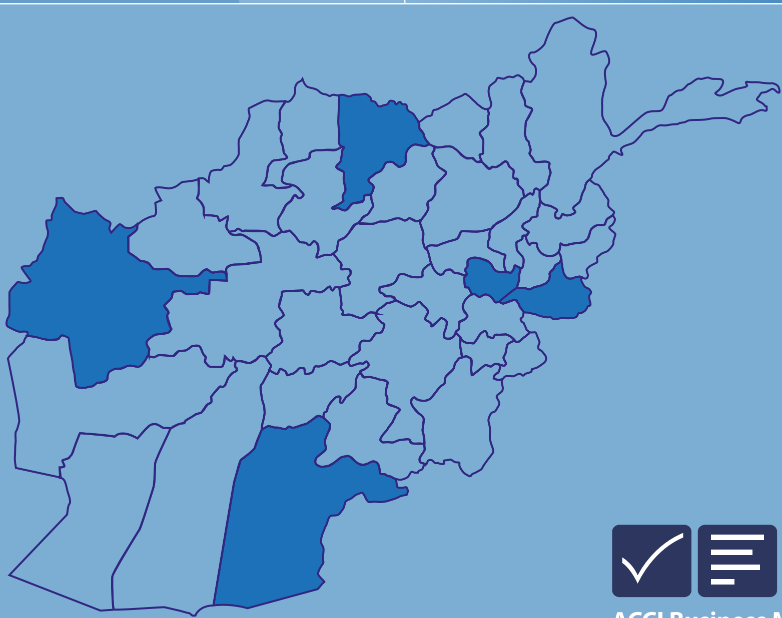
Afghanistan Chamber Of Commerce & Industries
اتاق تجـــارت و صنـــایع افغانستـــــان
دافـــغانـــستان د ســـوداګرۍ او صنـــایعو اتـــاق



ACCI Business Monitor

Business Bottleneck Survey

The ACCI Bottleneck Survey provides political and economic decision-makers as well as the business community and the interested public with data collected directly from the companies.

Business Tendency Survey

The Business Tendency Survey asks the managing directors of businesses for their opinions on the current business situation and their expectations for the next six months.

ACCI BUSINESS MONITOR 2015

Foreword

For ACCI Research Unit the 2015 was a milestone when after four years of efforts the unit succeeded to complete its mission in establishing a fully functional survey system based on international best practices. Previously we didn't have the resources to study all targeted provinces in every season, while this year we fortunately could survey all five major business hubs (Kabul, Herat, Kandahar, Balkh and Nangarhar) for spring, summer, autumn and winter seasons. Meanwhile, in 2015, two German Survey Specialists (Professor Siegfried Schoenherr c/o Ifo Institute Munichinstitute and Dr. Klaus Abberger c/o ETH Zurich) visited the Unit and approved the validity and accuracy of ACCI survey mechanism. We therefore congratulate this achievement for our colleagues and as well as for the private sector of Afghanistan.

The Unit now owns the technical expertise to lead national surveys as they did in partnering GIZ to implement Agriculture Based Value Chains Survey in Northeastern Provinces of Afghanistan in 2015.

On the other hand the findings of four Tendency Surveys and a Bottleneck Survey implemented this year was discouraging and indicated a continuous downturn of businesses. Majority of the surveyed businesses complained about the worsening business conditions mainly because of growing insecurity, lack of demand and lack of access to necessary infrastructure.

In addition to the survey findings, ACCI as the apex organization of the private sector has generally witnessed that business challenges and problems have disturbingly grown in recent years. In addition to the general unfavorable political and security environments, Afghan businesses continue to suffer from the inappropriate legal frameworks, extortions, corruption, and transit problems in neighboring countries. Meanwhile lack of business incentives, the absence of encouraging policies and programs, and lack of proper infrastructures stop businesses to grow and therefore negatively affects the national welfare and public revenues.

To address the mentioned problems we have introduced the Private Sector Reform Priorities and have extensively lobbied for the implementation of those suggested reforms. The Governments response to our suggestions has been positive, but the positive words and promises have rarely been followed by effective and measurable actions. Therefore the private sector has had to raise the same issues repeatedly with the Government. Meanwhile we should admit that President Ghani has often warmly welcomed the Private Sector recommendations on business environment reforms, and in some particular occasions he has strongly pushed the reform system to work, and recently he has reactivated the High Economic Council which was initiated by ACCI during President Karzai's Government. The Council members have regularly met in recent months and if continued, this can lead to an improved coordination between the private and public sectors.

The ACCI Business Monitor will continue to serve as an information base for the public-private dialogue by enhancing a common understanding of the challenges faced by the private sector. We hope that the relevant stakeholders will rely on the data while drafting laws and regulations to improve the condition for doing business.

Looking forward to see an improved business environment.

Atiqullah Nusrat

Chief Executive Officer

ACCI

ACCI Business Bottleneck Survey

Introduction

The ACCI Bottleneck Survey provides political and economic decision-makers as well as the business community and the interested public with data collected directly from the companies. The survey identifies the impediments for doing business in the country and it is monitoring the change over time.

For the bottleneck survey representative samples are drawn from companies in the provinces of Kabul, Balkh, Kandahar, Nangarhar and Herat. The samples are structured by economic sectors and company size. The sample size for Kabul is about 130 and for each province about 40 companies. The interviews for this survey were conducted by phone in November 2015. The ACCI assures that all individual data obtained from the survey are treated as confidential and the privacy rules are applied to the publication of the results as well. The collected data was compiled and analyzed in-house by ACCI research unit. This unit was established in 2012 with the technical supports from German Development Cooperation.

Major Findings of the Business Bottleneck Survey

As mentioned already, the Business Bottleneck Survey identifies the barriers for doing business by capturing the perceptions of entrepreneurs in Kabul, Balkh, Kandahar, Nangarhar and Herat provinces. The questionnaire focuses on problem areas raised as important in the "National Business Agenda". The interviews of this fourth bottleneck survey were conducted in November 2015. The sample size was 290 companies which were interviewed by telephone.

The major findings of the survey can be summarized as bellow:

1) The lack of proper infrastructure is a cross-sectoral and countrywide problem and 73.1% of all surveyed businesses say they have infrastructural problems. The surveyed businesses called unitedly (93.4%) that electricity is their utmost limiting infrastructural problem.

2) Security condition has not improved in Kabul, Balkh, Kandahar, and Nangarhar & Herat regions compared to last year. Kandahar companies report a better condition in contrast to other regions, but the level of optimism in this southwestern region has also dropped considerably.

3) Public tendering conditions is worsened compared to last year mainly because of "political interference".

