



Improving the Provincial Competitiveness Index for the "Enterprise Support Policy" Index in 2023 in Ha Giang Province

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ABSTRACT:

The component index "Enterprise Support Policy" is one of the tools for measuring and evaluating economic management and operation based on activities to develop the small and medium-sized enterprise sector, including trade promotion, legal advice for enterprises, support for finding business partners, developing industrial parks and clusters in the locality, job placement services, etc. The article studies the enterprise support policy index in Ha Giang province in order to improve this index in the overall provincial competitiveness index (PCI), such as by continuing to implement solutions to remove difficulties and obstacles, supporting businesses, Continue to strongly improve the investment and business environment, cut down, and simplify administrative procedures related to investment and business activities. Promote digital transformation and innovation in enterprises, Support training to improve vocational skills for enterprise workers and improve the quality of human resources to meet the requirements of innovation and the 4.0 industrial revolution.

Keywords: PCI, "enterprise support policy" index, Ha Giang

I. "Enterprise Support Policy" index

The Provincial Competitiveness Index, abbreviated as PCI, is constructed to assess the business environment, the quality of economic management, and the administrative reform efforts of the authorities of provinces and cities in Vietnam. Not only focusing on analyzing businesses' perceptions of the quality of economic management, the annual PCI study also conducts a survey of foreign-invested enterprises (FDI) operating in Vietnam, assesses businesses' confidence in business prospects, ranks the quality of local infrastructure, and conducts research on a prominent trend or policy that has a major impact on the production and business activities of enterprises nationwide.

The PCI is the result of a research collaboration between the Vietnam Chamber of Commerce and Industry (VCCI) and the United States Agency for International Development since 2005. PCI is determined through a system of component indices. Each component index has a weight and includes a number of constituent indicators, reflecting different areas and aspects. The authorities at all levels have a direct impact on the production and business activities of enterprises.

The PCI index measures the quality of economic management by the provincial authorities in 10 areas that are important for the development of enterprises in the private economic sector. Accordingly, a locality is considered to have good management quality when it has: 1) a low cost of market entry (5%); 2) easy access to land and stable land use (5%); 3) a transparent business environment and public business information (20%); 4) Low informal costs (10%); 5) Fast time for inspection, examination, and implementation of regulations and administrative procedures (5%); 6) Equal competitive environment; 7) Provincial authorities are dynamic and creative in solving problems for businesses (5%); 8) High-quality business support services (5%); 9) Good labor training policy (20%); and 10) Fair and effective dispute resolution procedures and security and order are maintained (5%).

Enterprise support policy index

Before 2021, this index was previously called business support services and was used to measure the province's services to develop the private sector, such as trade promotion, providing legal advice information to businesses, supporting finding business partners, developing industrial parks and clusters in the locality, and providing technology services to businesses. This index consists of 24 component indicators.

In PCI 2021, the component index "Enterprise Support Policy" was developed to replace the component index "Business Support Services" in order to focus on assessing businesses' assessment of the results of implementing business assistance programs within the framework of the Law on Support for Small and Medium-sized Enterprises, which took effect in 2018. A new system of indicators consisting of 13 component indicators has also been developed, including the following indicators:

1. Procedures for granting credit guarantees to SMEs are easy to implement.
2. Procedures for getting government agencies to support business capacity building are easy to implement.

3. Procedures for getting a discount on the rent of premises in industrial parks or clusters are easy to implement.
4. Procedures for exemption and reduction of legal consulting costs when using legal consulting services from the network of consultants of government agencies are easy to implement.
5. Procedures for exemption and reduction of market information consulting costs when using consulting services from the network of consultants of government agencies are easy to implement.
6. Procedures for exemption and reduction of costs for participating in training courses using the state budget on business start-up and management are easy to implement.
7. Procedures for exemption and reduction of vocational training costs for workers are easy to implement.
8. The quality of information provision related to FTAs by local government agencies meets the needs of businesses (% of satisfaction).
9. Difficulties in implementing legal documents implementing free trade agreements (FTAs) are effectively addressed by local government agencies (%).
10. The proportion of enterprises that are aware of business support programs to take advantage of opportunities from FTAs
11. The proportion of enterprises that assess the implementation of procedures to benefit from support from the program to support enterprises to take advantage of opportunities from FTAs is favorable (%).
12. Proportion of service providers to the total number of enterprises (%)
13. Proportion of private and foreign suppliers to the total number of service providers (%)

The evaluation criteria focus on some important aspects of supporting small and medium-sized enterprises, including the level of convenience in participating in support programs such as granting credit guarantees at the Credit Guarantee Fund for Small and Medium-sized Enterprises; support for building feasible production and business plans, enhancing management capacity, management skills, and financial transparency of enterprises to improve access to credit; support for rental prices of premises in industrial parks, high-tech parks, industrial clusters; support for accessing legal consulting services when using legal consulting services from the network of consultants of state agencies; support for accessing/participating in training courses using the state budget on business start-up and management and support programs, reducing vocational training costs for workers.

