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# Business Climate Survey 2024 Dhangadhi Sub-metropolitan City Synopsis



## Introduction to Business Climate Survey

The Business Climate Survey (BCS) is a crucial tool for measuring a territory's economic development progress and economic governance. Its results, suitable indicators for tracking a location's economic development status, can significantly influence policy formulation. Inter-territorial benchmarking, fuelled by the BCS, may foster healthy competition among locations and, thus, accelerate development progress. The survey results hold the potential to shape public discussions and policy decisions.

The Local and Provincial Economic Development/Green Resilient Agricultural Productive Ecosystems (LPED/GRAPE) project, commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and jointly funded by the European Union, the Ministry for Foreign Affairs of Finland and BMZ, has conducted the third edition of BCS in 2024 to assess economic governance and business sentiments in 19 municipalities in Karnali and Sudurpaschim provinces. The BCS results and secondary statistical data provide the basis for a comparative index calculation that can be used for inter-territorial benchmarking and ranking. The objectives of the BCS 2024 are as follows:

- Monitoring the attractiveness of municipalities to retain and attract business operations and investment
- Measuring the quality of economic governance (economic regulations and services) and the performances of the private sector in investment, employment, trade, legal compliance, environmental sustainability, and climate resilience.
- Assessing climate-smart governance at the municipal level
- Understanding the aftermath of COVID-19 on enterprise and its economic impacts

- Ranking municipalities and triggering healthy competition to improve municipal performance
- Providing input for policy dialogue and planning at the municipal and provincial levels

