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Making Industrial Jobs Work for Women

Policy Recommendations for Affordable Quality Childcare Near Industrial Parks in Viet Nam

Helle Buchhave, Cuong Viet Nguyen,
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ABP

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Abbreviations

ABND	assessment-based national dialogue
AME	areas with many employees
CIT	corporate income tax
CPC	Commune People's Committee
CPD	continuous professional development
DDOETs	District Divisions of Education and Training
DFTZ	Da Nang Free Trade Zone
DOET	Department of Education and Training
ECD	early childhood development
ECE	early childhood education
ECEC	early childhood education and care
EPZ	export processing zones
FCG	family care group
FDI	foreign direct investment
GDP	gross domestic product
GSO	General Statistics Office
HCMC	Ho Chi Minh City
ICG	independent childcare group
IFC	International Finance Corporation
ILO	International Labour Organization
IP	industrial park
KT	Khu Trú (residency area)
LFPR	labor force participation rate
LFS	Labor Force Survey
LOSI	Law on Social Insurance
M&E	monitoring and evaluation
MDRI	Mekong Development Research Institute
MOET	Ministry of Education and Training
MPI	Industrial Park Management Authority

NGO	non-governmental organization
O&M	Operate-and-Manage
OECD	Organisation for Economic Co-operation and Development
OLS	ordinary least squares
PCA	principal component analysis
PDoET	Provincial Department of Education and Training
PLCs	professional learning communities
PPC	Provincial People's Committee
PPP	public-private partnership
PPS	Probability Proportional to Size
RDD	regression discontinuity model
SPARK	Singapore Preschool Accreditation Framework
UIS	UNESCO Institute for Statistics
UNICEF	United Nations Children's Fund
US	United States
VAT	value added tax
VHLSS	Viet Nam Household Living Standards Survey
VND	Vietnamese Đồng
VPHC	Vietnam Population and Housing Census
WB	World Bank

Acknowledgments

This report was prepared by a team led by Ms. Helle Buchhave, Senior Social Development Specialist, Social Policy Global Department. The report was written by Helle Buchhave and Dr. Ieva Zumbyte, Child Care Consultant. Important contributions were made by Mr. Giang Tam Nguyen, Senior Social Development Specialist and Mr. Cuong Vu, Senior Public Financial Management Consultant to the qualitative data collection, field coordination, and policy dialogue and analysis, and Mr. Cuong Viet Nguyen, Senior Economist Consultant, contributed to the survey and national data analysis. World Bank consultants Ms. Angela Takats served as editor, Mr. Armando Levinson as sampling expert, and Ms. Najaf Zahra supported section 3.1. Ms. Quyen Thuy Dinh, Program Assistant, World Bank, provided administrative assistance throughout.

Data collection for two surveys was carried out by the Mekong Development Research Institute, under the leadership of Mr. Tung Duc Phung and Ms. Quyen Ha Ngo. Qualitative data collection was supported by Mr. Cuong Vu, Ms. Chi Thuy Thi Pham, Ms. Tram Huong Bui, and Ms. Thuy Thi Hong Tran, consultants of the World Bank. Ms. Ngan Bao Doan, Consultant World Bank, collected administrative data on early childhood development from provincial Departments of Education and Training.

The data collection process was facilitated by Ms. Thuy Thi Bich Vu, former Chairwoman of Thai Nguyen City's People's Committee; Ms. Thuy Thi Tran, Head of the Division for Early Childhood Development (DECD), Thai Nguyen DoET; Ms. Tu Thi Cam Dang, Head of DECD, Da Nang DoET; Ms. Diep Thi Nguyen, Head of DECD, Ho Chi Minh City DoET; and Ms. Duyen Thi Quynh Le, Head of DECD, An Giang DoET. The team is deeply grateful for their support.

The authors are grateful to Ms. Mariam Sherman, Division Director, World Bank; Ms. Kathleen Whimp, Operations Manager; and Mr. Ingo Wiederhofer, Practice Manager East Asia and Pacific, Social Policy Department, for their guidance during the preparation of this report. Sincere thanks to the Government of Australia for generously financing this research, and fruitful collaboration with Ms. Cathy McWiliam, Ms. Mia Urbano, Ms. Huong Thi Thien Than, and other colleagues at the Australian Embassy in Hanoi.

Special thanks to Ms. Chi Thi Kim Nguyen, Vice Minister of Education and Training, for chairing consultative workshops in Hanoi and Ho Chi Minh City during April 2025, to discuss the key policy recommendations, and the active participation of senior government officials from the Government Office, the Ministry of Finance, the former Ministry of Labor, War Invalids and Social Affairs (MoLISA), and the Ministry of Health, among other government agencies. Draft preliminary findings were discussed with national and sub-national stakeholders in Ho Chi Minh City on September 17, 2024, and in Ha Noi on September 23, 2024. The team is grateful for useful comments provided by the participants. Mr. Minh Ba Nguyen, former Director, Ms. Hieu Minh Nguyen, former Deputy Director, Ms. Dinh Thi Hoang, Deputy Director, and Ms. Huyen Minh Nguyen,

Senior Official, all from the Department for Early Childhood Development under the Ministry of Education and Training, provided vital comments and input during the drafting process.

We also thank Mr. Minh Duc Vu, former Deputy Director of the Department for Sciences, Education, Social and Cultural Affairs under the Government Office, Ms. Trinh Thi My Nguyen, former Director of the Center for Early Childhood Development, the Institute for Education Sciences under the MOET, and members of the Legislation Department under the former MoLISA for valuable insights. Peer review comments were provided by Sarah Haddock, Senior Social Development Specialist (HEAS1), Daniel Halim, Economist (WKHG1), Hang Thu Vu, Operations Officer (WKHG2) and; Rana Yacoub (WKHG1), Childcare Specialist (WKHG1), The World Bank.

This report was prepared under The World Bank's Viet Nam Women's Economic Empowerment project, with financial support by Australia through the Australia – World Bank Strategic Partnership – Phase II (ABP2). The Viet Nam Women's Economic Empowerment Project under the ABP2 carries out comprehensive data- and evidence-based analyses on emerging challenges to gender equality and provides technical support to policy makers and investment programs to address these challenges with the objective of increasing women's economic empowerment. For more information on this report and the Gender Theme of the ABP2, please contact Ms. Quyen Thuy Dinh, Program Assistant, The World Bank Hanoi (qdinh@worldbank.org).

Executive Summary

Viet Nam's Industrial Workforce Depends on Women—and Women Depend on Childcare

Women are the backbone of Viet Nam's industrial economy. Large-scale manufacturing is concentrated in industrial parks (IPs), where women make up 58 percent of the workforce and underpin key export sectors. Manufacturing accounted for about 24 percent of GDP in 2023 and 23 percent of employment, anchoring the trade balance and attracting substantial foreign direct investment. Yet this low-cost labor model cannot deliver Viet Nam's ambition to reach high-income status by 2045 (Coppola et al., 2024). As productivity lags, wages rise, and the population ages, sustaining women's participation in the industrial workforce will be critical to the country's transition toward higher-value, higher-productivity growth.

IP manufacturing is one of the most important formal employment pathways for women in Viet Nam. Approximately 4.8 million women—19 percent of all employed women—work in IP manufacturing, with 93 percent in low-skilled roles. In the textile and garment sector alone, a leading example of female-dominated IP employment, women make up 75 percent of the workforce. These are not marginal roles: IP manufacturing offers comparatively strong and stable earnings relative to other low-skilled employment, with the average earnings of low-skilled female IP workers reaching approximately 96 percent of the national average wage. For many women, particularly rural-to-urban migrants with limited formal qualifications, IP employment is an attractive and accessible pathway to formal wage employment and household welfare.

Women's ability to enter and remain in IP employment depends critically on access to childcare. Nearly 560,000 children under age six are children of industrial park workers—representing 21.5 percent of all young children in Viet Nam (MOET, 2024). Without adequate provision, many women—particularly mothers of young children—are either unable to take up employment, and/or are forced to exit the workforce, or must leave their children behind in their place of origin. Expanding affordable, high-quality early childhood education and care (ECEC) near IPs is therefore both an immediate workforce priority and a foundation for the labor supply Viet Nam will need as its industrial economy evolves. The Government has recognized this link through the 2019 Labor Code and Education Sector Decree 105, which include explicit commitments to expand ECEC access for working parents near industrial parks, alongside subsidies for licensed providers and users introduced in 2020.