2. The reality of business support policies from the PCI perspective of Ha Giang Province

2.1 Characteristics of enterprises in Ha Giang Province

Ha Giang is a mountainous province bordering the northernmost of Vietnam, with a particularly important strategic location; to the north, it borders Yunnan and Guangxi provinces in China, with a border length of 274 km; to the south, it borders Tuyen Quang province; to the east, it borders Cao Bang province; and to the west, it borders Lao Cai and Yen Bai provinces. The provincial capital of Ha Giang is Ha Giang City, 23 km from the Thanh Thuy border gate and 320 km from the center of Hanoi. Ha Giang's terrain forms three distinct sub-regions with different characteristics in terms of altitude, climate, and soil, creating different conditions specific to Ha Giang's development of its economy. Ha Giang province has more than 3,700 enterprises, with a total registered capital of more than 36,000 billion VND, of which 70% are currently producing and operating effectively. With the spirit of self-reliance and overcoming difficulties, businesses have made great contributions to socio-economic development. Every year, the business community of the province creates more than 60% of the gross domestic product in the province, contributes more than 70% of domestic revenue, and creates jobs for thousands of local workers. In which there are many enterprises and entrepreneurs who have pioneered investment in potential fields, advantages, and priority development of the province. Typically: H'Mong Village Quan Ba high-class resort; high-class Shan Tuyet tea products of Thanh Son Tea Company; Phin Ho Tea Processing Cooperative; OCOP products of many enterprises; start-up cooperatives implement many effective economic models and develop agricultural and forestry products, bringing high income to people.

- *Business support policies in Ha Giang province*

In order to support and develop enterprises, especially small and medium-sized enterprises, the People's Committee of Ha Giang Province has issued a number of support programs and policies, as follows:

Resolution No. 206/2015/NQ-HDND, dated December 10, 2015, of the Provincial People's Council on "Policy to Encourage the Development of Border Trade Economy in Ha Giang Province" Applicable to enterprises building the Exhibition and Fair Center of Thanh Thuy border gate economic zone, Vi Xuyen district, Ha Giang province. The provincial budget supports 100% of the interest rate on loans to invest in the construction of the Exhibition and Fair Center of the Thanh Thuy border gate economic zone. Support period: 36 months after project completion.

Resolution No. 209/2015/NQ-HDND dated December 10, 2015 of the Provincial People's Council on "Policy to encourage the development of agricultural commodity production in Ha Giang province" applies to organizations and individuals organizing production for a number of crops and livestock of the province, including: oranges, tea, medicinal herbs, buffalo, cows, and bees. Support 100% of the loan interest rate according to each specific loan borrower.

Resolution No. 35/2016/NQ-HDND, dated July 21, 2016, of the Provincial People's Council on "Policy to Encourage Tourism Development in Ha Giang Province" Support the interest rate on loans for organizations and individuals doing business or both producing and trading traditional handicraft products serving tourism. Support 100% of the loan interest rate for a period of 3 years; the maximum loan amount supported is not more than 200 million VND/cooperative, traditional handicraft village recognized by the Provincial People's Committee, or has a project to invest in developing the craft village approved by the competent People's Committee in the development plan of the craft village in each phase of the province.

Resolution No. 09/2019/NQ-HDND was issued on July 19, 2019 on approving the policy to support the linkage of production and consumption of agricultural products in Ha Giang province. Support the cost of consulting to build linkages; support infrastructure for linkages; support agricultural extension; training and seeds; materials; packaging; and product labeling.

