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### Provincial Green Index with Sustainable Development in the Red River Delta Provinces in Vietnam

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#### Abstract

Year 2022 is the first time VCCI Introducing and announcing the Provincial Green Index (PGI) in Vietnam. 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. Based on a scale of 40 points, Tra Vinh province ranked first with 17.67 points and Hanoi ranked last with 12.52 points. The article points out issues related to the Provincial Green Index (PGI), the current status of PGI in provinces in the Red River Delta in Vietnam and offers some solutions to improve the Provincial Green Index to promote sustainable development in the Red River Delta province in particular and in Vietnam in general.

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

#### Introduction

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. It 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..."

The PGI index gathers business sentiment and conveys the "voice" of the entire business community about the quality of environmental management to governments at all levels. A locality is considered to have good environmental governance quality when it makes efforts to prevent and minimize environmental pollution and negative impacts of climate change; Develop and enforce reasonable regulations and measures to ensure compliance with environmental laws without creating excessive burdens for businesses; fully guide and disseminate green practices and focus on green procurement; and finally, encourage the "greening" of production and business models through specific policies and support programs.

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.

**Overview of the Provincial Green Index (PGI)**

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.



Source: Compiled by the authors

Fig 1: PGI index

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.



Source: Compiled by the authors

Fig 2: Components of the PGI Index

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**

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.

PGI Index survey results in 2022 shows that the environmental quality of localities needs to be paid more attention to improvement. More than half of businesses nationwide rate local environmental quality as 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.

**Current status of Green Index (PGI) in provinces and cities in the Red River Delta**

No	Province/City	Year	PGI score
1	Bac Ninh	2022	17.21
2	Quang Ninh	2022	17.12
3	Hai Duong	2022	16.53
4	Vinh Phuc	2022	16.35
5	peccaful	2022	15.95
6	Hung Yen	2022	15.77
7	Hai Phong	2022	15.69
8	Nam Dinh	2022	15.35
9	Ha Nam	2022	13.90
10	Ninh Binh	2022	13.43
11	Hanoi	2022	12.52

Source: VCCI (2023)

Fig 3: PGI scores and ranking order of provinces and cities in the Red River Delta

In the Red River Delta Region, the region's leader is Bac Ninh province with 17.21 points, followed by Quang Ninh province with 17.12 points, and last in the region is Hanoi city with 12.52 points. point.

Regarding component indices, the Index for Reducing Environmental Pollution and Negative Impacts of Climate Change (for businesses) Bac Ninh Province ranked 1st with 6.85 points, ranked 1/63 among the provinces and cities in the country; On the Ensuring Compliance with Minimum Environmental Standards Index, Hung Yen scored 5.79 points, ranked 6/63, and on the Leadership Role of the Provincial Government in Promoting Green Practices Index, Hai Phong was the province that achieved 5.35 points, ranked 1/63; Index Policies and services to support businesses in environmental protection Thai Binh province achieved 2.34 points, ranked 5/63, being the leading index in the region for each component index (Fig 4).

Province/City	Provincial Green Index scores are not yet weighted	Policy 1. Minimize environmental pollution and negative impacts of climate change (for businesses)	CSTP 2. Ensure compliance with minimum environmental standards	CSTP 3. The leadership role of the provincial government in promoting Green practices	CSTP 4. Policies and services to support businesses in environmental protection
Bac Ninh	17.21	6.85	5.23	5.59	1.58
Ha Nam	13.90	3.35	5.12	3.53	1.83
Hanoi	12.52	3.15	4.27	3.65	1.46
Hai Duong	16.53	4.61	4.61	5.15	2.13
Hai Phong	15.69	3.08	4.97	5.35	2.30
hung Yen	15.77	4.25	5.79	4.28	1.46
Nam Dinh	15.35	3.14	5.78	4.25	2.20
Ninh Binh	13.43	3.42	4.94	3.60	1.49
Quang Ninh	17.12	5.12	5.26	4.74	2.01
Peaceful	15.95	3.61	5.68	4.31	2.34
Vinh Phuc	16.35	4.35	5.51	4.48	2.02

Source: VCCI (2023)

Fig 4: PGI component scores of provinces and cities in the Red River Delta region

In Decision 826/QD-TTg, the Prime Minister requested to promote the socio-economic development of the Red River Delta region quickly and sustainably, towards environmental protection and ensuring national defense and security. This is a very challenging goal that requires local governments to make efforts and find solutions to realize the Government's policy, linking business with environmental protection. Resolutions of governments at all levels were widely issued, Decision 826/QD-TTg establishing the Red River Delta Coordination Council. The Council was established to innovate the regional coordination mechanism, promote the socio-economic development of the Red River Delta region quickly and sustainably, protect the environment and ensure national defense and security.