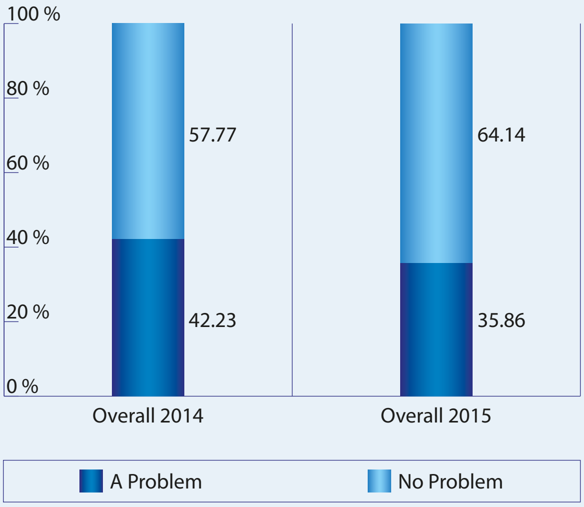
4) Complaints regarding the tax system has increased compared to last year and about 53% of the surveyed businesses say they have problems in paying their taxes. Majority of them say that "taxes are too sophisticated and therefore not transparent".

5) Custom condition, especially in Nangarhar is reported to be very poor and businesses say that tariffs are "too sophisticated and non-transparent" and "custom officer do not follow the rules".

6) Despite the challenges faced by women in businesses, the Business Bottleneck Survey shows a considerable support for women operating in the private sector.

1) Getting Land

The Business Bottleneck Survey shows that 35.86 percent (compared to 42.23 percent one year ago) of the respondents in Kabul, Balkh, Kandahar, Nangarhar and Herat regard getting land as a problem, and 64.14 percent (57.77 percent in 2014) say it is no problem to obtain or rent land. The survey reveals that getting land is a crosscutting concern but large size enterprises say it is slightly harder to get land for economic use compared to Small and Medium companies. Among the different economic sectors, Manufacturers (60%) say they suffer most from the problems in getting land. About 34.29 percent of Construction companies, 25.71% of traders and 20% of Services companies also complain about their problems in access to land. It is worth mentioning that last year about two third of Traders stated problems in getting land for economic use, while this year this sector shows a considerable improvement.



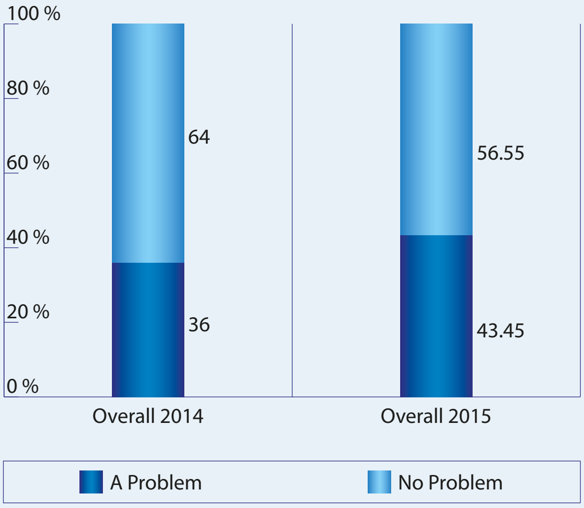
Graph 1- Getting Land

Most of companies (47.12%) have marked the unavailability of industrial land as a reason for their negative assessment. A considerable number of companies (36.54%) said that the high prices and rents for real estate is a major problem for their businesses. For 11.54% of the companies, political interference is a major problem. Legal and ownership issues are also noted by a small number of respondents as obstacles in obtaining land.

2) Availability of Finance

Although the financial system grew quickly after the collapse of the Taliban regime, it is still under-developed and its role in economic activities remains very limited. While exact numbers are not available, only a small segment of the private sector has access to formal financial services. Many businesses are unable to obtain capital due to the punitive interest rates and collateral requirements imposed by the vast majority of banks. However, even if the rates were made more favorable, many business people would still refuse to consider obtaining a loan because, as they believe, interest violates Islamic principles.

Overall, 43.45 percent of the respondents say that they have problems in access to finance, whereas 56.55 percent say they have no problem. In Kabul 36.15 percent of the surveyed companies reported problems that show a minor decrease in their problems compared to last year (40%). In contrast, majority of Kandahar & Nangarhar companies (65%) reported that they had a problem in access to finance, while last year more than half of them reported that there were no problems. Herat companies also reported that they had more problem compared to last year (37.5% against 32.5%).



Graph 2- Availability of Finance

Large companies (52.05%) report more problems compared to SME companies (40.5%).

Among the sectors, the Manufacturers report the highest and traders report the lowest problems. More than half of manufacturing companies (55%) say they have problems in obtaining loans. 42.8% of construction companies, 48.57% service companies and 25.71% of trade companies also state problems.

Like last three years the majority of companies (64.29%) who face problems in obtaining finance have marked high interest rates as the main reason. 22.22% of the respondents said that excessive collateral requirements were the main reason and for the rest of companies the need of political connections & too difficult business plan or project plan requirements were main reasons.

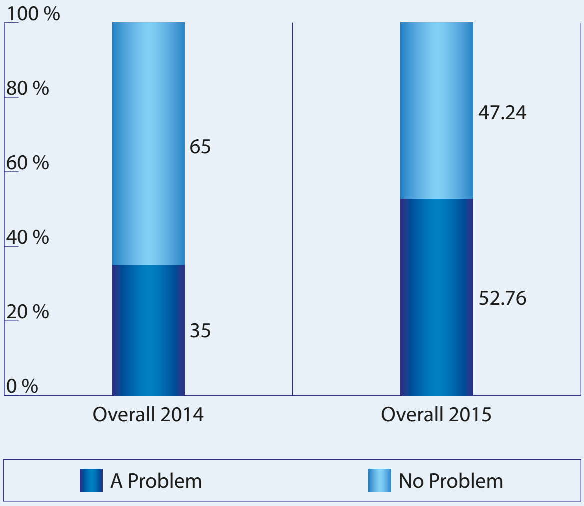
3) Tax System

Enterprises in Afghanistan are confronted with a complex taxation system consisting of a wide range of different taxes. The system is regarded by the private sector as complex, confusing and unpredictable opening the door for bad practices.

This year the perception of surveyed businesses regarding the tax system is deteriorated about 18% compared to last year and 52.76% of the surveyed companies across the regions say that they have problems in tax system.

In all five regions Manufacturing (62.5%) and construction (61.43%) companies complain more about the tax procedures. 50% of Trade also said that the tax system is challenging for their businesses. The survey indicates that the Services companies have comparatively the lowest complains about the taxation system; and they show change in their perception compared to the last year (35.7%).

Large companies have reported more problems than SME companies. 63% of Large, 52% of Medium and 46% of Small companies confirmed that the tax system is challenging for their businesses.



