



Received: 24-12-2023
Accepted: 04-02-2024

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Evaluating the Policy and Services Supporting Businesses in Environmental Protection Index in Vietnam

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Abstract

Policies and services to support businesses in environmental protection is one of four component indexes of the provincial green index in Vietnam, to assess the extent to which businesses can access and benefit from policies and business support program targeting green business and practices implemented by local authorities. Recognizing the importance of green growth, Vietnam has begun the transition to a more sustainable economic growth model. Measuring the provincial green index in general and the service policy index to support businesses in environmental

protection in particular is necessary in Vietnam. The article aims to evaluate the index of Policies and services supporting businesses in environmental protection of provinces and cities in 2022, thereby examining the causes leading to different results between provinces, and understanding the policies for provinces to achieve sustainable development goals through improving policy indicators and services to support businesses in environmental protection in Vietnam.

Keywords: PGI, Provincial Green Index, Support Services, Businesses, Environmental Protection

1. Introduction

In recent years, Vietnam's economy has experienced outstanding development. The dynamism of the Vietnamese economy comes with a number of consequences, one of which is that Vietnam is facing increasing risks from climate change and environmental pollution. According to statistical results, Vietnam ranked 141 out of 180 countries in terms of air quality and biodiversity protection. Recognizing the importance of green growth, Vietnam has begun the transition to a more sustainable economic growth model. Vietnam announced its first National Green Growth Strategy in 2012 and recently Decision No. 1658/QĐ-TTg approving the National Green Growth Strategy for the period 2021-2030. 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 more attention to environmental protection factors associated with economic growth. Policies and services to support businesses in environmental protection is one of four component indexes of the green policy index, to assess the extent to which businesses can access and benefit from policies and programs that support businesses towards green business and practices implemented by local authorities. Through this component, we measure two aspects of business access, one is with policies to encourage and support businesses to practice green business and the other is consulting services, and training to improve environmental performance (such as energy efficiency, waste management, use and/or production of renewable energy). Therefore, the goal of this article is to evaluate the index of policies and services supporting businesses in environmental protection of provinces and cities in 2022, thereby examining the causes leading to different results between provinces, and learn about policies for provinces to achieve sustainable development goals through improving the Policy index and services to support businesses in environmental protection.

2. Theoretical basis

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 for production and business activities and corporate sustainability. For the above purpose, similar to the PCI Index, the PGI Index is designed as a ranking index based on input criteria formed from a system of indicators measuring input policy factors (the measure of provincial government

actions) that may be correlated 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 index (NO₂) or sulfur dioxide index (SO₂).

The Provincial Green Index includes 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. The methodology of the PGI index is built with the same steps as the PCI index and Infrastructure index, often called the 3-step process by the research team. Data collection is the collection of data to calculate indicators from two main sources, "soft" data collected from the annual PCI survey for domestic private enterprises and FDI enterprises and "hard" data collected through published official sources. Building component indexes means implementing techniques to adjust the value of each evaluation criterion on a 10-point scale. After standardizing the indicators, the research team builds component indexes that are related to each theoretically related to reflect important aspects of environmental governance. Determining the overall PGI Index is the step of assigning weights to each component index according to their importance relative to important outcome/performance variables.

Policies and services to support businesses in environmental protection are one of four components of the provincial green index. This component index accounts for 25% of the total proportion of the PGI index. 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 and skills training services for workers so that businesses can implement investment projects with environmental protection elements will contribute to solving the shortage of capacity building services for businesses to green production, investment and business activities.

Component index 4 measures two aspects of business access, one is to policies that encourage and support businesses to practice green business and the other is consulting and training services to improve green business practices. Environmental performance (such as energy efficiency, waste management, use and/or production of renewable energy). Policies and services to support businesses in environmental protection include the following criteria: Policies to encourage and support economical and efficient use of energy; Policies to encourage and support clean energy/renewable energy; Policies to encourage and support air pollution reduction; Policies to encourage and support the reduction of water and wastewater pollution; Policies to encourage and support plastic waste reduction; Policies to encourage and support waste recycling; Policies to encourage and support increased resilience to natural disasters; Policies to encourage and support reforestation; The provincial government provides consulting services to improve environmental performance; The provincial government provides training services to improve environmental performance.

