



PLANNING AHEAD: HOW TO EXTEND YOUR FOREIGN-INVESTED EDUCATION PROJECT IN VIETNAM

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Vietnam's education sector is undergoing significant transformation, driven by a national push to modernize and improve learning outcomes at all levels. A key focus is on expanding access to high-quality preschool and K-12 education, ensuring children benefit from inclusive and future-ready learning environments from an early age.

This momentum stems from Politburo Resolution No. 29-NQ/TW (2013), which called for comprehensive reform in education to meet the demands of industrialization, modernization, and global integration. The commitment was reaffirmed in Conclusion No. 91-KL/TW (2024), emphasizing the need to accelerate these reforms.

As of 30 March 2025, Vietnam has attracted 707 foreign-invested education projects since 1988, with total registered capital exceeding USD 4.63 billion. While the number of new projects declined slightly from 2023 to Q1 2025, the average investment size increased, reflecting a shift toward higher-quality, large-scale ventures.

As many early foreign-invested preschool and K-12 projects in Vietnam may approach the end of their initial terms, investors are now seeking extensions to continue operations. To do so, they must comply with the current legal framework, including primarily Law on Investment 2020, Law on Education 2019, Decree No. 86/2018/ND-CP supplemented by Decree No. 124/2024/ND-CP ("Decree 86 and Decree 124").

These regulations set out the key conditions and procedures for extending operational terms, covering licensing, capital requirements, and educational standards.

Licensing Procedures

In the past, foreign investors could open preschools and K-12 schools in Vietnam with just one Investment License (in Vietnamese, *Giấy phép đầu tư*). This was allowed under older regulations under Law No. 52-L/CTN on foreign investment in Vietnam dated 12 November 1996 issued by the National Assembly and its Decree No. 06/2000/ND-CP dated 06 March 2000 issued by the Government.

However, since the Law on Investment 2005 and especially after the education reforms under Politburo Resolution No. 29-NQ/TW in 2013, the process has become more complex. Currently, under the Law on Investment 2020, Decree 86, and Decree 124, investors must obtain:

- Investment licenses including Investment Registration Certificate (IRC) or Investment Policy Approval (IPA) (if applicable); and
- Educational licenses including Establishment Decision and Operation License.

This two-tiered licensing process also applies to extensions of operational terms for foreign-invested preschool and K-12 schools, which may be granted for up to 50 years as of the first issuance date of the investment license, provided this does not exceed the duration of the land or premises lease. To proceed, investors must:

- ◇ Submit an application to the provincial Department of Finance (“DOF”) to request an extension of the investment project term under IRC or IPA (if applicable);

As part of the investment licensing process, the DOF consults with various competent authorities such as the Department of Agriculture and Environment, provincial police, provincial and regional military commands, Department of Construction, and Department of Education and Training (“DOET”). This consultation is essential for assessing the application dossier.

On a separate note, recent Vietnam’s government restructuring aims to reduce the number of departments involved in gathering opinions, thus expediting the licensing process and minimizing bureaucratic delays. Nonetheless, until restructuring is fully implemented, licensing procedures may still face delays.

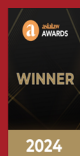
- ◇ Submit a separate application to the provincial DOET to extend the Establishment Decision and Operation License.

For newly established foreign-invested educational institutions, a two-year period is granted from the effective date of the Establishment Decision to fully meet all regulatory requirements and obtain the Operating License. However, for ongoing or previously operational projects, the interval between the issuance of the Establishment Decision and the Operating License, as extended, may be shortened, depending on the project’s readiness and prior compliance history. In such cases, authorities may expect a more expedited transition to full operational status.

Operational Separation Requirements

Under Decree 86 and Decree 124, preschool and K-12 educational institutions must operate as distinct and independent entities. This requirement mandates:

- Separate entrances and exits (school gates)
- Individual name boards for each institution
- Physical barriers clearly delineating the boundaries of each school



Before any extension of the operational project term is approved, a site inspection will be conducted by an ad-hoc team appointed by the relevant authorities. This inspection ensures that the physical infrastructure meets the mandated separation standards.

Enrollment Limitations for Vietnamese Students

Vietnamese students are permitted to study foreign curricula in foreign-invested K-12 institutions. However, their enrollment must not exceed 50% of the total enrollment in these programs.