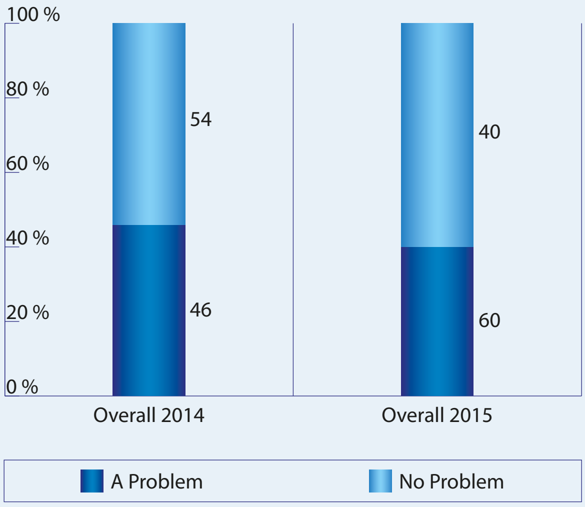
Graph 3- Tax System

The majority of companies who have problems in tax system (52.94%) stated that "taxes are too sophisticated and therefore not transparent". Less than 16% of the surveyed companies said that tax officers do not follow the rules and illegal taxes are raised; and around 14% of respondents believe that the current tax system is unjust and arbitrary.

4) Custom Conditions

The business community often complains that border posts lack modern infrastructure, such as storage facilities and technical laboratories. Furthermore, the custom procedures in place are regarded as complicated and arbitrary opening the door for duplicative charges and duties at border posts and inside the country.

The Business Bottleneck Survey focuses on the regulatory environment for exports and imports. It reveals that No improvement has occurred in custom condition since last annual survey. In last survey at least half of the business people were not happy with the custom condition while this year 60% of the businesses in the same regions complained so. The regional differences are high as before:



Graph 4- Custom Conditions

About 90.91 percent of surveyed businesses who deal with the customs in Nangarhar region, more than 68% percent of the same category of companies in Kandahar says they face problems in costumes. In Kabul and Herat more than half of companies who deal with customs say they have problems. About one third of Balkh companies (30.77%) also report problems.

Though majority of the Service companies say that they have no deal with the customs, but out of those who deal with customs, 73.68% believe that the custom procedures and systems should be improved. 68.97% of manufacturing, 57.41% of Trade and 38.89% of Construction who deal with customs say that they have problems.

The feedbacks of different size companies on custom conditions show that large companies have more problems (64.52%) than Medium (59.62%) and Small (56.76%) companies.

The biggest reason behind the problem was mentioned "too sophisticated non-transparent Tariffs" and "custom officer do not follow the rules". About 15.28% said that the collection of "illegal fees" is a problem. 11.11% said that " an unjust and arbitrary System" is a reason for their problems. A small number of companies also mentioned that "too low capacity of border and custom posts to handle imports and exports" is a major reason behind the problems.

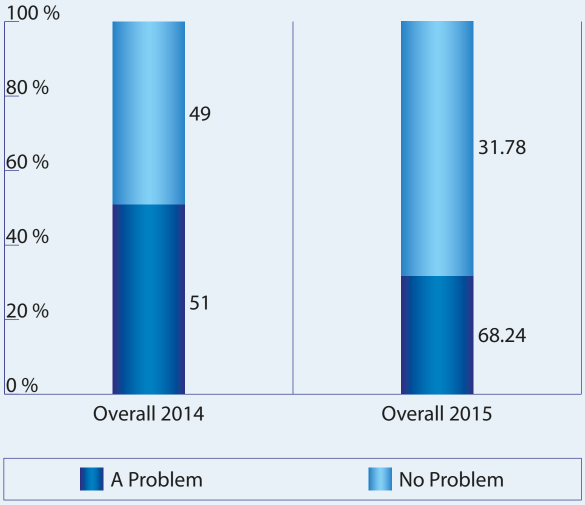
5) Public Tender

There is a lack of transparency and competition in bidding processes. Like earlier surveys, this bottleneck survey also confirms that majority of companies complain about the lack of transparency, political interferences, bribery and excessive bank guarantee requirements in public tender.

In Herat and Kandahar regions the public tendering conditions are worsened compared to last year, as 85.71% and 82.61% of those regions' companies respectively report problems. Nangarhar companies also report a condition similar to that of Kandahar. Balkh companies' perception has declined (58.82%) compared to last year when 42.86% of that region's companies complained about the public tendering procedures and conditions. Kabul region has also a high level of complaints (57.35%).

Medium companies report more problems compared to large and small size companies.

The majority of companies (54.46%) say that the major reason behind the problem is "political interference"; followed by "unclear and arbitrary procedures" and "bribery". A small number of companies point to "excessive bank



Graph 5- Public Tender

guarantee requirements" as their major problems. It is worth mentioning that last year, only (23.53%) of companies had said that the major reason behind the public tendering problem was "political interference". It is worth mentioning that a major shift has happened in the perception of Kandahar, Kabul and Balkh businesses compared to last year. Last year %43 of Kandahar Companies, 15% of Kabul companies and 22.22% of Balkh companies reported that "Political interference" was the main reason behind the problem while this year, 56.41% ,73.68% and 50% of companies of those regions respectively confirmed that it was the major reason.

The provision of information on procurement opportunities in a timely manner is one of the basic requirements of a transparent and competitive tendering. The ACCI responds to this request and publishes public invitation to tender on the website of the tender distribution center (http://www.kabul-tenders.org) on a regular basis. ACCI has also recommended some realistic and practical reforms on public tenders in a policy recommendation paper called Private Sector Reform Priorities.

6) Business Registration and Extension

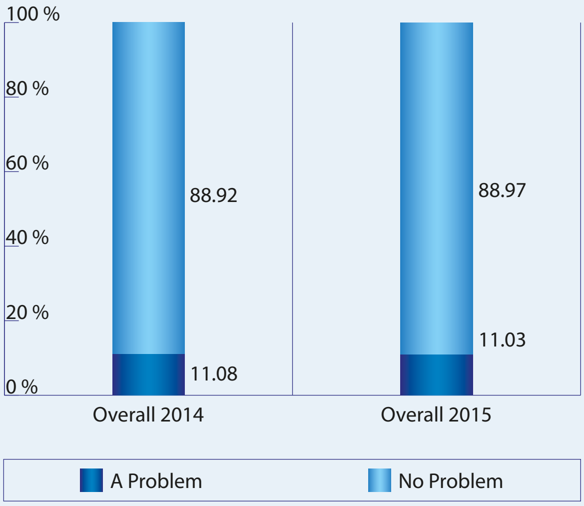
Starting a business in Afghanistan is not a concern of the private sector. To establish a limited liability company, it takes seven days to register at the Afghanistan Investment Support Agency. No minimum capital is required to register at AISA.

