

# Legal Update

November 2024

## DECREE 124 & 125 UPDATES: SIMPLIFYING FOREIGN AND DOMESTIC INVESTMENT IN VIETNAM'S EDUCATION SECTOR

On 5 October 2024, the Vietnamese Government issued **Decree 124/2024/ND-CP** ("**Decree 124**") and **Decree 125/2024/ND-CP** ("**Decree 125**"). Effective from 20 November 2024, these decrees bring significant updates to regulations governing both foreign and domestic investments in Vietnam's education sector.

### Key Points of Decree 124 and Decree 125

**Decree 124** modifies regulations concerning foreign-invested educational institutions, focusing on partnerships with foreign entities and foreign educational campuses in Vietnam. Meanwhile, **Decree 125** updates regulatory frameworks for domestically invested institutions, covering preschools, universities, and education quality assurance standards.

### Simplification of administrative procedures

#### Decree 124:

- **Forms Reduction:** Streamlines 14 of 21 existing forms in *Decree 86/2018/ND-CP*, now allowing online application submissions and data sharing among state management agencies.
- **Investment Commitments:** Introduces new standards requiring foreign investors to commit to completing at least 50% of the total capital within five years of obtaining operational licenses.

#### Decree 125:

- **University Establishment Procedures:** Eases documentation for private university establishment, standardizing forms and eliminating redundant requirements. This step reduces paperwork for founders and minimizes regulatory hurdles.

### Enhanced Transparency and Disclosure Requirements

**Information Disclosure:** Decree 124 mandates that foreign educational institutions publicly disclose comprehensive information on their educational programs, foreign teachers, and students' demographics. to students, parents, and society regarding the educational institutions involved. These information must be clear, complete, and accurate on institutional websites.

**Contrast with Decree 125:** Decree 125 requires only the basic disclosure of establishment and operational licenses for educational institutions, signaling a more streamlined approach for domestic entities.

### Foreign Education Partnerships and Branch Campuses

## Foreign Partnerships:

- **Regulatory Standards:** Decree 124 stipulates that foreign institutions partnering in Vietnam must be legally established and operational for at least 5 years, with quality certification from recognized accrediting bodies.
- **Program Alignment:** Requires programs offered in Vietnam to align with Vietnamese educational goals, ensuring consistency in academic standards and preventing curriculum overload for students.

## Branch Campuses in Vietnam:

- **Top-Ranked Institutions:** Only universities ranked in the global top 500 over the last three years are eligible to establish branch campuses in Vietnam.
- **Compliance with Local Standards:** Branches must meet Vietnam's quality regulations and include mandatory subjects, such as physical education, for Vietnamese students.

## New Standards for Education Quality Assurance

### Quality Assurance:

- **For Domestic Accrediting Bodies:** Decree 125 introduces clearer criteria for independence and conflict-free operations, ensuring reliable evaluations.
- **For Foreign Accrediting Bodies:** Foreign organizations must have operated in education quality assurance for at least five years and comply with stricter criteria to operate within Vietnam.

### Standards for Domestic Institutions

- **Land Usage Flexibility:** Allows schools, especially in urban areas, to substitute building space for land to meet spatial requirements.
- **Lifelong Learning Centers:** Decree 125 simplifies regulations for centres offering foreign language, IT, and life skills training, supporting the promotion of lifelong learning.

## Recognizing National and Regional Universities

**Updated Recognition Process:** Decree 125 establishes clear recognition criteria for national and regional universities, streamlining the path for these institutions to fulfill their roles without needing re-establishment under the new regulation.

**Recognition Criteria:** Institutions must meet doctoral-level standards in specific fields and have approved development plans for national or regional recognition.

## Study Abroad Consultancy Regulations

Decree 125 retains categories for study abroad consulting but introduces a 5-year validity period for business licenses to ensure service quality and accountability.

## Conclusion

These regulatory updates underscore Vietnam's commitment to opening its education sector to foreign investment, enhancing transparency, and raising quality standards. Educational institutions and investors can benefit from strategic consulting to ensure compliance and alignment with these evolving regulations.

Our legal team is here to support both domestic and foreign educational institutions and investors. We offer comprehensive services to help you navigate new investment and operational requirements, from establishing and licensing educational entities, such as universities, colleges, and foreign training partnerships, to achieving regulatory recognition.

In addition, we provide specialized guidance on compliance for quality assurance organizations and study abroad consultancy services, helping businesses mitigate legal risks and streamline essential processes. Our team will handle documentation preparation and submission, facilitating smooth interactions with regulatory authorities.

Partnering with us ensures that your educational enterprise remains fully compliant, competitive, and positioned for sustainable growth in Vietnam's dynamic education sector.

If you have any questions or require any additional information, please contact [Mr Tran Le Khanh Hai](#) or [Ms Nguyen Mai Phuong](#) of KPMG Law in Vietnam.

*This alert is for general information only and is not a substitute for legal advice.*

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