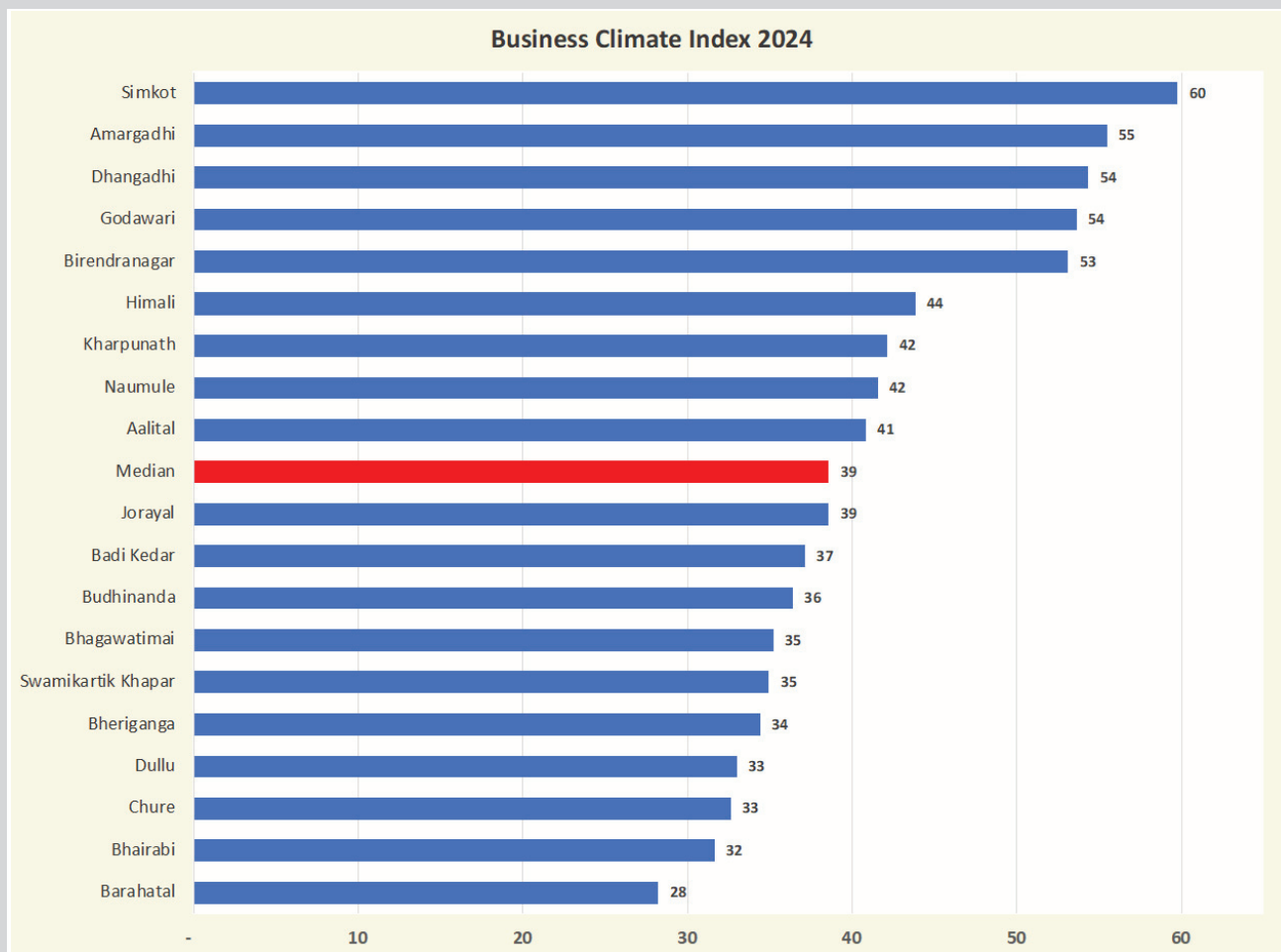
## Methodology

BCS took place in 11 municipalities as a pilot application in 2020/21. The second edition of the BCS, conducted in 2021/2022, was conducted in 42 municipalities of three provinces: Lumbini, Karnali, and Sudurpaschim.

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 per cent are women-owned enterprises and 24 per cent belong to the informal sector. The sample reflects the actual economic structure of the municipalities: 67 per cent of surveyed enterprises belong to the trade/service sector, 11 per cent to the manufacturing sector and 22 per cent to agriculture. 96.48 per cent of respondents are micro-enterprises, 3.4 per cent are small enterprises, and 0.12 per cent are medium-sized enterprises, respectively.

## Key Results of the Business Climate Survey 2024

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: Local Economic Performance, Local Economic Governance, Infrastructure, Business Sentiments, Business Dynamics, Business Services, Sustainability & Climate Resilience, and 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.



## Key Results

Local level		Dhangadhi Sub-metropolitan City
Total number of enterprises (Enterprise Population)		6,089
Sample Size		166
Sample Structure in % (Sector affiliation)	Agriculture	7%
	Manufacturing	11%
	Trade/other services	82%
Sample structure in % (Business Size)	Micro (1-9)	94%
	Small (10-49)	5%
	Medium (50-99)	1%
	Large (>100)	-
Percentage of female owned companies		41%
Percentage of Sole proprietorship		95%
BCI Index 2024		54 (54.3)
BCI Index 2024 Median Value		39
BCI Ranking		3
Special Mention		Ranked 1 <sup>st</sup> in Local Economic Performance and Infrastructure

**High Performing Domain:** Local Economic Performance (60 out of 100: Median 29); Local Economic Governance (59 out of 100: Median 46); Infrastructure (61 out of 100: Median 43); Business

Sentiments (69 out of 100: Median 59); Business Services (62 out of 100: Median 20); Sustainability and Climate Resilience (47 out of 100: Median 31)

**Moderately Performing Domain:** Climate Smart Governance (38 out of 100: Median 41)

**Low Performing Domain:** Business Dynamics (39 out of 50: Median 50)

The table below shows the strengths and weaknesses of the municipality based on the indicators.