3. Index of policies and services to support businesses in environmental protection in Vietnam in 2022

Fig 1 shows the scores of the 5 provinces with the lowest survey results of the "Policies and services to support businesses in environmental protection" index in 2022 and the 5 provinces with the highest survey results. Five provinces and cities with the lowest scores of the 4 component index include Bac Lieu, Hanoi, Hung Yen, Ninh Binh, and Gia Lai. The five provinces with the highest scores of the 4 component index include Lai Chau, Bac Giang, Ninh Thuan, Thai Nguyen, and Thai Binh. Of which Lai Chau has the highest score in the country at 2.59 points, Bac Lieu has the lowest score in the country at 1.39 points, and the median score is 1.93 points. Lai Chau is the leading locality in the Policy and services supporting businesses in environmental protection component index. Lai Chau provincial government has implemented programs to support people and businesses in applying new environmental protection methods in life and production and business activities, towards green transformation. The Lai Chau provincial government also publicly announced statistical data on environmental protection investment costs of businesses and investment projects, thereby guiding businesses on the balance between environmental costs and benefits economy.

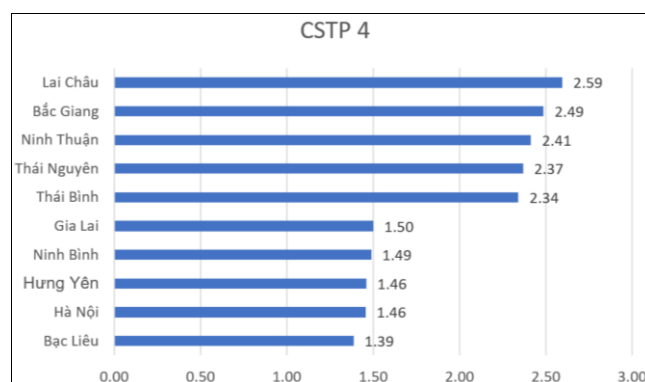


Fig 1: Index of policies and services to support businesses in environmental protection in 2022

Dimension 1 of the index "Policies and services to support businesses in environmental protection" focus on businesses' feelings about the availability and convenience of accessing policies to encourage and support businesses to practice green business. This dimension uses the following indicators: The proportion of businesses that have benefited from local encouragement and support policies in the following contents: Economical and efficient use of energy; clean energy/renewable energy; reduce air pollution; reduce water and wastewater pollution; reduce plastic waste; recycle rubbish; increase resilience to natural disasters. The business's answer has options, corresponding to a scale of 0-4. Businesses that have never benefited from any policy are assigned code 0. Among businesses that have benefited from a policy, businesses that evaluate the procedures to receive support from the policy program as "completely unfavorable" are assigned code 1 and "completely favorable" are assigned code 4. With "Policy to encourage and support economical and efficient use of energy", the highest score belongs to Ba Ria Vung Tau province with 2.02 points, the lowest score is Gia Lai with 0.31 points. Among the 5 provinces with the largest component index 4,

this index in Lai Chau, Bac Giang, Ninh Thuan, Thai Nguyen, and Thai Binh provinces is 1.27, 1.06, 1.90, 1.63, 1.44, respectively. With "Policy to encourage and support clean energy/renewable energy", the highest score belongs to Quang Ninh province with 0.74 points, the lowest score is Hung Yen with 0.07 points. With "Policy to encourage and support air pollution reduction", the highest score belongs to Ha Giang province with 1.15 points, the lowest score is Bac Lieu with 0.17 points. With "Policies to encourage and support the reduction of water and wastewater pollution", the highest score belongs to Tuyen Quang province with 1.07 points, the lowest score is Thanh Hoa with 0.19 points. With "Policy to encourage and support plastic waste reduction", the highest score belongs to Quang Tri province with 0.73 points, the lowest score is Bac Lieu with 0.13 points. With "Policy to encourage and support waste recycling", the highest score belongs to Lao Cai province with 0.50 points, the lowest score is Ninh Binh with 0.06 points. With "Policies to encourage and support increased natural disaster resilience", the highest score belongs to Quang Tri province with 0.46 points, the lowest is Hung Yen with 0.17 points.

