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### Provincial Green Index (PGI) - Tool to Promote Sustainable Development in Vietnam

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#### Abstract

Vietnam has committed to achieving net zero emissions by 2050 at the COP26 Conference. To do this, cooperation from agencies, organizations, and businesses is required, and the Provincial Green Index (PGI) will be an important tool to evaluate the effectiveness of public agencies on this issue. Environmental protection issue. A big change in the PCI 2022 report is that for the first time, VCCI, USAID and private partners introduce and announce the Provincial Green Index (PGI). This is a set of indicators to evaluate and rank environmentally friendly localities from the perspective

of business practices such as the level of application of environmentally friendly technology by local businesses, level of management and application. Environmental treatment of businesses, the level of concern and willingness to invest in environmental issues of local governments and many other important environmental issues. This article introduces issues related to the Provincial Green Index (PGI), analyzes the current situation, and then offers some solutions to improve the Provincial Green Index to promote sustainable development in Vietnam. Currently.

**Keywords:** Provincial Green Index (PGI), Green Economy, Sustainable Development

#### Introduction

Vietnam is reaching out to the world with many achievements in production. Even with the negative impact of the COVID-19 epidemic, Vietnam has become one of the emerging global manufacturing centers with an estimated GDP growth rate of 8.02% in 2022 and maintains a high position. In many world rankings in terms of GDP size, import-export scale... Despite achieving many outstanding achievements, Vietnam is also facing many challenges, notably the old growth model. Is creating great pressure on the goal of sustainable development.

The issue of proactively responding to climate change, strengthening resource management and environmental protection has pointed out the important issues Vietnam is facing. The ability to adapt to climate change and prevent and control natural disasters is still low, the economy is vulnerable and suffers great damage when natural disasters occur. Natural resource management still has many weaknesses and ineffective use, especially land resources and water resources. Some types of resources are abused and over-exploited, leading to degradation and depletion. Environmental pollution continues to increase, especially in urban areas and large cities, greatly affecting people's lives and activities, becoming a pressing social problem. is not clear, labor productivity increases mainly due to increased capital intensity, the process of restructuring economic sectors still has many limitations; The difference in living standards and the level of people's enjoyment of social services between regions and between localities in the region is still large; Science and technology have not yet become the core driving force of sustainable development, there is still a lack of supporting mechanisms and policies for businesses to innovate and apply technology...; Environmental pollution is still complicated in some localities, especially in areas with high density of industrial development. Environmental pollution in some places is still complicated, handling violations there are still many shortcomings regarding the environment; climate change and natural disasters greatly affect regions..."

Require central and local state agencies to create incentives to encourage relevant parties, such as businesses, to actively participate in environmental protection and improve economic governance, especially policy implementation of the locality - is considered a key pillar to achieve development goals of building a green economy, digital economy and sharing economy. The Resolution of the 13th Party Congress in January 2021 emphasized the importance of environmental protection and responding to climate change with a clear set of goals and targets towards "building a green economy"., circular and environmentally

friendly economy". On October 1, 2021, the Prime Minister issued Decision No. 1658/QĐ-TTg approving the National Strategy on Green Growth for the period 2021-2030, with a vision to 2050, which clearly identifies the need restructuring the economy and innovating the growth model, while balancing economic development and sustainable environment, social justice and developing a green and carbon-neutral economy.

Promoting the role of VCCI, the impact and far-reaching influence of the Provincial Competitiveness Index - PCI (from 2005 to present) in provincial economic management and promoting reform of the provincial business environment in 2020, the PCI Project proactively developed the idea of building a set of Provincial Green Index (PGI) to promote provinces and cities to pay more attention to environmental protection and sustainable development. The PCI Project's expectation when developing this cooperative idea is that the set of Provincial Green Indexes aims to promote provinces/cities to pay more attention to environmental protection and sustainable development. The index will be encouraged to be widely used in practice and encouraged to become a useful toolkit to help provincial and city governments use in policy making and promote improvement of the business environment.

It is expected that the Green Index will be integrated with the PCI survey from survey implementation, data processing, report development, and report publication. The Green Index will be presented as a chapter of the Annual PCI Report.

With two goals: (1) Successfully build and test a set of Provincial Green Index. The provincial green index is used to evaluate the environmental quality of the province from the perspective of businesses, the level of application of environmentally friendly technology by businesses, the environmental behavior of businesses and the level of readiness. Environmental investment in provinces and cities. (2) Promote the Green Index to become a tool to help provincial and city governments get timely information about local environmental quality, orientation in licensing, and screening investment projects. This toolkit will provide the Government and the Ministry of Natural Resources and Environment with useful information about the current environmental situation at the enterprise level. This index is also expected to create direction and pressure for businesses to invest more widely in environmental issues.

