

THE VIETNAM PROVINCIAL COMPETITIVENESS INDEX 2012

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VIETNAM CHAMBER OF COMMERCE AND INDUSTRY

BỀN VỮNG

MINH BẠCH

COMPETITIVENESS

PRIVATE SECTOR

NĂNG ĐỘNG

GOVERNANCE

CẠNH TRANH

CẢI CÁCH

SUSTAINABILITY

TRANSPARENCY

ĐIỀU HÀNH

PROACTIVITY

NĂNG ĐỘNG

BỀN VỮNG

PCI
2012

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- 2 The 2012 PCI Results.....●
- 3 Business Environment in 2012.....●

An Overview of the 2012 PCI Survey

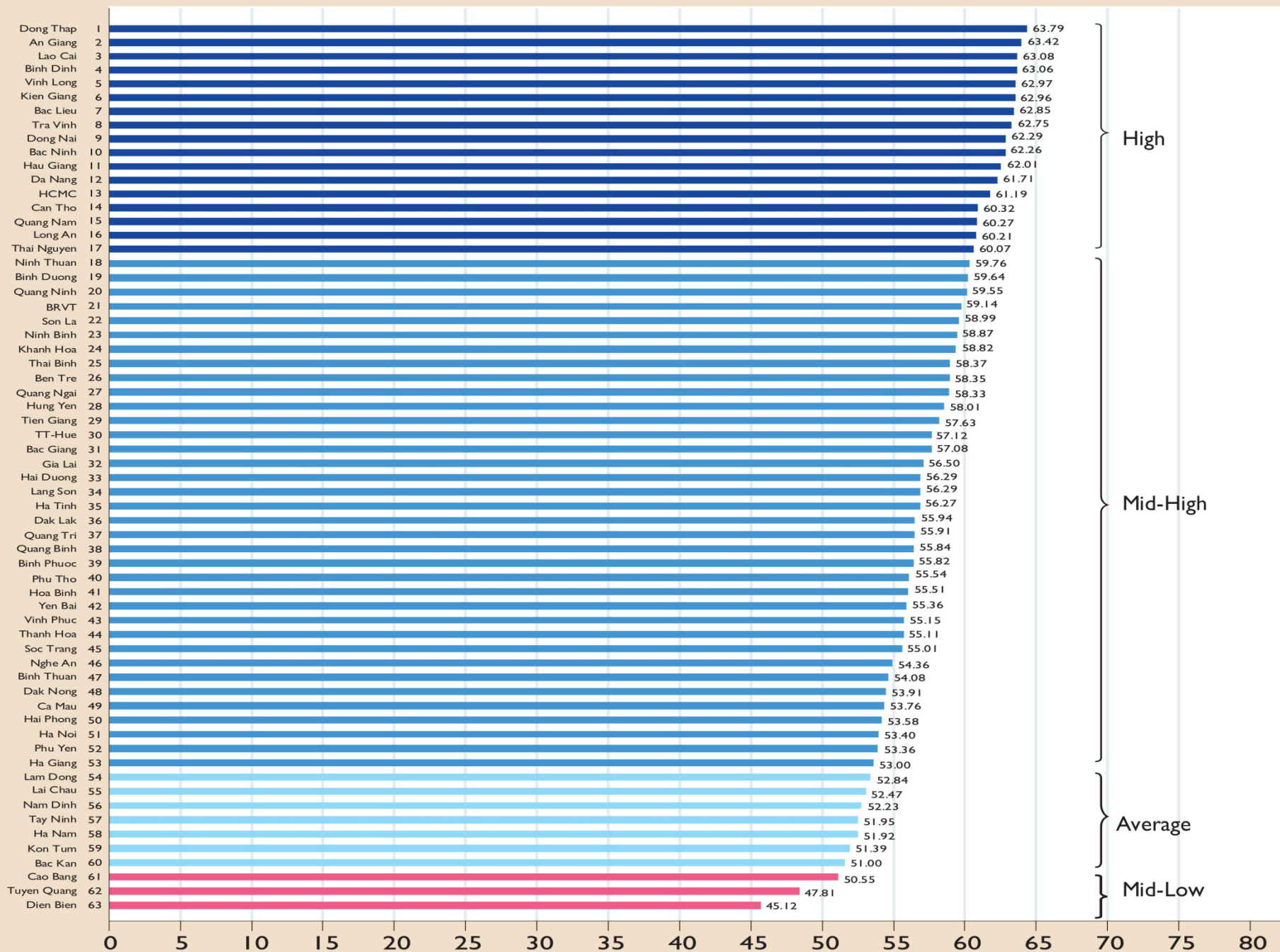
- PCI measures the actual quality of provincial economic governance by way of the “voice” of local firms
- The 2012 PCI consciously replicates every aspect of the methodology since 2009. Three-step sequence (the **3 Cs**):
 - **Collect** business survey data and published data sources
 - **Calculate** nine sub-indices and standardize results to a 10-point scale.
 - **Calibrate** the composite PCI as a weighted mean of the nine sub-indices, with a maximum score of 100 points
- The overall PCI comprises nine sub-indices, reflecting economic governance areas that affect private sector development:

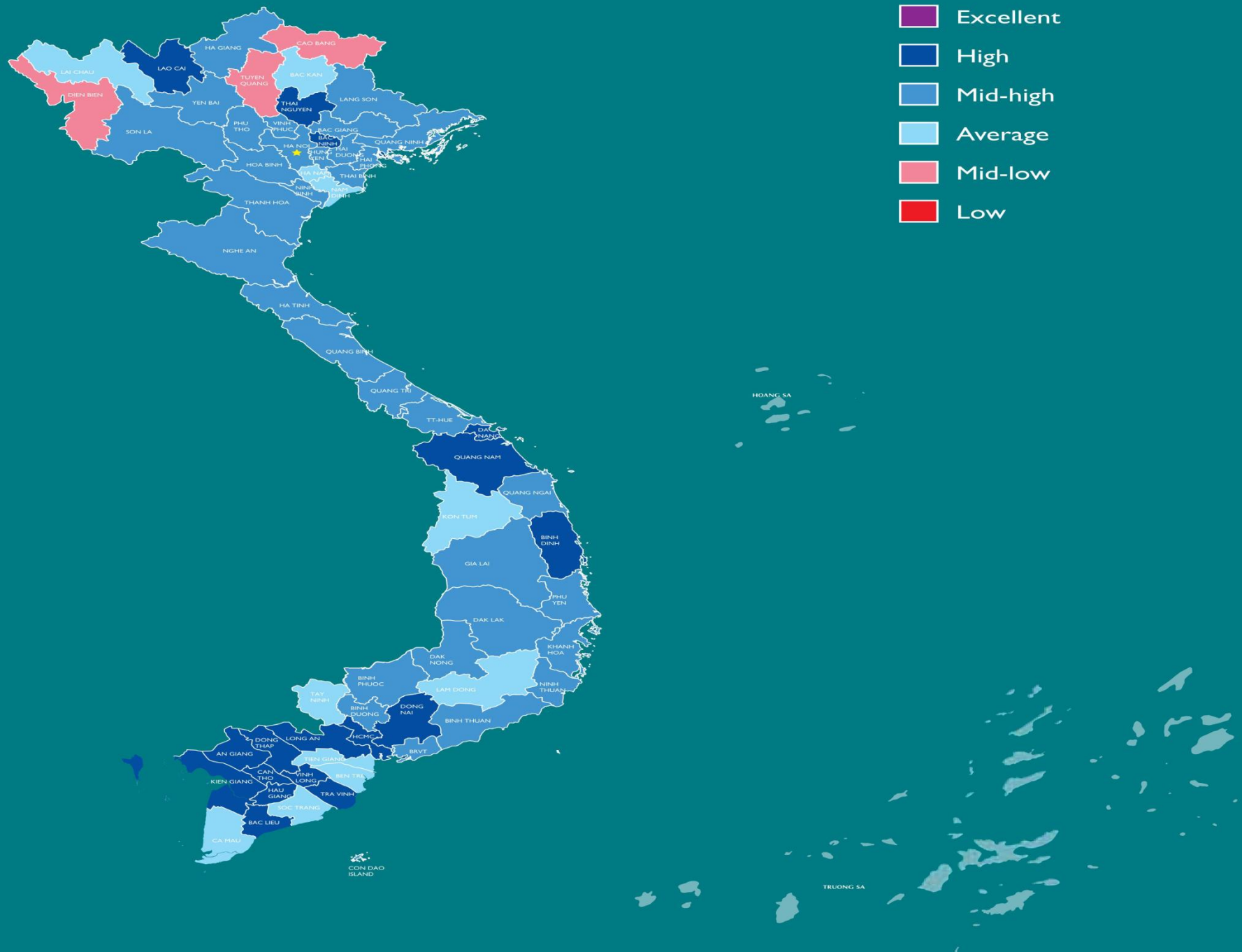
1 Entry Costs	4 Time Costs and Regulatory Compliance	7 Business Support Services
2 Land Access and Security of Tenure	5 Informal Charges	8 Labor and Training
3 Transparency and Access to Information	6 Proactivity of Provincial Leadership	9 Legal Institutions
- PCI 2012 represents the collective “voice” of 8,053 private domestic-invested firms across 63 provinces/cities.
- PCI-FDI 2012 was conducted on a sample of 1,540 FIEs across 13 provinces/cities.