Plan No. 07/KH-UBND dated January 8, 2021 on Legal Support for Small and Medium-Sized Enterprises in the Province in 2021, with some main contents as follows: Building, managing, maintaining, updating, exploiting, and using the database of legal documents Building, managing, maintaining, updating, exploiting, and using the database of cases, legal problems, Conducting legal support activities for small and medium-sized enterprises, Information provision activities, including domestic legal information, foreign legal information, international law, legal risk warnings and policies of industries, sectors, and localities related to small and medium-sized enterprises, Legal knowledge training activities for small and medium-sized enterprises; people doing legal support work for SMEs, Legal consulting activities for SMEs (dialogue, resolving legal problems for businesses, and legal consulting activities based on the needs of SMEs)

Plan 450/KH-UBND dated December 18, 2017 on implementing the project to support women's start-ups for the period 2017-2025 in Ha Giang province, with some main contents as follows: Propaganda about start-ups, Support for implementing creative ideas Support for accessing credit, Support for improving competitiveness, linkages, promoting trade promotion, introducing and promoting products for enterprises, cooperatives, cooperative groups, women's groups, linking economic development, Capacity building for cadres of the association at all levels

Soon after the government issued Resolution 01, dated January 6, 2023, on the tasks and key solutions to implement the socio-economic development plan, the state budget estimate, improve the business environment, and enhance national competitiveness in 2023, the Provincial People's Committee promptly issued an action program to implement the socio-economic development plan in 2023. Assign heads of departments, agencies, and sectors; Chairmen of the People's Committees of 11 districts and cities; Focus on directing, drastically, flexibly, and effectively implementing solutions according to the proposed action program; clearly define the completion time as the responsible unit for each work content; and strongly improve the business environment in a synchronous, comprehensive manner; promote business support; and attract investment.

Accordingly, in order to create favorable conditions for business development, the Provincial People's Committee has paid special attention to directing and promoting administrative reform, focusing on reviewing and simplifying administrative procedures, and providing online public services at levels 3 and 4.

Along with reviewing and simplifying administrative procedures, Ha Giang province has implemented a one-stop mechanism for business registration, minimizing the processing time for business registration dossiers from 3 days, according to the Law on Enterprises, to 1 working day. From the beginning of the year up to now, the whole province has 48 newly established enterprises with a total registered capital of VND 204.5 billion, raising the total number of enterprises in the province to more than 3,600 enterprises with a total registered capital of over VND 35,900 billion. In order to improve the business environment in a synchronous and substantive manner, the province has focused on improving the quality of business support services, deploying the implementation of the Law on Support for Small and Medium Enterprises, focusing on supporting enterprises in digital transformation, creative startups, participating in industry clusters, and sustainable value chains, and effectively operating the Startup Business Incubator. On the other hand, the province has also established the Provincial Investment Promotion Board. This is the focal agency for receiving, monitoring, inspecting, supervising, and urging agencies and units to handle investment procedures, improve the quality of services, and accompany individuals and organizations investing in business in the province.

2.3 Business support policy index from the PCI perspective in Ha Giang province in the period 2018–2022.

2.3.1 PCI index of Ha Giang province

According to the results of the provincial competitiveness index (PCI) ranking in 2022, Ha Giang province achieved 64.39 points, rising to 41st out of 63 provinces and cities, an increase of 18 places compared to 2021. This is the highest ranking Ha Giang province has achieved in 18 years of ranking implementation.

Table 1: PCI index of Ha Giang province from 2018–2022

Year	2022	2021	2020	2019	2018
Business support policy	5.24	6.39	5.75	5.81	7.31
PCI	64.39	50.52	61.16	62.62	61.19
Ranking	41	59	61	60	52

Source: According to PCI reports for the years

Table 2: PCI index of Ha Giang province in 2022*According to the PCI report for 2022*

		CI 1: Market entry	CI 2: Land access	CI 3: Transparency	CI 4: Time cost	CI 5: Informal cost	CI 6: Equal competition	CI 7: Dynamism and Pioneering Spirit of the Government	CI 8: Business support policy	CI 9: Labor training	CI 10: Legal Institutions, Order, and Security
Ha Giang	64.39	6.80	6.89	6.02	7.52	7.11	5.76	6.81	5.24	5.05	7.78

Among the 10 PCI component indices in Ha Giang province in 2022, 7 indices increased. The transparency index increased by 0.32 points; the informal cost index increased by 0.56 points; labor training increased by 0.53 points; equal competition increased by 0.27 points; time cost increased by 0.11 points; land access increased by 0.7 points; and legal institutions increased by 0.39 points. Besides, some component indices decreased, such as the market entry index, dynamism, and business support policy.