Vietnam's FDI investment in the coming time must be greener, have better quality, have higher technology, and bring higher added value. Credit capital also prioritizes lending to green and environmentally friendly projects. Vietnam must build an investment environment that is not only procedurally favorable but also greener and more sustainable.

In this context, VCCI announced the Green Index for the first time. This is a set of indicators to evaluate and rank environmentally friendly localities from the perspective of business practices: Level of compliance with environmental laws; Current status of application of environmentally friendly technology by local businesses, level of management and environmental behavior of businesses, level of interest, and policies to encourage environmentally friendly investment activities of local government and many other important environmental issues.

Highly appreciating VCCI's Provincial Green Index (PGI) initiative, Vinh Phuc province commented that the initiative not only creates a basis for providing information to serve local policy making, but it also creates motivation for localities to take the right steps in socio-economic development, to minimize the negative impacts of climate change and environmental pollution on production, business

and economic activities. Sustainability of the business, in accordance with the development trend of the country and the world.

During the 2016-2020 period, Quang Ninh province has allocated over 36 billion USD to carry out 24 scientific and technological research tasks and projects on environmental protection.

Regarding Bac Ninh province, Dr. Nguyen Phuong Bac - Director of the Institute for Socio-Economic Development Research of Bac Ninh province said: Economic development associated with environmental protection is also the goal that Bac Ninh province is aiming for. Over the years. Meanwhile, the representative of Bac Giang province introduced policies that the locality is implementing to support businesses in protecting the environment and aiming for sustainable development.

To accompany localities in environmental protection and green growth, the Provincial Green Index (PGI) was first introduced in the 2022 Provincial Competitiveness Index (PCI) Report published in September. April 2023. The PGI index provides input information for policy making at the central and local levels, minimizing the negative impacts of climate change and environmental pollution on production, business and economic activities. Corporate sustainability.

However, besides that strong development, provinces and cities in the Red River Delta still have shortcomings such as: The transportation and treatment of household solid waste and plastic waste is still lacking. Late and overloaded; Many spontaneous landfills cause environmental pollution. Technical infrastructure for waste collection, management and treatment is lacking, and implementation of projects and waste treatment plants is slow. The work of renovating and restoring the environment and treating environmental pollution for establishments with serious environmental pollution has not been thoroughly handled. Inspection, testing, control and pollution treatment are not timely and the level of deterrence is not high. Environmental infrastructure planning is not synchronized, especially in city and urban areas. The negative environmental impacts caused by businesses are increasingly complex and have not been completely overcome.

**Solutions**

**Towards the Red River Delta provinces**

*Firstly*, to carry out inspection and supervision of environmental protection activities of production and business establishments, to completely handle environmental pollution, the province needs to plan and build treatment zones. Waste.

*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. Calling on investors to deploy projects with green, environmentally friendly technology, improving the quality of appraisal work when licensing projects.

*Third, strengthen the role of the City Business Association:* Continue to enhance and promote the role of the Provincial Business Association to connect, share and improve 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.

*Third*, 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***

*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 that voiced their opinions on solving difficulties in production and business activities.

*Second*, 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. Do not hesitate to raise opinions and problems so that provincial leaders can promptly grasp and solve problems related to the environment: Resource use, waste treatment.

*Third*, 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 that the production process limits negative impacts on the environment.

*Fourth*, in current conditions, when the Fourth Industrial Revolution is developing strongly, businesses need to approach and apply its achievements into practice, innovate technology, and apply business models. New, environmentally friendly 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.

#### **Conclude**

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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