### Literature Review

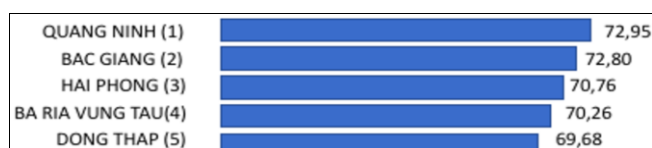
Provincial Green Index, English name Provincial Green Index (PGI) is a set of indicators that evaluate and rank the quality of local environmental governance from the perspective of business practices such as the level of application of environmentally friendly technology. School of businesses; the level of management and environmental behavior of businesses, the level of interest and willingness to invest in environmental issues of local governments and many other important environmental issues.

The Provincial Green Index is a set of indexes that evaluate and rank environmentally friendly localities from the perspective of business practices such as the level of application of environmentally friendly technology by local businesses, the level of environmental management and behavior of businesses, the level of concern and willingness to invest in environmental issues of local governments and many other important environmental issues. The goal of the

green index is to promote provinces and cities in Vietnam to pay more attention to economic development associated with environmental protection, providing timely information to support provincial and city governments in political planning. Policies, promoting the building of an environmentally friendly business ecosystem, contributing to attracting investors with a sense of environmental protection and "green" and quality projects for Vietnam.

The provincial green index is evaluated and ranked based on 4 component indexes: (1) Minimizing environmental pollution and negative impacts of climate change; (2) Ensure compliance with minimum environmental standards; (3) The role of provincial governments in promoting green practices; (4) Policies and services to support businesses in environmental protection. At the same time, PCI contributes to promoting the process of reforming the local business environment in the current difficult economic context and the business community facing many challenges. By building and announcing PGI, VCCI hopes to encourage and encourage provinces and cities in Vietnam to pay more attention to economic development associated with environmental protection. Because reality proves the very important role of provinces and cities in environmental protection and sustainable development in recent times. Localities are the main subjects implementing policies related to investment and the environment, selecting environmentally friendly investment projects. Accordingly, localities also play an extremely important role in building an environmentally friendly business ecosystem. These policies also contribute to orienting investors and businesses to be conscious of protecting and promoting more green and environmentally friendly projects. These are the groups of activities and assessment content that the PGI index targets.

### Promote the application of green, environmentally friendly technology



Source: VCCI (2023)

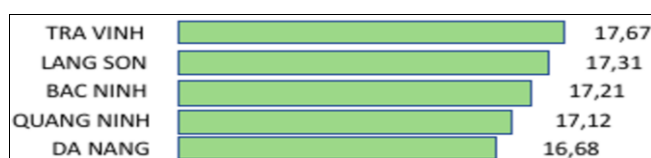
**Fig 1:** Ranking of 5 Provinces with the highest Provincial Competitiveness Index 2022

The Provincial Competitiveness Index (PCI) 2022 report was built based on feedback from 11,872 businesses, including 10,590 private enterprises and 1,282 foreign investment (FDI) enterprises. Operating in Vietnam. Since its inception in 2005, 176,496 businesses have participated in the PCI survey, reflecting diverse aspects of the business environment in Vietnam.

According to PCI 2022 results (Fig 1), the Top 5 localities with the best operating quality include: Quang Ninh, Bac Giang, Hai Phong, Ba Ria - Vung Tau, Dong Thap, Thua Thien - Hue, Bac Ninh, Vinh Phuc, Da Nang and Long An. Of which, Quang Ninh topped the PCI 2022 rankings for the 6th consecutive year with 72.95 points on a 100-point scale. Followed by Bac Giang with 72.80 points and Hai Phong with 70.76 points.

