them to follow up on feasible improvement measures discussed and incorporate these into next year's municipal budget.
- d) Widely disseminate the BCS results to relevant partners and stakeholders.
- e) Transfer research processes and provide technical assistance to national-level organizations to enable them to adopt and utilize the BCS for future use.
- f) Use the data and findings in policy discussions for targeted interventions at the local and provincial levels.
- g) Establish a BCS advisory committee to play a key role in institutionalizing the BCS in Nepal. This committee could be led by either MoFAGA or FNCCI and include MOICS, NPC, FNCCI (or MoFAGA), MOLCPA, and development partners.
- h) Implement the BCS through FNCCI with support from an independent service provider, ideally every two or three years, to allow municipalities time for meaningful improvement.
- i) Adjust the BCS to generate specific information that helps track economic survey indicators under MoFAGA's new flagship LED program, which may receive wider recognition once operational.
- j) Consider developing an economic governance certification scheme and platform for municipalities in Nepal. This could be based on future BCS results and potentially integrated with MOFAGA's Local Government Institutional Capacity Self-Assessment (LISA) results. Such a scheme would provide a balanced perspective by incorporating government self-assessment and enterprise viewpoints, encouraging more municipalities to participate in future BCS editions and forming a coalition of organizations promoting this initiative. A relevant example of a municipal certification scheme is the Business Friendly Certification scheme in Southeast Europe, although it does not include an enterprise survey component<sup>9</sup>.

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<sup>9</sup> <https://bfc-see.org>



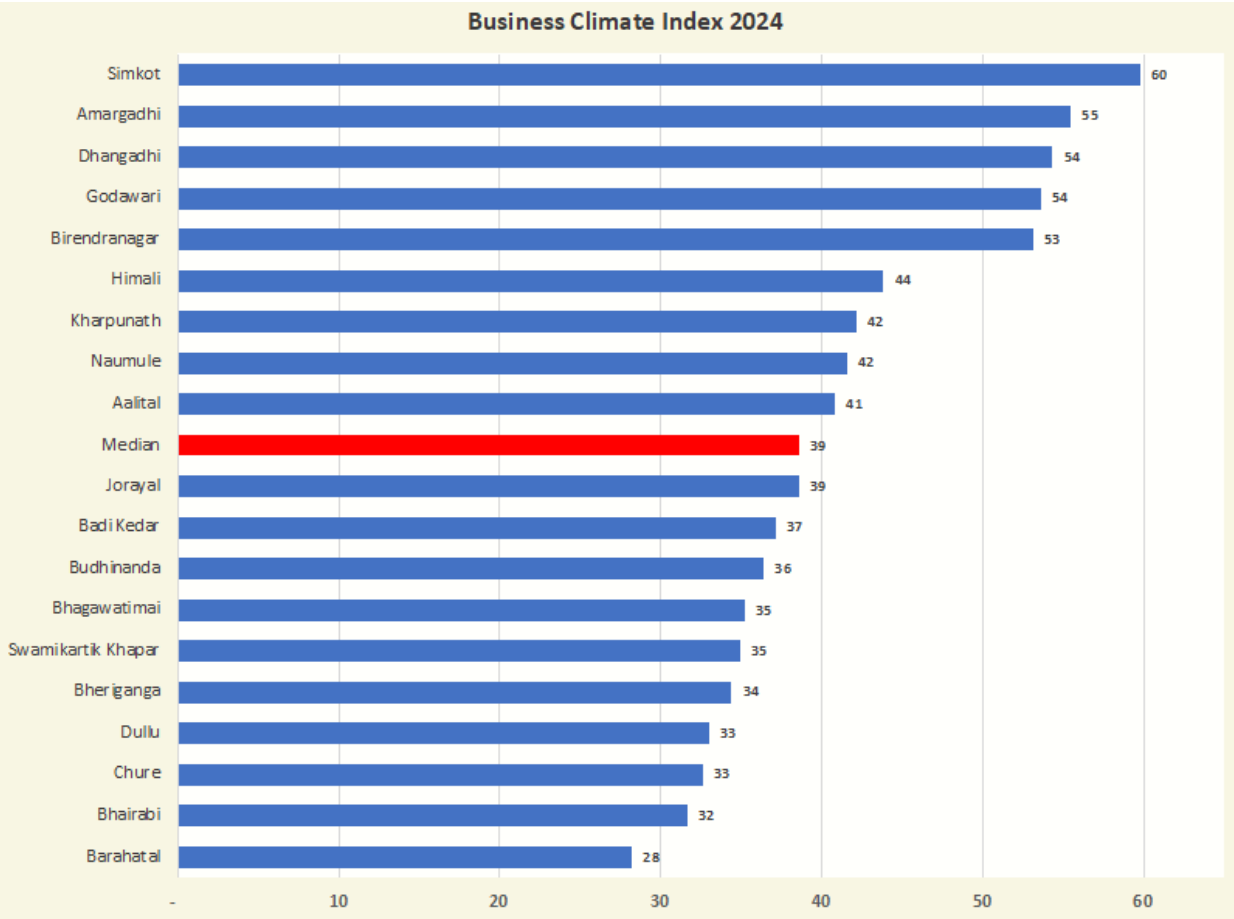
# 9. Annex

## 9.1 Annex 1: GIZ’s recent BCS experience in Nepal

### Recent Experience on BCS: Key results of the BCS 2024

The BCS 2024 is conducted as an interview-based, onsite survey with a total sample size of 2,472 enterprises and cooperatives across 19 municipalities, of which 35 % are women-owned enterprises, and 24 % belong to the informal sector. The sample reflects the actual economic structure of the municipalities: 67 % of surveyed enterprises belong to the trade/service sector, 11 % to the manufacturing sector and 22 % to agriculture. 96.48 % of respondents are micro-enterprises, 3.4 % are small enterprises, and 0.12 % are medium-sized enterprises, respectively.

Figure 6: BCI ranking table 2024



Source: authors’ elaboration

The ranking table below reflects the municipalities’ relative performance on a 1-100 scale. The overall Business Climate Index (BCI) comprises a diverse range of eight sub-indices: 1) *Local Economic Performance*, 2) *Local Economic Governance*, 3) *Infrastructure*, 4) *Business Sentiments*, 5) *Business Dynamics*, 6) *Business Services*, 7) *Sustainability and Climate Resilience*, and 8) *Climate*

*Smart Governance*. Across all eight sub-indices, 49 indicators were applied, partly based on the survey results and partly on statistics. The median score for the BCI 2024 is 39.

Table 9: Comprehensive results table 2024

No.	Municipalities	Local Economic Performance	Local Economic Governance	Infrastructure	Business Sentiments	Business Dynamics	Business Services	Sustainability	Climate Smart Governance	BCI 2024
1	Kharpunath	30	64	17	84	30	27	31	54	42
2	Simkot	57	67	43	82	28	53	68	79	60
3	Naumule	14	56	23	55	62	32	33	56	42
4	Bhairabi	21	57	23	25	53	11	39	25	32
5	Dullu	23	36	33	53	54	16	13	36	33
6	Bhagawatimai	9	45	28	36	37	3	64	59	35
7	Bheriganga	29	42	34	25	36	24	29	56	34
8	Birendranagar	56	64	60	50	50	27	62	56	53
9	Barahatal	19	37	37	67	32	10	12	10	28
10	Himali	40	36	43	79	72	18	21	41	44
11	Budhinanda	29	45	33	68	50	20	17	29	36
12	Swamikartik khapar	12	45	44	50	50	7	23	48	35
13	Badi Kedar	7	46	60	67	43	7	24	43	37
14	Joroyal	23	39	57	73	51	20	7	39	39
15	Chure	16	42	47	58	50	9	19	21	33
16	Godawari	37	63	52	59	62	76	42	38	54
17	Dhangadhi	60	59	61	69	39	62	47	38	54
18	Amargadhi	42	50	56	60	54	24	32	31	55
19	Aalital	39	58	49	38	54	24	32	31	41
	Median	29	46	43	59	50	20	31	41	39

Source: authors' elaboration

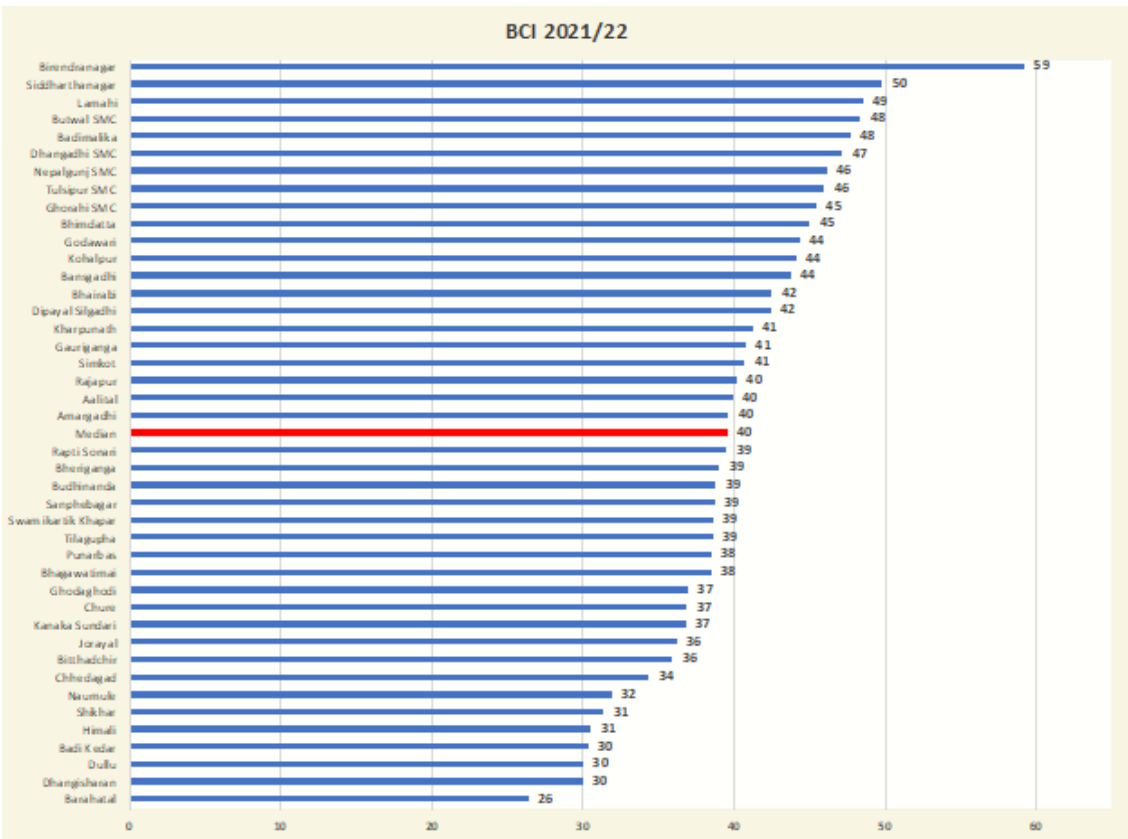
The performance of the municipalities for each sub-index shows different results across the municipalities. Dhangadi is the best performer regarding *Local Economic Performance* and has a better developed basic and economic *Infrastructure* than other municipalities. Simkot excels in *Local Economic Governance* among all the surveyed municipalities. *Sustainability and Climate Resilience* is also best developed among enterprises and the municipality in Simkot, leading to investments in sustainable solutions by both the public and private sectors. In addition, Simkot has assessed the highest level of the Climate Smart Governance.