Beyond its role in supporting employment, childcare access can also contribute to skills development for the future workforce. Survey evidence shows that 12 percent of women with children living near IPs would seek additional education or training if childcare constraints were removed, with

higher shares among poorer households. By easing caregiving time constraints and enabling continued employment, childcare expansion can enable conditions for further skills development (Holla et al., 2026; forthcoming Buchhave et al, 2026). Moreover, while outside the scope of this report, global evidence shows that quality early childhood care and education deliver benefits for children's cognitive development, school readiness, and long-term human capital formation, with returns that are particularly pronounced for children from low-income households (Devercelli et al, 2022).

But a Persistent Childcare Gap is Keeping Women Out of the Workforce

Notwithstanding these policy commitments, a substantial and largely unmet demand for affordable, licensed childcare near industrial parks remains, particularly for children under the age of 3. The challenge is not so much a lack of political will. Rather, there is a structural misalignment between the childcare system as it currently operates and the realities of working life for IP employees.

Affordability constraints are most binding for poorer households. Price is the primary reason for not using childcare for 42 percent of families in the lowest wealth quintile, compared to just 1 percent in the top quintile. While the 2020 subsidy is most relevant for low-income families, its value (VND 160,000 (≈ US$6) per month) is generally insufficient to enable a shift from family care groups (FCGs) to licensed providers. For around 20 percent of eligible families, the subsidy remains too low, and administrative barriers further limit uptake.

Public provision is poorly matched to IP workers' needs. Only 23 percent of public preschools offer care for children under 2—compared to over 60 percent of non-public providers. More importantly, the operating hours of public childcare facilities are frequently incompatible with the extended, shift-based, and irregular schedules common in IP employment. Women who need flexible care are pushed toward lower-quality alternatives.

Quality and safety concerns erode parental confidence. Around one quarter of children are in settings where social and cognitive stimulation falls below parental expectations, and one fifth are in environments with inadequate physical facilities. Among the least regulated provider types, FCGs, more than half of users rate care quality below expectations. These concerns are not unfounded; regulation and oversight of independent childcare groups (ICGs) and FCGs remain weak and unevenly enforced, largely due to limited inspection capacity at the local level.

Migrant workers face compounded disadvantages. The household registration ("hộ khẩu") system, though not discriminatory in formal policy, creates de facto barriers for internal migrants seeking access to public childcare. Only 1.6 percent of children of migrant workers (KT4 holders) attend public childcare, compared to 26 to 34 percent of children of permanent residents—a gap that falls hardest on the very women who moved to IP areas to pursue economic opportunity.

Private and PPP supply is constrained by weak incentives. Land fee reductions intended to encourage private ECEC providers are frequently inaccessible due to land acquisition conditions. The PPP Law (2020) sets a minimum investment threshold of VND 100 billion (≈ US$3.8 million), effectively excluding most small and medium ECEC providers. One-off equipment grants and teacher allowances are insufficient to sustain operational viability or attract new providers.

The Cost of Inaction is Measurable and Substantial

The consequences of this childcare gap extend well beyond individual families. The report's analysis finds that childbirth reduces the probability of a woman holding a wage job by 8.1 percentage points. For households, this translates into a 27 percent reduction in per capita income following the birth of a child—a motherhood penalty that falls disproportionately on low income and migrant households, reflecting more limited access to childcare and formal employment options.

The inverse is equally striking. Access to childcare provision increases the probability of women holding a wage job by 25 percentage points, and a formal job by 28 percentage points. Universal childcare access for children aged 6 months to under 3 years is estimated to raise household per capita income by approximately 27 percent. The total economic benefit is estimated at about US$3.02 billion, against a cost of US$0.66 billion, yielding a net gain of approximately US$2.36 billion or about 2.45 percent of total urban household income. These are significant returns. They represent a compelling fiscal and economic case for sustained public investment and policy reform.

The stakes extend well beyond individual households. Viet Nam's Labor Code (2019) already acknowledges the link between childcare and inclusive employment, yet the country has yet to fully integrate childcare provision into the governance and infrastructure of industrial parks—including in the draft Law on Industrial Parks and Economic Zones. Bridging this gap is urgent. Mainstreaming childcare access in IP areas would both support the millions of women who currently drive the low-skilled manufacturing economy, and ensure that future industrial expansion can draw on a stable female workforce. Looking further ahead, demographic pressures make this even more pressing: as Viet Nam's population ages, elder care responsibilities are projected to become an increasingly significant second constraint on women's labor supply. Investing in childcare now is therefore both an immediate imperative and the foundation for the broader care infrastructure Viet Nam will need in the decades to come. This makes the ability of industrial parks to retain experienced female workers increasingly critical as recruitment pressures intensify.

This Report: Translating Policy Commitments into Implementation

This report provides the Government of Viet Nam with evidence-based guidance on how to operationalize its existing policy commitments—particularly under the National Labor Code and Decree 105—to expand access to quality, affordable early childhood education and care near industrial parks. It builds on the current policy framework and focuses on what is required to make these commitments effective in practice, identifying where implementation is falling short, why, and what targeted adjustments can close the gap.

Key Findings

1. **Demand is high, but supply is misaligned with who needs it and when:** Three quarters of mothers with children under 2 would be willing to use licensed, affordable childcare near their neighbourhood. The gap between preference and behaviour is explained not by cultural resistance, but by a system that fails to deliver on affordability, quality, operating hours, and physical proximity. The families most willing to use licensed care are often the least able to access it.

2. **The motherhood penalty is a labor market and growth problem, not just a household one:** The employment and income losses associated with childbirth fall disproportionately on low-income women and internal migrants - core groups among the workers that IP manufacturing relies upon. The economic returns to closing this gap are large relative to the costs, pointing to childcare access as a high return public investment rather than a welfare transfer.
3. **Existing subsidies and incentives are not well calibrated to stimulate supply or shift demand:** Current subsidies do not adequately cover the actual costs of providing or accessing care, particularly for children under three. Administrative complexity limits uptake. Private sector incentives, including land-use benefits and PPP frameworks, are structured in ways that exclude the small and medium-sized providers most likely to operate near IPs. Reform is needed to sharpen the relevance and responsiveness of these instruments, both in design and delivery.
4. **Quality gaps are largest where regulation is weakest:** The regulatory framework for ECEC in Viet Nam is tiered and uneven. Public and private preschools operate within a structured oversight system; ICGs and FCGs do not. Yet these provider types absorb a large share of IP workers' children, often by default. Improving quality in these settings through proportionate regulation and support is essential to address safety and quality concerns.
5. **The household registration system creates an equity fault line within IP communities:**The de facto exclusion of KT4 holding migrant workers' children from public childcare is one of the starkest inequities in the current system. These families have the fewest informal support networks and the greatest need for affordable, reliable care. Addressing this will require both administrative reform and targeted outreach.

Policy Directions

Childcare constraints affecting families with children under age three are the core binding constraint on women's employment in and around industrial parks. However, the barriers that drive this gap are systemic and cannot be addressed in isolation. Accordingly, the recommendations focus on reforms to the early childhood education and care (ECEC) system as a whole, while prioritizing actions that directly expand access for younger children.

The report identifies three priority directions for action. These are not a comprehensive reform menu; rather, they represent the areas where focused and coordinated measures would have the greatest impact on closing the childcare gap for industrial park workers within the existing policy and institutional framework of Viet Nam.

1. **Expand affordable supply—especially for children under 3**

Viet Nam can build on its well-established public early childhood education system by increasing public preschool capacity near IPs, supported by predictable central financing, adequate staffing quotas, and phased expansion prioritizing high-demand areas. Subsidy reform is central to making this expansion work, but operational subsidies should be prioritized over demand-side instruments, teacher salary subsidies revised to reduce turnover and support qualification upgrades, per-child operational subsidies introduced to accommodate diverse provider cost structures, and fee caps attached to subsidy

receipt to ensure affordability for low-income and migrant families. Complementing these measures, PPP arrangements should be redesigned to be accessible to licensed non-public providers near IPs and extended beyond asset use to include operational financing tied to quality standards. Land use reforms could reduce the structural barriers limiting childcare provision near IPs.