2.3.2 Business support policy index of Ha Giang province

Year	2022	2021	2020	2019	2018
Business support policy	5.24	6.39	5.75	5.81	7.31

The Social Support Policy Index of Ha Giang Province has fluctuated up and down over the years. In 2018, the index score was 7.31, but it decreased sharply in 2019 and 2020. By 2021, the provincial business support policy index score had increased to 6.39. However, in 2022, it decreased sharply to 5.24, ranking 54th in the country. This shows that the province's business support policies have not been really effective in creating favorable conditions and support for businesses in Ha Giang province.

Table 3: Business support policy index of Ha Giang province in 2021–2022

Year	CSTP 8: Business support policy	Procedures for granting credit guarantees to SMEs are easy to implement.	Procedures for enterprises to receive support from state agencies to enhance their capacity are easy to implement. -	Procedures for enterprises to get a discount on rent at industrial parks or clusters are easy to implement.	Procedures for enterprises to be exempted from or reduced from legal consulting fees when using the legal consulting services of the consulting network of state agencies are easy to implement.	Procedures for enterprises to be exempted from or reduced consulting fees for market information when using consulting services of the consulting network of state agencies are easy to implement.	Procedures for enterprises to be exempted from or reduced fees for participating in training courses using the state budget on business startups and business management are easy to implement.	Procedures for enterprises to be exempted from or reduced vocational training fees for workers are easy to implement.	The quality of information provision related to FTAs by local state agencies meets the needs of enterprises (% of satisfaction).	Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively addressed by local state agencies (%).	The proportion of enterprises that are aware of business support programs to seize opportunities from FTAs	The proportion of enterprises that assess the opportunities from FTAs is favorable (%).	The proportion of service providers to the total number of enterprises (%)	The proportion of private and foreign service providers to the total number of service providers (%)
2022	5.24	67%	40%	75%	82%	78%	83%	71%	38%	53%	13%	15%	1.11%	69%
Rank	54	40	59	32	7	22	11	59	18	47	45	30	41	48
2021	6.39	71%	78%	73%	93%	85%	87%	86%	31%	73%	20%	75%	1.23%	40%
Ranking.	41	49	41	53	6	26	21	26	25	19	33	32	10	52

According to the PCI report for 2022

The business support policy index of Ha Giang province in 2022 has decreased sharply in the last 5 years. The score of business support policy in 2022 decreased by 1.15 points compared to 2021. Specifically, there are 10 indicators that decreased, including: Procedures for granting credit guarantees to SMEs are easy to implement (%), and procedures for enterprises to receive support from state agencies to enhance their capacity are easy to implement (%). Procedures for enterprises to be exempted from or reduced from legal consulting fees when using the legal consulting services of the consulting network of state agencies are easy to implement. Procedures for enterprises to be exempted from or reduced consulting fees for market information when using consulting services of the consulting network of state agencies are easy to implement. Procedures for enterprises to be exempted from or reduced consulting fees for participating in training courses using the state budget on business startups and business management are easy to implement (%). Procedures for enterprises to be exempted from or reduced vocational training fees for workers are easy to implement (%); implementing free trade agreements (FTAs) is effectively addressed by local state agencies (%). The proportion of enterprises that are aware of business support programs to seize opportunities from FTAs, The proportion of enterprises that assess the opportunities from FTAs is favorable (%). The proportion of service providers to the total number of enterprises (%).

Besides, there are also some indicators that increased compared to 2021, such as: procedures for enterprises to get a discount on rent at industrial parks or clusters are easy to implement; The quality of information provision related to FTAs by local state agencies meets the needs of enterprises (% of satisfaction), The proportion of private and foreign service providers to the total number of service providers (%)

3. Some solutions to improve the business support policy index in Ha Giang province

Determining the improvement of the business environment and the enhancement of the PCI index as an important solution to promote socio-economic development, the province continues to deploy synchronous solutions to strongly improve the investment and business environment in a synchronous, comprehensive, public, transparent, and equal manner.

Continue to conduct the survey on the Performance Management Index of departments, agencies, and sectors and localities (DDCI) to improve the PCI, including the business support policy index, striving to raise the PCI ranking from average to good by 2025 and to be at the top of the country.

Actively reform administrative procedures associated with improving the investment and business environment, attracting investment in three "pillar" areas: agriculture, commodity characteristics, tourism, and border economy.

The province needs to focus on promoting administrative reform, creating a favorable investment environment, promoting economic development such as grasping information, exchanging, and sharing experiences to remove difficulties for enterprises, implementing the one-stop, interconnected model in handling administrative procedures for business registration, investment registration, tax, and land, and resolving complaints of citizens and the business community.

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