The *Business Sentiments* are most optimistic in Kharpunath, while Himali shows the highest level of *Business Dynamics*. Enterprises in Godawari most positively assess the accessibility and quality of *Business Services*.

**BCS 2021/2022**

In 2021/2022, the second application of the BCS 2021/2022 survey was conducted with 5,690 enterprises and cooperatives across 42 municipalities. The sample reflects the actual economic structure in the municipalities: 67.5 % trade/service sector, 5.5 % manufacturing sector and 26.9 % agriculture, 95.2 % of respondents are micro-enterprises, 4.6 % small enterprises, 0.3 % medium-sized and 0.1 % large firms.

Figure 7: BCI ranking table 2021/22



Source: authors' elaboration

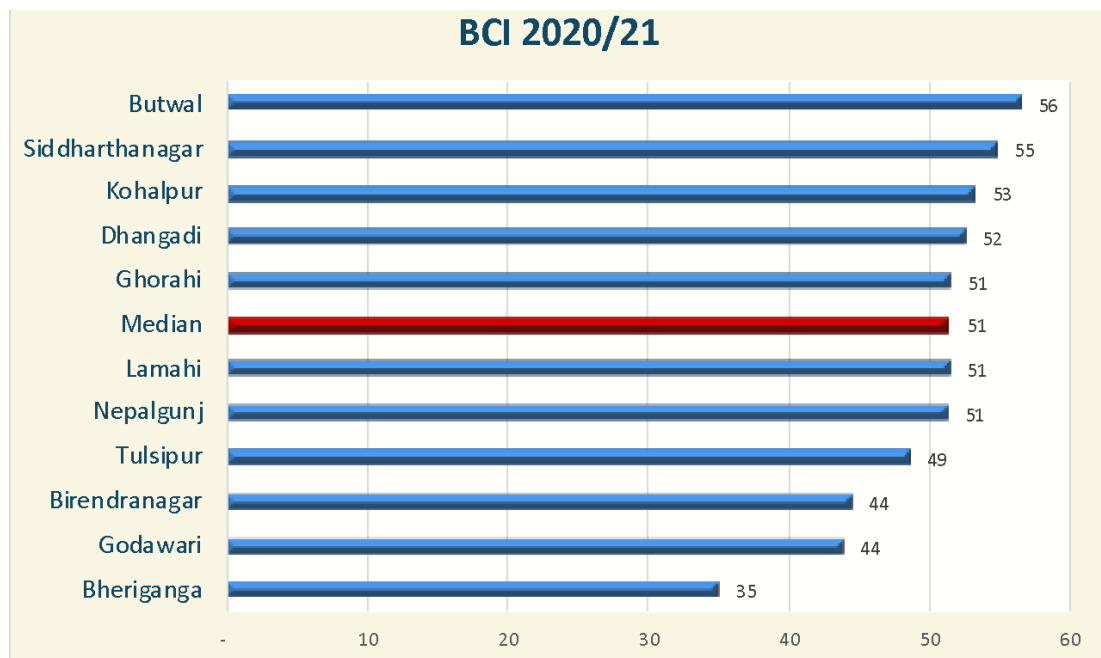
The overall Business Climate Index (BCI) consists of eight sub-indices: 1) Local Economic Performance, 2) Local Economic Governance, 3) Infrastructure, 4) Business Sentiments, 5) Business Dynamics, 6) Business Services, 7) Sustainability and Climate Resilience, and 8) Climate Smart Governance. The eight sub-indices contain 49 indicators, partly based on survey results and partly on statistics.

The median score for the BCI 2021/22 is 45. Birendranagar Municipality, with a total average score of 59, stands ahead of the other 41 municipalities in the Business Climate Index. Siddharthanagar Municipality and Lamahi Municipality ranked 2<sup>nd</sup> and 3<sup>rd</sup> in 2021/2022. Barahatal ranked 42<sup>nd</sup> out of all municipalities, with the lowest score of 26.

## BCS 2020/2021

The BCS 2020/2021 survey was conducted with 1,788 enterprises across 11 municipalities. The sample reflects the actual economic structure in the municipalities: 88.3% trade/service sector, 10.8% manufacturing sector, and 1.1% agriculture. 95.2% of respondents are micro-enterprises, 4.4% small enterprises, 0.3% medium enterprises, and 0.1% large firms, respectively.

Figure 8: BCI ranking table 2020/21



Source: authors' elaboration

In this survey, the overall Business Climate Index (BCI) consists of seven sub-indices: 1) Local Economic Performance, 2) Local Economic Governance, 3) Infrastructure, 4) Business Sentiments, 5) Business Dynamics, 6) Business Services, and 7) Sustainability. Across all seven sub-indices, 47 indicators were applied, partly based on the survey results and partly on statistics. The median score for the BCI 2020/21 is 52. Butwal, with a total average score of 57, stands ahead of the other ten municipalities in the Business Climate Index. Siddharthanagar and Kohalpur are ranked 2<sup>nd</sup> and 3<sup>rd</sup> in 2020/2021. Bheriganga ranked 11th out of all municipalities, with the lowest score of 35.

## 9.2 Annex 2: List of Indicators per Sub-index

Sub-Index and Indicator	Description	Survey Question Number or Secondary data sources
Sub-Index: Local Economic Performance	Four indicators are considered. Secondary data related to each municipality was also considered.	
1. Number of established enterprises per 1,000 residents	Number of established enterprises registered in each municipality as per the economic census, 2018 was taken into consideration. Number of residents was taken from the 2021 census data.	<a href="https://cbs.gov.np/national-eeconomic-census-2018-ward-profile-tables-data-in-pdf/">https://cbs.gov.np/national-eeconomic-census-2018-ward-profile-tables-data-in-pdf/</a>
2. Volume of outstanding credits 2023 per enterprise population	Nepal Rastra Bank published the 2023 outstanding credit data for commercial banks, development bank and finance company for each municipality.	<a href="https://emap.nrb.org.np/">https://emap.nrb.org.np/</a>
3. Growth of outstanding credits 2022/2023	Outstanding credit information from the year 2022 and 2023 was taken to calculate the growth of outstanding credit 2022/2023.	<a href="https://emap.nrb.org.np/">https://emap.nrb.org.np/</a>
4. Total taxpayer, 2024 /1000 residents	Total taxpayer business enterprises were obtained from the Internal Revenue Department.	<a href="http://ird.gov.np">http://ird.gov.np</a>
Sub-Index: Local Economic Governance	A combination of both secondary and survey data are used. Three indicators are based on statistical data and three are from survey data.	
5. Proposed municipal budget per capita	Proposed budget of F/Y 2080/81 was considered	Policy, budget & program document, budget speech document of concerned municipality of particular year

6. Proposed development expenditure per capita	Proposed capital expenditure of F/Y 2080/81 was considered	Policy, budget & program document, budget speech document of concerned municipality of particular year
7. Local revenue per capita	Proposed internal revenue of F/Y 2080/81 was considered	Profit and loss statement document of concerned municipalities of particular year
8. Firm registration	During the survey, enterprises were asked about their legal registrations with their municipality. The percentage of registered firms was considered in the study and the informal or unregistered firms were excluded.	Q13
9. Average number of days to obtain a business license/ registration	During the survey, enterprises shared the number of days they had to invest in getting the particular legal certification	Q38
10. Quality of performance of government service provision	During the survey, enterprises shared about quality of local government support services for the business sector.	Q42
Sub-Index: Infrastructure	Three sub-indicators are selected from secondary sources, and one was selected from the survey to assess the infrastructure quality	
11. Assessment of infrastructure maintenance and development (municipality/Sub Metropolitan City (SMC))	In the survey, the enterprises were asked to share their views on the development and maintenance of basic municipal infrastructure such as transportation, water supply, and sewage.	Q44

12. Financial Institutions / 100 enterprises (2024) (municipality / SMC)	Number of financial institutions (Commercial Bank, Development Bank, Finance Company, and Microfinance institutions regulated by NRB) in each municipality was considered	www.financialnotices.com  www.nrb.org.np
13. CTNET / 100 enterprises (2024)	Number of CTNET registered institutions and vocational training institutions in each municipality were considered	http://ctnet.org.np/trainingportal/public/
14. Physical Markets / 100 enterprises (2024)	Major market areas in the municipality based on revenue collection and major economic activities were considered	Concern department of concern municipalities
Sub-Index: Business Sentiments	Eight indicators are generated from the survey to measure business conditions	
15. Assessment of change of business environment over last two years	General business environment today compared to two years ago (towards the end of the Covid-19 crisis). The five-point Likert scale was developed to measure it.	Q27
16. Own business condition compared to five years ago	Own business condition today in comparison to five years ago (before the Covid-19 crisis). The five-point Likert scale was used.	Q28
17. Own business condition compared to two years ago	Own business condition today in comparison to two years ago (towards the end of the Covid-19 crisis). The five-point Likert scale was used.	Q29
18. Expected own business condition in next two years	Own business condition expected in next two years. The five-point Likert scale was used.	Q30
19. Average severity of major obstacles to doing business	Average severity of four major obstacles (security of businesses, local level taxes, access of permission, access of business information) while operating business in the municipality were considered.	Q31