2. **Strengthen quality and regulatory coherence across provider types**

Quality improvement should focus particularly on ICGs and FCGs, where many IP workers' children are placed by default. ICGs require stronger monitoring through dedicated and independent inspection arrangements—separate from public school staff—mandatory self-assessment, enforceable quality standards, and better support for teacher pay and qualifications, including extending subsidy eligibility to teachers pursuing qualifications. FCGs operate outside the regulatory framework, and authorities often have limited awareness of their existence; they should be brought into the ECEC regulatory and quality assurance framework with minimum safety and infrastructure standards as an immediate child protection measure, recognising that FCGs will continue to operate in the short to medium term. Addressing child-to-teacher ratios in public preschools—which currently far exceed mandated levels—and relaxing the national teacher hiring cap are equally critical to improving quality across the system.

3. **Align labor market and family policy to enable women's participation**

Childcare supply alone cannot resolve the participation gap if inflexible working hours remain a binding constraint. Complementary policy actions should be pursued in parallel with childcare supply expansion, including extending paid parental leave to 12 months with a non-transferable father-specific entitlement, expanding flexible work arrangements across IP job categories, and targeting outreach to fathers in roles where scheduling flexibility is feasible. Moreover, addressing household registration barriers that prevent migrant workers' children from accessing public childcare is both a fairness imperative and an economic one.

Viet Nam's policy framework already contains the commitments needed to act. This report contributes evidence and implementation guidance needed to translate those commitments into effective action, with a focus on improving access to affordable, quality childcare for workers living near industrial parks.

1 Introduction

Viet Nam stands at a pivotal moment in its development trajectory. Over the past three decades, the country has achieved remarkable economic transformation, lifting millions out of poverty and emerging as a dynamic manufacturing and export hub in the global economy. Building on these achievements, the Government of Viet Nam has articulated an ambitious vision to attain high-income status by 2045. Achieving this goal will require not only sustained economic growth but a fundamental shift in the structure of production toward higher productivity, higher value-added industries, and a more skilled and adaptable workforce (Coppola et al., 2024).

Women's work—and women's ability to participate fully and productively in the labor market—will be central to this transition. Viet Nam already stands out globally for its high female labor force participation rate, now at 69 percent compared to 77 percent for men, and compared to 58 percent and 41 percent for women in the East Asia Pacific region and lower-middle-income countries, respectively (World Bank Gender Portal, 2024). Yet beneath this headline success lies a more complex reality. Women remain disproportionately concentrated in lower-skilled, lower-paid jobs, particularly in labor-intensive manufacturing and services. As Viet Nam seeks to "trade up" into more sophisticated and higher productivity industries, the challenge will be to ensure women are able to remain in the formal workforce across their life course and move into more productive and higher-quality employment.

This report argues that access to affordable, high-quality childcare— particularly around industrial parks—is a critical, yet underleveraged, pillar of Viet Nam's development strategy. Childcare is not only a social service or a family

support measure; it is an economic infrastructure investment that directly shapes labor supply, productivity, firm competitiveness, and long-term human capital formation. Strengthening childcare provision is therefore essential for sustaining women's participation in today's manufacturing sectors while enabling their transition into the higher-productivity economy envisioned under Viet Nam's 2045 aspirations[1]. In principle, the policy agenda to support this is already in place—especially through the Labor Code (2019)—but its implementation will need further attention and investment.

1.1 Women's Work and Viet Nam's Growth Model

Manufacturing has been the backbone of Viet Nam's economic growth and export success, absorbing large numbers of workers—especially women—into formal wage employment. Industrial parks have played a central role in this process, offering relatively stable jobs with higher wages than most alternative low-skilled employment options. For millions of women, particularly those migrating from rural areas, factory jobs have provided a critical pathway into paid work, income security, and improved household living standards, enabling many rural households to move above the income-based poverty line while also gaining access to social protection.

At the same time, Viet Nam's current growth model faces mounting pressures. Rising wages, slowing productivity growth, an aging population, intensifying global competition, and technological change are eroding the advantages of low-cost, labor-intensive manufacturing. The World Bank's *Viet Nam 2045: Trading Up in a Changing World* underscores that future growth will depend on upgrading skills, deepening domestic value added, and increasing labor productivity across sectors (Coppola et al., 2024). This transition will require greater participation of women, not only in employment, but in more skilled, stable, and productive roles.

However, the ability of women to sustain employment and upgrade their skills is shaped by constraints that go beyond education and training. Care responsibilities—particularly childcare—play a decisive role in determining whether women can enter the workforce, remain employed after childbirth, work full-time, accept promotions, or invest in skills development. Without adequate childcare services, women's participation in formal employment becomes more fragile, at a time when the economy stands to benefit most from their labor.

1.2 High Participation, Low Quality: The Gendered Structure of Work

Viet Nam's high female labor force participation rate often masks significant gender disparities in job quality and occupational segmentation. Women are heavily concentrated in low-skilled manufacturing, informal employment, and unpaid family work, while men are more likely to occupy higher-skilled, higher-paying roles and managerial positions. This pattern reflects structural constraints rather than preferences alone, and it has important implications for productivity growth and income equality.

Industrial park employment illustrates this dual reality. On the one hand, factory jobs offer better wages and greater formality than most other low-skilled options available to women, particularly those with limited education or from rural backgrounds. These jobs therefore generate a

1. While quality ECEC is widely recognized to contribute to long-term human capital development—including higher productivity, earnings, and labor force participation—these broader benefits fall outside the scope of this report. Consistent with the focus of Viet Nam's Labor Code (2019) on childcare provision as a support to workers, this report concentrates on the labor market and economic benefits of childcare access for women employed in or near industrial parks.

substantial economic lift for women and their households, contributing to income-based poverty reduction, consumption growth, and local economic development. On the other hand, the sustainability of women's employment in these jobs is highly sensitive to life-cycle events—most notably childbirth. As industries evolve and move toward higher productivity, the demand for a stable and experienced workforce will increase. Retaining women in industrial employment, supporting their progression into higher-skilled roles, and preventing involuntary exits from the labor market will be essential for firms and for the broader economy. Childcare access is a necessary condition for this continuity.

1.3 Demographic Change and the Rising Cost of Inaction

Demographic trends further sharpen the urgency of addressing childcare constraints. Viet Nam is entering a period of rapid population aging and declining fertility, with a shrinking working-age population and rising old-age dependency. Over the coming decades, economic growth will depend increasingly on maximizing the productive potential of the existing workforce while policies also encourage families to have children at replacement-level fertility.

Today, women working in industrial parks are primarily employed in low-skilled jobs. As the country transitions toward higher-productivity sectors—such as semiconductors and other advanced manufacturing—industrial parks will increasingly demand more skilled labor. However, while the composition of the workforce may change, parents—and mothers in particular—will continue to require access to childcare to participate fully in the labor market, regardless of skill level.

In this context, any systematic underutilization of women's labor—particularly during prime working years—represents a growing macroeconomic risk. If women withdraw from employment or shift into lower-quality jobs due to childcare responsibilities, the economy loses not only current output but also the potential future contributions of skilled and productive workers. These losses are compounded as caregiving demands expand beyond childcare to include elder care, further intensifying time constraints on working-age women. Ensuring access to childcare is therefore not only about supporting today's mothers; it is about safeguarding Viet Nam's future labor supply and growth potential in the face of demographic and structural shifts.

1.4 Childcare as Economic Infrastructure

Childcare is recognized within Viet Nam's human capital and labor policies, yet it remains insufficiently integrated into urban and industrial policy frameworks, and implementation has been slow. While early childhood education has been prioritized as part of the country's human capital strategy and associated investments, the role of childcare in enabling parental employment—particularly women's participation in the labor force and the reduction of unpaid care work—has remained secondary in both policy design and implementation.

This gap is especially notable given that Viet Nam's legal framework already acknowledges the link between childcare and labor market participation. The 2019 Labor Code stipulates that the State shall develop plans and measures to organize nurseries and kindergartens in areas with high concentrations of employees (Article 135) and assigns a role to employers in supporting childcare provision or covering part of childcare costs (Article 136). These provisions were operationalized through Government Decree 105/2020/ND-CP, which provided both demand- and supply-side support for children of low-income workers in industrial parks enrolled in private early

childhood education institutions. Subsequent measures, including Government Decree 145/2020/ND-CP and the National Guideline on the Implementation of the Childcare Provisions, expanded coverage beyond industrial parks to areas with high concentrations of laborers.

Despite these frameworks, implementation has been uneven, and childcare services remain insufficient in coverage, affordability, quality, and alignment with workers' needs. Consequently, childcare constraints continue to influence women's employment decisions, firm-level labor outcomes, and household welfare in ways that are misaligned with Viet Nam's broader development objectives. In response, the Prime Minister recently signed Decision 2270/QD-TTg (14 October 2025) to implement the Scheme on Improving Early Childhood Education Quality in Urban Areas and Industrial Parks for 2025–2035, with a vision toward 2045, aiming to ensure quality and equitable access to childcare services in these areas.