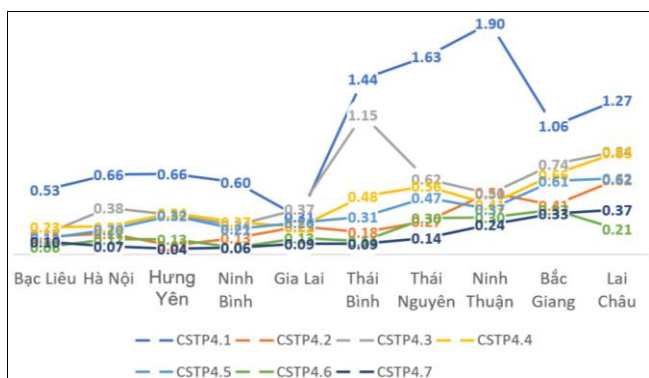


Fig 2: Score of dimension 1 of the index "Policies and services to support businesses in environmental protection"

Dimension 2 measures the availability of consulting and training services provided by local authorities to support firms' environmental performance. Specifically, the first indicator takes the proportion of businesses that have been provided with consulting services to improve environmental performance (coded as 1) and the business's assessment of the quality of the service (coded as from 1 = Poor to 4 = Good). Similarly, for the second indicator, we take the proportion of businesses that have been provided with training services to improve environmental performance and the business's assessment of the quality of the service. The results of these indicators are consistent with the results of dimension 1 above, which is that the level of access and enjoyment of these support services is still very limited. With consulting services on improving environmental performance, the highest score is only 1.23 in Thai Binh province while with training services on improving environmental performance, the results show that this service is almost not provided in practice. Among the 5 provinces with the best index of "policies and services to support businesses in environmental protection" in 2022, including Lai Chau, Bac Giang, Ninh Thuan, Thai Nguyen, and Thai Binh, the scores of 2 indicators belonging to dimension 2 are 0.82, 0.86, 1.01, 1.01, 1.23 and 0.56, 0.61, 0.4, 0.41, 0.24 respectively. While the 5 provinces with the

lowest component 4 index scores include Bac Lieu, Hanoi, Hung Yen, Ninh Binh, and Gia Lai, the scores of the 2 indicators in dimension 2 are 0.27, 0.34, 0.3, 0.25, 0.23 and 0.17, 0.11, 0.10, 0.11, 0.09.

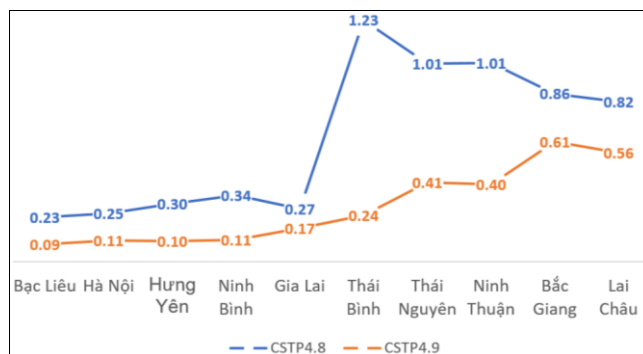


Fig 3: Score of dimension 2 of the index "Policies and services to support businesses in environmental protection"

With the indicator "Provincial government provides consulting services to improve environmental activities", the 2022 survey results show that Ca Mau province has the highest score of 1.23 points, the lowest is Hoa Binh with 0.22 points. and the national median score is 0.54 points. With the indicator "Provincial government provides training services to improve environmental activities", Soc Trang province has the highest score of 0.61 points, Bac Lieu province has the lowest score of 0.09 points, and the median score is 0.25 points.

4. Conclusion

Policies and services to support businesses in environmental protection are one of four components of the provincial green index in Vietnam. This is a set of indicators that will be surveyed for the first time in 2022. The survey results show that: It can be said that the level of access of businesses to incentive and support programs for green practices is still quite limited in most localities. Even if these programs are accessible, the procedures for businesses to benefit from support from the programs are still not favorable. This is reflected in the scores of the indicators in dimension 1 of the policy and service component index supporting businesses in environmental protection. For dimension 2, the survey results are quite low. Many provincial governments do not yet provide consulting and training services to improve environmental performance. With the 2022 survey results, it shows that provincial governments need to have more policies and services to support businesses to improve local environmental performance. Provincial governments need to play a strong leadership role to promote and support businesses towards green transformation in production and business activities. The province strengthens leadership and direction of departments, branches, districts and cities to continue promoting propaganda and guidance on environmental protection measures and climate change response for people and businesses. Regularly organize dialogues to solve difficulties for businesses; Support providing information related to the environmental field for businesses; Propagate, advocate and encourage businesses to apply science and technology to improve environmental protection effectiveness. Improve the efficiency of investment attraction, resolutely refuse investment projects that pose a

risk of environmental pollution, and do not trade the environment for economic development; Strictly handle cases of bringing pirated production lines and technologies that cause environmental pollution into the area.

5. References

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