20. Average severity of business issues related to climate change	Average severity of climate change issues and impact in the municipality.	Q31/E
21. Consistent acting of government officials	Assessment of consistent and predictable interpretations of regulations by government officials. The five-point Likert scale was used.	Q35
22. Number of regulatory problems perceived by minimum 25% of enterprises	Issues and their severity perceived by minimum 25 percent of enterprises while dealing with local government and the severity for business. The five-point Likert scale was used.	Q33
23. Need of 'informal' Payment in %	Enterprises with experience making informal payments for getting things done. The five-point Likert scale was used.	Q34
Sub-Index: Business Dynamics	Business dynamics, nature, practice and investment culture are considered	
24. Young businesses	% of business younger than 10 years of operation	Q10
25. Business with turnover more than Rs25 million	% of business with turnover/sales more than Rs 25 million last year	Q21
26. Need for finance (presently)	Need for additional financing at present by the enterprises in each municipality	Q47
27. Loan application rate (need and apply)	Intention of enterprises to apply for credit to obtain additional finance from different financial institutions as well as informal sources such as money lenders.	Q48 & 49
28. Digitizing business operation	Fully or partially digitalizing business operations by enterprises	Q58
29. Innovative firms (Product Innovation)	% of enterprises that introduced innovation, particularly product innovation in the last two years	Q57



30. Future investment plan	% of enterprises that have plan to increase investment in the next 12 months	Q53
31. Investment attractiveness	Assessment of investment attractiveness of a municipality. The Likert scale is used.	Q54
Sub-Index: Business Services	Accessibility of business support services and their quality are measured through different indicators obtained from the survey	
32. Member of business membership organization (BMO)	Enterprises that are members of BMOs (association/chamber)	Q61
33. Non-financial business development support (BDS)	Non-financial BDS service includes accounting, audit, taxation, marketing, management consultancy, human resource consultancy, and export and logistics services	Q59
34. Business Support Services (BSS)	Accessibility and quality of non-financial BDS service includes accounting, audit, taxation, marketing, management consultancy, human resource consultancy, export and logistics, financial BDS services (banking, insurance), including banking services for general purposes and for women-led enterprises and insurance	Q59
35. Quality infrastructure services	Accessibility and quality of quality infrastructure services like certification, testing, calibration etc.	Q59
36. Climate-relevant services	Accessibility and quality of climate-relevant services in each municipality.	Q60
Sub-Index: Sustainability and Climate resilience	One indicator was from secondary sources and five are obtained from the survey	
37. Size of landfill site (square meter) / 1,000 residents	Solid waste disposal landfill site area per 1,000 residents in each municipality	Concerned department of municipalities

38. Solid waste management system	Quality and effectiveness of local solid waste management system (regular collection, on timely basis, and whether the solid waste is dumped in an environmentally responsible way). The Likert scale was used.	Q63
39. Sustainability / climate resilience investment	Enterprise's investment in areas of sustainability and climate resilience (electricity saving, use of renewable energy, environmental certification of products or processes, supply chain efficiency, etc)	Q66
40. Becoming climate change resilient	Measures taken to become climate change resilient, including stricter environmental regulation	Q68/12
41. Sustainability / climate change constraints	Regulatory constraints faced on sustainability and climate change in each municipality by the enterprises.	Q68/9
42. Responding to sustainability / climate change	Market and image building opportunities on sustainability and climate change	Q68/11+13
Sub-Index: Climate-smart Governance	Two indicators are from secondary source and six were from the survey	
43. Climate Risk Index (VRA—Exposure—Hazard)	Exposure, sensitivity, adaptive capacity, and vulnerability situation data of the concerned municipality obtained from secondary sources	Vulnerability and Risk Assessment (VRA) and Identifying Adaptation Options (Annex 4 & 5) published by the Ministry of Forest and Environment, 2021
44. Adaptation of municipal infrastructure to climate change (enterprise assessment)	Municipality working on reducing the loss and damage of basic municipal infrastructure through climate change impacts. The Likert scale was used.	Q45

45. Status of implementation of climate budget coding	Awareness and application of climate budget coding, through three categories.	Annual fiscal budget and relevant department of the municipality
46. Status of Local Adaptation Plan of Action (LAPA) preparation and implementation	Preparation of each municipality in LAPA; Determining LAPA implementation stages	Annual fiscal budget and relevant department of the municipality
47. Disaster response plan and budget allocation	Disaster response plan and its related budget allocation per municipality, based on three stages. First stage: disaster response plan formulation or not; Second stage: whether the municipality allocated the disaster response budget or not; and Third stage: budget for disaster response spent or not.	Annual fiscal budget and relevant department of the municipality
48. Volume of municipal budget for disaster response/1,000 residents	Municipal budget allocation for disaster response	Annual fiscal budget and relevant department of the municipality
49. Degree of water stewardship (enterprise view)	Responsible usage of water in each municipality by the enterprises	Q67

[1] <https://www.jstor.org/stable/41856346>

[2] <https://www.oecd.org/cfe/leed/35125736.pdf>

[3] <https://www.mcgill.ca/sustainability/files/sustainability/what-is-sustainability.pdf>

### 9.3 Annex 3: Sub-indices, indicators, and their formula

Indicator	Formula for calculating indicators	Standardisation Formula
<b>Sub-Index: Local Economic Performance</b>		
1. Number of established enterprises per 1,000 residents	# of established enterprises per 1,000 residents = municipal population / (# of enterprises in the municipality/1,000)	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}
2. Volume of outstanding credits 2023 per enterprise population	Year 2023 outstanding credit / # of enterprises in the municipality	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}
3. Growth of outstanding credits 2022/2023	{{(Outstanding Credits 2023 – Outstanding Credits 2022)/ Outstanding Credits, 2022}	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}
4. Total taxpayers 2024/1000 residents	# Total taxpayers 2024 / 1,000 inhabitants	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}
<b>Sub-Index: Local Economic Governance</b>		
5. Proposed municipal budget per capita	Proposed municipality budget 2023 / # inhabitants of municipality	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}
6. Proposed development expenditure per capita	Proposed municipality Development Expenditure 2023 / # inhabitants of municipality	{99*((Concerned Municipality # – Minimum Municipality #)/(Maximum Municipality # – Minimum Municipality #)) +1}

7. (Proposed) Contribution of local revenue to total budget in per cent (2023)	Share of local revenue to total budget 2023 in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
8. Firm registration	# registered enterprises / all enterprises in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
9. Average no. of days to register/obtain a business license	No. of days for obtaining a business license or registration	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
10. Quality of performance of government service provision	Government support services rated very good / good in % of survey respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
Sub-Index: Infrastructure		
11. Assessment of infrastructure maintenance and development (municipality /SMC)	Agree / fully agree / # respondents per municipality in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
12. Density of financial institutions (2024)	# Financial institutions / 100 enterprises	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
13. Density of CTNET training centres (2024)	# CTNET / 100 enterprises (2024)	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$

14. Density of physical market (2024)	# Physical markets / 100 enterprises (2024)	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
<b>Sub-Index: Business Sentiments</b>		
15. Business environment changes last 2 years	A-lot-better & better in % of mun. respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
16. Business condition in last 2 years	A-lot-better & better business conditions in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
17. Expected business condition in next 2 years	Will-be-a-lot-better & better business conditions in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
18. Average severity of 4 major obstacles to doing business	Average severity (severe & major assessment of problems) of 4 major obstacles of municipality	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
19. Aver. severity of business problems related to climate change	# of problems related to environmental / climate-related regulations perceived by min. 25% respondents	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
20. No of severe regulatory problem	No of regulatory problems perceived by min 25% of enterprises	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
21. Consistent acting of government officials	Enterprise assessment: fully agree & agree to consistent acting in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$

22. Informal payment	'Yes' to informal payments in % of municipality respondents	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
Sub-Index: Business Dynamics		
23. Percentage of business younger than 10 years	Enterprises operating 10 years or less in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
24. Percentage of business with turnover more than 25 million	Enterprises with 25 Mi IDR turnover or more in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
25. Need for finance	Enterprises with a current need for additional finance in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
26. Intention for credit application (loan application rate)	Enterprises who intend to apply for loan in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
27. Product innovation	Enterprises who conducted one or more product / service innovations in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
28. Digitalizing business operation	% of enterprises that digitalized business operations or parts thereof	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
29. Investment in 2023	Enterprises who invested in 2023 in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$

30. Investment plans in next 12 months	Enterprises who will invest in next 12 months in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
31. Investment attractiveness of municipality	Attractive / highly attractive locational factor assessment of municipality by the enterprises	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
<b>Sub-Index: Business Services</b>		
32. Membership in BMOS	% of membership in business membership organisations (BMO)	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
33. Accessibility and quality of non-financial BDS	Non-financial BDS: accessibility and good / very good-rating in % of respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
34. Accessibility and quality of financial BDS (banking, insurance)	Financial BDS: accessibility and good / very good-rating in % of respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
35. Accessibility and quality of QI Services	Quality infrastructure services: accessibility and good / very good-rating in % of respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
36. Accessibility and quality of climate-relevant services	Climate-relevant services: accessibility and good / very good-rating in % of respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
<b>Sub-Index: Sustainability &amp; Climate Resilience</b>		



37. Relative size of landfill site	Size of landfill site (m2) / 1,000 inhabitants	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
38. Quality and effectiveness of local solid waste management system	Enterprise assessment: Fully agree / agree on quality and effectiveness of local waste management system in % of respondents	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
39. Average enterprise investment in areas of sustainability / climate resilience	% of enterprises who invested in technical areas of sustainability / climate resilience	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
40. Taking measures to become resilient vis-à-vis climate change	% of enterprises taking measures to become climate-change-resilient	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
41. Responding to regulatory constraints or opportunities regarding sustainability / climate change	% of enterprises responding to registration constraints / opportunities on sustainability / climate change	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
42. Responding to market and image opportunities regarding sustainability / climate change	% of respondents responding to opportunities on sustainability / climate change	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
Sub-Index: Climate-smart Governance		
43. Climate Risk Index	Municipality ranking in Climate Risk Index (VRA-Exposure-Hazard)	$101 - \{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$

44. Responding to adaptation of municipal infrastructure to climate change	Enterprise assessment: fully agree / agree on municipality's efforts to reduce the loss and damage of basic municipal infrastructure through climate change issues in %	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
45. Status of the implementation of climate budget coding	Preparation, awareness and capability of climate budget coding by municipality	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
46. Status of Local Adaptation Plan of Action (LAPA): preparation and implementation	Municipal status of LAPA preparation (completed, in process, not started) and implementation (ongoing, not started)	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
47. Disaster response plan and budget allocation	Disaster response plan in place and disaster response budget allocated	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
48. Volume of municipal budget for disaster response/1,000 residents	Disaster response budget divided by number of inhabitants by 1,000	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$
49. Degree of water stewardship	% of enterprises using water responsibly to some degree	$\{99 * ((\text{Concerned Municipality \#} - \text{Minimum Municipality \#}) / (\text{Maximum Municipality \#} - \text{Minimum Municipality \#})) + 1\}$

## 9.4 Annex 4: Model ToR for Survey Implementer

1. **Brief information on the project**
2. **Context and Rationale for the BCS [Year]**
3. **Objectives of BCS [Year]**

The key objective of the Business Climate Survey [Year] is to assess the overall business environment at the municipality level, economic governance, climate resilience, confidence, performance, competitiveness, and prospects of enterprises and cooperatives in the selected municipalities and measure the progress made by the municipalities in comparison to their situation two years or three years ago.