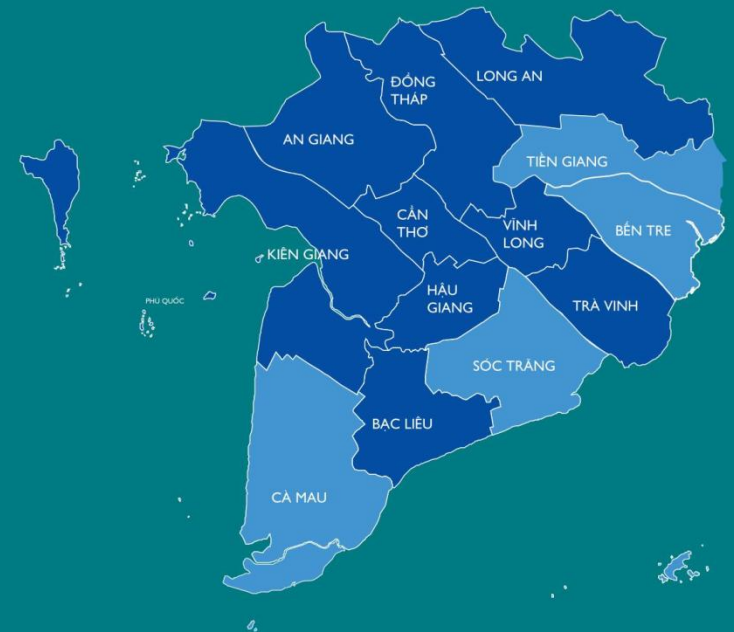
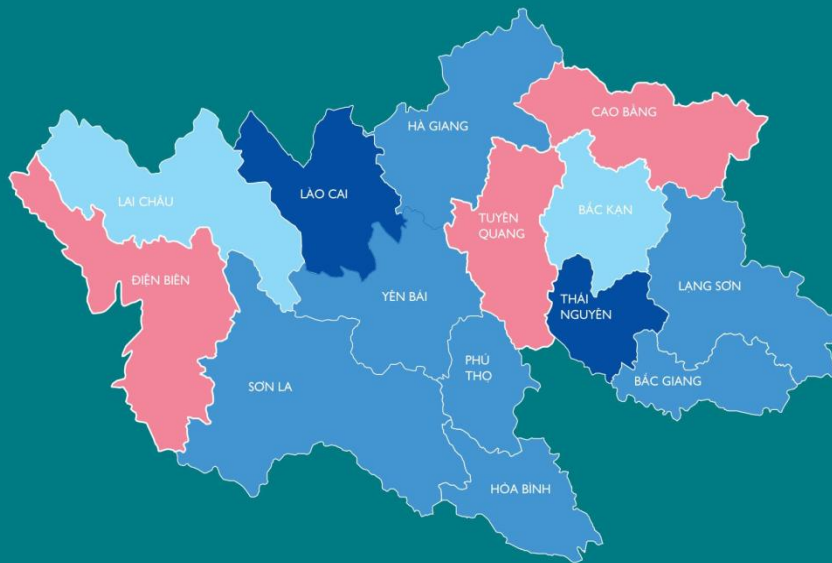
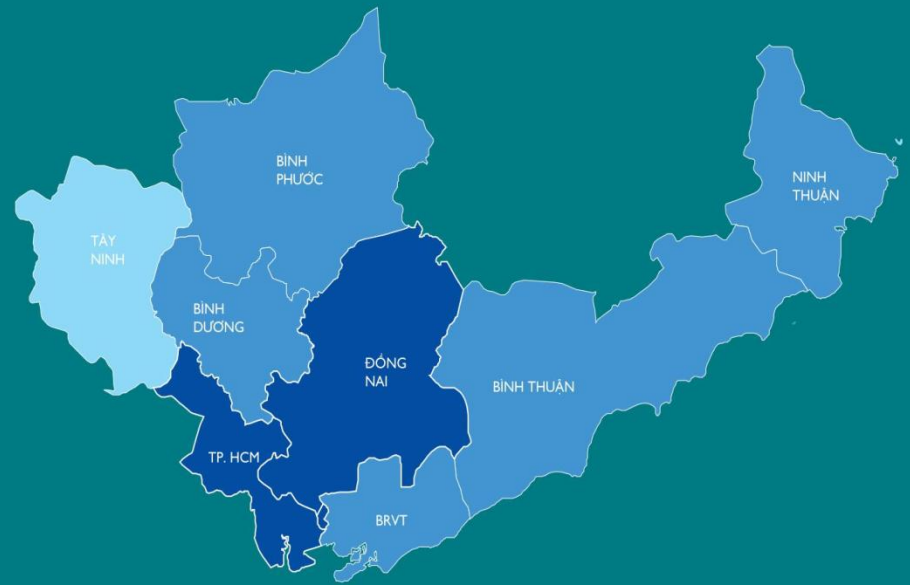
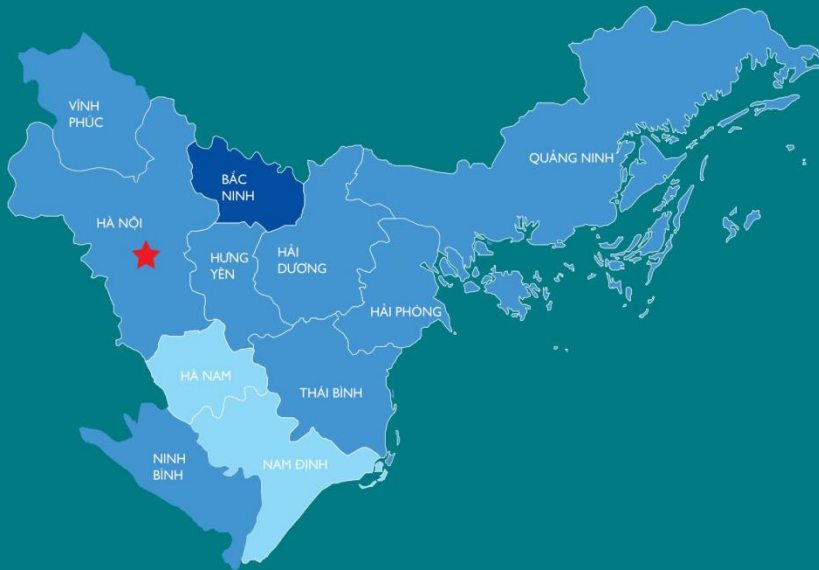
The 2012 PCI Results

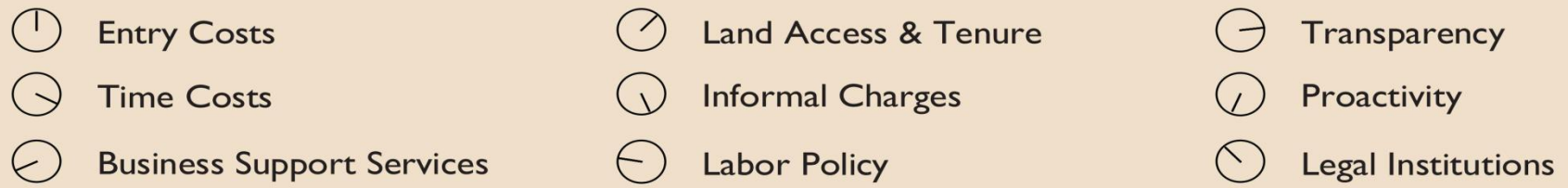
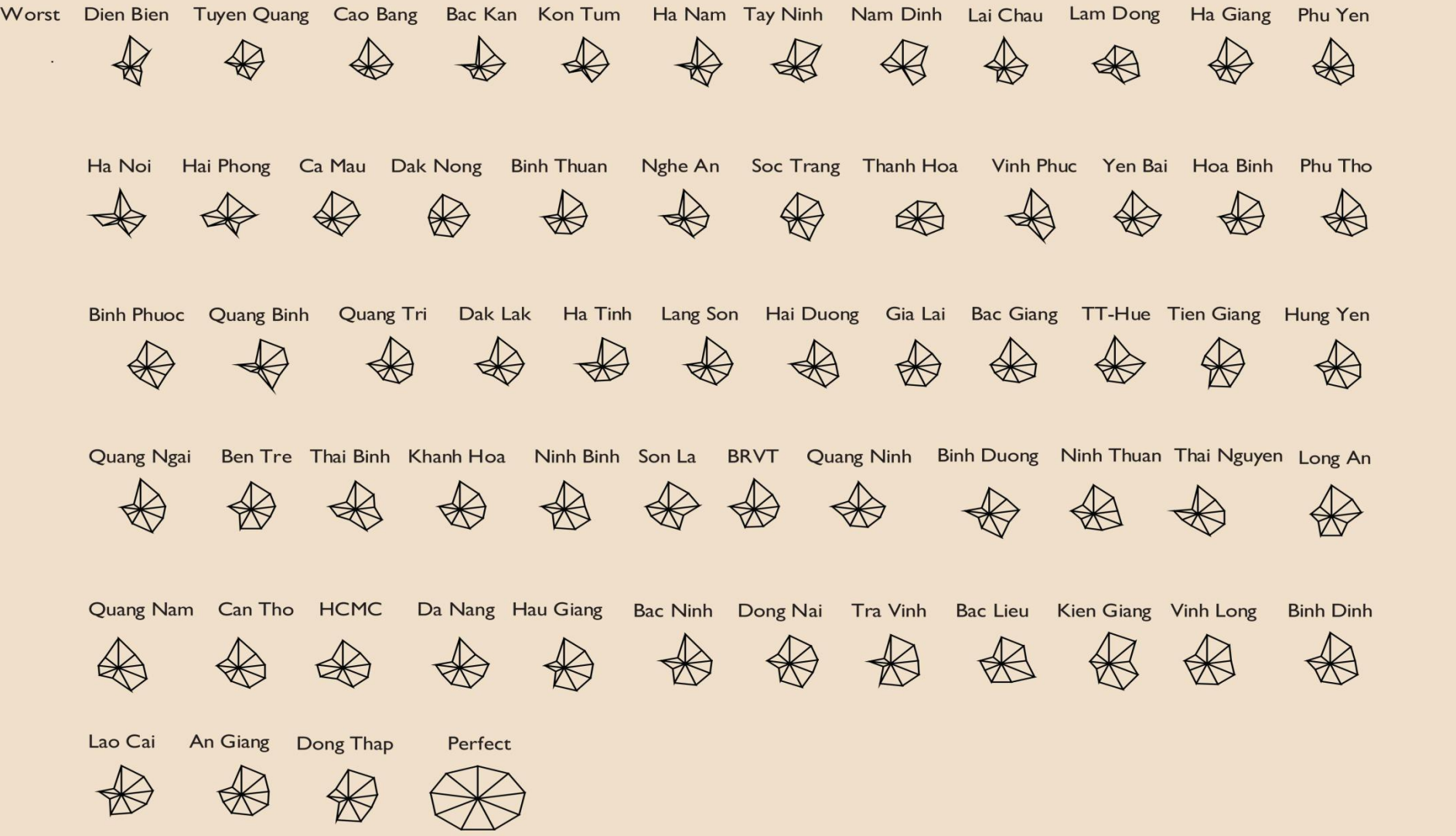


