



Provincial Green Index in Vietnam

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ABSTRACT:

The Provincial Green Index was developed to provide input information for policy making at both central and local levels to minimize the negative impacts of climate change and environmental pollution on the environment, with production and business activities and corporate sustainability. The PGI index includes 4 component indexes: Minimizing environmental pollution and negative impacts of climate change; ensure compliance with minimum environmental standards; the leadership role of the provincial government in environmental protection; policies and services to support businesses in environmental protection. This article aims to evaluate Vietnam's provincial Green Index in 2022, to consider the quality ranking of local environmental governance from the perspective of business practices such as the level of application of environmentally friendly technology of the province businesses, the level of management and environmental behavior of businesses, the level of interest and willingness to invest in environmental issues of local governments and many other important environmental issues.

Keywords: PGI, provincial green index, Vietnam.

1. Introduction

In recent years, the economic growth rate and development of the private sector in Vietnam have achieved quite impressive results. Along with that, Vietnam is facing increasing risks from climate change and environmental pollution. Recognizing these issues, Vietnam has begun the process of transitioning to a more sustainable economic growth model. The Vietnamese government has also launched various policies to attract green investment, including collaborating with development partners on the energy transition and issuing green bonds. In order to contribute to realizing the national orientation of green growth and the increasing interest of provincial governments and the private sector in environmental protection, VCCI launched the Provincial Green Index to encourage provinces to pay more attention to environmental protection factors associated with economic growth. At the end of 2020, VCCI began developing the idea of a Provincial Green Index (PGI) and integrating it into the PCI survey to encourage provinces and cities to pay more attention to environmental protection and sustainable development, in the process of implementing efforts to improve the business environment. The PGI index includes 4 component indexes: Minimizing environmental pollution and negative impacts of climate change; ensure compliance with minimum environmental standards; the leadership role of the provincial government in environmental protection; policies and services to support businesses in environmental protection.

Therefore, the goal of this article is to evaluate Vietnam's provincial Green Index in 2022, to consider the quality ranking of local environmental governance from the perspective of business practices such as the level of technology application environmentally friendly technology of businesses, the level of management and environmental behavior of businesses, the level of interest and willingness to invest in environmental issues of local governments and many important environmental issues other important..

2. Theoretical basis

In 2022, VCCI officially launches the Provincial Green Index (PGI) survey as an integrated environmental component of the PCI 2022 survey. Built with a scientific, rigorous and knowledgeable statistical methodology Regarding the national context, the PGI index aims to become a useful policy tool for agencies and governments at all levels, as well as a reliable source of reference information for domestic and foreign investors. The Provincial Green Index was developed to provide input information for policy making at both central and local levels to minimize the negative impacts of climate change and environmental pollution on the environment with production and business activities and corporate sustainability. The PGI 2022 index has 4 component indices made up of 44 indicators measuring the quality of environmental governance in provinces and cities in the direction of linking environmental protection with economic development.

Minimize environmental pollution and negative impacts of climate change (for businesses). Providing infrastructure and public services can be considered the most basic responsibility of provincial governments, even included in central planning. In the context of increasing natural disaster and climate change risks and the growing private economic sector in Vietnam, the responsibility of local governments has become increasingly greater in recent years because

they are expected to solve infrastructure needs, support businesses in preparing, responding, and minimizing the growing impacts of climate change (floods, rising sea levels, droughts, etc.) for production and business activities.

Ensure compliance with minimum environmental standards. This component index measures the effectiveness of monitoring and enforcement of environmental regulations implemented by provincial governments to minimize environmental harm caused by enterprises' production and business activities. This is also a fairly traditional state management field of local government, appearing in the early 1990s with the birth of the official private economic sector. The scope of this management field has of course expanded much further in the context of the rapid development of the official private economic sector in Vietnam since the Enterprise Law was promulgated in 2000. In recent years, the effectiveness of environmental management has become more urgent in the face of major environmental incidents caused by corporate violations, leading to greater concern from the people. However, the frequency of environmental inspections has tended to decrease in recent years, as many businesses reported that they had to incur additional costs due to frequently having to receive inspection teams from state agencies.