The specific objectives are as follows:

- Monitoring the attractiveness and competitiveness of selected municipalities for retaining or attracting business operation and investment activities
- Measuring the quality of economic governance (economic regulations and services) across municipalities
- Measuring the quality of climate-resilient governance and climate-resilience (climate-related regulations, services and investments) across municipalities
- Measuring the performance of the private sector, including cooperatives in the areas of investment, employment, trade and legal compliance and sustainability
- Calculating a Business Climate Index (BCI) to create a ranking and healthy competition between municipalities and to stimulate an improved performance of municipalities
- Providing input for policy dialogue and planning at the municipal and provincial level
- Compare the progress against the BCS results from the year(s) [Year(s)] (*if earlier BCS in those municipalities occurred*)

### 4. Tasks to be performed by the contractor

The scope of work to be conducted by the national service provider comprises:

- Participating in the discussion with the client on adjusting the methodology as needed.
- Based on the methodological adjustment, the survey questionnaire used in the previous BCS [.....] will be reviewed and refined, and the surveyors will be trained.
- Selecting a suitable software for processing soft and hard data

- Conducting an enterprise survey in the selected municipalities
- Collecting required secondary data to establish the survey sample framework and to populate statistical indicators for the calculation of the Business Climate Index (BCI)
- Data entry, processing and analysis
- Reporting on activities conducted and the survey approach applied
- Updating the methodology report from the previous BCS [.....] and providing inputs to an update of the BCS manual
- Providing recommendations on the future improvement of the survey

The estimated time to accomplish the assignment is approximately four to six months (depending on the number of participating municipalities), with the tentative breakdown of activities and days needed. The survey will commence in month/year and end in month/year. Certain milestones, as laid out in the table below, are to be achieved by certain dates during the contract terms and at locations:

Activity	Timeframe	Remarks
<b>Preparatory work</b> <ul style="list-style-type: none"> <li>• Adjustment of the methodology and tools</li> <li>• Identification and orientation of enumerators for the survey</li> <li>• Conduct and pilot test survey</li> <li>• Construct the sample structure</li> <li>• Mapping of enterprises / cooperatives as potential survey candidates</li> <li>• Establishing a sample frame</li> <li>• Revision of survey methodology and work plan package based on feedback received</li> </ul>	<b>Date of completion:</b> [month/year]  <b>Time needed: 1-2 months</b>	<b>Inception report</b> (can be in the form of a PowerPoint Presentation delivered online to the client).
<b>Carrying out of the actual Survey (selected municipalities)</b> <b>Validation of each survey response</b>	<b>Date of completion:</b> [Date]  <b>Time needed: 2-3 months</b>	<b>The service provider must assure the availability of the qualified team composition (lead/ members) to accomplish the assignment in the given time.</b>

<b>Data entry, tabulation and analysis</b>	<b>Date of completion:</b> [Date] <b>Time needed: 1 month</b>	<b>In close coordination with the client</b>
<b>Writing of BCS results report and the Synopsis InfoGraphic on key results Preparing selected BCS / BCI results for the website</b>	<b>Date of completion:</b> [Date] <b>Time needed: 1-2 months</b>	<b>Capturing the key results, methodological approach, the technical solutions and adjustments, lessons learnt and recommendations for the future</b>

## 5. Methodology and Approaches

The survey is supposed to cover the following issues and ensure comparable results over time and between municipalities. The survey will be conducted in the selected municipalities in [...] provinces. The methodology should include, but must not be limited to:

- Development/adaptation of a structured questionnaire to gather quantitative data.
- Questionnaire-based interviews with enterprise owners or managers.
- Data processing and analysis supporting the Business Climate Index (BCI) calculation
- Comparison of survey findings with previous studies BCS [...]

The survey questionnaire will integrate the following elements:

- Key aspects of economic governance at the municipal and provincial level
- Key aspects of local economic performance
- Elements of investment, innovation, entrepreneurship and competitiveness of enterprises/cooperative-led enterprises (business dynamics)
- Business sentiments
- Business services, including quality infrastructure services
- Basic infrastructure and connectivity
- Elements of sustainability (incl. environmental, social aspects)
- Climate resilience of enterprises and cooperatives
- Climate vulnerability and climate-resilient governance of municipalities.

It is expected to adopt the methodology applied in the previous BCS editions, e.g., 2021/22 and 2024 (<https://www.bcsnepal.org/methodology>), including the World Bank Enterprise Survey approach to determine the sample size (see [www.enterprisesurveys.org](http://www.enterprisesurveys.org)).

## **6. Project management of the contractor**

The contractor is required to coordinate with the client project in the following areas.

- The contractor is responsible for selecting, preparing, training and steering the experts (national, short-term) and surveyors assigned to perform the tasks.
- The contractor makes the required equipment (e.g. tablets for surveyors) and supplies (consumables) available and covers the associated operating and administrative costs.
- The contractor manages costs and expenditures, accounting processes, and the invoicing in line with the client's requirements.
- The contractor reports regularly to the client, following the client's General Terms and Conditions for provision of services and work.

The contractor submits the following reports:

- Inception report, including draft survey methodology and intended implementation approach
- Draft and final survey report (see an exemplary structure in Annex 5)

## **7. Personnel concept**

The contractor will provide personnel who are suited to fill the positions described. The qualifications below describe the necessary tasks and requirements per position.

### **Expert one - Team leader**

#### **Tasks of the team leader**

- Develop the overall research plan, including the survey methodology, data collection tools, and timeline.
- Responsible for the overall management (quality and deadlines), including liaising with the client, partners and other stakeholders.
- Coordinate with project stakeholders to align the survey objectives with project goals.
- Provide overall quality assurance and oversight for the team.
- Identify key research objectives, questions, and indicators to guide the survey.
- Report any changes to approach and activities to complete the assignment and personnel.

- Assemble and lead a team of research associates, data analysts, and surveyors.
- Assign tasks and responsibilities to team members, ensuring clarity and accountability.
- Provide guidance and support to team members throughout the survey process.
- Foster a collaborative and positive work environment to encourage teamwork and productivity.
- Reporting as per deadlines
- Ensure all activities mentioned at section 4: *Tasks to be performed by the contractor are achieved*

### **Qualifications of the team leader**

- Education/training: At least a master's degree in Economics, Agricultural Economics, Business Administration, Environmental Sciences/ Management, Agriculture or in any relevant discipline.
- Language: Proficient in Nepali language and good business language skills in English
- General professional experience: At least seven years of relevant and professional experience in the economic development sector
- Specific professional experience: At least five years of professional experience conducting surveys, market research, or business assessments, preferably in the climate-resilient agriculture or agribusiness sector.
- Leadership/management experience: Demonstrated experience in leading and managing research projects, including designing research methodologies, data collection, analysis, and reporting.
- Development cooperation experience: Previous experiences in working with development partners and government
- Proficiency in quantitative and qualitative research methods, including survey design, data analysis, and interpretation.
- Strong analytical skills to identify trends, patterns, and insights from survey data.
- Familiarity with statistical software packages (e.g., SPSS, STATA, R) for data analysis.
- Knowledge of econometric modelling and statistical techniques would be an advantage.

### **Expert two – Research Associate**

#### **Tasks of experts**

- Assist the team leader in developing the research plan, survey methodology, and data collection tools.

- Contribute to defining the research objectives, questions, and indicators.
- Conduct literature reviews and gather relevant background information for the survey
- Coordinate and conduct data collection activities, including administering surveys, interviews, and focus groups.
- Ensure adherence to the survey methodology and data collection protocols.
- Recruit survey participants and schedule data collection sessions.
- Manage data collection logistics, such as organizing field visits and coordinating with stakeholders.
- Assist in managing and organizing collected data, ensuring data integrity and confidentiality.
- Contribute to the drafting and refinement of the comprehensive survey report.
- Collaborate with the team leader and other team members to ensure the report is comprehensive, cohesive, and aligned with the survey objectives
- Support the team leader in engaging with stakeholders, including organizing consultations and sharing workshops in working municipalities
- As needed, provide general research support to the team leader and other team members.
- Contribute to complete activities mentioned at section 4: Tasks to be performed by the contractor are achieved

#### **Qualifications of experts**

- Education/training: At least Bachelor's Degree (Preferably Master's Degree) in Economics, Agricultural Economics, Business Administration, Statistics or in any relevant discipline.
- Language: Proficient in Nepali and good business language skill in English
- General professional experience: At least 5 years' experience in research and survey
- Specific professional experience: At least 3 years of relevant and professional experience in conducting research and data analysis
- Leadership/management experience: Demonstrated experience in leading and managing research projects, including designing research methodologies, data collection, analysis, and reporting.



- Development Cooperation (DC) experience
- A pragmatic exposure of private sector development in Nepal would be an advantage

### **Expert three – Data Analyst**

#### **Tasks of experts**

- Data preparation and cleaning
- Data analysis: apply statistical techniques and analytical methods to analyze the collected data and utilize statistical software packages (e.g., SPSS, STATA, R) for data analysis.
- Data visualization and reporting
- Ensure the accuracy and reliability of data analysis results by conducting quality checks and validations
- Contribute to complete activities mentioned at section 4: *Tasks to be performed by the contractor* are achieved

#### **Qualifications of experts**

- Education/training: At least Bachelor's Degree related to Data Analytics, information technology, computer Science, Social Science (e.g., Economics, Statistics) or in any relevant discipline
- Language: Proficient in Nepali and good business language skill in English
- General professional experience: At least 3 years' of substantial experience in data analysis or monitoring, evaluation, and management-related
- Specific professional experience: data analysis of at least 4 surveys
- Leadership/management experience: NA
- Development Cooperation (DC) experience: NA
- Other: Proficient in at least one statistical software package (e.g., SPSS, STATA, R) for data analysis.

