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PROVINCIAL COMPETITIVENESS INDEX

JULY 2019 – JUNE 2022 | IMPLEMENTER: VIETNAM CHAMBER OF COMMERCE AND INDUSTRY |
PLANNED BUDGET: \$1,100,000

In an effort to improve Vietnam’s business environment, the Provincial Competitiveness Index (PCI) measures economic governance and promotes local socio-economic development in each of the country’s 63 provinces. PCI measures the ease of doing business for the private sector in the areas of entry cost for new firms, land access, transparency, time costs of regulatory compliance, informal charges, proactivity of provincial leadership, policy bias, business support services, labor training and legal institutions. The Index was first developed in 2005 by a team of international and national experts with the support of USAID.

THE COLLECTIVE VOICE OF BUSINESSES

Each year PCI reaches about 13,000 domestic, private enterprises across the country that respond to the PCI survey, making it the largest business survey representing the voice of firms on the local business environment and the quality of economic governance in Vietnam. The Foreign Invested Enterprises (FIEs) survey component receives feedback from an additional 2,000 foreign firms, representing a significant number of foreign firms operating in Vietnam. The annual PCI survey findings provide insights for policy formulation.

CHANGING THE MINDSET ABOUT ECONOMIC GOVERNANCE

PCI is the first-ever index to provide assessments of the private sector on how the Government performs. Over the last 15 years, the PCI has changed from being resisted by local governments to becoming a trusted diagnostic tool widely used by government leaders to identify problems and implement strategies to improve economic governance in order to foster a more business-friendly environment for private sector development.

PROMOTING PUBLIC-PRIVATE DIALOGUE

The PCI program conducts many diagnostic workshops at provincial level all over the country each year, which have created a trusted channel for policy dialogue where provincial leaders hear first-hand about their performance and receive suggestions from the private sector for improvements. Numerous plans to improve the business environment have been issued by provincial governments following these dialogues.

CREATING AN ENABLING ENVIRONMENT FOR BUSINESSES

Publication of the annual PCI has spurred an unprecedented number of reforms at the local level, helping increase Vietnam’s overall competitiveness in the global economy. There has been an upward trend in the performance of economic governance by provincial governments over the last 15 years – all 63 Vietnamese provinces have PCI improvement plans; 62 provinces have demonstrated positive improvements in their score; and 500-plus legal documents on PCI improvement have been issued. In 2014, the Prime Minister included PCI as a target for improving national competitiveness in Resolution 19, a policy that mandates continued efforts by Vietnamese ministries to improve the business and investment environment in Vietnam. Since 2019, a new Resolution 02 has included PCI as a target for improving the business and investment environment in Vietnam.

In the photo: Representatives of the top performers in the 2019 PCI rankings receive trophies and certificates in recognition of their provinces/cities’ excellent performance.