Whereas starting a business is not regarded as a serious problem in Afghanistan, more companies report challenges in extending their business licenses. Two years before the Ministry of Commerce and Industries extended the validity period of the business licenses from one year to three years, which positively affected the perception of our respondents. This reform is also implemented in AISA. While in other agencies such as the Ministry of Transport and Aviation, and the municipalities businesses need to renew their licenses every year.

Like last year, Kandahar businesses report the worse condition (17.5%) followed by Herat (15%). Nangarhar (5%) reported the least problems, while (12.5%) of Balkh and (9.23%) of Kabul companies also call for further improvements in registration procedures.

Large companies reported more problems than Small and Medium size companies.

The two major reasons behind the problems are said to be "bribery and high additional costs" and "complicated procedures". The Validity of registration or extension are also mentioned as a reason while a small number of companies have also complained that registration or extension offices are far from their business locations.



Graph 6- Business Registration and Extension

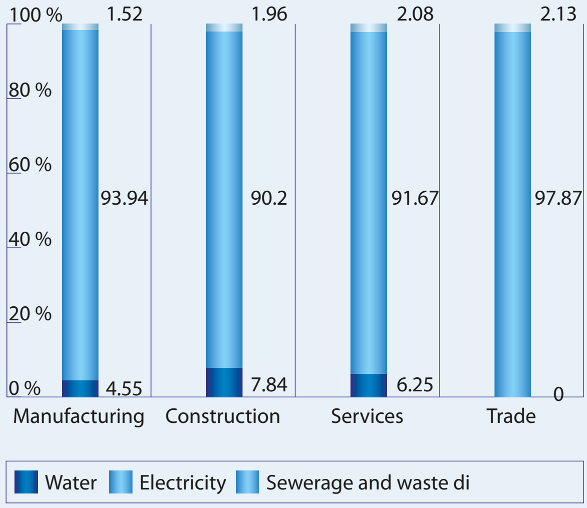
7) Infrastructure

Afghanistan lacks a good infrastructural basis for private sector development. Efforts are made to improve this situation. However, the business community often complains about lack of electricity, water, sewage, transport and telecommunication services

The Business Bottleneck Survey reveals that infrastructure is a cross-sectoral and countrywide problem as 73.1% of all surveyed businesses say they have infrastructural problems. 100% of Kandahar and 85% of Nangarhar, surveyed businesses say they have infrastructural problems. 67.69% of Kabul, 67.5% of Herat and 57.5% of Balkh companies also complain about the lack of proper infrastructures.

Like last two years, surveyed businesses called unitedly (93.4%) that electricity is their utmost limiting infrastructural problem. Trade (97.87%) and Manufacturing (93.94%) say that electricity is their only and the most needed infrastructural shortage. In services 91.67% of companies confirm that the electricity as their main infrastructural shortage. Construction companies also agree that the major infrastructure issue is electricity (90.2%) and meanwhile they tend to point to lack of industrial water (7.84%) as an obstacle. A small number of services (6.25%) and of manufacturing (4.55%) companies also have mentioned that the lack of industrial water is their major problem.

Though larger companies tend to emphasize more on infrastructure problems, but this difference is not considerable.

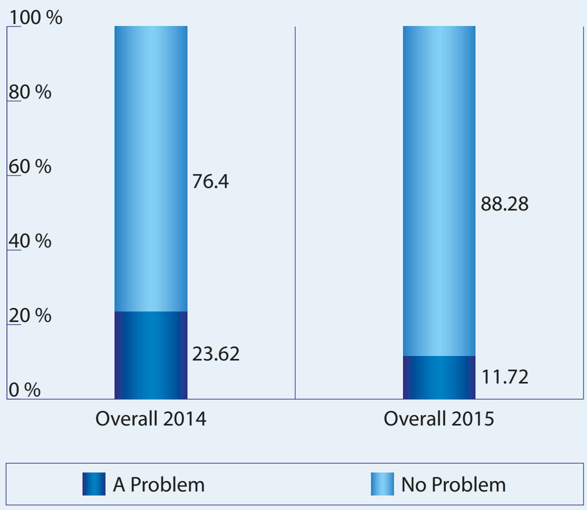


Graph 7- Infrastructure

8) Qualified Labor Force

Due to lack of training facilities and the ongoing immigration of educated and trained people, Afghanistan is in short of qualified labor. The Business Bottleneck Survey reveals that the lack of qualified labor force is more problematic for Herat and Balkh regions compared to Kabul, Kandahar and Nangarhar.

Services and Trade report slightly more problems (14.29%) compared to manufacturing (10%), and construction (8.57%). Large companies report marginally more problem than SMEs.



Graph 8- Qualified Labor Force

9) Security

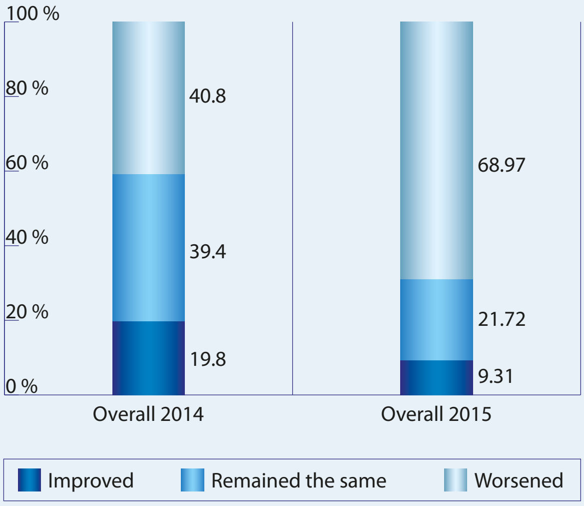
Insecurity is a chief concern throughout the Afghan business c ommunity. Transportation of goods and material is extremely difficult and risky in some regions of the country.

In this regard, the Business Bottleneck Survey provides further insights. The new survey reveals that security condition has not improved in Kabul, Balkh, Kandahar, and Nangarhar & Herat regions compared to last year. Kandahar companies report a better condition in contrast to other regions, but the level of optimism in this southwestern region has also dropped considerably. Last year only 32.5% of Kandahar companies reported that the security had deteriorated while this year the number has increased to 52.5%.

Nangarhar (90%) & Balkh (75%) reported the highest level of security deterioration. Kabul sets the third unsecured region with 71.54% of companies' saying their security situation has worsened and In Herat half of respondent said that their security situation has worsened compared to last year, and 15% them said that their security has improved.

There are not big sectoral differences: 75% of Manufacturing, 70% of trade, 68.57% of construction companies and 61.43 of service companies report that the security has worsened.