### **Expert four – Field supervisor**

#### **Tasks of experts**

- Train the enumerators before deployment to carry out the survey
- Oversee error-free and high-quality survey data collection
- Guide the surveyors in the field
- Coordinate and manage the field activities

- Manage local municipal-level coordination with relevant authorities and actors
- Collect the details of formal enterprises from the municipalities, wards, and concerned associations.
- Collect the details of informal, unregistered enterprises on the ground

#### **Qualifications of experts**

- Education/training: Intermediate level of education
- Language: Proficient in Nepali and basic business language skills in English
- General professional experience: At least 3 years of economic survey supervision and team management
- Specific professional experience: field supervision of at least 3 economic surveys in Nepal
- Leadership/management experience: Demonstrated experience in leading and managing small fields teams
- Development Cooperation (DC) experience would be an advantage
- Other: experience in adult training practice, good grasp of economic and business concepts in the Nepali context

#### **Surveyors (As required) to be proposed by the contractor**

Surveyors should have the following qualifications and experiences:

- Intermediate level of education
- Previous experience in conducting research and surveys, including online surveyGeneral understanding of private sector, business environment, sustainability and climate aspects; issues and challenges faced by enterprises in Nepal.
- Good communication skills (including good writing skills in Nepali)

#### **Soft skills of team members**

In addition to their specialist qualifications, the following qualifications are required of team members:

- Team skills
- Self-initiative
- Communication skills
- Socio-cultural competence
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

## **9.5 Annex 5: Structure of BCS Report**

### **ACRONYMS**

### **EXECUTIVE SUMMARY**

### **CHAPTER I: INTRODUCTION**

- 1.1 The Rationale for Business Climate Survey
- 1.2 A History of Economic Surveys in Nepal
- 1.3 Brief Description of the Survey Area

### **CHAPTER 2: METHODOLOGY**

- 2.1 Approach for the Business Climate Survey 2024
- 2.2 Enterprise Sampling
- 2.3 Definition of Sub-indices and Indicators
- 2.4 Survey Implementation
- 2.5 Data Analysis

### **CHAPTER III: BUSINESS AND INVESTMENT CLIMATE IN WESTERN NEPAL 2024**

- 3.1 Details About the Respondents
- 3.2 Municipal Business Climate Index Ranking 2024
- 3.3 Ranking per Sub-index 2024
  - 3.3.1 Local Economic Performance
  - 3.3.2 Local Economic Governance
  - 3.3.3 Infrastructure
  - 3.3.4 Business Sentiments
  - 3.3.5 Business Dynamics
  - 3.3.6 Business Services
  - 3.3.7 Sustainability and Climate Resilience
  - 3.3.8 Climate-Smart Governance
- 3.4 Comparison of BCI results 2021, 2022 and 2024

## **CHAPTER IV: OVERVIEW OF THE SPECIFIC SURVEY RESULTS 43**

- 4.1 COVID-19 Impact
  - 4.1.2 The Economic Impact of COVID-19
  - 4.1.3 Enterprises' Business Outlook for 2024 in the post COVID-19 Era
  - 4.1.4 Strategies for Post COVID-19 Situation
  - 4.1.5 Support Needs in Post COVID-19 Situation
- 4.2 Major Business Problems
- 4.3 Local Economic Governance
  - 4.3.1 Severity of Problems in Dealing with the Government
  - 4.3.2 Usage and Quality of Government Support Services
- 4.4 Infrastructure
- 4.5 Business Dynamism
  - 4.5.1 Sources of Finance
  - 4.5.2 Need for Finance and Obtaining Loans
  - 4.5.3 Investment Attractiveness of Local Level Units
- 4.6 Business Services
  - 4.6.1 Accessibility and Quality of Business Support Services
  - 4.6.2 Quality Infrastructure Services
  - 4.6.3 Services of Business Membership Organizations
- 4.7 Climate-smart Governance, Sustainability and Climate Resilience
- 4.8 Business Climate: A Gender Perspective
- 4.9 Formal vs. Informal Enterprises

## **CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS**

- 5.1 Conclusion
- 5.2 Opportunities and Challenges
  - 5.2.1 Opportunities
  - 5.2.2 Challenges
- 5.3 Recommendations for Institutionalizing the BCS in Nepal

## **9.6 Annex 6: Structure of BCS Synopsis**

**Introduction to Business Climate Survey**

**Methodology**

**Key Results of the Business Climate Survey 2024**

**Key Results of [.....] Municipality**

**Sustaining BCS in Nepal**

**Annex:**

- 1 Web chart: BCI of selected municipality / sub-indices
- 8 Web charts: Sub-indices of selected municipality / indicators

## 9.7 Annex 7: Typical Agenda of National Dissemination Workshop

### Agenda – National Dissemination Workshop

Business Climate Survey 2024

#### Green Resilient Agricultural Productive Ecosystems (GRAPE)

Date: 25 April 2024 (13 Baisakh 2081)

Time: 10.00 Hrs -14.00 Hrs

Venue: Hotel Himalaya, Lalitpur

**Meeting Chaired by:** Mr. Krishna Prasad Sapkota, Joint Secretary  
Ministry of Land Management, Cooperatives and Poverty Alleviation

Time	Duration	Agenda	Responsibility
10:00-10:30	30 min	Registration and Tea-coffee. Connecting virtual participants	LPED/GRAPE
10:30-10:35	5 min	Call in Dias	MoLCPA, LPED/GRAPE
10:35-10:40	5 min	Welcome and objective highlights	Roshan Shrestha, LPED/GRAPE
10:40-10:45	5 min	Brief introduction to LPED/GRAPE	Axel Binder, LPED/GRAPE
10:45-11:15	30 min	Presentation of Business Climate Survey 2024 Concept Methodology & Key results	Christian Schoen LPED/GRAPE
11:15-12:00	45 min	Open questions on BCS	LPED/GRAPE
12:00-12:15	15 min	Award Ceremony 2024 ( <i>Municipalities securing good results in BCS</i> )	MoLCPA/GRAPE
12:15-12:30	15 min	Perspectives of Municipalities on BCS	Award Winning Municipality (Top-3)
12:30-12:40	10 min	Sustaining the BCS in Nepal	Christian Schoen LPED/GRAPE
12:40-12:50	10 min	Remarks on behalf of Team Europe	Eloisa Astudillo, Deputy Head of Cooperation of the European Union Delegation to Nepal
12:50-13:00	10 min	Closing remarks by Chair	Joint Secretary, MoLCPA,
13:00-14:00	60 min	Networking with Tea and Snacks	All participants

## 9.8 Annex 8: Typical Agenda of BCS Diagnostic Workshop

Date:

Time:

Venue:

### Workshop objectives:

- Sharing, disseminating, and discussing key BCS results of the [rural] municipality.
- Providing targeted recommendations to improve economic governance and the business environment.

Time allocated	Agenda	Responsibility	Remarks
10 min	Welcome and objectives	Chief Administrative Officer	With opening remarks
10 min	Introduction of participants	Focal Person GRAPE Project	Knowing each other
5 min	Introduction to LPED/ GRAPE	Cluster Manager, GIZ LPED GRAPE	
15 min	Introduction to Business Climate Survey: Concept Overall index and indicators Overall key results	National Expert	Understanding the methodology and overall results
10 min	Open questions		Q&A on BCS in general
25 min	BCS results for particular municipality: Index/sub-indices performance Strengths / challenges at indicator level	National Expert	Understanding the municipality-specific results

20 min	Open questions	National Expert	Q&A on BCS in municipality
15 min	Tea break		
60 min	Group Work on measures to improve economic governance/ business environment. Presentation of results	National Expert and Cluster Manager	Groups formed for each of the questions <sup>9</sup>
20 min	Recommendations by LPED & brief discussion	National Expert	Prepared recommendations
10 min	Wrap up and future outlook of BCS	National Expert	
5 min	Closing remarks	Mayor/Chairperson of Municipality	

---

9. The quality of the questions is essential. The questions should address the major weaknesses that are to be improved. The questions should generate answers on how to remedy the weaknesses.



**9.9 Annex 9: Questionnaire of BCS 2024**

# Business Climate Survey 2024

## Introduction

We appreciate your willingness to participate in the **Business Climate Survey 2024 in Nepal**.

The Business Climate Survey (BCS) 2024 is supported by German Development Cooperation and implemented by GIZ's GRAPE project in cooperation with selected municipalities in the Karnali Province and Sudurpashchim Province.

The objective of the survey is to monitor the progress of the **economic performance** of selected municipalities and to trigger the improvement of local **economic and climate-smart governance**, which contributes to **local economic development, employment promotion and climate resilience**. A survey in different municipalities simultaneously allows comparison between locations and, over time, stimulates competition for creating a conducive business climate.

Given the current situation, the survey still covers a few **post-Covid-19 related questions (Part B)** to understand the continuous impact of the global pandemic on doing business.

The collected information will be published in aggregated form only and will become the basis for calculating a Business Climate Index (BCI) for each municipality and overall. **Your information will be treated with high confidentiality.**

### A: COMPANY INFORMATION

Q1. Respondent's Name

Q2. Position

Q3. Gender

- Male
- Female
- Others

Q4. No. of direct contact

Mobile No.

Email

**Q5. Since when is he/she working with or running the company? Less than 2 year**

- 2 – 3 years
- > 3 – 5 years
- > 5 – 10 years
- > 10 years

**Respondent's Age**

**Q6. Age Groups**

- Less than 25 years
- 25 -35 years
- 36 -45 years
- More than 45 years

**Q7. Educational Background**

- Illiterate
- Read/Write
- Primary School Completed
- Secondary School Completed
- Intermediate Level Completed
- Bachelor Level Completed
- Master or other post-graduate degree

**Q8. Company's Name**

**Q9. Company's /Factory Address**

**Province**

- Karnali
- Sudurpaschim

**District**

**Municipality**

**Ward**

**Street**

Telephone No.