Final 2012 Provincial Competitiveness Index Ranking

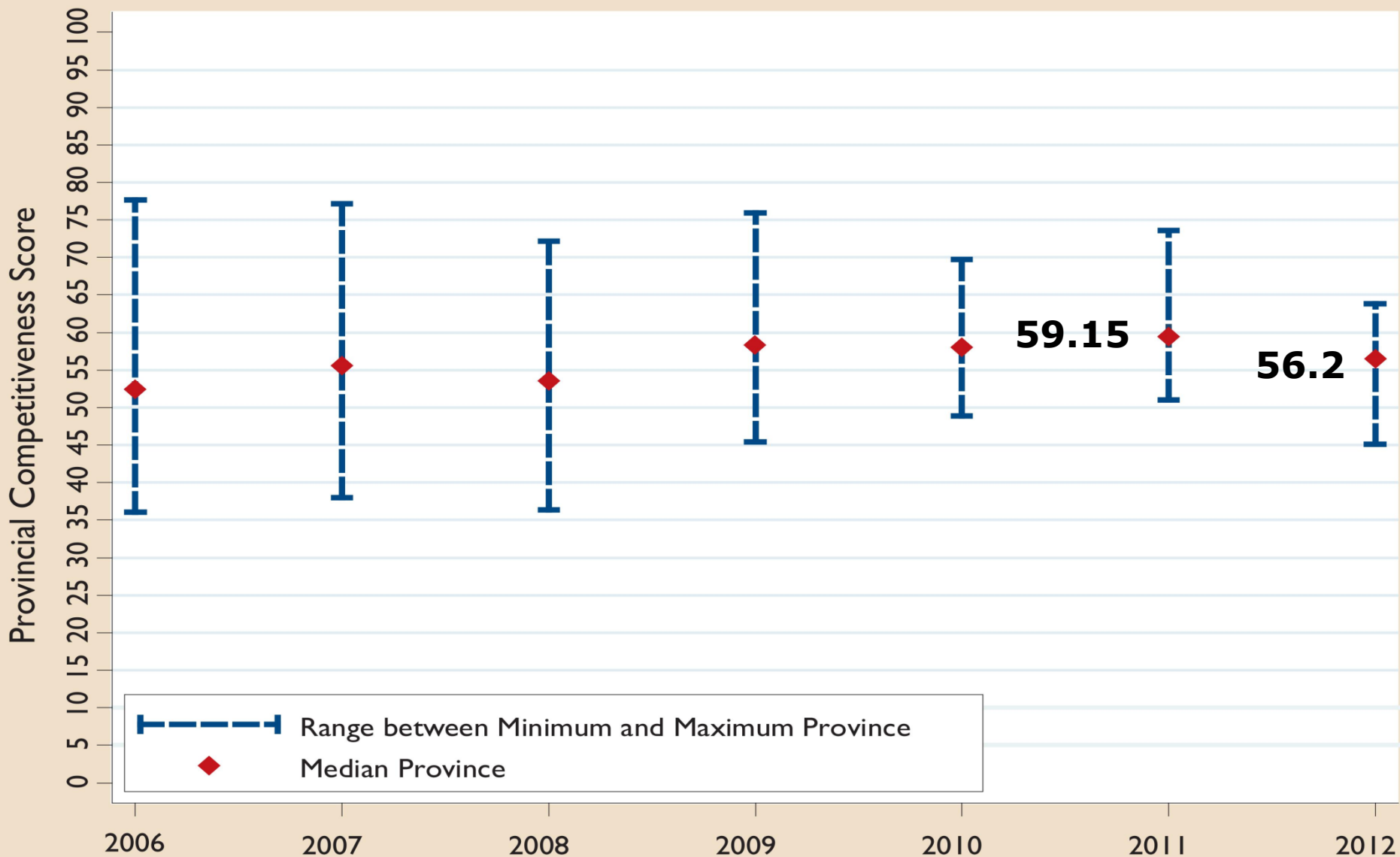






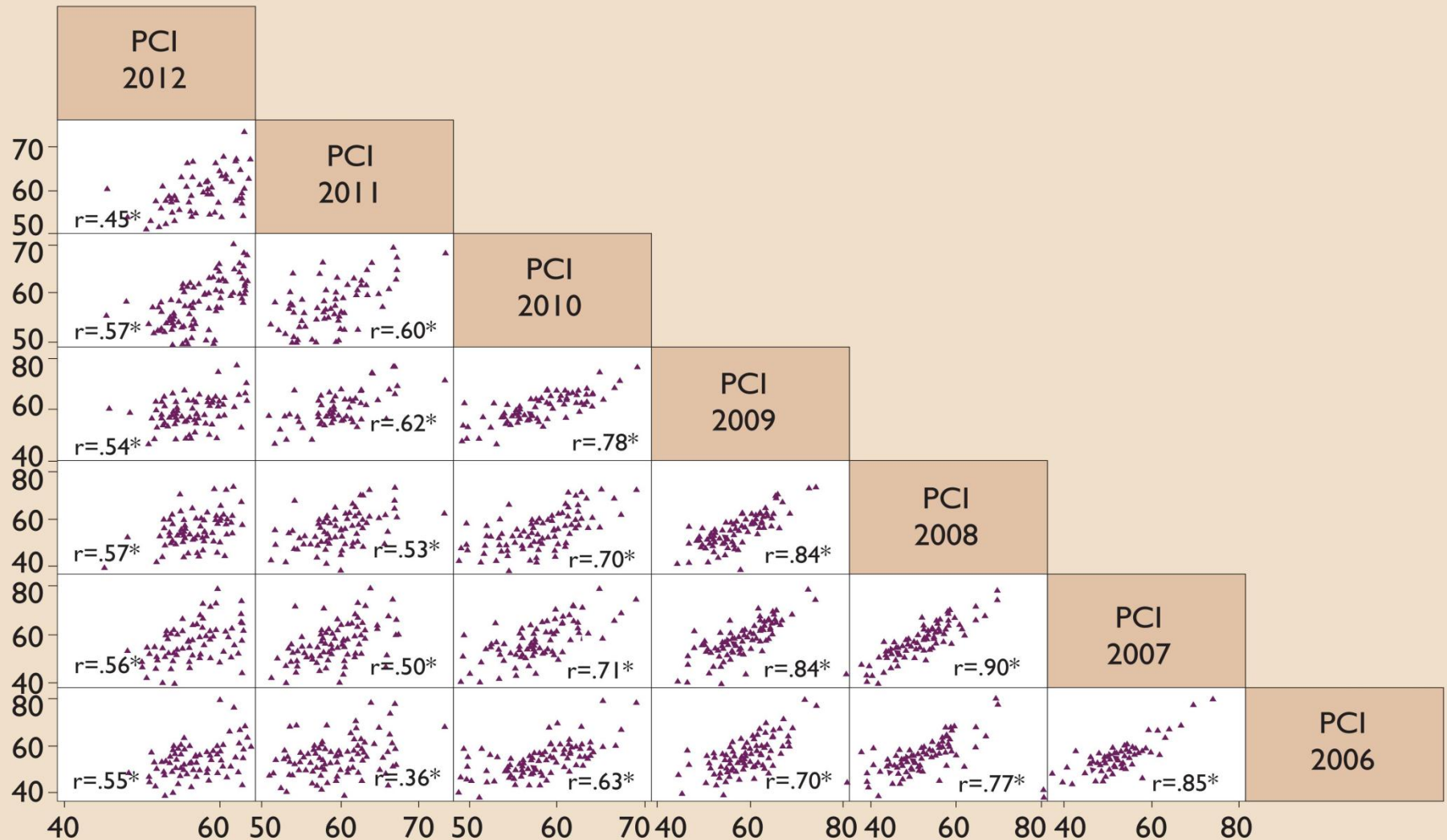


The quality of provincial economic governance declined!