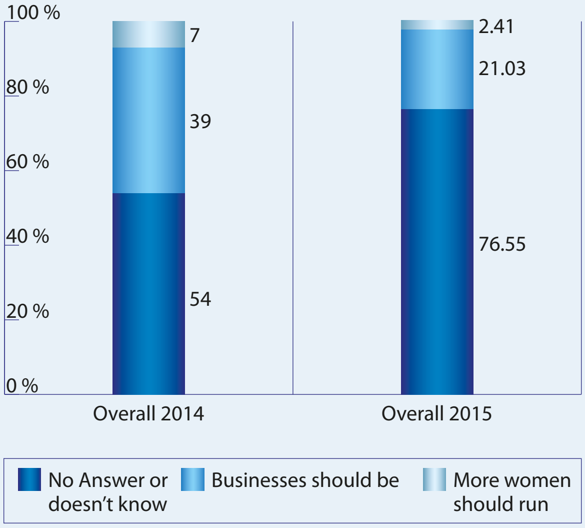
Like last year there is no noticeable difference in the perception of small, medium and large size companies on security conditions.



Graph 9- Security

10) Attitude towards Women

In Afghanistan the range of economic activities available to women is severely limited by a complex set of cultural and other factors which is a loss of productive human resources for the country.



Graph 10 - Attitude towards Women

Despite the challenges faced by women in businesses, the Business Bottleneck Survey shows a considerable support for women operating in the private sector. In overall, 76.55% of the surveyed companies say that more women should run businesses. The support for women engagements in business and economic activities is higher in Kabul (83.08%) and Herat (82.5%) regions compared to Nangarhar (77.5%) and Balkh (72.5%). In Kandahar 52.5% of the surveyed companies say more women should run businesses.

Women entrepreneurship is more encouraged by Services (90%) and Trading (75.71%) company managers. 73.75% of Manufacturing and 67.14% of Construction companies say they believe more women should run businesses.

The large (84.93%) and medium (75.21%) companies are more supportive compared to small business managers (72%).

ACCI Business Tendency Survey

Major findings

- Businesses resume their optimism regarding the outlook of their business;
- Despite a little improvement compared to last survey, none of the provinces have a positive business climate indicator.
- All sectors, including the manufacturing have extremely suffered during last three months.
- Majority of the surveyed companies say they hire fewer people than three months ago.
- The call for administrative reforms has gradually increased in recent surveys.

A. Business Climate

The Business Climate is an indicator for GDP growth tendencies. The indicator usually is leading; it indicates GDP changes in advance (on average a few months if no unexpected change in frame conditions occurs).

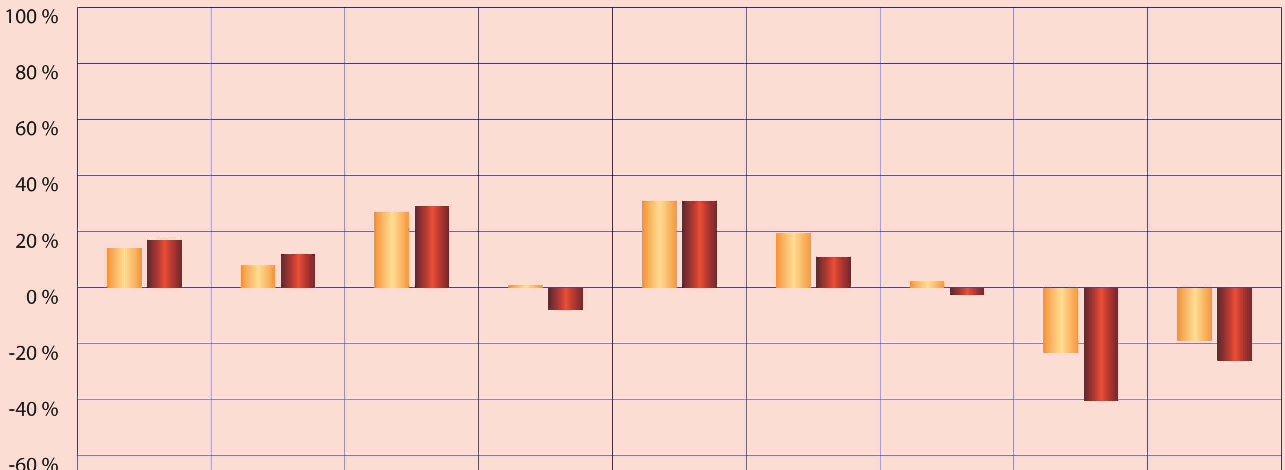
The Business Climate indicator is constructed from the judgments of managers on their present business situation and their business expectations for the next six months by a standardized and internationally used formula (for methodology see at the end of the report).

The indicator values range from 0 (meaning "normal") up to a possible maximum of plus 100 for a positive climate and from 0 to a possible minimum of minus 100 for a negative climate.

A-1 Business Climate overall and by Region

The overall business climate indicator in Nov 2015 for Kabul, Balkh, Kandahar, Nangarhar & Herat regions altogether valued (-18.86) points while in last survey it was (-23.05) points. The steeply down-slide of the business climate indicator since the beginning of this year shows that the business people are increasingly concerned for their business climates.

Although, the surveyed businesses expect a better condition for coming months (11.96), the



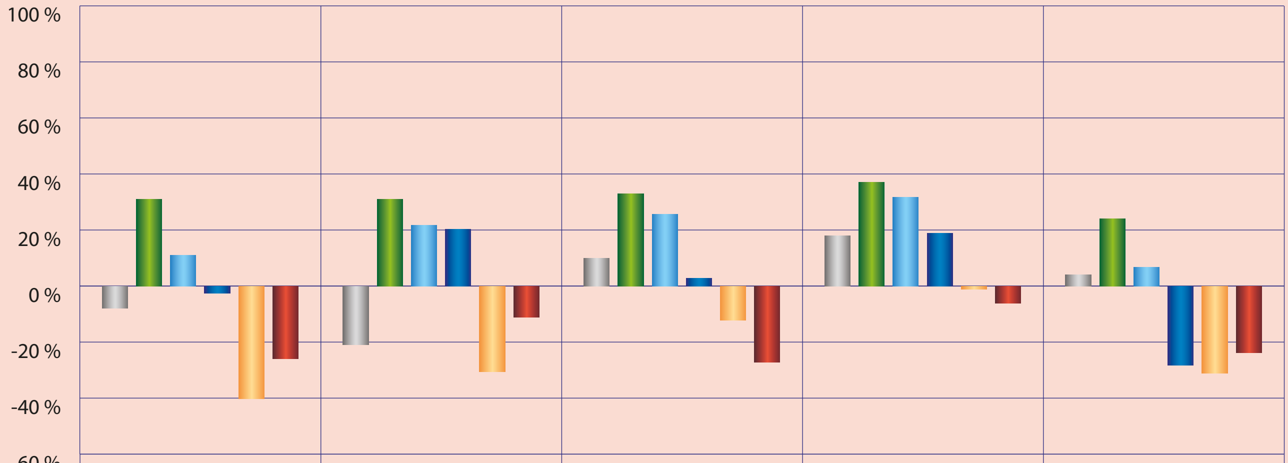
	IV-2012	IV-2013	I-2014	II-2014	IV-2014	I-2015	II-2015	III-2015	IV-2015
Overall	14	8	27	1	31	19.3	2.208	-23.05	-18.865
Kabul	17	12	29	-8	31	11	-2.5	-40.25	-26

Graph 1: Business climate, overall and Kabul 2012 to 2015 (in quarters per annum of survey conducted)

[1] *The Business Tendency Survey asks the managing directors of businesses for their opinions on the current business situation and their expectations for the next six months. The current survey was conducted in five regions (Kabul, Balkh, Kandahar, Herat and Nangarhar) and 560 companies were interviewed through phone during second and third weeks of Aug 2015.*

current situation of their businesses is reported as very poor (-52.5).