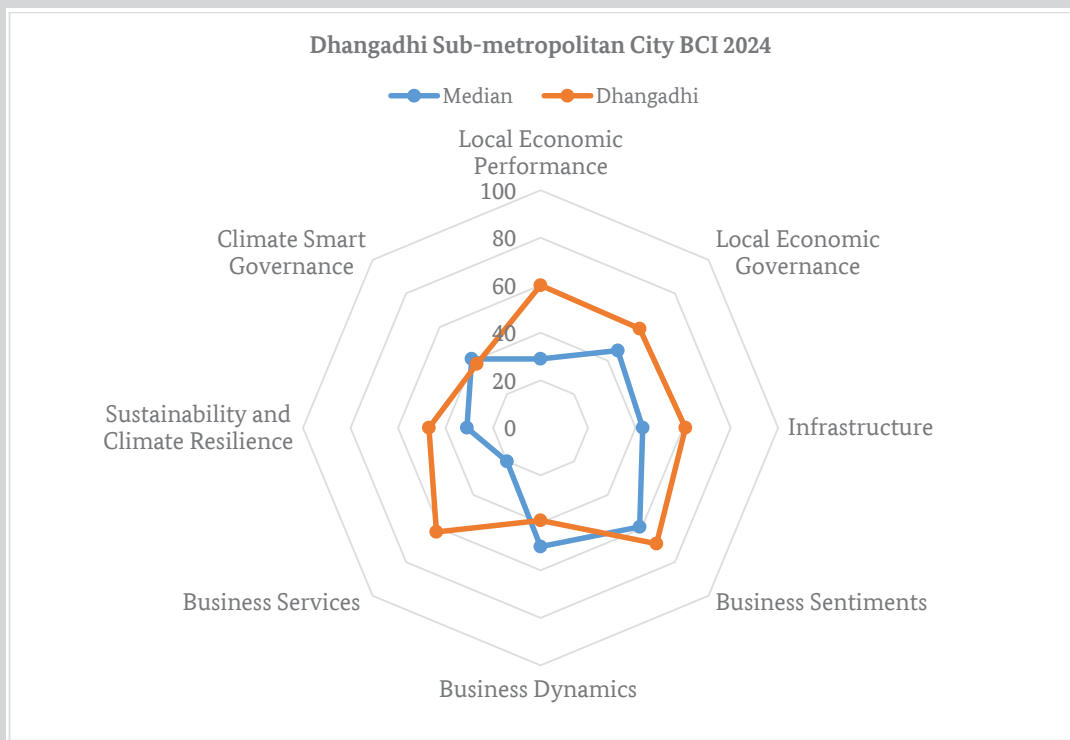
Strengths	Shortcomings
High density of enterprises	Low municipal budget and development expenditure per capita
High volume of outstanding credits relative to enterprise population	Low number of physical markets relative to enterprise population
High number of tax payers per 1,000 inhabitants	Pessimistic outlook towards future business conditions and limited plans for business expansion

High contribution of local revenue to total budget	Small proportion of enterprises with recent investment
Consistent interpretation of regulations by government officials and minimal perceived regulatory issues	Low participation in business membership organizations
Outstanding support from local government for business sector, with excellent infrastructure maintenance and development	Low response to regulatory constraints and opportunities regarding environmental sustainability and climate change
Low severity of business problems related to climate change	Low response to market opportunities regarding sustainability and climate change
High presence of financial, and vocational training institutions relative to enterprise population	Nominal measures taken to be climate resilient
Progressive towards digitalization of parts of business operations	Low on climate risk index and low volume of municipal investment in climate adaptation measures
The municipality is perceived highly conducive for investment	LAPA and climate budget coding not implemented
Ample accessibility and quality of both financial and non-financial business development services, as well as climate-relevant services	Low degree of water stewardship (responsible usage of water)

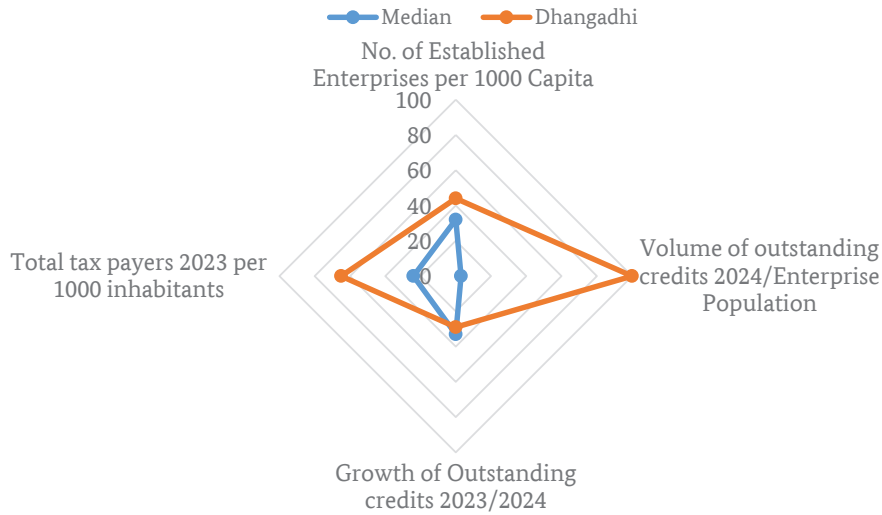
High accessibility and quality of Quality Infrastructure services	
High quality and effectiveness of local waste management systems	
High investment by enterprises into technical areas of sustainability and climate resilience	
Extensive adaptation of municipal infrastructure to climate change	