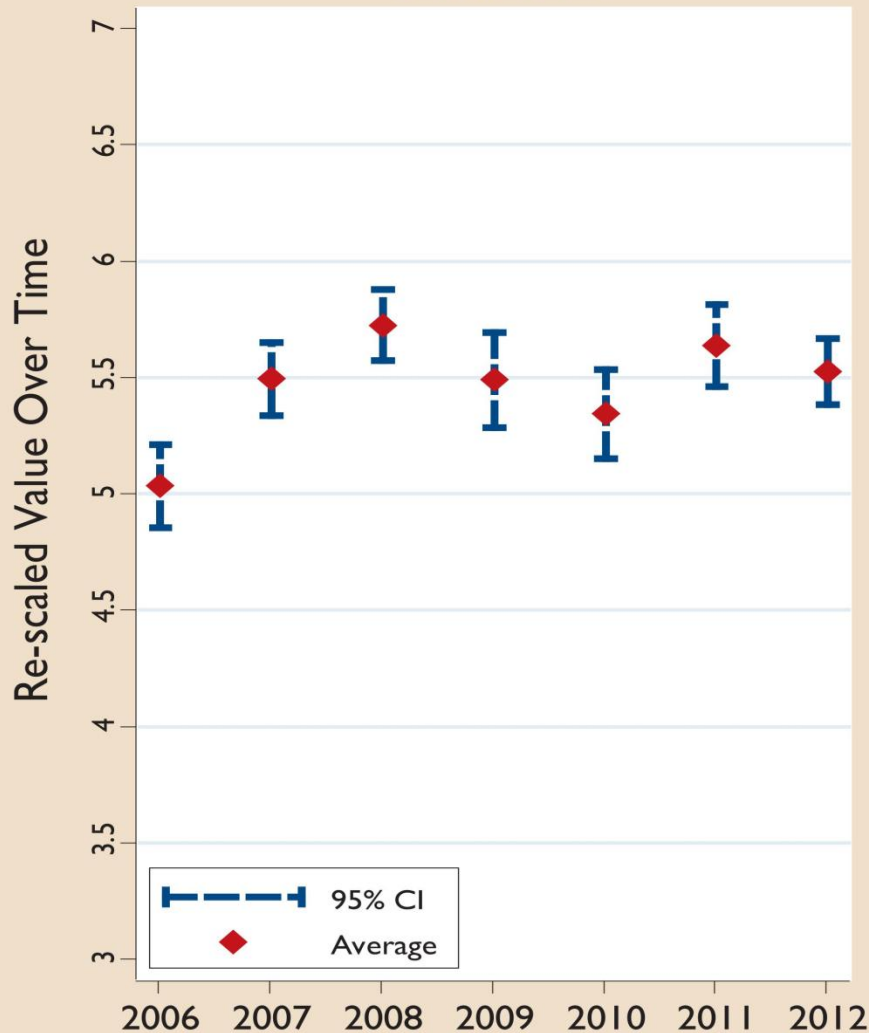
Correlation in PCI scores over time

(r =correlation coefficient; * significant at .05 level)

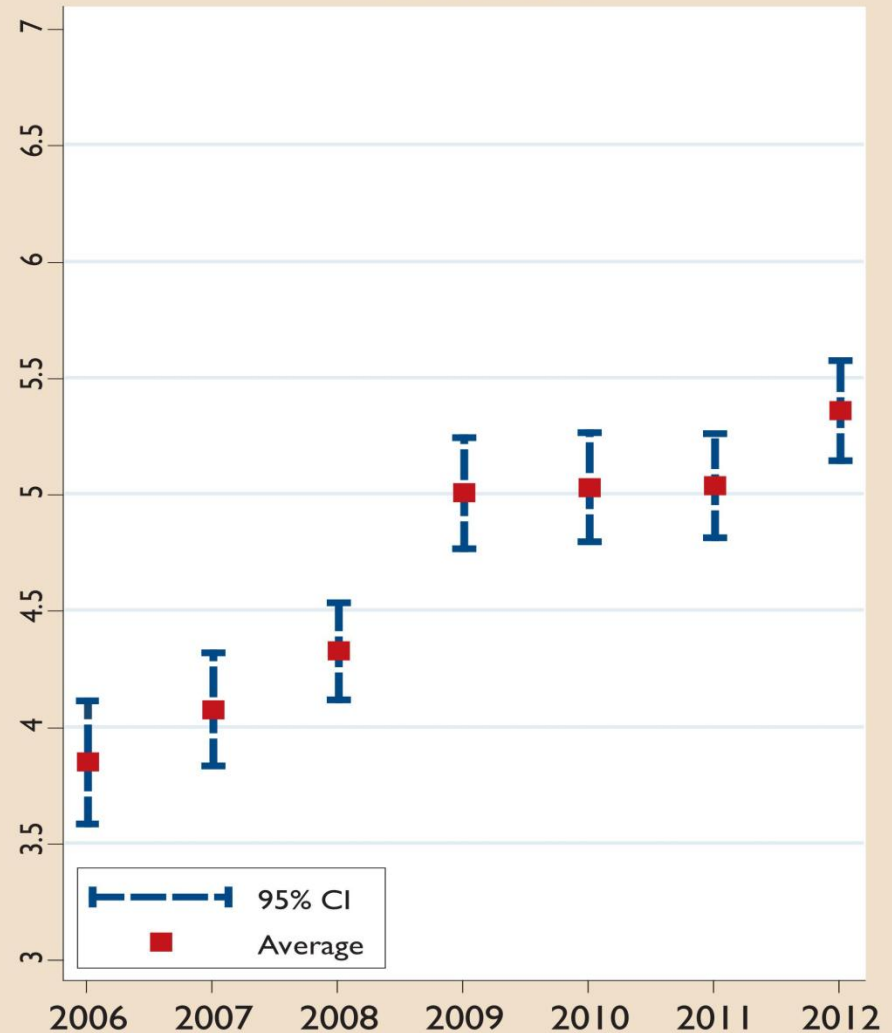


Annual changes and variation in soft versus hard data

Soft Data



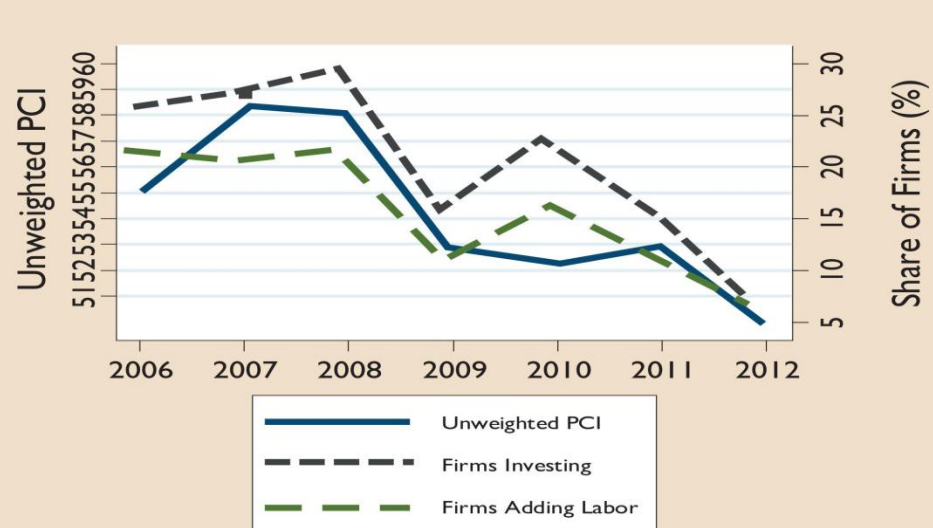
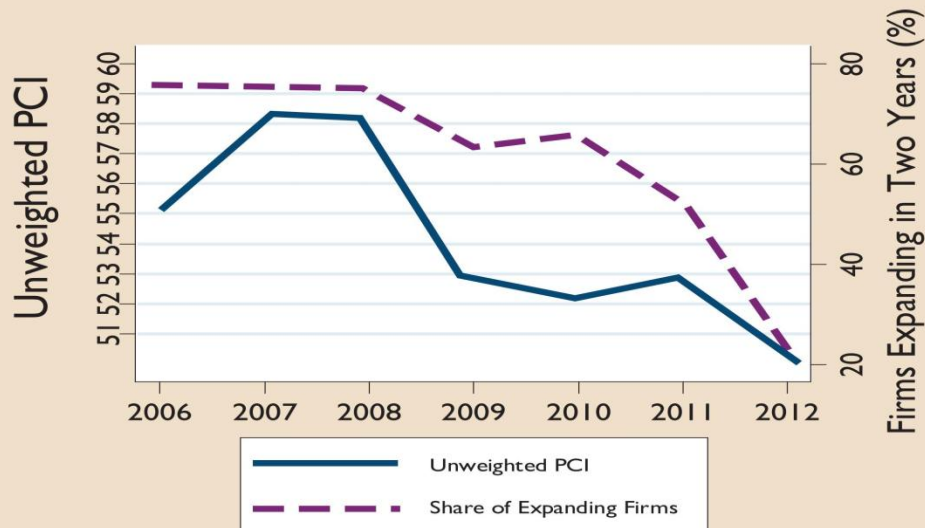
Hard Data



Performance metrics in PCI Survey in lowest, highest, and median province over time!