1.5 Objectives and Contribution of this Report

Against this backdrop, the objective of this report is to help the Government of Viet Nam strengthen the implementation of policies for improving access to quality, affordable early childhood care near industrial parks, in order to support mothers who want to enter, or who are already in, the workforce. In doing so, the report seeks to support and guide the government in translating the intent of the National Early Learning Policies and the Labor Code and its implementing regulations into effective, scalable, and context-sensitive solutions.

The report delivers a rigorous, evidence-based analysis of childcare supply and demand dynamics in areas near industrial parks and examines how childcare availability, affordability, and quality affect women's employment outcomes. It identifies key constraints facing families, service providers, employers, and local authorities, and offers actionable insights to inform policy design and implementation. By grounding childcare policy in labor market realities and development priorities, the report positions childcare as a strategic investment in Viet Nam's economic future.

Importantly, the report situates childcare within the broader transition toward a higher-productivity economy. In the short to medium term, childcare remains essential for sustaining women's participation in existing manufacturing sectors that continue to provide vital income opportunities for low-skilled women. In the longer term, childcare is equally critical for enabling women to upgrade skills, adapt to industrial transformation, and contribute to the higher-value industries that will define Viet Nam's path to high-income status by 2045. By aligning childcare policy with labor, industrial, and human capital strategies, Viet Nam has the opportunity to strengthen women's economic participation, support families and employers, and reinforce the foundations of inclusive and sustainable growth. This report aims to contribute to that agenda.

The analysis shows that childcare constraints are most severe for families with children under age 3. Low enrollment, high costs, and heightened quality concerns for infants and toddlers coincide with the large motherhood employment penalties, while enrollment for older preschool-age children is already high. At the same time, several of the barriers identified—particularly those related to household registration, regulation of providers, financing, and workforce capacity—operate at the level of the ECEC system as a whole. These system-level constraints directly shape the feasibility and quality of childcare provision for younger children and therefore require reforms that extend beyond the under-3 age group.

2 Methodology

The research focuses on urban and industrial areas, where the demand for childcare is high due to the large number of workers, including migrants, employed in industrial parks and in alignment with the Viet Nam Labor Code (2019). Primary data was collected in four provinces, which represent different parts of Viet Nam: Thai Nguyen, Da Nang City, Ho Chi Minh City, and An Giang.[2] The first three were selected for their long history of establishment and development of IPs with a concentration of foreign-owned firms, large industrial workforces (over 20,000 workers), and large manufactory production across garment, leather, and electronics, operating in or near different-sized urban areas (from those with a population of under 400,000 in Thai Nguyen provincial capital to nearly 10 million in Ho Chi Minh City (HCMC)). These areas also include many migrants, who often face barriers to public services due to Viet Nam's residence registration system (Demombynes and Vu, 2016).

2. All content discussed in this report is based on the administrative setup before the effects of Resolution No. 76/2025/UBTVQH15 on the restructuring of administrative units in 2025, adopted by the Standing Committee of the Vietnamese National Assembly on April 14, 2025, and Resolution No. 202/2025/QH15 on the restructuring of provincial-level administrative units, adopted by the Vietnamese National Assembly on June 12, 2025.

Box 1 Viet Nam's IP Landscape

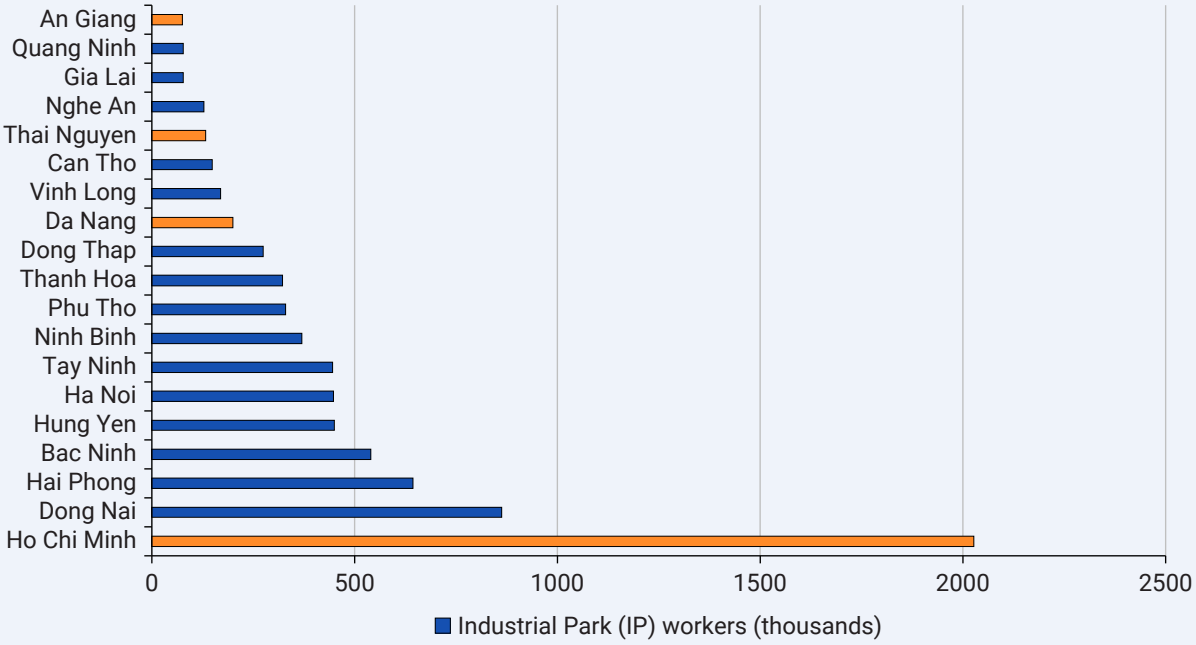
Thai Nguyen opened the first IP in 1999, which paved the way for developing other (additional 5 operational and several more under construction) IPs and attracting foreign investments. The most well-known is Samsung Electronics Company Ltd., which has generated employment for 150,000 workers, including those from ethnic minorities in disadvantaged remote areas. Over the decade, the company contributed VND 24,300 billion (about US$ 937 million) to the State budget (Nguyen, 2023).

Located in central Viet Nam, **Da Nang City** has six active IPs, one high-tech park, and one IT park. The city is developing three more IPs and planning for the Da Nang Free Trade Zone (DFTZ), which is expected to create 127,000 jobs (Ha, 2024).

As the biggest economic hub in Viet Nam, **Ho Chi Minh City** now has 3 active export processing zones (EPZs) and 14 IPs. The EPZs and IPs annually attract US$550-600 million from foreign investment and annually contribute about US$ 850 million (VND 22,000 billion) to the state budget, accounting for 6 percent of the city's budget revenues (excluding those from crude oil). The EPZs and IPs provide employment for more than 281,000 workers (HEPZA, 2026).

An Giang serves as a comparison case: it is less urbanized, has much smaller industrial parks, and represents the Mekong Delta region, which is highly vulnerable to climate change. In this context, the study also considers how childcare services can support people in their adaptation and transition to sustainable livelihoods. An Giang now has three active IPs, providing 19,000, and is developing two more (The Library of Legal Documents, 2026).

Figure B1.1 Provincial distribution of industrial park workers (thousands)



Source: Authors' calculations based on the Viet Nam Labor Force Survey (LFS) 2022. Industrial Park (IP) workers are proxied by individuals employed in foreign-invested (FDI) firms and private enterprises. The analysis focuses on wage workers. The figure includes the 19 provinces (as classified after 2025) with the largest number of workers.