Fax No.

Website

Email

**Q10. Since when is the company operating? < 3 years**

- 3 – 5 years
- > 5 – 10 years
- > 10 years

**Q11. Type of company**

- Sole Proprietorship
- Partnership
- Cooperative
- Pvt. Ltd.
- Public Ltd.
- Joint Venture
- Others

*Please Specify*

**Q12. Legal Ownership of company by genderFemale**

- Male
- Female-Male Co-ownership
- Others
- Non applicable

**Q13. Is the company formal?**

- Formal (registered at government agency)
- Informal (unregistered)

**Main Products/Services**

Main Products/Services

Main Products/Services

**Q15. Size of company**

- Micro (1-9)
- Small (10-49)
- Medium (50-99)
- Large (>100)

**Q16. Number of Employment**

No. of Female Employees

No. of Male Employees

Others Employees

Total No. of Employees:

NaN

**Q17. Sector**

- Agriculture
- Manufacturing
- Trade/other services

**Q18. Industry Sector of the enterprise**

Please Specify

**Q19. Where does the company sell?**

- Locally
- Nationally
- Internationally

**Q20. If selling internationally, to where?**

- India
- China

**Other destination(s)**

Destination 1

Destination 2

**Q21. Last year, what was your turnover / sales?**

- < 5 Lakh NPR
- ≥ 5- 10 Lakh NPR
- > 10 - 50 Lakh NPR
- > 50 Lakh - 1 crore NPR
- > 1 - 2.5 crore NPR
- > 2.5 -5 crore NPR
- > 5 crore NPR

**B: COVID-19 Impact**

**Q22. What was the economic impact of the Covid-19 pandemic on your business?**

**Revenues**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Sales or Orders**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Workforce**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Q23. What economic impact of Covid-19 on your business do you still expect for 2024?**

**Revenues**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Sales or Orders**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Workforce**

- None
- < -25%
- 25% to <-50%
- 50% to <-75%
- 75% to -100%
- Increase
- Don't know

**Q24. What business constraints do you still expect in 2024 due to post-Covid-19 effects?**

**Shortage of supplies/input materials**

- None
- Negligible
- Moderate
- Major
- Don't Know

**Shipping of finished goods**

- None
- Negligible
- Moderate
- Major
- Don't Know

**Shortage of cash flow None**

- Negligible
- Moderate
- Major
- Don't Know

**Shortage of workers None**

- Negligible
- Moderate
- Major
- Don't Know

**Depressed market demand None**

- Negligible
- Moderate
- Major
- Don't Know



**Growing market demandNone**

- Negligible
- Moderate
- Major
- Don't Know

**Q25. Do you still adopt or consider to adopt any of the following strategies to master the post-Covid-19 situation? Teleworking/Working from home**

- Laying off employees (permanent)
- Temporarily reducing employment
- Using downtime to re-train workers
- Downsizing business operation due to lower demand
- Increasing business operation due to higher demand
- Rescheduling of bank loans and payment terms with suppliers
- Sourcing supplies from new suppliers
- Diversifying sales channels: online marketing, online sales, delivery
- Customizing new products/services
- Diversifying products to respond to new demands
- Diverting investment/ shifting business/pivoting business model
- Others
- No new strategy adopted

*Please Specify*

**Q26. What business development services do you need in the current post-Covid-19 situation and at which level of importance?**

Services	Most Important	Moderately Important	No Need Services
Advice on how to prevent infections while maintaining business operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training on safe business operation protocol	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advice with cost reduction strategy/ alternative supply channel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business advice on diversification of products and sales channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Advice on restrictions and requirements of export and logistics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online business management training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online worker training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal advice on application of labour regulations during crisis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of importance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### C: BUSINESS SENTIMENTS

**Q27. Based on your experience, how would you assess the general business environment today compared to two years ago( towards the end of the Covid-19 crisis)?**

- A Lot Better
- Better
- No Change / Same
- Worse
- A Lot Of Worse
- Don't Know

**Q28. How is your current business condition in comparison to FIVE years ago (before the Covid-19 crisis)? A Lot Better**

- Better
- No Change / Same
- Worse
- A Lot Of Worse
- Don't Know
- Our company didn't exist 5 years ago

**Q29. How is your current business condition in comparison to two years ago (towards the end of the Covid-19 crisis)?**

- A Lot Better
- Better
- No Change / Same
- Worse
- A Lot Of Worse
- Don't Know

**Q30. How do you expect your business condition to be two years from now? Will be a lot better**

- Better
- No Change / Same
- Worse
- A Lot Of Worse
- Don't Know

**Q31. From the list below, please tell us which of the following issues are/were the main problems for you when operating your business in this location?**

**\_ Level of Severity: 0 = no problem/Not relevant, 1 = minor, 2 = moderate, 3 = major, 4= very severe\_**

**A. Security of business (e.g crime, theft and disorder, etc.)**

0 —  1 —  2 —  3 —  4

**B. Legal predictability**

0 —  1 —  2 —  3 —  4

**C. Level of local taxes**

0 —  1 —  2 —  3 —  4

**D. Business competition (e.g business monopoly, unfair competition, etc.)**

0 —  1 —  2 —  3 —  4

**E. Climate change issues and impact**

0 —  1 —  2 —  3 —  4

**F. Recruiting and retaining qualified staff**

0 —  1 —  2 —  3 —  4

**G. Recruiting and retaining unskilled staff**

0 —  1 —  2 —  3 —  4

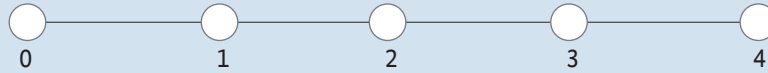
**H. Access to raw material and other input supplies**

0 —  1 —  2 —  3 —  4

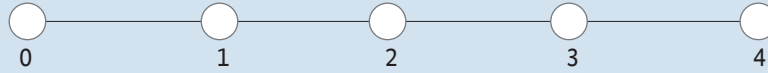
**I. Price of raw material and other input supplies**

0 —  1 —  2 —  3 —  4

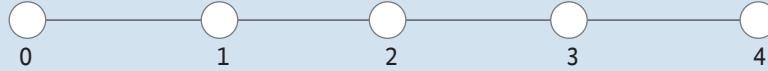
**J. Access to finance (e.g banks, collaterals, etc)**



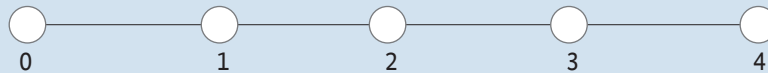
**K. Price of finance (interest rates)**



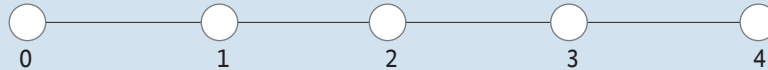
**L. Exchange rates**



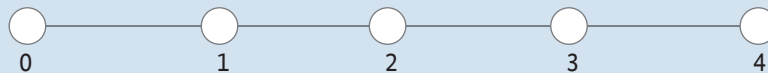
**M. Access to land and premises**



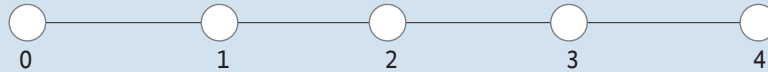
**N. Access to infrastructure, electricity and water supplies**



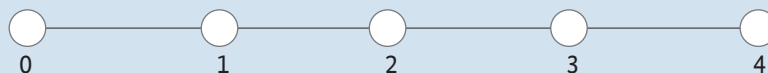
**O. Access to markets**



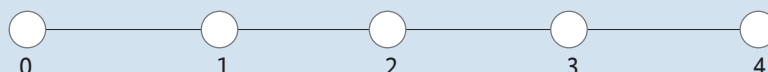
**P. Access to technology**



**Q. Access to business information**

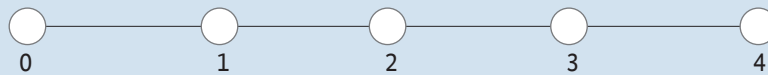


**R. Technical problems related to production**



**S. Other Problems** \_\_\_\_\_

**Level of the problems**



**Q32. If impact of climate change is problem, what are the specific issues?**

- Affecting the quality and costs of inputs/raw materials I access and/or the products I produce
- Affecting my production patterns and production cycles
- Affecting my investment in technology and equipment
- Affecting / ravaging the location of my business/farm
- Affecting the transportation routes to/from my company/farm

- Affecting consumer demand for my product(s)/service(s)
- Affecting my business resource use
- Don't know
- Other Issues

Please Specify

## D: ECONOMIC GOVERNANCE

**Q33. In doing your business, you deal with local government. From the list below, which of the issues do you consider/ed problems and how severe are/were these problems for your business?**

\_ Level of problems: 0 = no problems/Not relevant, 1 = minor problems, 2= medium severe, 3 = major severe, 4= very severe\_

### 1. Business registration and licensing

0     1     2     3     4

### 2. Tax regulations

0     1     2     3     4

### 3. Trade regulations

0     1     2     3     4

### 4. Labor regulations

0     1     2     3     4

### 5. Environmental / climate-related regulations

0     1     2     3     4

### 6. Planning and budgeting process to address climate change issues and local crises

0     1     2     3     4

### 7. Local implementation and compliance with national objectives and international agreements (e.g. preparation of LAPA)

0     1     2     3     4

### 8. Informal payments (corruption)

0     1     2     3     4

**9. Inconsistency of government interpretation of rules/regulations**

0  1  2  3  4

**10. Political instability**

0  1  2  3  4

**11. Access to justice (e.g. property rights issues, conflict resolution)**

0  1  2  3  4

**12. Other Problems**

---

**Level of problems**

0  1  2  3  4

**Q34. Companies are sometimes expected to provide informal payment to get "things done". How often was your company experiencing such an expectation? (only one answer)**

No Experience      Sometimes      Often      Very Often      No Answer

**Q35. To what extent do you agree with the statement?**

**"in general, government officials' interpretations of regulations affecting my company are consistent and predictable"**

Fully Agree      Agree      Disagree      Fully Disagree      Don't Know

**Q36. Which regulations/laws are/were hampering the operation and growth of your business most considerably?**

- Regulations related to business licensing and permits
- Regulations related to labour, including minimum wages and insurances
- Regulations related to local taxes
- Regulations related to trade (among the municipalities, districts and provinces)
- Regulations related to the environment (e.g. EIA, IEE) and climate change
- Regulations related to the investment (e.g. industrial zone, foreign investment, etc.)
- Regulations related to export / import (e.g customs, market entry barriers)
- Regulations related to access to finance