Year	Ranking of Province	Firms Increasing Investment	Average Capital Size (Billion VND)	Firms Adding Employees	Average Labor Size (Employees)	Firms Reporting Profits	Firms Reporting Losses	Firms Intending to Expand
2006	Minimum	13.2%	2.34	8.0%	11.75	62.7%	2.0%	48.6%
	Median	26.1%	6.20	21.6%	29.95	77.1%	11.0%	75.1%
	Maximum	44.3%	19.35	34.5%	61.51	91.5%	25.5%	90.3%
2007	Minimum	14.3%	2.79	6.8%	13.77	63.9%	3.1%	42.1%
	Median	27.1%	7.39	20.8%	30.48	82.4%	8.8%	74.3%
	Maximum	38.1%	15.32	34.3%	57.12	90.4%	18.2%	89.1%
2008	Minimum	17.2%	3.18	11.9%	16.67	66.1%	2.7%	49.0%
	Median	28.7%	8.97	21.6%	37.17	83.9%	7.8%	73.2%
	Maximum	46.4%	35.34	34.5%	89.60	92.8%	18.5%	87.8%
2009	Minimum	6.2%	3.92	5.3%	20.42	55.9%	8.2%	36.6%
	Median	14.4%	10.37	11.6%	43.26	69.1%	19.7%	61.5%
	Maximum	28.1%	34.37	50.0%	90.54	100.0%	100.0%	100.0%
2010	Minimum	10.0%	4.84	7.3%	24.24	61.7%	3.6%	36.5%
	Median	21.9%	11.91	16.4%	46.06	75.9%	15.0%	63.4%
	Maximum	36.8%	29.31	40.5%	87.33	91.6%	31.7%	78.8%
2011	Minimum	5.5%	4.01	1.6%	17.09	47.5%	5.9%	24.6%
	Median	14.9%	10.86	11.0%	43.70	73.6%	13.8%	50.0%
	Maximum	24.6%	36.05	24.4%	83.73	85.8%	26.5%	68.2%
2012	Minimum	0.0%	2.62	0.8%	10.86	41.4%	8.2%	4.7%
	Median	6.5%	10.08	6.1%	24.64	59.6%	20.8%	20.3%
	Maximum	25.0%	33.95	17.0%	63.57	81.8%	43.7%	35.2%

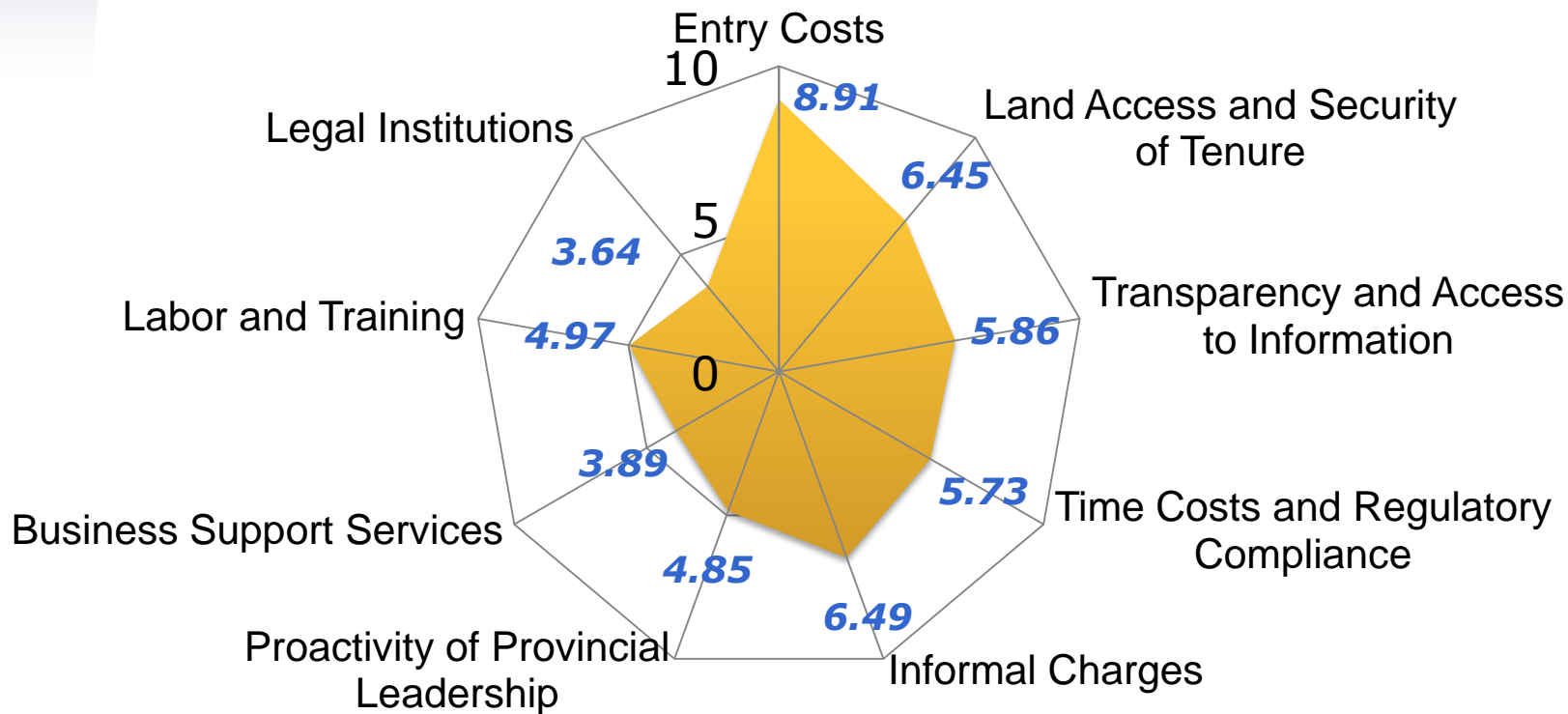
Trends in perceptions of governance and business performance