Promote green practices. This component index measures the degree to which environmental goals are integrated into the broader state management responsibilities of the provincial government, specifically whether the government integrates environmental protection goals into development policy in general, in public procurement activities, and in activities to guide and disseminate legal regulations and practices to support businesses in "greening" their operating processes and product business models output and corporate behavior. This role of the provincial government, if promoted, will contribute to promoting and even leading leading businesses to pursue strategies to become role models in environmental protection. This role may include guiding businesses to make operational decisions that can position them to become leaders in energy savings or the use of sustainable, renewable energy.

Policies and services to support businesses in environmental protection. This component index evaluates the policies and support services applied by the provincial government to promote businesses with behaviors and decisions that create positive environmental impacts beyond minimum environmental standards according to Vietnamese laws or international standards. For example, business support services provided by local governments such as consulting services on licensing procedures for investment projects with environmental protection elements, training services, technical training. The ability for workers to enable businesses to implement investment projects with environmental protection factors will contribute to solving the shortage of capacity building services for businesses to green production and investment activities.

3. Current status of provincial green index in Vietnam in 2022

The PGI index is designed as a ranking index based on input criteria formed from a system of indicators measuring input policy factors (measures to evaluate the actions of the provincial government), which may have a correlation with the current state of the environment and climate, such as natural disasters or air or water quality measurement indexes such as fine dust index (PM 2.5), nitrogen dioxide (NO₂) or sulfur dioxide (SO₂). The 2022 PGI Index survey results show that the environmental quality of localities needs to be paid more attention to improvement, more than half of businesses nationwide evaluate local environmental quality as good or very good. Good. However, 30% of businesses said the locality where they operate is "not polluted" or only "slightly polluted", 37% of businesses said they were not affected by pollution. Notably, 58% of businesses observed that the phenomenon of businesses polluting the environment is common in their locality. Also according to the VCCI Report, although in general FDI enterprises appear to be more satisfied with local environmental management, compared to domestic private enterprises, there are still some areas that have not been covered. FDI enterprises evaluated positively, such as preventing environmental pollution and sanctioning polluting enterprises. However, foreign investors have a more positive assessment of the local government's guidance on environmental laws and policies to support businesses in environmental protection.

According to VCCI's survey results in 2022, the 10 provinces and cities with the lowest PGI index are: Hanoi reached 12.52 points ranked 63/63, Ben Tre reached 12.72 points ranked 62/63, Ninh Thuan reached 12.74 points ranked 61/63, Ca Mau achieved 12.8 points ranked 60/63, Tuyen Quang achieved 13.06 points ranked 59/63, Phu Yen achieved 13.17 points ranked 58/63, Kien Giang achieved 13.34 points ranked 57/63, Soc Moon reached 13.36 points ranked 56/63, Tien Giang reached 13.43 points ranked 55/63, and Ninh Binh reached 13.43 points ranked 54/63.

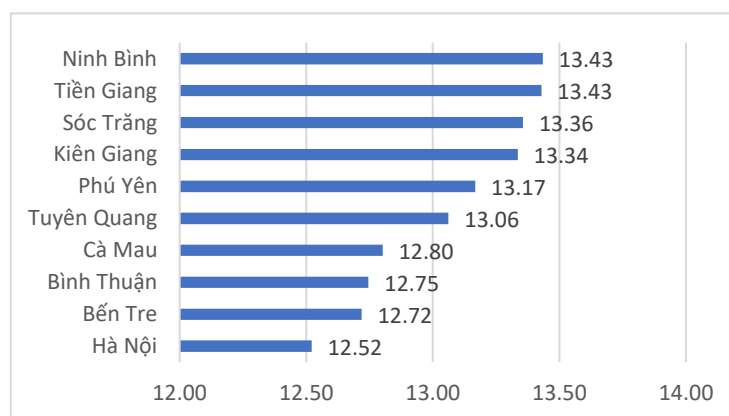


Figure 1. Provinces/cities with the lowest PGI index

The 10 provinces and cities with the highest PGI index are: Tra Vinh reached 17.68 points ranked 1/63, Lang Son reached 17.31 points ranked 2/63, Bac Ninh reached 17.21 points ranked 3/63, Quang Ninh reached 17.12 points ranked 4/63, Da Nang reached 16.68 points ranked 5/63, Hai Duong reached 16.53 points ranked 6/63, Bac Kan reached 16.46 points ranked 7/63, Bac Giang reached 16.43 points ranked 8/63, Vinh Phuc scored 16.35 points, ranked 9/63, and Lao Cai scored 16.17 points, ranked 10/63..