2.1 Insights from Households, Care Providers, and Policymakers

- **Household survey (n = 1,809):** Conducted in four provinces among mothers of children aged 3 months to under 6 years, the survey is representative of urban and industrial park areas in the four provinces and is stratified by child age and household migration status. It captures maternal employment, childcare arrangements, demographics, gender norms, and awareness of subsidies.
- **Childcare provider survey (n = 200):** Performed in the same areas and timeframe as the household survey, this sample is representative of childcare providers in the four provinces, and includes 75 public preschools, 38 private preschools, 62 independent childcare groups (ICGs), and 25 family care groups (FCGs). It examines provider capacity, enrollment, pricing, service quality, operational constraints, and use of subsidies.
- **Focus group discussions (n = 30 groups):** Held with 198 mothers and 28 fathers in the four provinces, these groups were stratified by employment sector and child age, yielding qualitative insights into parental decision-making, perceptions of quality, and barriers to access. Two focus group discussions were with female workers in industrial parks with children under the age of two and six, respectively, not living with them. During those discussions, simulation exercises were conducted to understand respondents' perceived preferences and willingness to pay for childcare services.
- **Key informant interviews, workshop consultations, and technical meetings:** Consultations were conducted with government officials at the national, municipal, district, and commune levels to understand municipal planning, training, monitoring, and budgeting for childcare services. Moreover, three consultation workshops were jointly held with the early childhood development (ECD) Department of Ministry of Education and Training (MOET) in Hanoi, Ho Chi Minh City, and Quang Nam. These workshops gathered comments and feedback from multiple stakeholders, including representatives of the Labor Federation, Women's Union, Industrial Park Management Boards, education officers, early childhood teachers, and school leaders from both public and private institutions. Several technical meetings were also held to discuss preliminary findings with MOET and other key government stakeholders involved in drafting the National Program on Improving the Quality of Preschool Education in Urban Areas and Areas with Industrial Parks for the 2025–2035 Period, with a vision toward 2045. Notably, MOET proactively engaged the team behind this report throughout the preparation of the National Program, including during field visits and technical workshops, which provided opportunities for the team to triangulate and validate preliminary findings of this study.
- **Direct observations:** Direct observations on actual performance of teachers and children in several public, private ECEC preschools, and ICGs were made to record the advantages and disadvantages of different types of licensed early childhood education (ECE) providers in areas with many laborers.
- **Childcare quality is assessed using both demand- and supply-side data**. The household survey captures mothers' perceptions of quality—covering safety, developmental stimulation, physical facilities, and satisfaction with existing arrangements, as well as quality-related reasons for non-use of licensed care. The childcare provider survey (Annex 8) measures structural quality across providers, including teacher qualifications, teacher-child ratios, infrastructure, and curriculum, allowing comparison between perceived quality constraints and measured quality gaps.

- **Spatial mapping and administrative data:** GIS mapping was undertaken using commune-level census data and Department of Education data to identify disparities in supply and demand, complemented by national administrative statistics on provider capacity.
- **Econometric analysis:** Panel data from the Viet Nam Household Living Standards Survey (VHLSS) from 2010–2018 was used in fixed-effects regression models to estimate the labor market impact of childbirth, providing the first analysis of the motherhood penalty in urban Viet Nam, and the simulation of cost and benefit of childcare was made using the Viet Nam Living Standard survey 2020 (see Annexes 3, 4 and 5). Moreover, using descriptive statistics and regression analysis on household childcare expenditure data, differences in childcare costs were examined between migrant and non-migrant families.
- **Global institutions:** The report draws on international knowledge and evidence from the World Bank, OECD, European Commission, UNICEF, as well as insights from academic research on early childhood education and care. This evidence base informs the policy recommendations and situates the Vietnamese experience within broader global trends.

The sampling strategy for the household and provider surveys followed a stratified approach, dividing wards, towns, and communes into IP and non-IP strata, and then selecting enumeration areas using Probability Proportional to Size (PPS) based on the number of children under 6, with 60 percent from IP areas and 40 percent from non-IP areas. The household survey targeted 1,800 households (1,200 non-migrant and 600 migrant households) in the four provinces. Since An Giang has a very low migrant population, its migrant quota was reallocated to the Ho Chi Minh City sample (300 migrants) and Da Nang and Thai Nguyen (with 150 in each). In each enumeration area, households were stratified by migration status (migrants were defined as those holding KT3, KT4)[3] and child's age group (3 months to under 2 years; 2 years to under 3 years; and 3 years to under 6 years), forming six sub-strata. The childcare provider survey sampled 200 providers across four provinces by first randomly selecting one provider from each ward, town, or commune, and then using Epsem to select the remaining providers. This sampling strategy ensured representation of mothers with children under age 6 and of childcare providers (including public and private) across IP and non-IP (urban areas), as well as both migrant and non-migrant households in four provinces.[4] The qualitative data from focus group discussions complemented the survey findings by helping to explain underlying preferences and constraints that influence childcare decisions and key informant interviews helped identify policy implementation constraints and local solutions.

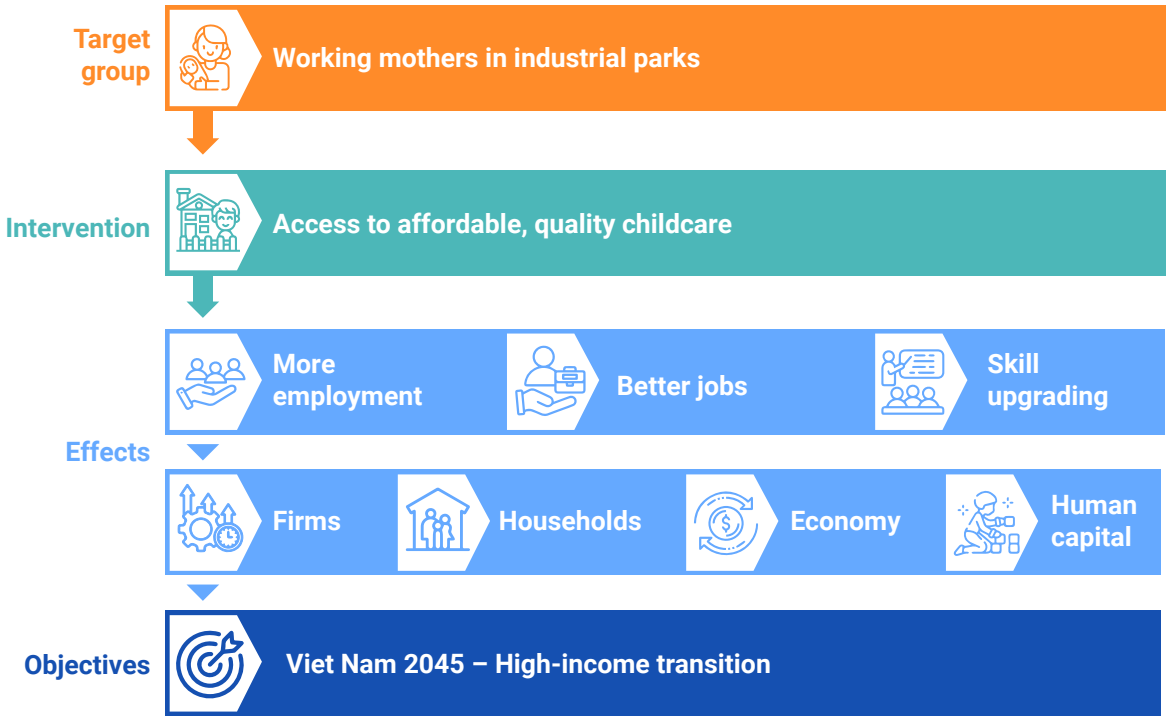
3. KT1: Permanent resident; KT2: Long-term temporary resident within province (moved to current residing location from different part of the same province); KT3: Long-term temporary resident in a province that differs from the province where the resident registered as permanent resident; KT4: Short-term temporary resident in a province that differs from the province where the resident registered as permanent resident.

4. Household and provider survey work and GIS mapping of childcare demand and supply were conducted by the Mekong Development Research Institute (MDRI), under the guidance of the World Bank.

3 Childcare and Women's Work

Many of the barriers to women's employment in Viet Nam arise from limited access to affordable, high-quality childcare, reinforced by social norms that assign primary caregiving responsibilities to women (Buchhave et al., 2020). These constraints shape women's labor supply decisions over the life course and are most visible after childbirth, when care demands intensify and institutional support remains limited. As a result, mothers are more likely than fathers to reduce paid work, exit employment, or move into lower-quality jobs—a pattern commonly described as the motherhood penalty. This chapter documents women's central role in Viet Nam's industrial workforce, examines how childbirth and childcare constraints shape their employment outcomes, and sets out the evidence on what expanded access to childcare would mean for women, firms, and the economy. Figure 1 provides a conceptual framework linking childcare access, women's employment outcomes, and broader economic objectives that guides the analysis in this chapter.