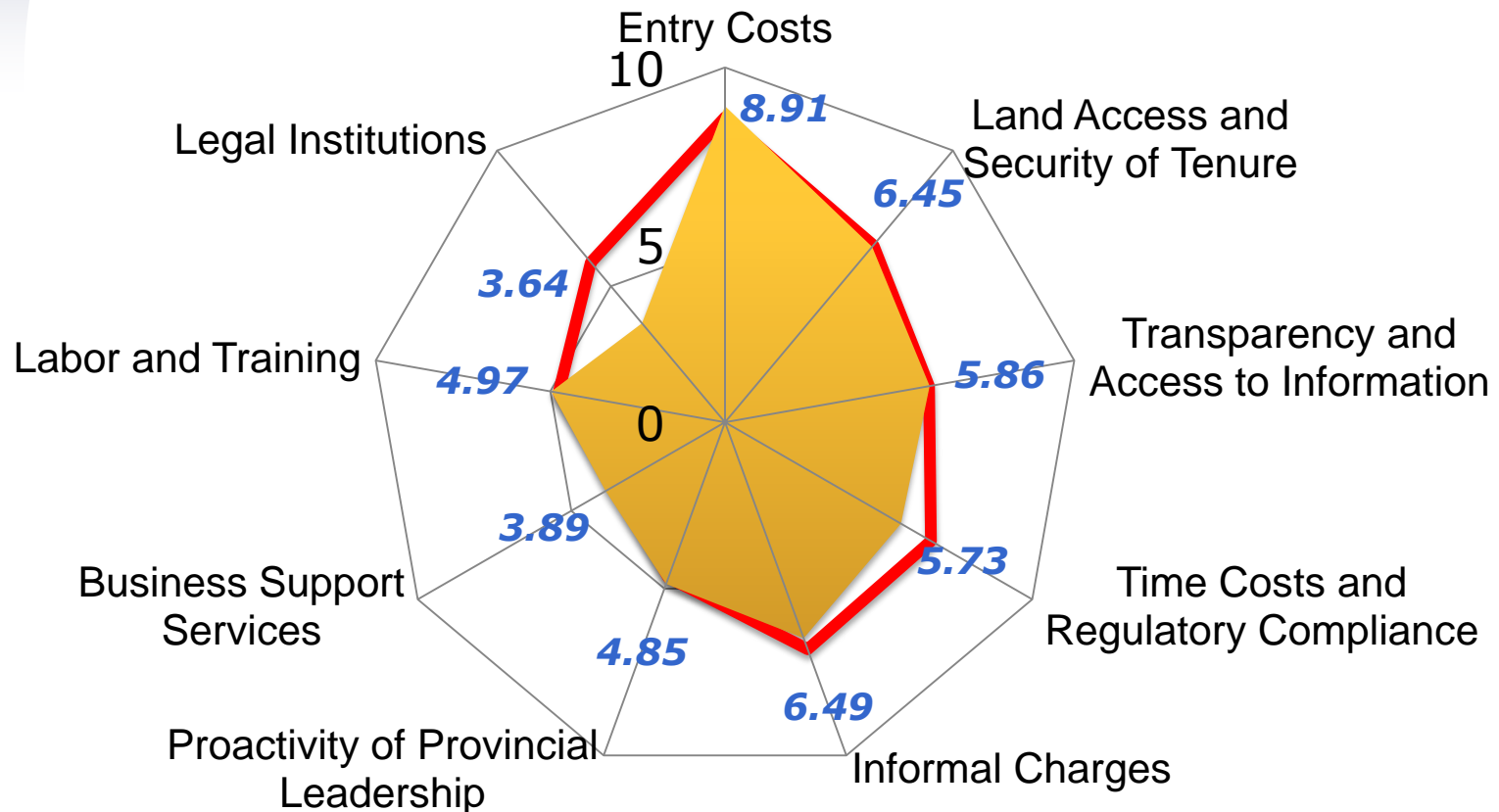
Business Environment in 2012



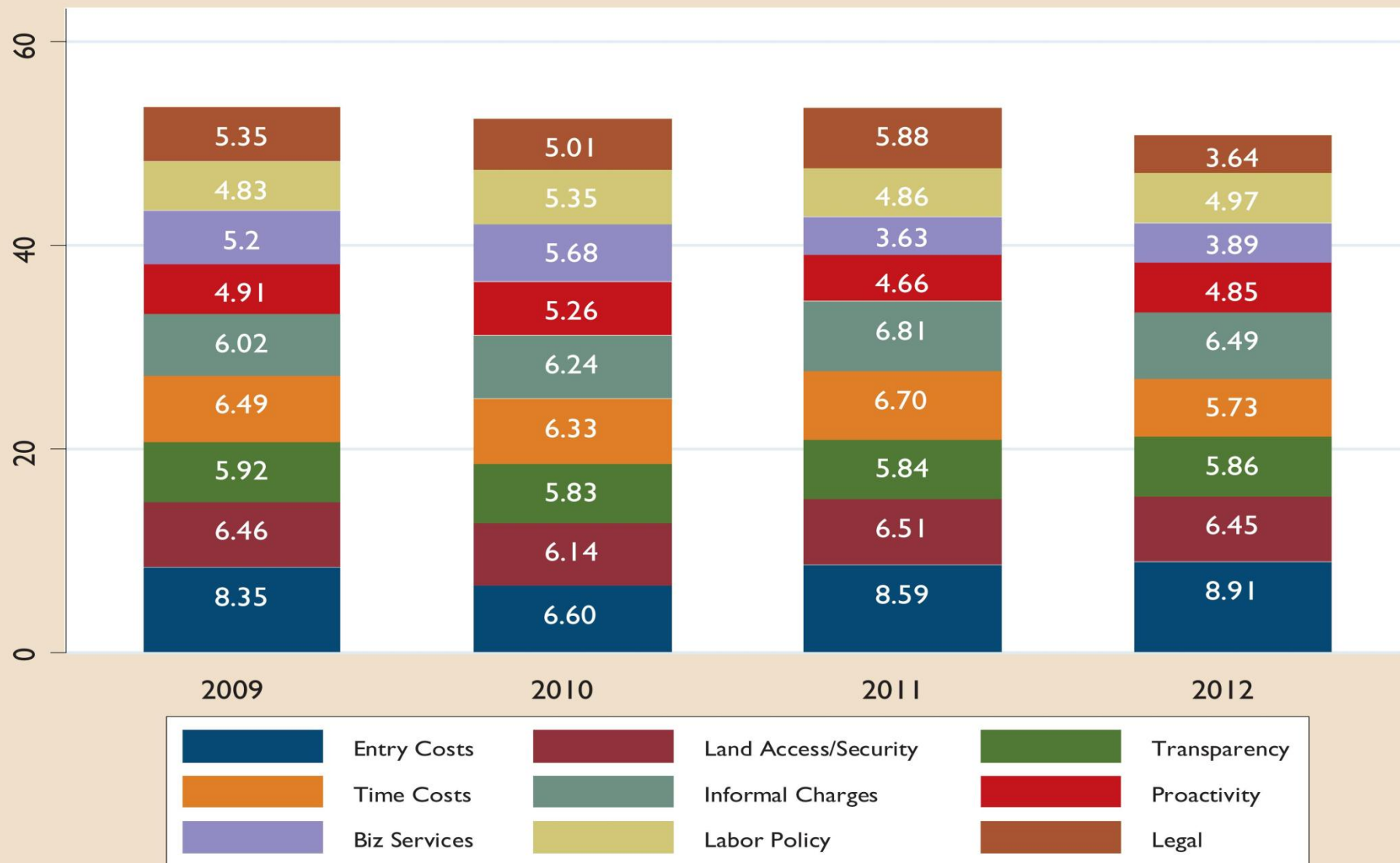
The 2012 PCI median province



PCI 2012 & PCI 2011



Sub-index scores in median province over time

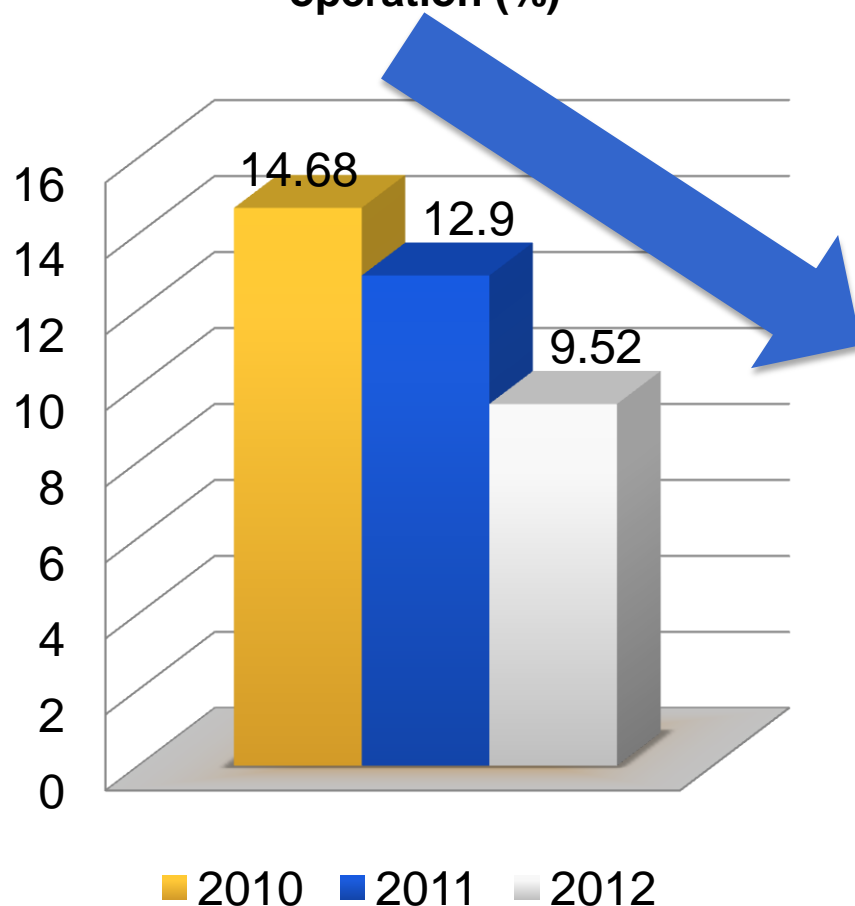


Top and bottom-ranked Provinces in each sub-index of PCI 2012

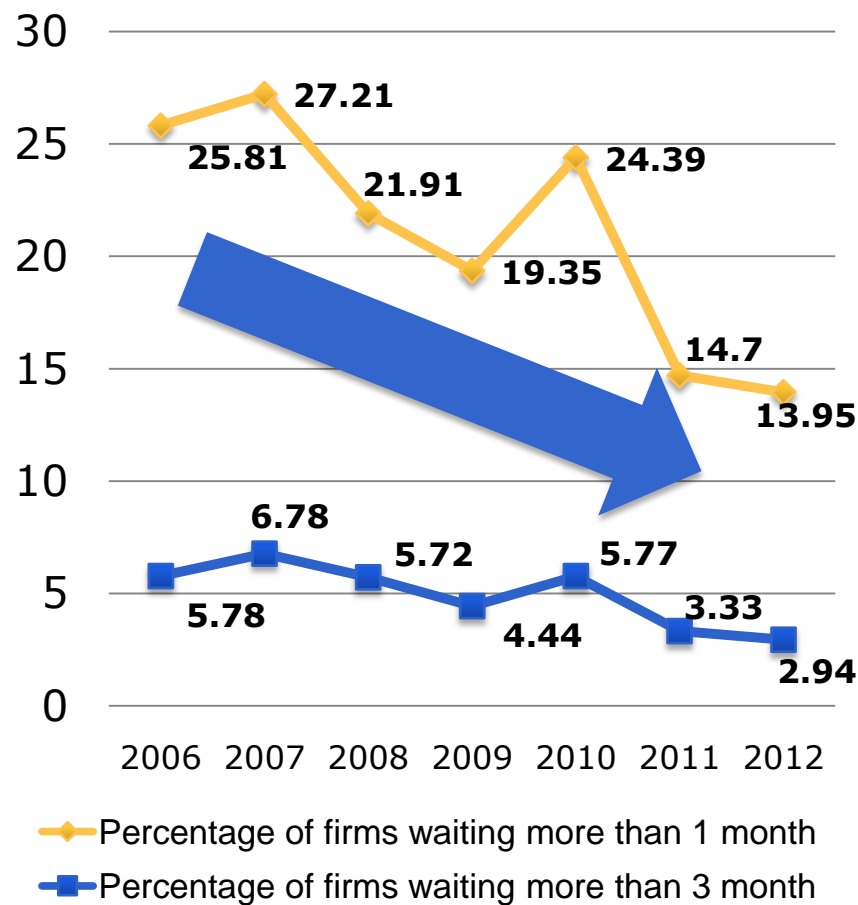
Sub-index	Top	Score	Bottom	Score
Entry Costs	Binh Dinh	9.60	Thanh Hoa	5.87
Land Access	Kien Giang	8.84	Ha Noi	4.20
Transparency	Lao Cai	6.98	Dien Bien	2.93
Time Costs	Bac Lieu	8.12	Dien Bien	3.51
Informal Charges	Kien Giang	6.81	Cao Bang	4.52
Proactivity	Dong Thap	7.17	Nam Dinh	1.39
Business Support Services	HCMC	5.80	Dien Bien	2.31
Labor and Training	Ha Noi	6.12	Dak Nong	3.60
Legal Institutions	Tien Giang	5.03	Bac Kan	2.00

Further Improvement on Entry Costs

Percentage of Firms requiring additional documents to start operation (%)