This comprehensive approach ensures that investors are well-informed about the legal and operational requirements for establishing and maintaining educational institutions in Vietnam.

Capital Requirements for Term Extensions

Under Decree 124/2024/ND-CP, foreign-invested projects establishing K-12 schools in Vietnam must meet a minimum total investment requirement of VND 50 billion (excluding land-use costs). Additionally, the decree stipulates that at least 50% of this capital must be realized at the time the institution applies for approval to commence educational operations. The remaining capital must be fully contributed within five years from the date of such approval.

Despite these heightened requirements, Decree 124 also introduces capital flexibility for ongoing projects. Foreign investors operating schools with positive performance records may not be required to inject additional capital when applying for an extension of the project’s operational term. However, the decree continues to enforce the baseline investment ratio of VND 30 million per child for preschool and of VND 50 million per student for K-12 education. This means that if the realized capital does not support the required per-student investment threshold, the school may face limitations on maximum student enrollment for each academic year.

Investment Requirements for Education

Foreign investors wishing to extend the operational term of their active preschool and K-12 education projects in Vietnam must prepare a detailed compliance report. This report should clearly demonstrate that the project adheres to all relevant legal requirements, particularly those outlined in Decree 86 and Decree 124.

An ad-hoc inspection team, consisting of representatives from relevant government authorities, will be formed to conduct an on-site assessment. This early-stage inspection is intended to verify compliance with legal, infrastructural, and operational standards before any investment extension is granted.

According to Decree 86 and Decree 124, the educational institutions in Vietnam must satisfy additional requirements as follows:

Criteria	Pre-School	K-12 School
Minimum Land Area	<ul style="list-style-type: none">8 m²/child (urban areas)12 m²/child (rural areas)	<ul style="list-style-type: none">6 m²/student (urban areas)10 m²/student (rural areas)
Minimum study/teaching area	Not specifically required	At least 2.5 m² per student

Criteria	Pre-School	K-12 School
Facilities	<ul style="list-style-type: none"> • Provide adequate lighting, furniture, equipment, and materials to support the care and education of children as required by the curriculum; • Rooms for principal board, administration, medical care, security, and staff; • Clean water supply, hygienic toilets; • Kitchen with one-way operation if meals are provided; • Playground, green areas, fenced campus, school gate with name signage; • All designs, equipment, and toys must ensure absolute safety for children; 	<ul style="list-style-type: none"> • Rooms for principal board, administration, teachers, and meetings; • Subject-specific classrooms (for secondary and high school), multipurpose gym, music/art rooms, computer labs, library, support room for students with disabilities, medical room, canteen and nap rooms if semi-boarding is provided; • Water and sanitation systems, toilet facilities aligned with MOE standards and school scale; • Playground, sports areas, parking area $\geq 30\%$ of total land, boundary wall, main gate with school name;
Minimum qualification of teachers/lecturers	At least a college degree in early childhood education (or equivalent)	At least a bachelor's degree in education (or equivalent)
Maximum class size	<p>Nursery (by age group):</p> <ul style="list-style-type: none"> • 3–12 months: 15 children • 13–24 months: 20 children • 25–36 months: 25 children <p>Kindergarten:</p> <ul style="list-style-type: none"> • Age 3–4: 25 children • Age 4–5: 30 children • Age 5–6: 35 children 	<ul style="list-style-type: none"> • Primary school: 30 students/class • Secondary & High school: 35 students/class
Teacher-child/student ratio	<ul style="list-style-type: none"> • Nursery: 1 teacher per 5 children • Kindergarten: 1 teacher per 10–12 children 	<ul style="list-style-type: none"> • Primary: at least 1.5 teachers/class • Secondary: at least 1.95 teachers/class • High school: at least 2.25 teachers/class

Conclusion

Vietnam's education sector remains a high-potential market for foreign investors, supported by government-led reforms focused on modernization, socialization, and global integration. These reforms aim to raise educational standards and expand access, creating a dynamic environment for investment.

To succeed, investors must ensure regulatory compliance and maintain sustainable resources including capital, infrastructure, and talent. Vietnam's bilateral and multilateral education agreements with several countries like the UK, China, and Brazil further enhance opportunities for cross-border collaboration.

While the market is promising, it requires a strategic and well-informed approach. At VILAF, we offer deep expertise in guiding foreign investors through Vietnam's legal and regulatory landscape for education. Contact us to discuss how we can support your success.

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