Figure 1 Women's work, childcare and Viet Nam's growth agenda



3.1 Women at the Core of the Low-Skilled Manufacturing Workforce

The focus of the Labor Code on ensuring provision of childcare services in areas near industrial parks is particularly relevant because these zones serve as critical engines for Viet Nam's economic growth and, equally important, for women's employment. Industrial parks offer formal employment opportunities to women with substantially higher wages than alternative sectors accessible to them. As the data below demonstrate, supporting women's continued participation in IP manufacturing through accessible childcare is not merely a social policy objective but an economic development imperative, with direct implications for household income and sustained GDP growth.

Low-skilled manufacturing work is a cornerstone of employment and income for a significant share of working women in Viet Nam, and its importance is even more pronounced when compared to men's job experiences. Of the nearly 25 million employed women in Viet Nam, about 4.8 million (19 percent) work in industrial park manufacturing. As 93 percent of these jobs are low-skilled, this corresponds to roughly 4.46 million women in low-skilled IP manufacturing—around 37 percent of the country's 11.96 million female wage workers. In contrast, 3.4 million men, or 12 percent of employed men, are in similar roles (88 percent of them in low-skilled jobs). These figures underscore that IP manufacturing represents a central employment pathway for women, more than for men and particularly for those with lower skill levels.[5]

For example, the textile and garment (T&G) industry has been an economic flagship for Viet Nam—a leading force in the country's move

5. Authors' estimate using the Viet Nam Labor Force Survey 2022 (LFS). The LFS (2022) does not allow identification of employment in "IP manufacturing" directly. It is thus proxied through employment in private and foreign direct investment manufacturing as these are mainly located in IPs and with more than 50 employees (medium and large enterprises).

toward middle income status. While the country is aiming toward moving into higher productive sectors, women continue to play a critical role in keeping this ship afloat. In 2023, women made up approximately 74.8 percent of the T&G workforce, or about 2.5 million jobs. The T&G sector is not only a major source of export earnings—accounting for an estimated US$44 billion in export turnover in 2024 (ILO, 2025)—but also a driver of industrial development and economic growth opportunities for the working population. By offering sustained income to women, often from rural backgrounds, this industry underpins household welfare and national economic advancement.

Industrial park manufacturing offers a significant income premium for female workers. Data from the 2022 Viet Nam Labor Force Survey shows that employment in industrial park manufacturing delivers substantial income gains for women relative to other accessible formal sector jobs and income opportunities (Figures 1.a. and 1.b.)[6]. Female IP manufacturing workers earn an average monthly income of VND 7,3 mill. (≈ US$305)—second only to tertiary services (VND 7,5 mill.) and the highest within manufacturing. Female workers in IP manufacturing earn substantially more than those in none-IP manufacturing (VND 5,2 mill), primary sectors (VND 3,9 mill (≈ US$164), and non-manufacturing industry (VND 6,5 mill). In comparison, the average across all sectors wage workers is roughly VND 7,5 mill. (≈ US$313) per month, indicating that IP manufacturing places women near the upper end of the wage distribution. This indicates that the sector not only absorbs a large share of women workers but also provides comparatively stronger earnings opportunities within the broader labor market.

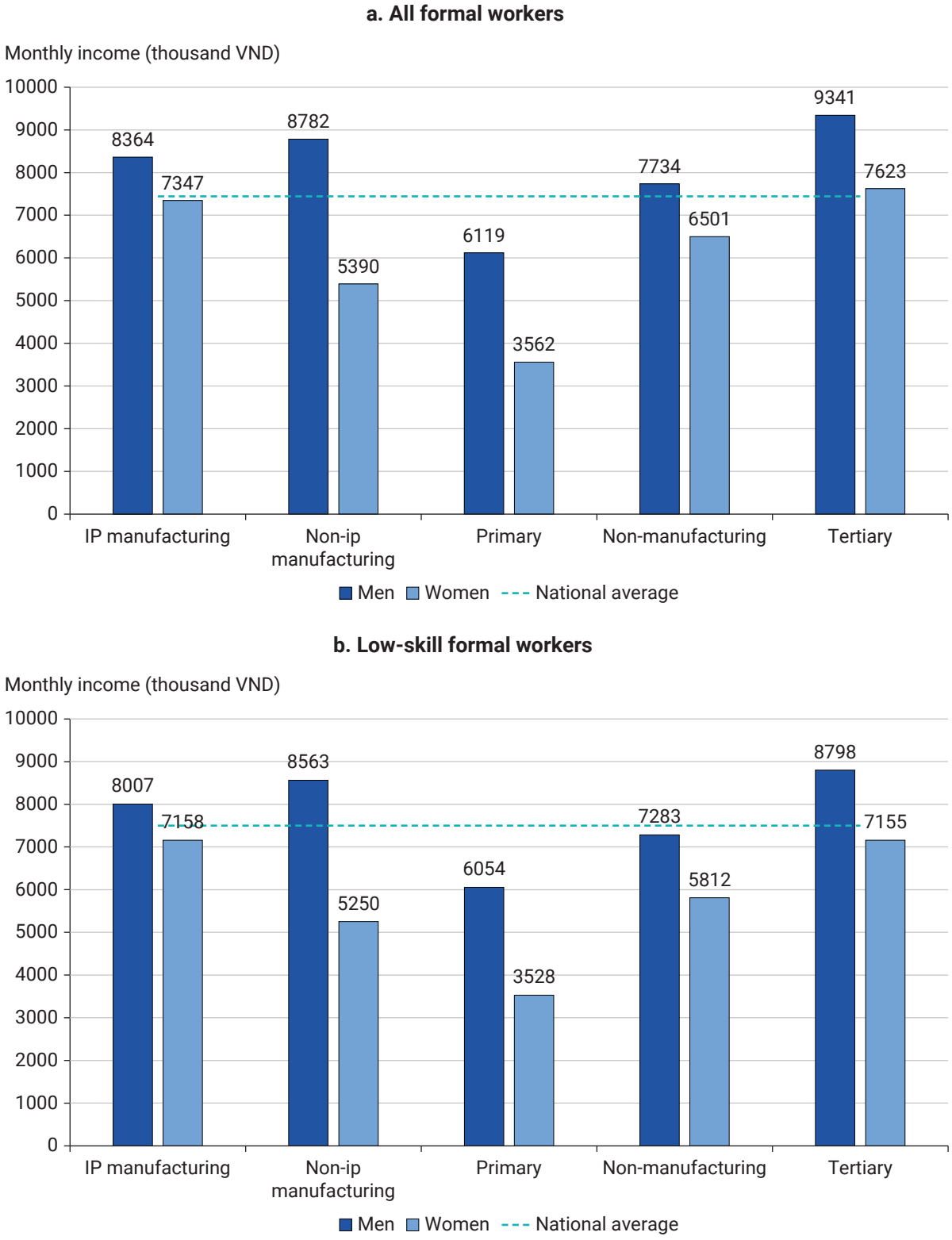
The income advantage of IP manufacturing is even more visible when looking specifically at low-skilled wage workers (Fig 1.B). Women in low-skilled jobs in IP manufacturing earn almost 40 percent more than in none-IP manufacturing, highlighting the potential of industrial parks to provide higher-quality wage employment opportunities even for low-skilled workers. Notably, the average earnings of low-skilled female workers in IP manufacturing (about VND 7.2 mill. (≈ US$300)) approaches the national average for all wage workers.

Wage employment in industrial parks also provides competitive earnings relative to non-wage work. Female IP wage workers earn on average about 29 percent more than self-employed women, highlighting the earnings advantage of industrial park jobs.

However, despite the relatively strong earning opportunities in the sector for women, it is important to note that a gender wage gap persists. On average, women in IP manufacturing earn about 11-12 percent less than men, even among low-skilled workers. While this gap is smaller than in primary sectors and comparable to other industrial sectors, where gender differentials are substantially larger, it nonetheless reflects ongoing structural inequality in pay.

6. Includes wage workers (Low-skill and all workers) aged 15 and above who were working in the reference week and reported income.

Figure 2 **Monthly income of all formal workers, by gender and industry**



Source: Author's calculations based on the Viet Nam Labour Force Survey (LFS) 2022.

3.2 The Hidden Cost of Motherhood

While low-skilled manufacturing offers women crucial access to formal employment and stable incomes, these opportunities are not equally sustained across a woman's life. Once women become mothers, caregiving responsibilities expose them to a 'motherhood penalty,' pushing many out of the workforce or into precarious work. While this penalty, particularly the tendency for mothers to earn less than women without children, is well-documented in high-income countries (Correll, Benard, and Paik, 2007; Budig and Hodges, 2010; Cukrowska-Torzewska and Matysiak, 2020), it has received less attention in Viet Nam.