- Others
- None
- Don't Know

*Please Specify*

**Q37. What types of licensing do you hold that are still valid?**

- Business license
- Sectoral license
- Vehicle & Consignment Tracking System(VCTS)
- Export Import Code (EXIM Code)
- Environmental license
- Others
- None

*Please Specify*

**Q38. How long did it take you to get the required business registration or business license(s)?**

*(please check and indicate days)*

Business Registration

Business License

Others, please specify:

Days taken

**Q39. What are the obstacles that you had experienced when obtaining registrations/licenses? Inadequate information (e.g information are not up to date, intransparent, etc.)**

- Complicated requirements and procedures
- Access to the office location
- High licensing costs
- Uncertainty on the processing time
- Less competent officers
- Lack of service providers for business registration
- Others

*Please Specify*

**Q40. If not licensed or registered, why?**

- No need
- I don't know about the licenses and their benefits
- I don't know the application procedures
- Application procedures & requirements are too complicated
- High costs
- Difficulty to obtain license due to Covid-19
- Others

*Please Specify*

**Q41. In general, how would you assess local government support for the business sector?**

—  —  —  —

Highly Supportive   Fairly Supportive   Moderately Supportive   Unsupportive   Don't Know

**Q42. If you consider local government to be supportive for businesses, which of the following services of government supports are AVAILABLE? Have you USED the available government support services? And how would rate the QUALITY of the services?**

\_ Quality: 1=very good, 2=good, 3=poor, 4=very poor \_

**1. Facilitation of credits**

- Yes
- No

**Quality**

—  —  —  —

0                      1                      2                      3                      4

**2. Facilitation of purchasing machinery and raw material (eg. sewing machine, plastics, seed, etc.)**

- Yes
- No

**Quality**

—  —  —  —

0                      1                      2                      3                      4



**3. Technical training and skills upgrade**

Yes

No

Quality  0  1  2  3  4

**4. Advice on climate change adaptation and mitigation**

Yes

No

Quality  0  1  2  3  4

**5. Subsidy or partial support of climate change insurance**

Yes

No

Quality  0  1  2  3  4

**6. Special support to establish climate friendly enterprises and/or a green enterprise zone/cluster** Yes

Yes

No

Quality  0  1  2  3  4

**7. Updating investment profile / investment opportunities of the municipality** Yes

Yes

No

Quality  0  1  2  3  4

**8. Updated promotion material (e.g. flyer, website, CD, hotline information, etc)** Yes

Yes

No

Quality  0  1  2  3  4

**9. Promotional activities (eg. exhibition, fairs at national and international level)**

Yes

No

Quality  0 —  1 —  2 —  3 —  4

**10. Investment services (eg. investor meeting, sending business delegation to other countries / areas) Yes**

Yes

No

Quality  0 —  1 —  2 —  3 —  4

**11. Investment incentives (eg. tax holidays, provision of business location, etc.) Yes**

Yes

No

Quality  0 —  1 —  2 —  3 —  4

**12. Business registration / licensing services**

Yes

No

Quality  0 —  1 —  2 —  3 —  4

**13. Conducive regulatory framework**

Yes

No

Quality  0 —  1 —  2 —  3 —  4

**14. Investment support facilities (e.g. industrial zone, trading center, auction center, etc.)**

Yes

No

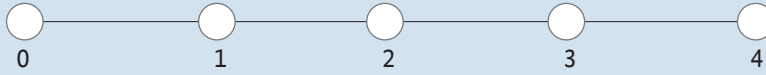
Quality  0 —  1 —  2 —  3 —  4

**15. Support services targeting female-owned enterprises**

Yes

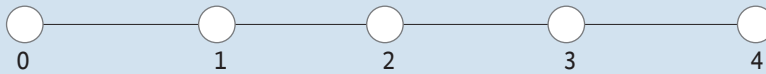
No

Quality



**16. Other Support Services**

Quality



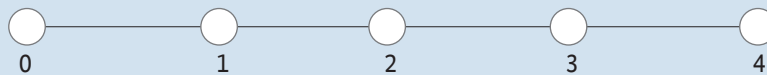
**E: INFRASTRUCTURE**

**Q43. How much are the infrastructure conditions listed below affecting your business negatively?**

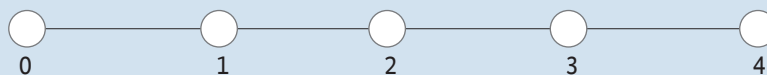
\_ Level of severity of problems:

0 = no problems/not relevant 1 = minor 2= medium severe 3 = major 4= very severe\_

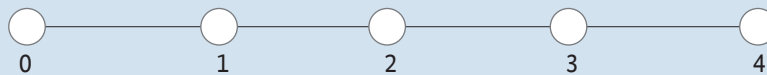
**1. Telecommunication (landlines, mobile, internet connectivity)**



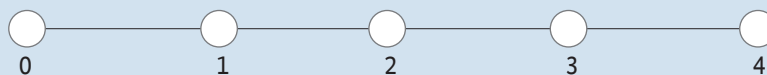
**2. Electricity / power supply**



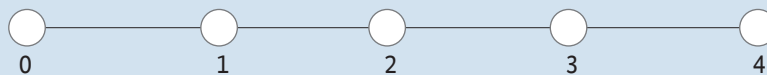
**3. Transport infrastructure (roads / airport/ dry ports)**



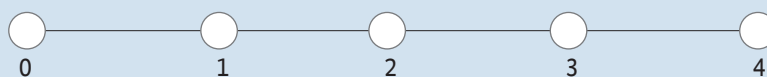
**4. Custom and border checkpoints**



**5. Irrigation facilities**



**6. Basic infrastructure (e.g. water supply, sewerage etc.)**



**7. Solid waste management**

0       1       2       3       4

**8. Land availability / development**

0       1       2       3       4

**9. Storage facilities and physical marketplace**

0       1       2       3       4

**10. Others, Please specify:**

---

**Level of severity**

0       1       2       3       4

To what extent do you agree with the following statement?

---

**Q44. "the development and maintenance of basic municipal infrastructure (transportation, water supply, sewerage) are adequately planned and efficiently provided in my municipality."**

Fully Agree     Agree     Disagree     Fully Disagree     Don't Know

**Q45. "The municipality is working on reducing the loss and damage of basic municipal infrastructure (transportation, water supply, sewerage, irrigation, power supply etc.) by building infrastructure in a climate resilient way."**

Fully Agree     Agree     Disagree     Fully Disagree     Don't Know

**F: BUSINESS DYNAMICS**

**Q46. Which of the following sources of finance contributed to your business during the last three years?**

Sources of Finance (in%)

Own capital (e.g. retained profits / inheritance)

Loans from relatives, family or friends

Commercial bank loans

Development Bank loans

Finance Company loans

Micro finance institution loans

Cooperative loans

Leasing

Subsidies from municipality and development projects

Other Sources

Share %

Total (in %):

NaN

**Q47. At present, do you feel the need for additional financing? And how much would you need? < 10 Lakh NPR**

- 10 Lakh - 1 crore NPR
- 1 - 5 crore NPR
- > 5 crore NPR
- No, no need for additional finance

**Q48. For what do you need any additional finance?**

- For Additional Working Capital
- For Investing In Business Expansion/Modernization
- For Both, Working Capital And Investment
- Don't Know

**Q49. Do you intend to apply for a credit to obtain the additional finances? Yes, at a commercial bank or development bank or finance company Yes, at a savings & credit cooperative**

- Yes, at a micro financial institute
- Yes, to a money lender
- No
- Others

***Please Specify***

**Q50. Have you ever applied for a loan with the women entrepreneurship credit scheme (NRS 1.5 million without collateral) for your company?**

- Yes
- No
- Not Applicable
- Don't Know

**What were the major challenges that you have faced?**

- Difficulty in submitting loan applications
- Cumbersome bank process
- Bank still asking for collateral
- Lack of guarantee support from the family members
- Others

*Please Specify*

**Q51. What are the alternative sources to obtain the additional finances? Own capital (eg. retained profits / inheritance)**

- Loans from relatives, family or friends
- Leasing contracts
- Others

*Please Specify*

**Q52. Last year (2023), did you invest into your company (e.g factory expansion, buying tools/machinery, adding employment etc.)?**

- Yes
- No

What was your total investment volume? (in NPR)

How many new employees have you been recruiting last year?

**Q53. Do you plan to invest in the next 12 months?**

Yes  No

**Q54. According to your opinion, which of the following typical locational factors are attractive for investors to invest in your municipality/city? And how would you assess the quality of these factors?**

*First identify the factors, and then assess the quality of the identified factors.*

**Quality:** 1=very good, 2=good, 3=poor, 4=very poor

**1. Close to raw material / local suppliers**

Yes

No

**Quality**

1 —————  2 —————  3 —————  4

**2. Close to markets / target groups of consumers**

Yes

No

**Quality**

1 —————  2 —————  3 —————  4

**3. Employment factors (e.g. relationship employee-employer, wage level)**

Yes

No

**Quality**

1 —————  2 —————  3 —————  4

**4. Vocational training institutes**

Yes

No

**Quality**

1 —————  2 —————  3 —————  4

**5. Spatial planning (zoning, industrial zone, etc.)**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

**6. Land pricing**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

**7. Basic infrastructure**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

**8. Climate resilient infrastructure (roads, water supply, irrigation, storage facilities, green industry zones etc.) Yes**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

**9. Political stability**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

**10. Government services / bureaucracy (consistency & transparency)**

Yes

No

**Quality**

1 ————— 2 ————— 3 ————— 4

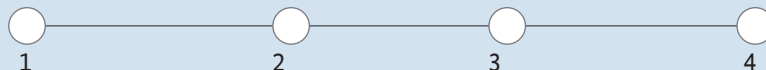


### 11. Community support around the site

Yes

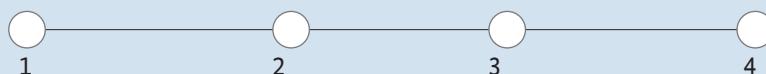
No

Quality

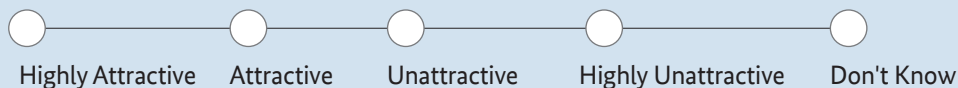


### 12. Other Factors

Quality



**Q55. In general, how would you assess the investment attractiveness of your municipality/city?**



**Q56. Had your company introduced any innovation (e.g. developing new products/services) in the last 2 years?**

Yes

No

**Q57. How many new products/services had your company introduced in the last 2 years?**

**Q58. Had you fully or partially digitalized your business operation?**

Yes

No

**Yes, I had ...**

- automated production partially or fully
- introduced digital tools in business administration
- introduced digital tools in sales and marketing
- introduced digital tools in product development (e.g. 3D printing)
- introduced digital tools in supply chain management
- Others

**Please Specify**

## G: BUSINESS SERVICES

Q59. Which of the following business support services are accessible in your municipality, and how do you assess their quality?