Kandahar shows the least favorable condition, which is unprecedented in our recent surveys. This is mainly because of the lack of a positive expectation among Kandahar businesses compared to other regions. They see their current situation better than that of Kabul, Herat and Balkh, but have not a similar perception regarding their business outlook. Kandahar is followed by Kabul, Herat and Balkh. Nangarhar is comparatively more confident regarding the six coming months. As illustrated in graph 2, Balkh, Kabul and Herat looks a little more optimistic compared to last survey. The comparison over time shows a highly volatile and inconsistent business climate.[2]



	Kabul	Balkh	Kandahar	Nangarhar	Herat
II-2014	-8	-21	10	18	4
IV-2014	31	31	33	37	24
I-2015	11	21.7	25.55	31.7	6.7
II-2015	-2.5	20.225	2.75	18.89	-28.325
III-2015	-40.25	-30.56	-12.22	-1.11	-31.11
IV-2015	-26	-11.11	-27.22	-6.11	-23.885

Graph 2: Business climate by Province 2014 to 2015

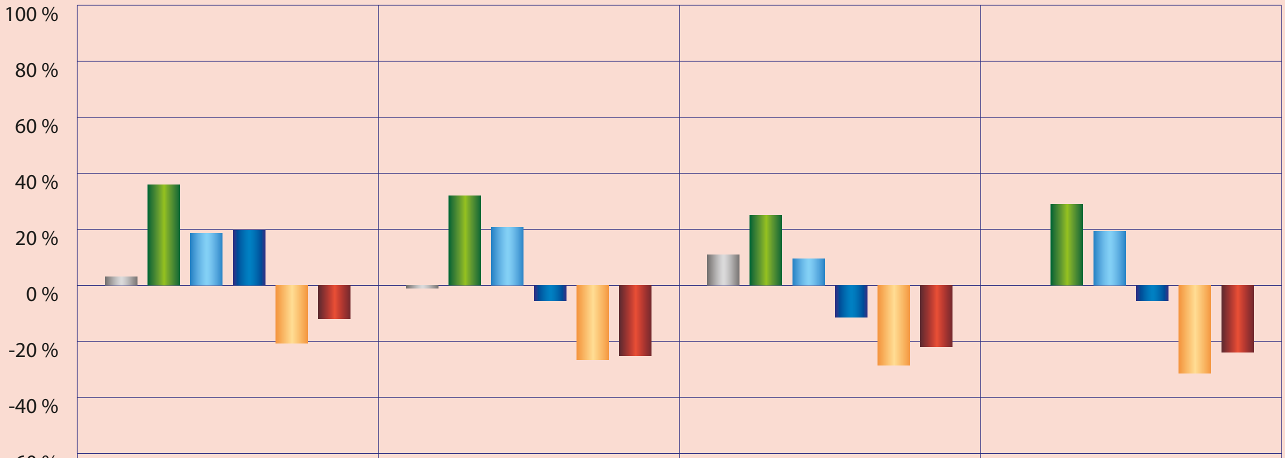
A-2 Business Climate by Sector

This survey shows a little improvement in all sectors. Trade companies have reported the worst condition and manufacturers top in sectorial ranking; however the business climate indicator for this sector is also negative.

As illustrated in graph 3, services and construction sectors also suffer from an unfavorable business condition. The balances of positive minus negative responses on their current business performance ranged between -44.82 and -65.71 across the sectors, but the respondents are resuming their hopes for future.

Despite the little improvement in the surveyed companies' expectations, the comparison of three latest surveys shows that the real business condition has largely worsened this year, and businesses have largely lost their optimism.

[2] *The number of Provinces were increased over time to five:*
IV-2012: Kabul, Balkh
IV-2013: Kabul, Balkh, Kandahar
I-2014: Kabul, Balkh, Kandahar, Nangarhar
Since II-2014: Kabul, Balkh, Kandahar, Nangarhar and Herat.



	Manufacturing	Trade	Construction	Service
II-2014	3	-1	11	0
IV-2014	36	32	25	29
I-2015	18.7	20.7	9.5	19.3
II-2015	19.695	-5.515	-11.425	-5.4
III-2015	-20.605	-26.555	-28.575	-31.38
IV-2015	-11.82	-25.17	-21.9	-23.79

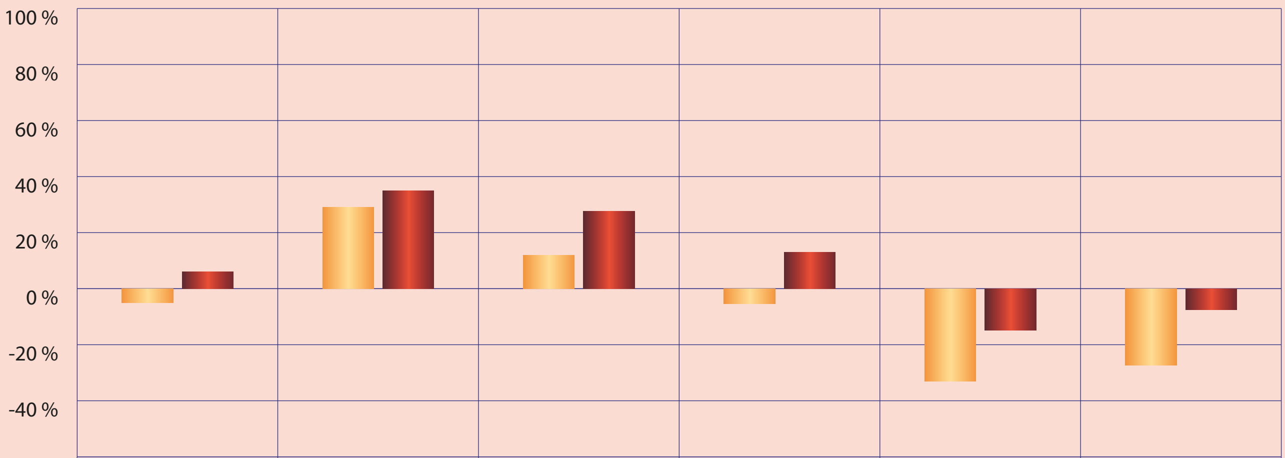
Graph 3: Business climate by sectors overall, 2014 to 2015

A-3 Business Climate by Company Size

The business climate Survey shows a little improvement for both SMEs and large enterprises.