The top 5 localities with the highest PGI 2022 Green Index scores include: Tra Vinh, Lang Son, Bac Ninh, Quang Ninh and Da Nang (Fig 2). Among them, Tra Vinh is the locality

leading the PGI 2022 rankings with 17.67 points. Next is Lang Son with 17.31 points and Bac Ninh with 17.21 points, ranked fourth is Quang Ninh with 17.12 points, this is also a locality that has had the leading PCI index in the country for many years. Demonstrates the drastic and close spirit of authorities at all levels in the Province. Ranked fifth is Da Nang with 16.68 points. And ranked 9th in the Provincial Competitiveness Index (PCI) 2022, Da Nang is considered to have good environmental governance quality when it comes to efforts to prevent and minimize environmental pollution and negative impacts of environmental pollution. climate change (component index 1); enforce regulations and take reasonable measures to ensure compliance with environmental laws without creating excessive burdens for businesses (component index 2); fully guide and disseminate green practices and focus on green procurement (component index 3) and finally, encourage the "greening" of production and business models through policies and support programs. Specific support (component index 4). With drastic and synchronous solutions, Da Nang's environmental protection work will continue to achieve many positive results, contributing to transforming the growth model, directing to a sustainable green economy, thereby improving the PGI Provincial Green Index in the coming years.



Source: VCCI (2023)

Fig 2: Ranking of 5 Provinces with the highest PGI Index

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. Is good or very 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.

### Solutions

To get results according to the VCCI 2022 report on PGI, it is necessary to synchronously implement the following specific solutions:

#### *On the part of State management agencies*

*One is*, Local governments pay attention to directing and promulgating many documents on environmental protection, at the same time as fully promulgating regulations and policies to support businesses in need. Concretize the main tasks and solutions to improve the business investment environment, raise the provincial competitiveness index,

attach responsibility to local leaders, heads of departments, from There are drastic and effective instructions for civil servants and public employees to understand and understand the limitations to make efforts, determination, and join hands to improve service quality and improve 10 PCI indicators.

*Second, dialogue and meetings with businesses:* Increase meetings and dialogues with businesses at all levels from province to grassroots, to promptly support and resolve difficulties in production, business and investment activities. Investment in the province. It is necessary to completely resolve the difficulties of businesses with documents and reports after each dialogue as well as summarizing solutions for businesses.

*Third, strengthen the role of the Provincial Business Association:* Continue to enhance and promote the role of the Provincial Business Association to connect, share and improve the production and business efficiency of enterprises. Represent and enhance the interests of its members, act as a bridge, advocate for policies, and maintain dialogue with leaders of provinces and cities. And coordination with agencies, units and localities in the province on policies that affect the business activities of the local business community. Business Associations need to operate more effectively.

*Fourth*, put forward many implementation plans, the entire political system focuses on management, use of resources and environmental protection. Specifically: Regularly inspect environmental protection work in economic zones and industrial parks; The point of view is not to trade off the environment for economics simply, and resolutely not put into operation projects and production facilities that do not meet environmental requirements and have not completed construction projects. Treatment of environmental pollution.

#### *On the part of businesses*

*The first*, Businesses and entrepreneurs need to strive to promote the spirit of self-reliance, self-reliance, creativity, and overcome all difficulties; Implement well the guidelines and policies of party committees and authorities at all levels; proactively develop strategies, production plans, build corporate culture, and business ethics. Be proactive, creative, explore, learn, improve the capacity of your own business, and make efforts to approach development policies according to the orientation set by the province. Actively participate in conferences, meetings, and dialogues organized by the province, thereby voicing their opinions on overcoming difficulties in production and business activities.

*Monday*, proactively coordinate with provincial and local agencies, industrial park management boards as well as the province's Business Association to do a good job of meetings, meetings, exchanges and discussions in conferences held by the province and localities. Locally organized. Don't hesitate to raise your opinions and problems so that the provincial leaders can promptly grasp and resolve them.

*Tuesday*, Enterprises need to determine how to harmoniously develop the three goals of the development triangle: Economy, society and environment. Enterprises develop production and business according to the State's planning and orientation, comply with State laws on environmental protection, contribute resources to environmental protection, and actively demonstrate social

responsibility. The social responsibility of businesses is first of all to ensure better welfare for their employees, while actively participating in social work in the locality where the business operates as well as the whole society. Association in general.

*Fourth, Digital Transformation:* In current conditions, when the Fourth Industrial Revolution is developing strongly, businesses need to approach and apply its achievements into practice, innovate technology, apply new, environmentally friendly business models for sustainable development.

*Fifth,* Invest in qualified and high-quality human resources, paying attention to labor income. Have a plan to organize staff and workers to update information, train, improve knowledge and skills at work, apply new technologies in production, save resources, and protect the environment. and towards sustainable development.

### Conclusion

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 Vietnamese businesses and 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, promote more green projects, orienting investors who are conscious of environmental protection towards sustainable development.

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