\_ Quality: 1=very good, 2=good, 3=poor, 4=very poor\_

### Entrepreneurship & Business skills Training

Yes

No

*Quality*

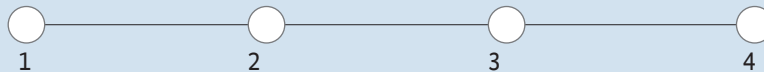


### Vocational Training

Yes

No

*Quality*

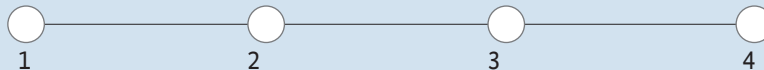


### Other Technical Training

Yes

No

*Quality*

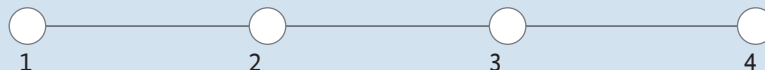


### Accounting

Yes

No

*Quality*

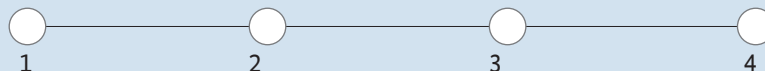


### Audit & Taxation

Yes

No

*Quality*



**Marketing services**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Management Consultancy**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Human Resource Consultancy**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Export and Logistics Services**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Legal Services**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Business Registration**

- Yes
- No

*Quality*

1 —————  2 —————  3 —————  4

**Banking Services (general)**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Banking Services (targeting women entrepreneurs)**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Insurances (incl. climate insurance)**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Engineering Consultancy**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Technology Consultancy**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Computer & IT Services**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Mobile Phone Services**

Yes

No

**Quality**

1 —  2 —  3 —  4

**Quality Assurance / Quality Management**

Yes

No

**Quality**

1 —  2 —  3 —  4

**Work Safety and Health**

Yes

No

**Quality**

1 —  2 —  3 —  4

**Quality Infrastructure Services, e.g. certification, testing, calibration etc.**

Yes

No

**Quality**

1 —  2 —  3 —  4

**Q60. Which of the following climate-relevant services are accessible in your municipality, and how do you assess their quality?**

\_ Quality: 1=very good, 2=good, 3=poor, 4=very poor \_

**Early warning system(s)**

Yes

No

**Quality**

1 —  2 —  3 —  4

**Risk assessment**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Advisory, training, mentoring on climate change**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Climate-friendly technology transfer**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Advice/training on responsible water usage**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Advice/training on renewable energy usage**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Installation of renewable energy systems (e.g.PV)**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Advice/training on energy efficiency**

- Yes
- No

**Quality**

1       2       3       4

**Energy audit, environmental audit, EIA, IEE**

- Yes
- No

**Quality**

1       2       3       4

**Advice/training on climate smart agriculture and organic cultivation**

- Yes
- No

**Quality**

1       2       3       4

**Others Services**

**Quality**

1       2       3       4

**Q61. Is your company member of any business membership organisation-BMO (association/chamber)?**

- Yes
- No

Please Specify memberships #1

Please Specify memberships #2 (If applicable)

Please Specify memberships #3 (If applicable)

**Q62. How do you assess the IMPORTANCE of the following services for your business, if those services are OFFERED by the BMO you are member with, and how do you rate the QUALITY of these services?**

Quality: 1=very good, 2=good, 3=poor, 4=very poor

**Lobbying / advocacy - Important?**

Yes

No

**Lobbying / advocacy - Offered?**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Institutional capacity building - Important?**

Yes

No

**Institutional capacity building - Offered?**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4

**Trade & market development - Important?**

Yes

No

**Trade & market development - Offered?**

Yes

No

*Quality*

1 —————  2 —————  3 —————  4



**Technical Training (incl. vocational training) - Important?**

- Yes
- No

**Technical Training (incl. vocational training) - Offered?**

- Yes
- No

*Quality*

1 ————— 2 ————— 3 ————— 4

**Entrepreneurship and Management Training - Important?**

- Yes
- No

**Entrepreneurship and Management Training - Offered?**

- Yes
- No

*Quality*

1 ————— 2 ————— 3 ————— 4

**Information & networking services - Important?**

- Yes
- No

**Information & networking services - Offered?**

- Yes
- No

*Quality*

1 ————— 2 ————— 3 ————— 4

**Office facilities & infrastructure services - Important?**

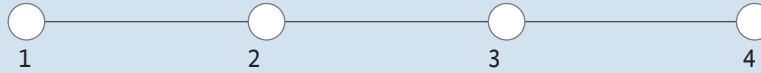
- Yes
- No

**Office facilities & infrastructure services - Offered?**

Yes

No

**Quality**



**Delegated government function (e.g. Certificate of origin, occupation certification) - Important?**

Yes

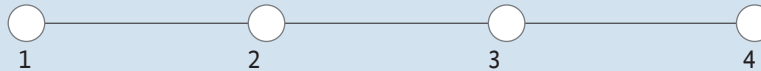
No

**Delegated government function (e.g. Certificate of origin, occupation certification) - Offered?**

Yes

No

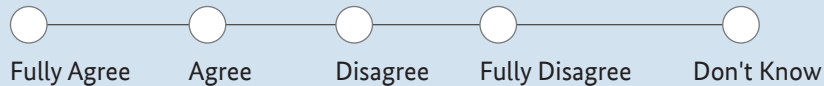
**Quality**



**H: ENVIRONMENTAL SUSTAINABILITY & CLIMATE RESILIENCE**

**Q63. To what extent do you agree with the following statement?**

*"the solid waste management system in my municipality is effective and well organised. The waste is collected regularly, on time and is dumped (or processed) in an environmentally responsible way"*



**Q64. What local government strategies/initiatives for addressing climate change adaptation and mitigation measures are you aware about?**

- Development of Local Apadaption Plan of Action for climate change (LAPA)
- Adopted municipal 7-step planning process to select priority interventions related to climate change as identified by LAPA
- Municipality engagement with business/farms on climate change adaptation
- Municipality engagement with business/farms on climate change mitigation

- Leadership on the importance of climate change adaptation and mitigation
- Climate change adaptation of municipal infrastructure (roads, water supply, power supply etc.) Weather forecast and early warning system
- Disaster risk reduction measures
- Community collection and cold storage centres
- Sustainable procurement practices by municipality
- Promotion of renewable energy (e.g. geothermal, biomass, hydro, solar, wind)
- Strategy development for climate smart agriculture
- Municipal subsidy for climate insurance
- Gender-friendly interventions for climate change
- Climate budget coding adopted by the municipality
- Sustainable waste management ?
- Sustainable land uses plans and decisions
- Others

*Please Specify*

**Q65. Which of the following measures to support environmental sustainability / climate change adaptation are relevant for your company's future?**

- Electricity / energy efficiency
- Transport efficiency / fuel saving
- Pollution reduction (air, water, soil)
- Water saving
- Waste reduction
- Waste water management
- Environmental certification of your products or processes
- Renewable energy (e.g. geothermal, biomass, hydro, solar, wind)
- Supply chain efficiency and resilience
- Research and development in climate change adaptation and mitigation
- Adapting innovation in climate change adaptation
- Others

*Please Specify*

**Q66. Did your company invest into the following areas of sustainability / climate change adaptation?**

a) Electricity efficiency

Yes  No  Don't Know

b) Transport efficiency / Fuel saving

Yes  No  Don't Know

c) Pollution reduction (air, water, soil)

Yes  No  Don't Know

d) Water saving

Yes  No  Don't Know

e) Waste reduction

Yes  No  Don't Know

f) Waste water management

Yes  No  Don't Know

g) Environmental certification of products or processes

Yes  No  Don't Know

h) Renewable energy

Yes  No  Don't Know

i) Supply chain efficiency and resilience

Yes  No  Don't Know

j) Research and development in climate change adaptation and mitigation

Yes  No  Don't Know

k) Others

Yes  No  Don't Know

*Please Specify*

Yes  No  Don't Know

**Q67. How do you ensure a responsible usage of water?**

- Investments in water saving technology
- Carefully managing the water consumed by my company/farm
- Rainwater harvesting
- Avoiding water pollution/contamination in/by my company/farm
- Treating my company's/farm's wastewater before drainage

- Avoiding wastewater outward flow into the environment
- Maintaining an acceptable number of animals in the habitat of my farm (if applicable) Multiple use of water as possible
- Others

*Please Specify*

**Q68. Under which condition is your company willing to invest into sustainable business practices? Better credit access**

- Availability of internal finances
- Better information available on climate financing and climate insurances
- Better information on available climate-smart technologies
- Better information on cost saving
- Better qualification of staff
- Better qualification of advisors
- Better health of staff
- Stricter environmental regulations
- Higher energy prices
- Demand by consumers / buyers
- Becoming more resilient vis-à-vis climate change
- Improving the image of the company
- Don't know
- Other Practices

*Please Specify*

**Q69. What are new business opportunities created through climate change?**

- Diversification of products or services
- Expansion to new market and consumer base
- Innovation in products and/or services
- Creation of new revenue
- Don't know
- Other Opportunities

*Please Specify*

Thank you for becoming a respondent of the Business Climate Survey 2024. The information you provided will be useful for the economic development of your municipality and province, and ultimately for your business.

Enumerator's Name

Enumerator's Code

Collect the GPS coordinates of this business location

latitude (x.y °)

longitude (x.y °)

altitude (m)

accuracy (m)