### Sustaining BCS in Nepal

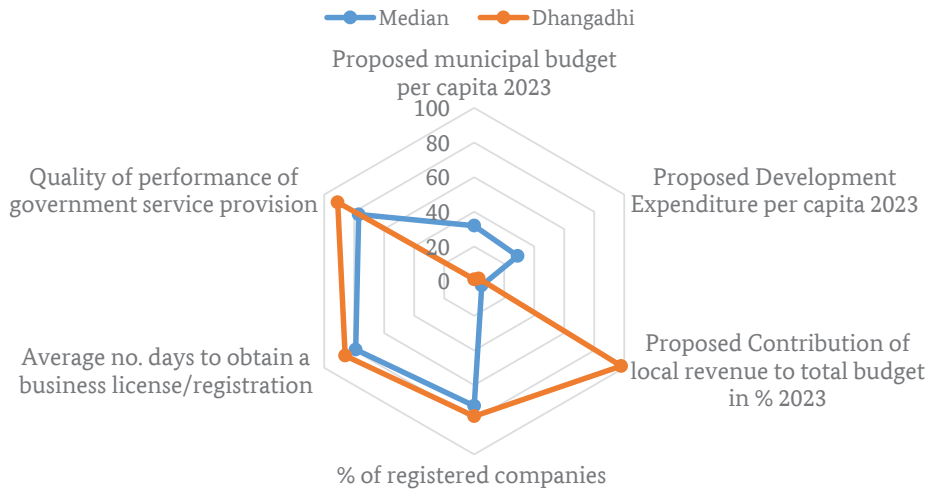
The BCS is considered an essential tool for promoting Local and Regional Economic Development (LRED) and ensuring sound economic governance at the sub-national level in Nepal. The GRAPE project, supported by GIZ, seeks collaboration with various organizations to sustain and institutionalize BCS in Nepal. This would enable municipalities to receive regular updates on their progress in improving economic and climate-smart governance, demonstrating that their efforts are paying off.



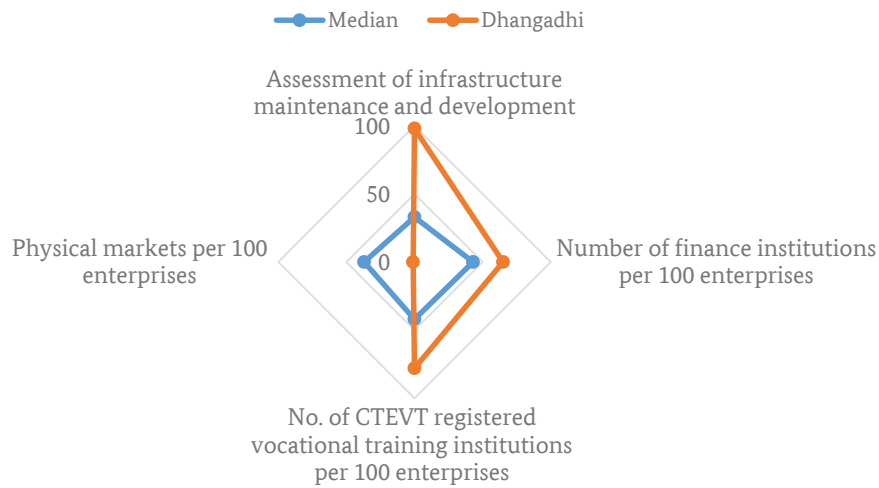
**Dhangadhi Sub-metropolitan City  
Local Economic Performance 2024**