With the survey results, the highest PGI index in the country reached 17.67 points, the lowest PGI index in the country reached 12.72 points, and the average PGI score of 63 provinces and cities reached 14.72 points..

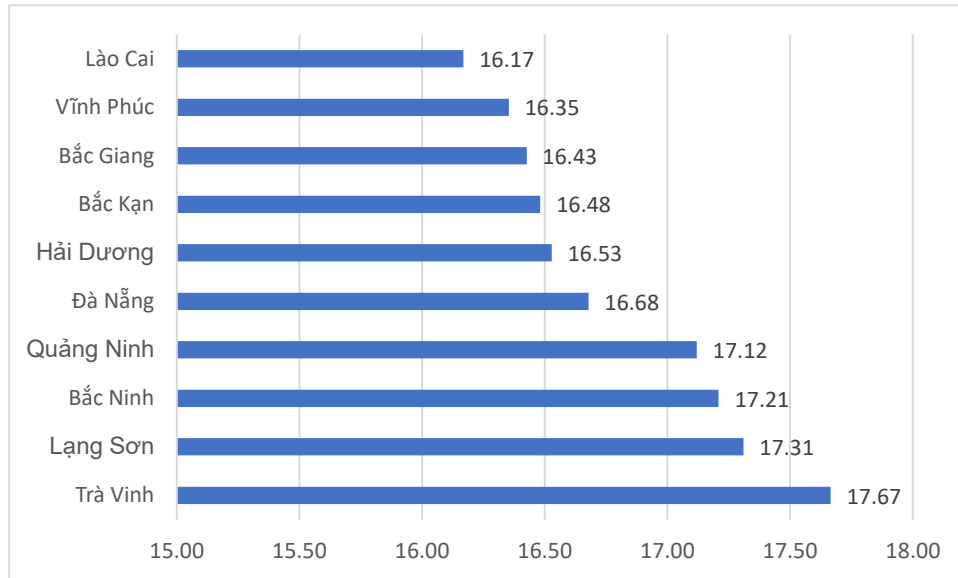


Figure 2. Provinces/cities with the highest PGI index

Hanoi scored 12.52 points, ranked 63/63 provinces and cities. PGI component indexes ranked quite low, including: "Promoting green practices" reached 3.15 points, ranked 49/63; "Reducing environmental pollution and the impact of climate change" reached 4.27 points, ranked 59/63; "Ensuring compliance with minimum environmental standards" scored 3.65 points, ranked 59/63; "Policies and services to support businesses in environmental protection" scored 1.46 points, ranked 62/63.

PGI component indexes ranked quite high, including: "Promoting green practices" reached 3.88 points, ranked 42/63; "Reducing environmental pollution and the impact of climate change" reached 6.41 points, ranked 2/63; "Ensuring compliance with minimum environmental standards" scored 5.54 points, ranked 9/63; "Policies and services to support businesses in environmental protection" scored 1.88 points, ranked 36/63. For Tra Vinh, the PGI index will continue to be one of the important criteria in the province's socio-economic development process. Tra Vinh, along with the whole country, carries out the "green race" towards the goal of achieving net zero emissions. The province has set out action directions for the business community, agricultural development as well as related fields. We will make every effort to maintain the PGI index in 2023 and the following years.