The household survey conducted for this report indicates that while 84 percent of mothers with children under age 6 participate in the labor force (Figure 3),[7] **the remaining 16 percent are out of the labor force largely due to caregiving responsibilities.** Rates of mothers not engaged in paid work are higher than average in Ho Chi Minh City (22 percent), An Giang (23 percent), among migrants (24 percent), mothers with children under 3 years old (20 percent), and those in the two lowest wealth quintiles (18 percent and 22 percent, respectively). Childcare responsibilities account for 93 percent of the reasons cited by women who are not participating in the labor force. Other factors include being on maternity leave (3.7 percent of respondents) and caregiving for family members with disabilities (1.8 percent of respondents).

Over one-third (35 percent) of mothers are engaged in lower-quality employment—informal wage work or self-employment—which typically offers lower pay, limited stability, and is less likely to provide effective access to social protection. Specifically, 11 percent of mothers work in informal wage jobs and 24 percent are self-employed. Informal wage employment is especially prevalent among women in the poorest wealth quintile, reaching 30 percent, compared to 10 percent or less among other wealth groups (Figure 3). Self-employment is also more common among mothers in poorer households (29 percent), reflecting their limited access to formal job opportunities.

Women's disadvantages in the labor market are closely linked to childbearing. When analyzing the effects of childbirth within two years on women's labor market outcomes in urban Viet Nam,[8] individual fixed-effect regression models indicate that childbirth is negatively associated with multiple labor market outcomes. It reduces the probability of women working (wage, none-wage, and self-employment) by 7.2 percentage points, and the probability of having a wage job by 8.1 percentage points. Meanwhile, for fathers, there is a small but insignificant effect of childbirth on their employment—the probability of working decreases by 1.6 percentage points. Childbirth also decreases the probability of women having a formal job and a skilled occupation by 3.3 and 6.1 percentage points, respectively.

After childbirth, women's wage income is 8.3 percent less than that of women without children[9]. Although this is measured only within two years of childbirth, the motherhood wage penalty is twice the average for Europe and Anglo-Saxon countries, where, according to meta-analysis, it is about 3.6-3.8 percent (Cukrowska-Torzewska and Matysiak, 2020). The negative effect of childbirth on women's employment also translates into a negative effect on household incomes, with childbirth reducing the per capita income of urban households nationally by around 27 percent[10].

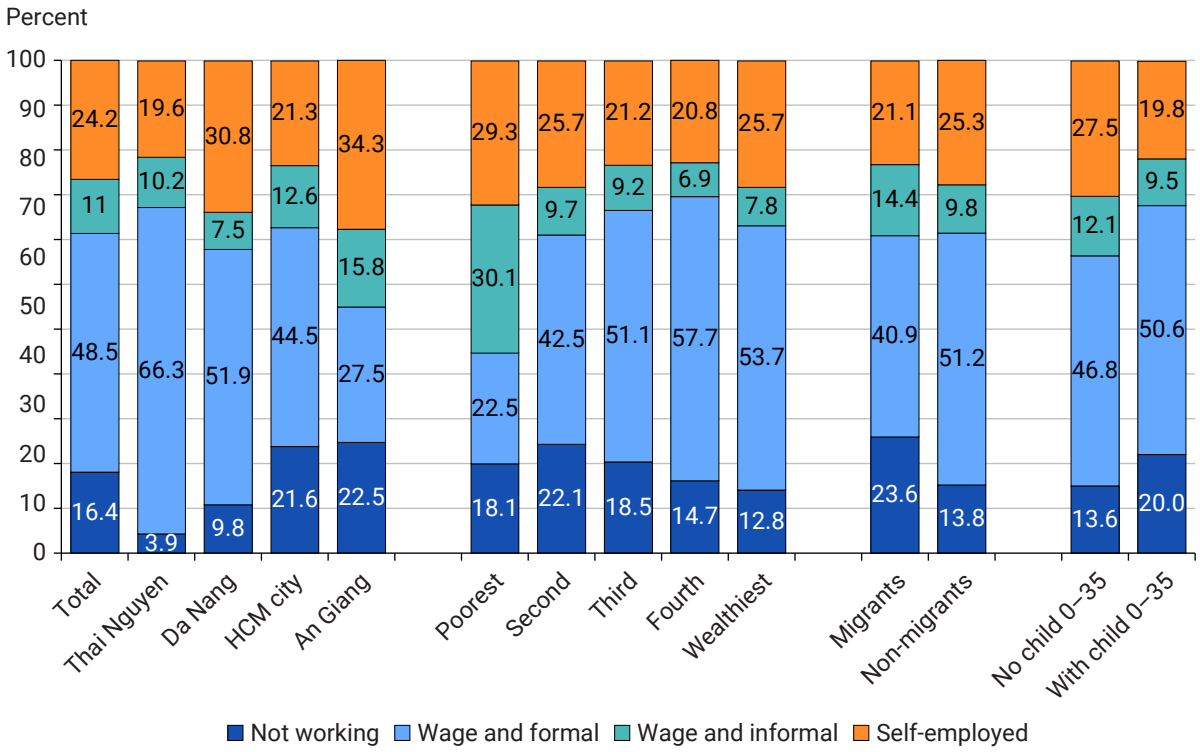
7. This rate is nearly the same as the labor force participation rate (LFPR) for all urban married women with children ages 7 months to under 6 years old in Viet Nam (84 percent), based on data available from Labor Force Survey 2022.

8. VHLFSs waves used by authors: 2010, 2012, 2014, 2016 and 2018.

9. Authors using VNLFS

10. Fixed-effect regression analysis on the VHLSS panel data

Figure 3 Mothers' employment type by demographic characteristics



Source: Authors' survey and analysis, 2023.

Note: N=1809.

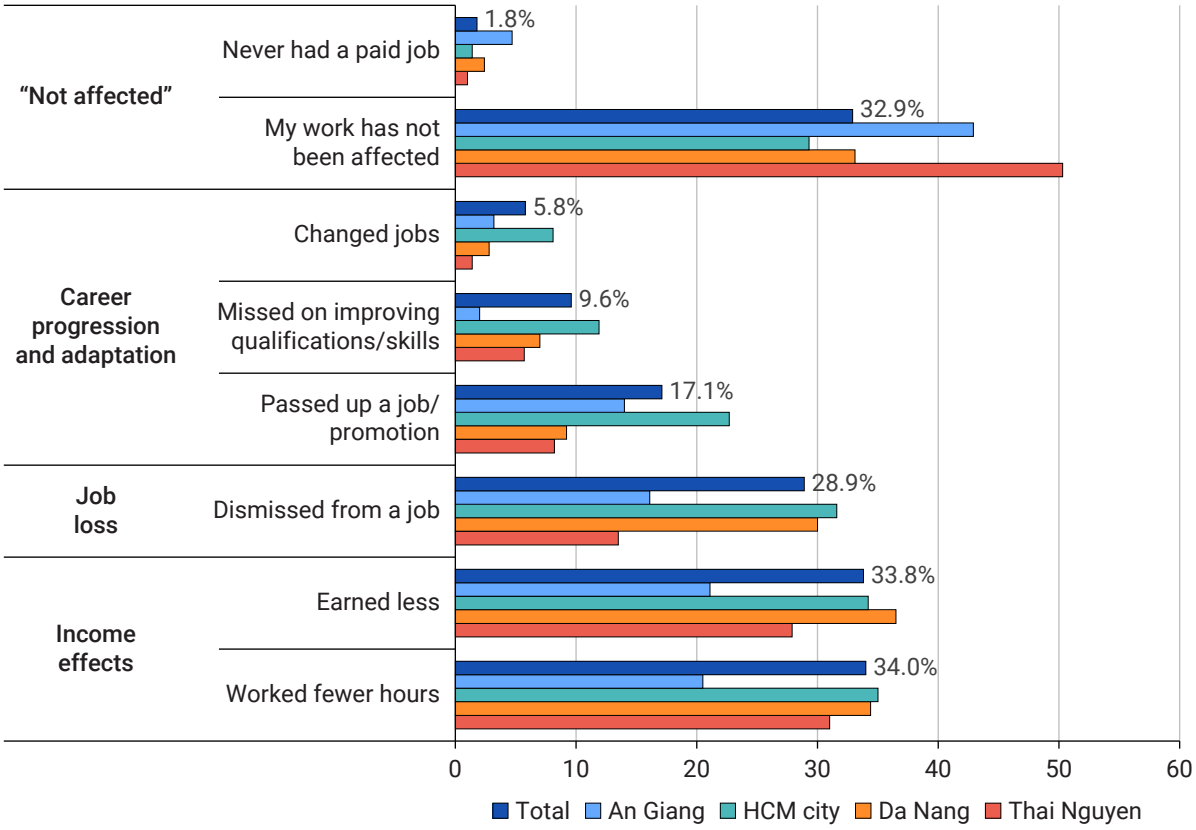
Women report that childcare responsibilities have directly resulted in reduced work hours, lower earnings, and, in some cases, job loss. About one-third of women in the household survey reported that childcare responsibilities had reduced their working hours or earnings, or that they had been dismissed from a job (Figure 4). These problems are particularly pronounced in HCMC and Da Nang.

