



PROVINCIAL COMPETITIVENESS INDEX

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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 including: 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 over 30,000 domestic, private enterprises across the country. With the response rate of 28 percent, the PCI is 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 receives feedback from nearly 2,000 foreign firms, representing a significant number of foreign firms operating in Vietnam. The FIEs survey findings provide valuable 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 ten years, the PCI has changed from being resisted by local governments to becoming a respected 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.

PROMOTING PUBLIC-PRIVATE DIALOGUE

The over 20 PCI diagnostic workshops conducted each year have created a trusted channel for policy dialogue where government leaders hear first-hand about their performance and receive suggestions from the private sector for improvement. Numerous plans to improve business environment have been issued by provincial governments following these dialogues.

CREATING AN ENABLING ENVIRONMENT FOR BUSINESS

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 on the performance of provincial governments on economic governance over the last 10 years - 51 out of 63 provinces have demonstrated positive improvements in their score. Since the project began, over 50 provinces have issued and implemented action plans to improve the business environment based on PCI findings. In 2014, the Prime Minister included PCI as a target for improving national competitiveness in Resolution 19.

In the photo: Provincial winners from the 2014 PCI