The Business Climate Indicator value for SMEs was (-33.05) about three months back when the third ACCI 2015 Business Tendency Survey was conducted, but now this indicator has improved to (-27.41).

The Business Climate Indicator value for large companies is (-7.5). In last survey it was (-14.8).



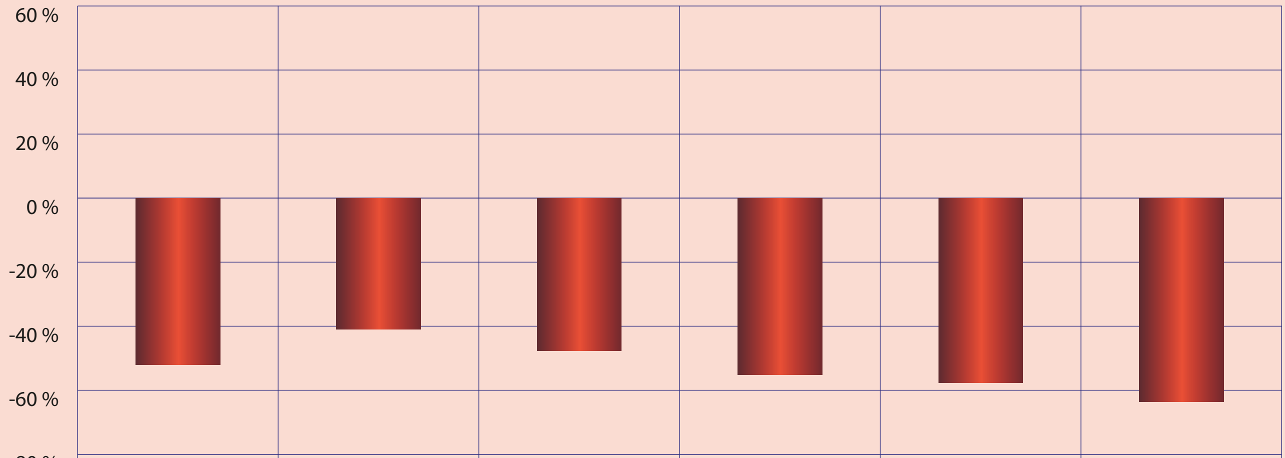
	II-2014	IV-2014	I-2015	II-2015	III-2015	IV-2015
SME	-5	29	11.9	-5.415	-33.05	-27.415
Large	6	35	27.7	13	-14.8	-7.5

Graph 4: Business climate by company size overall, 2014 to 2015

B. Order Books

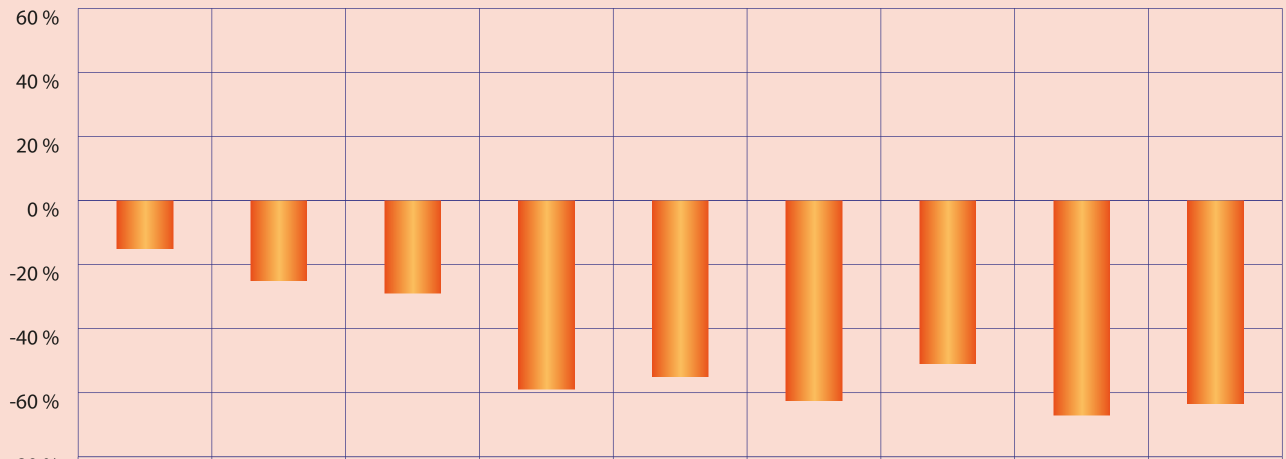
The order books situation is another indicator for the business situation. It is complementary to the Business Climate and can be used as a control for the climate tendency. However, the result figures are based on percentage balance values (positive minus negative answers).

The order books are in a very poor condition and majority of the respondents say that they experienced a serious decrease (-63.57) in their order books during last three months.



	II-2014	IV-2014	I-2015	II-2015	III-2015	IV-2015
Situation	-52	-41	-47.61	-55.19	-57.67	-63.57

Graph 5: Order books situation overall, 2014 to 2015 (in quarters per annum of survey conducted)



	IV-2012	IV-2013	I-2014	II-2014	III-2014	I-2015	II-2015	III-2015	IV-2015
Situation	-15	-25	-29	-59	-55	-62.5	-51	-67	-63.5

Graph 6: Order books situation Kabul, 2012 to 2015

An overview of the Kabul order books indicators over time reveals that since 2012 the order books situation has continually declined but in this survey it shows a minor improvement compared to last survey.

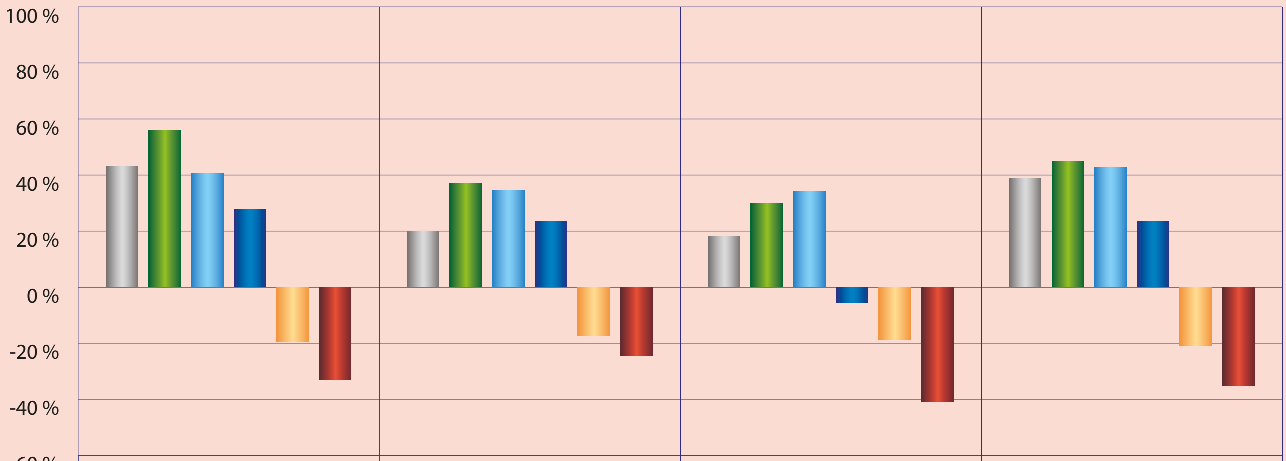
C. Employment Expectation

The survey reveals that the managers and owners of surveyed companies are not optimistic regarding their employments in coming three months.