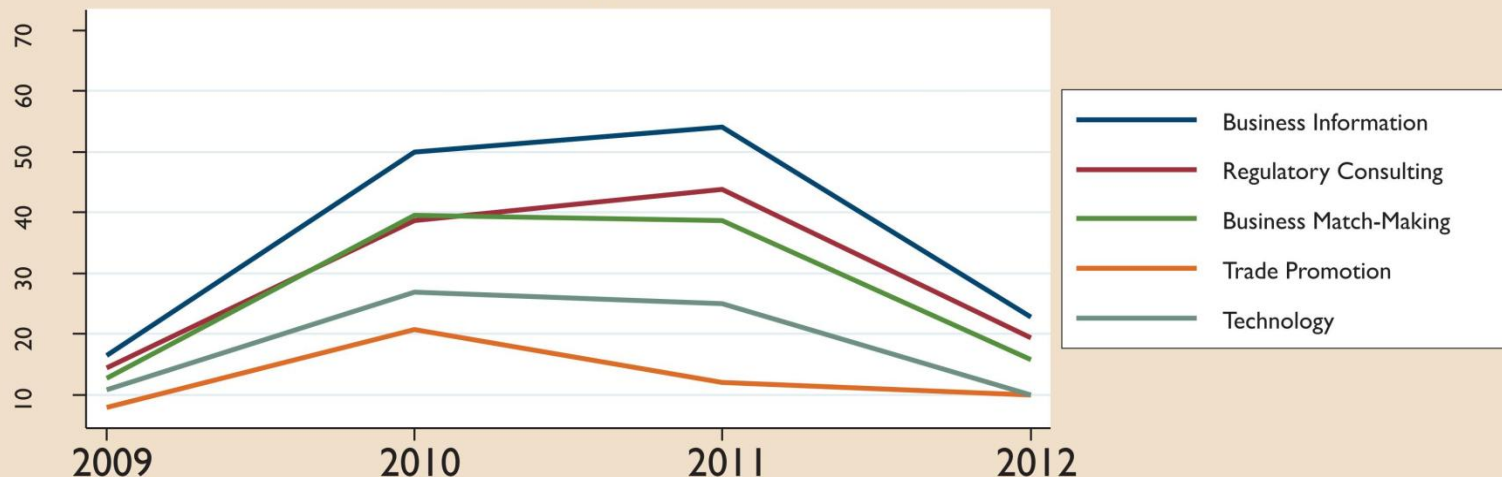
Percentage of firms waiting to complete all steps necessary to start operation (%)



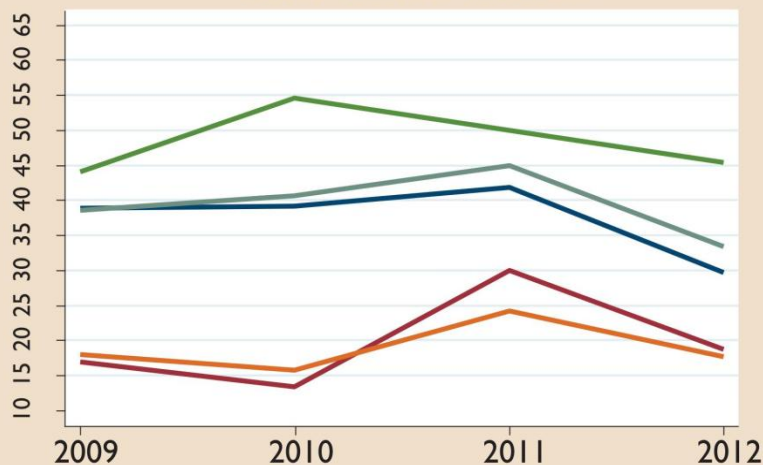
Negative changes in the use of business support services over time

% of Respondents in Median Province

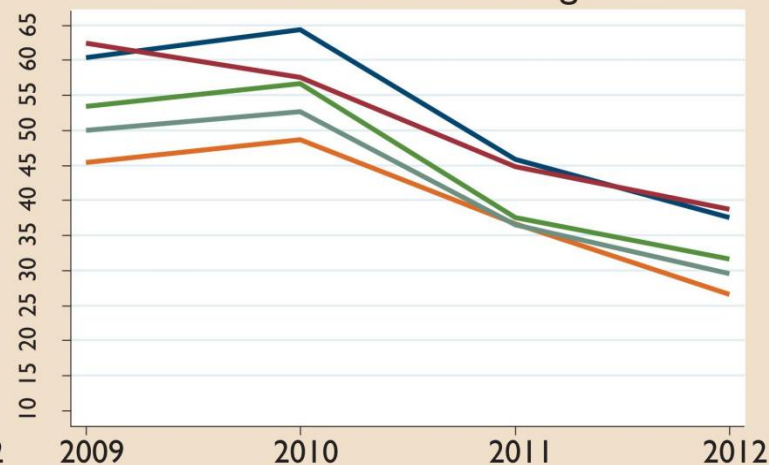
Used Business Support Service



Used Private Provider



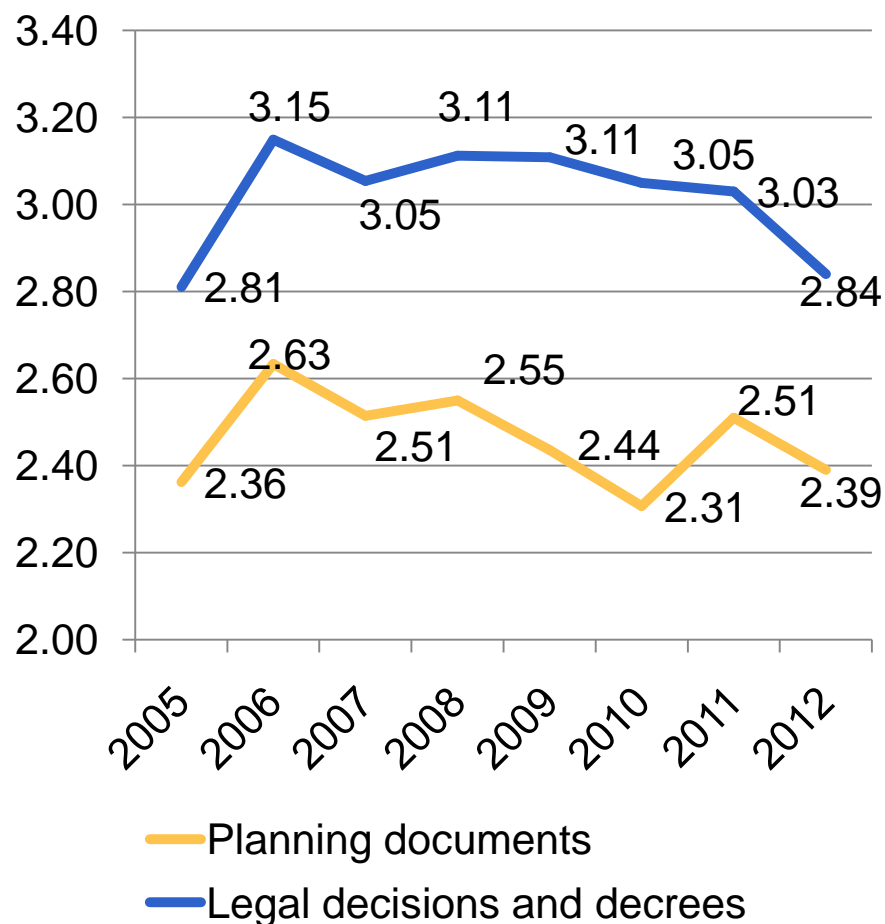
Will Continue Usage



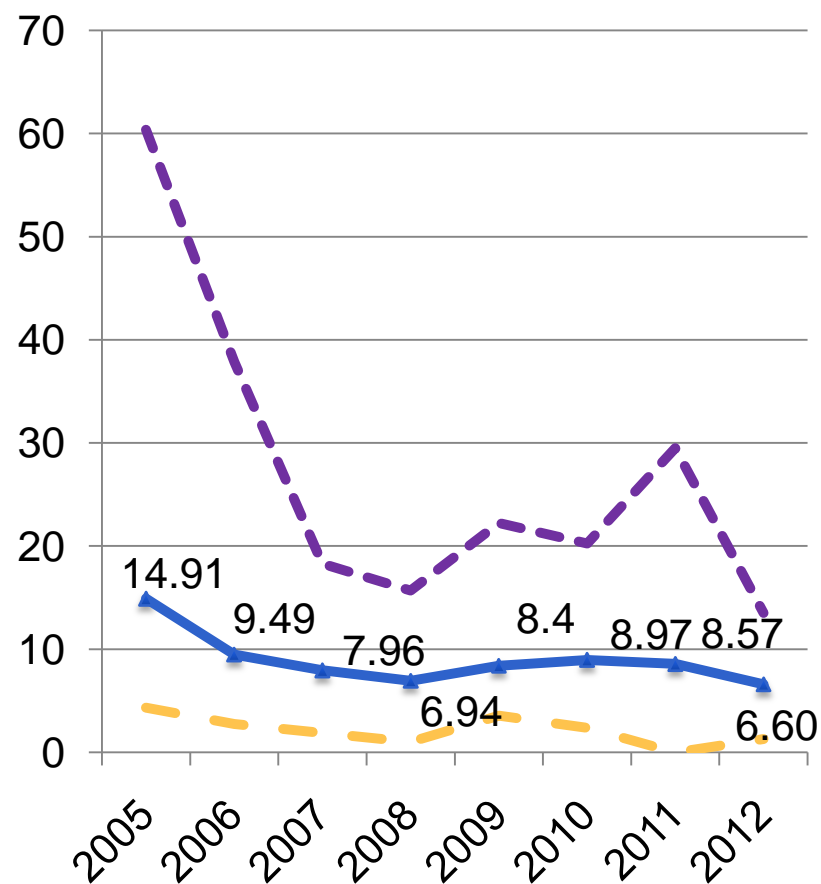
Stagnated reforms in Transparency

Difficult access to Information

(1 – 5pt. scale, 1 very difficult to 5 very easy)