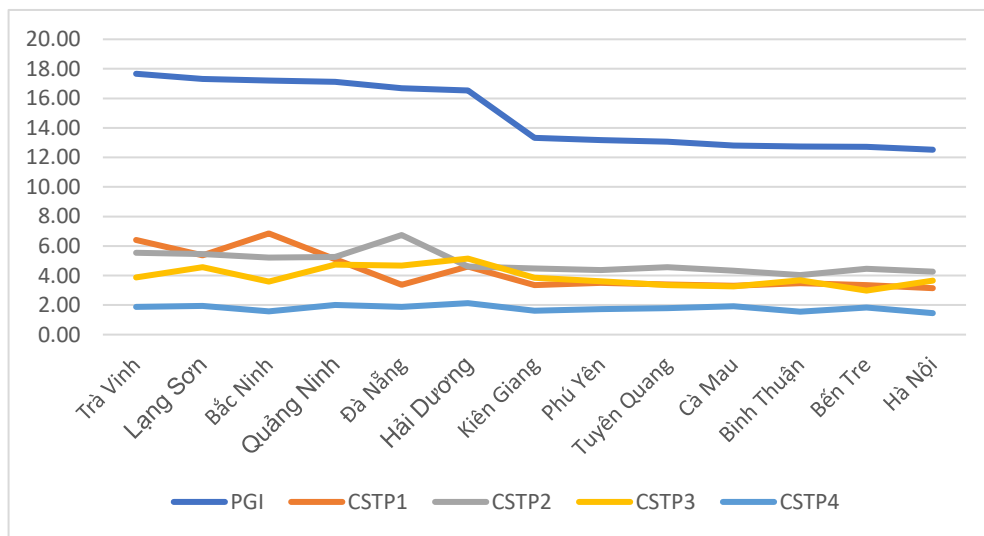


Figure 3. Component indices of provinces with the highest and lowest PGI index

For the component index "Reducing environmental pollution and negative impacts of climate change", Dak Lak province is the province with the lowest score with 3.07 points, Bac Ninh province is the province with the highest score with 6.85 points. For the component index "Ensuring compliance with minimum environmental standards", Bac Lieu province is the province with the lowest score with 4.94 points, Da Nang province is the province with the highest score with 6.74 points. For the component index "The leadership role of the provincial government in promoting Green practices", Ben Tre province is the province with the lowest score with 2.98 points, Hai Phong province is the province with the highest score with 5.35 points. For the component index "Policies and services to support businesses in environmental protection", Bac Lieu province is the province with the lowest score with 1.39 points, Lai Chau province is the province with the highest score with 2.59 points.

4. Conclusion

The 2022 survey results have made some notable findings, which are that the environmental quality of localities needs to be paid more attention to improvement. Only about half of businesses nationwide (51.2%) rated local environmental quality as good or very good. On average, 30% of businesses said the locality where they operate is "not polluted" or only "slightly polluted". Only 37% of businesses said they were not affected by pollution. Notably, 58% of businesses observed that the phenomenon of businesses causing environmental pollution is common in their locality.

Due to the negative impacts of climate change, global warming, natural disasters and extreme weather events occur more frequently; Natural resources are gradually depleted, gradually "greening" production is becoming an inevitable trend and creating competitive advantages for businesses. However, difficulties in capital and technology are preventing hinder the green transformation process of Vietnamese businesses. Vietnam has an impressive economic growth rate in the period 2011 - 2022, but this is also the period when Vietnam uses a lot of fossil fuels, especially coal to produce electricity to meet increasing energy demand increase for a high growth economy. Not only Vietnam, many economies with similar levels also have to rely on traditional fossil fuels.

According to USAID leaders, accessing green growth resources brings many great impacts to businesses and the economy. This is the driving force to promote Vietnam's sustainable development and realization of committed goals. Vietnam has committed to achieving net zero emissions by 2050, making it an upper middle-income country by 2050. To do this, the cooperation of agencies, organizations, and businesses is required, and the provincial green index (PGI) is an important tool to evaluate the effectiveness of public agencies on this issue environmental protection. In the context of climate change affecting many localities, applying the Provincial Green Index (PGI) in parallel with the Provincial Competitiveness Index (PCI) plays an important role in development of businesses and the economy. Therefore, localities need to encourage businesses to convert to greener business methods and promote the application of green and environmentally friendly technology. Along with that, for the reception of investment projects, there needs to be multi-dimensional assessments of long-term environmental impacts. Thereby, creating motivation to create high added value and be environmentally friendly. Through the Green Index, we hope that provinces and cities will pay more attention to economic development associated with environmental protection. Providing timely information to support the government in making policies related to investment and the environment, promoting the building of a friendly business ecosystem, and orienting investors to be conscious of environmental protection to sustainable development.

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