The balance of the future employment plans is (-11.43) points across the sectors which is a little higher than that of the previous survey (-18.93).

It is worth mentioning that the real situation of the employment was different to what the businesses expected in previous survey. In August the surveyed companies expected about -18.93 points decrease in their employments for then the coming three months, while this survey showed a more negative tendency in employment during last three months. The number of respondents who say they have decreased their employees is -54.28 more than those who say they have employed more people during last three months.

Construction (-69.52) and service (-54.48) employees have lost considerably more jobs compared to manufacturing (-52.73) and Trade (-44.82). The survey shows that all Sectors are expecting a negative employment indictor for coming six months.

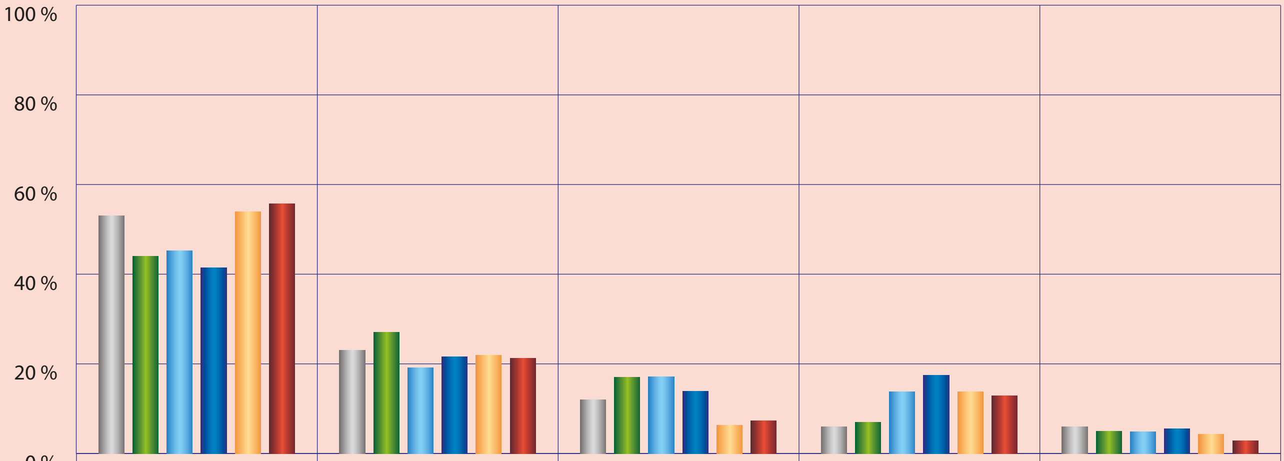


	Manufacturing	Trade	Construction	Service
II-2014	43	20	18	39
IV-2014	56	37	30	45
I-2015	40.61	34.48	34.29	42.75
II-2015	27.88	23.45	-5.72	23.45
III-2015	-19.39	-17.24	-18.62	-20.95
IV-2015	-33.035	-24.475	-40.95	-35.17

Graph 7: Employment expectations by sectors overall, 2014 to 2015

D. Desired Improvements for Business Development

The evaluation of major business constraints shows that the most important factor for business development is security; it is followed by market and demand, administrative reforms, better infrastructure and access to finance. As illustrated in Graph 8. The call for administrative reforms has gradually increased in last six surveys and in last three surveys it is ranked as more urgent than infrastructural developments.



	Security	Market	Infrastructure	Administration	Finance
II-2014	53	23	12	6	6
IV-2014	44	27	17	7	5
I-2015	45.18	19.11	17.14	13.57	4.82
II-2015	41.43	21.61	13.93	17.5	5.54
III-2015	53.93	21.96	6.25	13.75	4.29
IV-2015	55.71	21.25	7.32	12.86	2.86

Graph 08: Desired improvements for business development, overall, 2014 to 2015

Appendix:

The Definition of the Business Climate Indicator

The Business Climate is based on a periodic survey of company managers in Manufacturing, Construction, Services and Trade sectors. The managers are requested to report on their present business situation as well as on their expectations for the next six months. They may judge their situation to be "better than normal", "normal" or "worse than normal". On their expectations they may answer that the situation will "improve", "remain the same" or "deteriorate".

The balance value of the present situation is the difference of the percentage shares of the answers "better than normal" and "worse than normal". The balance value for the expectations is the difference of the percentage shares of the answers "improve" and "deteriorate".

The Business Climate is the arithmetic mean of the situation (balance value) and the expectations (balance value).

In graphical presentations for the first survey rounds the "normal" and "remain the same" judgments are taken as the zero line. The range of the climate indicator may vary between 0 and in its maximum up to one hundred towards the positive (plus) and as well one hundred towards the negative (minus) side. At a later stage, after time series can be established, the "zero" line will be based on a normal year climate (taken as 100 and the following quarterly climate values indexed to this year).

Despite the challenges faced by women in businesses, the Business Bottleneck Survey shows a considerable support for women operating in the private sector. In overall, 76.55% of the surveyed companies say that more women should run businesses.

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Why Survey and Research

- *To enhance a common understanding of business challenges*
- *To foster business intelligence*
- *To find hard facts and figures for PPD*
- *To draw proposals for improving the business climate*

Survey includes:

- *Trained staff interviewers*
- *Standard methodologies and questionnaire*
- *Telephone interviews*
- *Nationwide*
- *All sectors of Economy*
- *ACCI Member/None Member companies*

Business Tendency Survey

A- To monitor, analyze and forecast short term economic fluctuations
B- Will be conducted with high frequency and by a very short questionnaire
C- Larger and upper-medium sized firms (because they have a higher impact on economic fluctuation)

Business Bottleneck Survey

A. To identify longer term (more structural problems hindering business to develop (bottlenecks)
B. Will be conducted with lower frequency and by a detailed questionnaire
C. Bottleneck survey focus more on lower-medium and smaller sized firms, because they usually are faced with the bulk of problems and their much higher numbers are specifically important for employment and widespread income generation

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