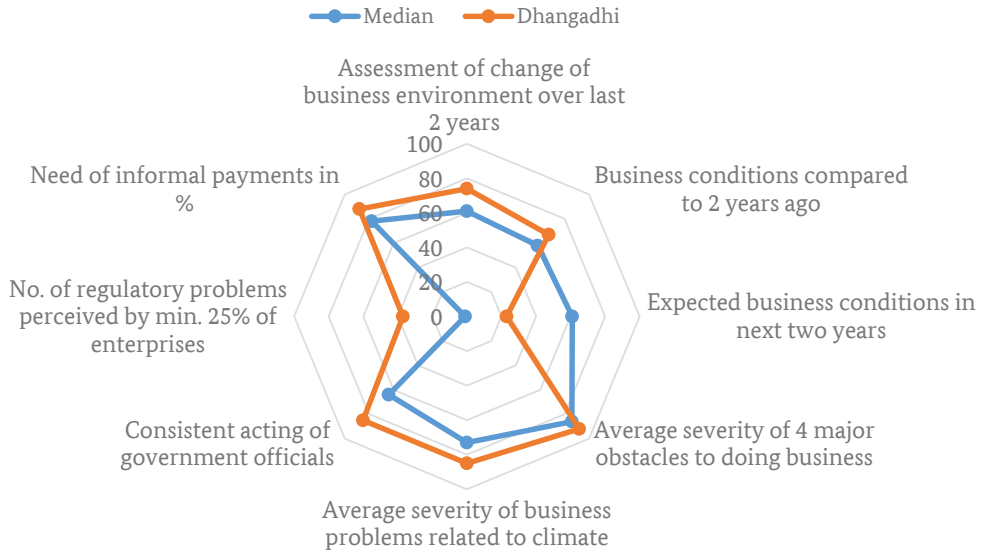
**Dhangadhi Sub-metropolitan City  
Local Economic Governance 2024**



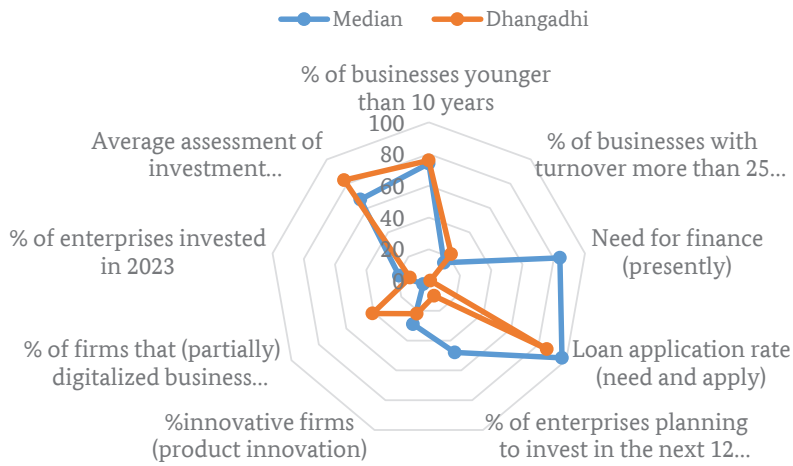
**Dhangadhi Sub-metropolitan City  
Infrastructure 2024**



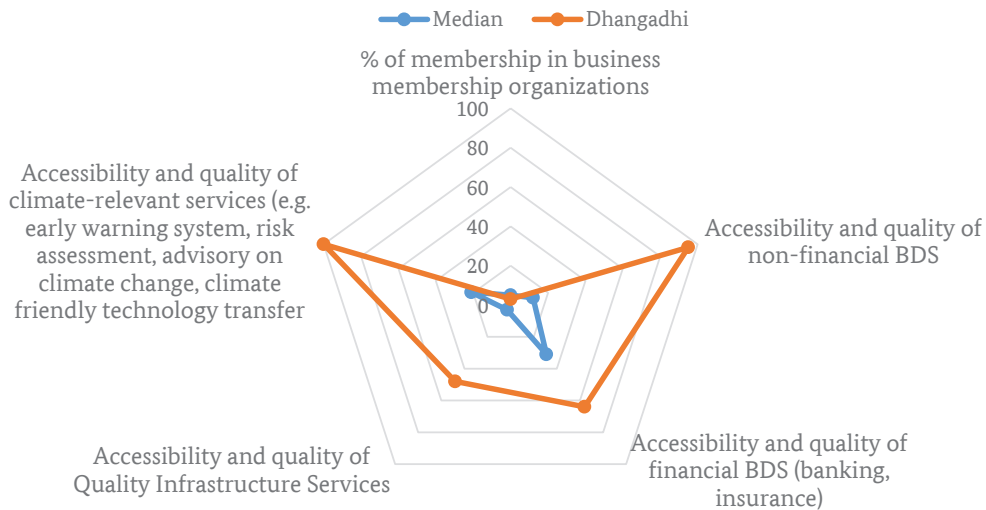
### Dhangadhi Sub-metropolitan City Business Sentiments 2024