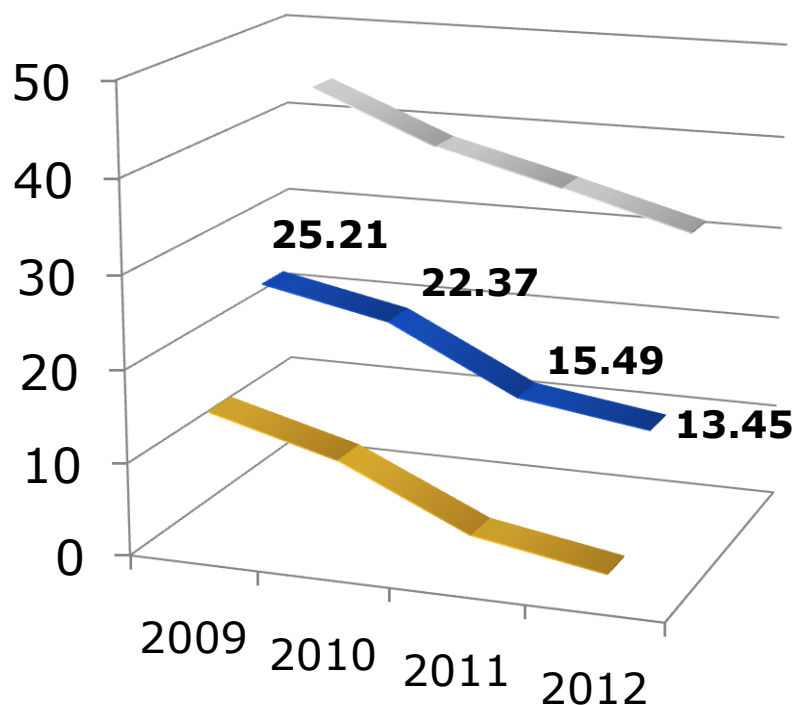


Low predictability of implementation of central laws at the provincial level (%)



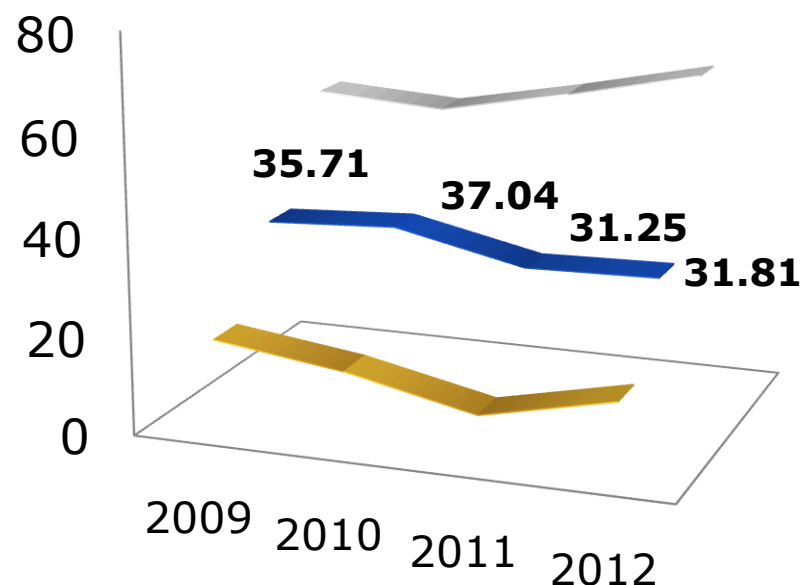
Stagnated reforms in Transparency (cont.)

Low percentage of firms gives comments on government regulations (%)



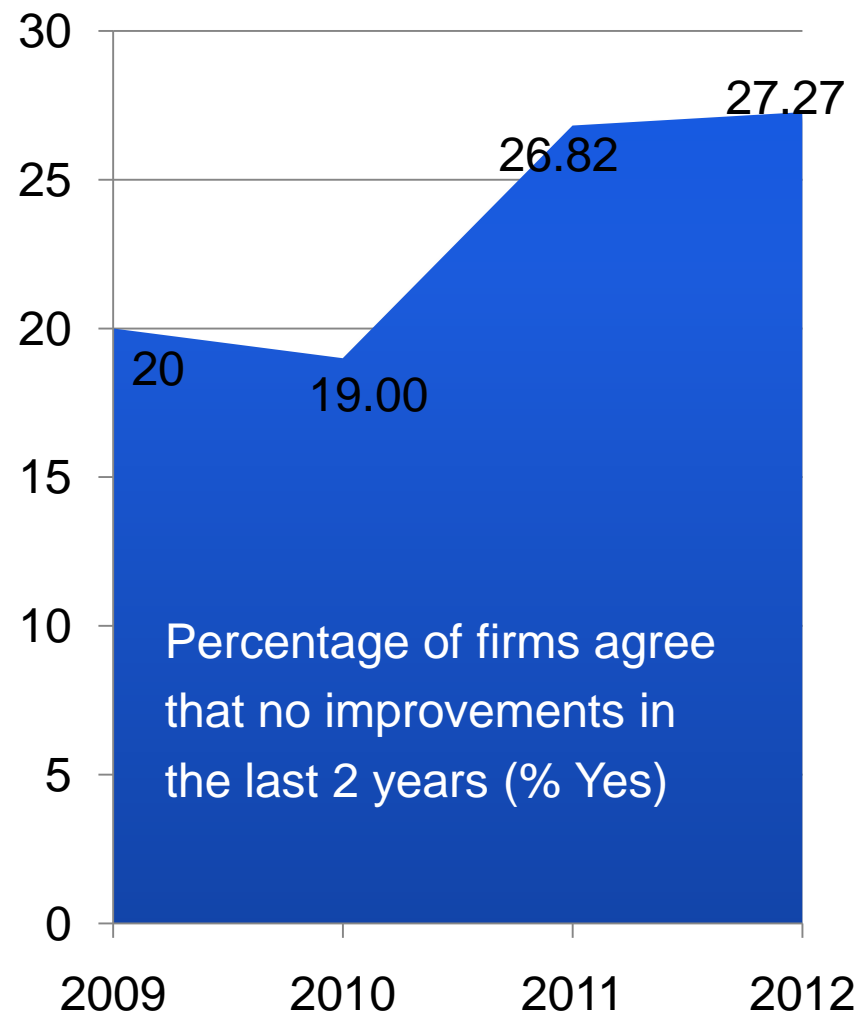
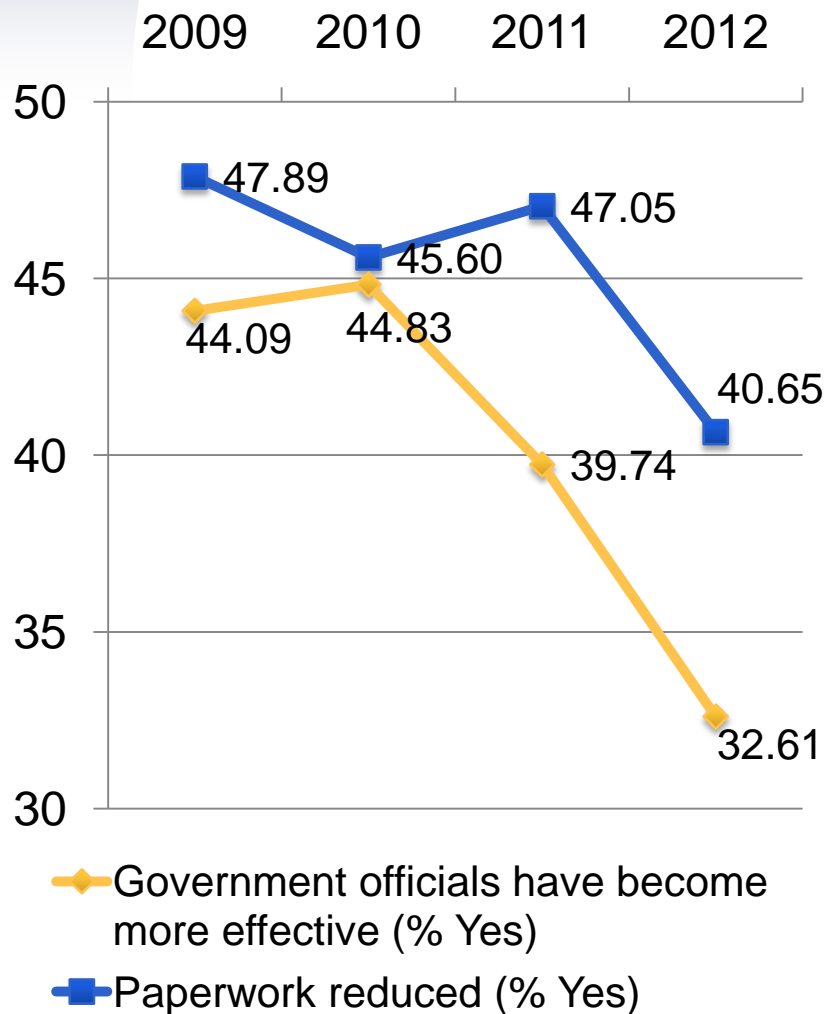
The percentage of firms give comments on government regulations

Limited role of business associations



*Percentage of firms agree that business associations play **an important role** in advising and countering provincial policies*

High expectation on stronger administrative procedure reforms!



Thank you!

Please visit website PCI

www.pcivietnam.org

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