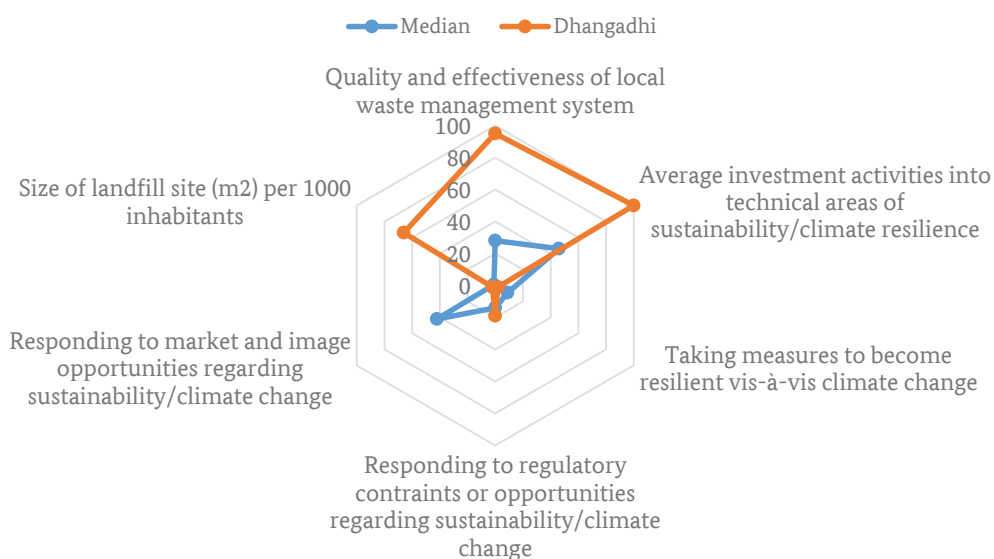
### Dhangadhi Sub-metropolitan City Business Dynamics 2024



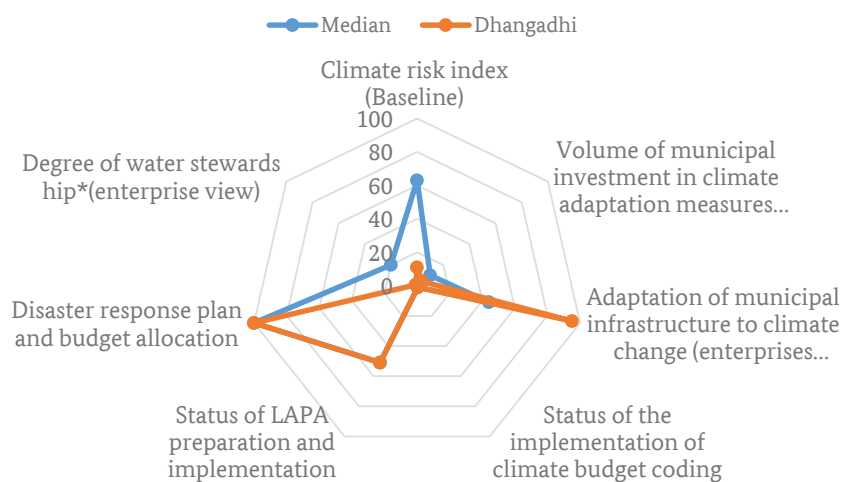
### Dhangadhi Sub-metropolitan City Business Services 2024



### Dhangadhi Sub-metropolitan City Sustainability and Climate Resilience 2024



### Dhangadhi Sub-metropolitan City Climate Smart Governance 2024



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GIZ is responsible for the content of this publication  
For more information: [www.bcsnepal.org](http://www.bcsnepal.org)

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