The differential effects on mothers and fathers' employment are most likely related to the uneven time they spend on care activities. Women in Viet Nam shoulder a disproportionate share of unpaid care work. According to the Viet Nam Time Use Study (2022), 45 percent of women engage in care activities on an average day, compared with 24 percent of men. Among those who participate, women also spend significantly more time on care work—approximately 3 hours and 15 minutes per day, compared with about 1 hour for men (World Bank, 2022).

Discrimination by Employers

Employers' discrimination against mothers of young children presents another barrier to women's access to the workforce. Employers' perceptions that mothers are less competent or committed can lead to subtle discrimination, making them less likely to hire mothers (Correll, Benard, and Paik, 2007; Benard, Paik, and Correll, 2008; England et al., 2016; Yu and Kuo, 2017). In Viet Nam, data from the household survey reveal that a substantial proportion of mothers (43 percent)—with an even higher rate in Da Nang (50 percent)—believe that discriminatory hiring practices disadvantage mothers with young children when seeking wage employment. Focus group discussions

Figure 4 Proportion of women who have been or are currently affected by different types of childcare issues



Source: Authors' survey and analysis, 2023.
Note: N=1809.

reinforce these findings, with several mothers reporting challenges in securing or retaining jobs due to a lack of employers' consideration for their circumstances. For example, mothers discussed needing to take time off to care for a sick child, which negatively impacted their job security and advancement. Additionally, some women described the difficulty of finding jobs as employers are often reluctant to hire mothers with young children.

> *After giving birth, I wanted to go to work. One employer asked me how old my child was, I said my child was under 1 year old, and then the employer refused me.*
>
> **(Mother, 27 years old, non-working, Thai Nguyen)**

Impact on Migrants

Internal migration in Viet Nam declined from a peak of 6.4 million migrants in 2014–2019 to 3.8 million in 2019–2024. Yet the Southeast Region and the Red River Delta together still attracted over half of all national migrants—the two zones where industrial parks are most concentrated (NSO and UNFPA, 2025). Women account for the majority of migrants at approximately 58 percent of the total, concentrated in the 20–34 age group. Female migrants earn substantially more than non-migrant women—around 22 percent more per month—and face a considerably narrower gender income gap than non-migrant women, who earn approximately

25 percent less per month than men (NSO and UNFPA, 2025).

Despite these income differentials, migrant workers near industrial parks face compounded disadvantages in accessing childcare. The household survey finds that migrant children are less likely to access public preschools: only 1.6 percent of children of migrant workers (KT4 holders) attend public childcare, compared to a much larger share of children of permanent residents: 26 percent of KT3 and 34 percent of KT1/KT2 holders.

Using descriptive statistics and regression analysis on household childcare expenditure data, differences in childcare costs were examined between migrant and non-migrant families, controlling for childcare type, province, and urbanicity. Raw comparisons suggested small differences, with non-migrants slightly more likely to use private childcare. However, once these structural factors were accounted for, migrants and non-migrants paid similar prices for the same type of care in the same location. Differences in average costs largely reflect the types of childcare used and where families live, rather than higher fees charged to migrants.

Despite paying similar prices, childcare is less affordable for migrants due to lower and less stable incomes and/or higher living costs. For example, migrants bear higher living costs than local residents for rental accommodation and utilities, which makes it more challenging for them to afford childcare from better quality, private care providers (World Bank, 2020). While incomes of migrants and non-migrants working in the same jobs at the same IP factory may be similar, on average, a childcare fee of VND 1.5 million (≈ US$63) represents about 25 percent of the average migrant worker's VND 6 million (≈ US$250) monthly income, compared with 15 percent for a non-migrant earning VND 10 million (≈ US$417). This greater financial burden makes migrants more price-sensitive and more likely to rely on informal, lower-cost providers. These income constraints combine with access barriers—such as residency requirements, long waiting lists, and limited hours—to restrict migrants' ability to enroll children in public or higher-quality childcare..

Grandparental care sometimes serves as an alternative to childcare services near industrial parks for migrant families. Two focus group discussions with mothers who entrusted their children to grandparents living far away revealed that this arrangement was perceived as emotionally challenging and far from ideal for both parent and child, though regarded as the most viable option under the circumstances.

3.3 How Childcare Unlocks More and Better Jobs for Women

Global research consistently shows that childcare access boosts women's employment, and Viet Nam fits this pattern. Studies from countries such as Argentina and Indonesia find that expanding childcare increases mothers' labor force participation.[11] The World Bank's Human Capital Report 2026 reinforces this evidence, emphasizing that investments in education and skills only translate into economic growth when individuals can participate productively in the labor market. Structural constraints—including limited childcare access—can prevent countries from fully realizing the returns to human capital investments (Holla et al., 2026).

11. In Argentina, preschool expansion increased maternal employment by 7 to 14 percentage points (Berlinski and Galiani, 2007). In Indonesia, the addition of one public preschool per 1,000 children increased women's labor force participation by 9.1 percent (Halim, Johnson, and Perova, 2022). Similarly, cross-national research finds that childcare legislation boosts female labor force participation by 2 percent, rising to 4 percent five years after enactment (Anukriti et al., 2023).

Lack of affordable and reliable childcare prevents many women from entering or returning to the labor market, and global evidence suggests that expanding access to childcare services can be an important lever for raising female labor force participation (Halim et al., 2023). However, impacts are not automatic. A World Bank review of 22 empirical studies from low- and middle-income countries finds that childcare programs do not consistently improve mothers' employment outcomes, and concludes that design features—such as operating hours, child age eligibility, affordability, and coordination with other care services—play a critical role in determining effectiveness (Halim et al., 2022). These findings suggest that while childcare expansion holds promise, program design and implementation are key to translating access into meaningful labor market gains for women.

Analysis from the household survey data demonstrates a strong positive association between the use of childcare and women's employment outcomes. After controlling for individual, household, and location characteristics, mothers who use public or private childcare services for their youngest child have odds of working that are 4.6 and 5.3 times higher, respectively, compared to women who do not use any childcare services (see Annex 3). Interestingly, the use of informal childcare, such as babysitters or family care groups (FCGs), is associated with a 35-fold increase in the odds of mothers working. This striking effect may reflect the flexibility of informal childcare arrangements, which better accommodate long or irregular working hours. Similarly, co-residence with grandparents raises the likelihood of women's employment, though its effect is smaller compared to other childcare options[12].

National-level evidence indicates that access to childcare improves mothers' likelihood of having a wage and a formal job. While women's employment in Viet Nam is already high compared to global and regional averages, it remains relevant to understand how childcare services can facilitate access to better work, such as formal and wage-earning jobs. To this end, drawing on nationally representative data for Viet Nam and a regression discontinuity model (RDD), Dang, Hiraga, and Nguyen (2022) find that childcare provision increases the probability of women having a wage-earning job by 25 percentage points for all children and by 41 percentage points for children ages 1-3.[13] The effects on women having a wage-earning job are even stronger in the medium term (after two years). Moreover, access to childcare enables women to switch from self-employed farm work to wage-earning work, which can provide higher incomes, benefits (pension, social insurance, paid leave, and maternity leave), and more job stability. If a woman sends one child to a childcare center, she could switch from self-employed agriculture to wage employment and earn an additional income of VND 1.3 million per month (ibid).

3.4 Investing in Childcare Pays Off for Firms, Families, and the Economy

For Employers

The benefits of access to quality childcare services to employers are significant. The International Finance Corporation's (IFC's) 2020 assessment of six large manufacturing firms in Viet Nam, employing roughly 94,000 workers, shows that limited childcare access drives higher turnover,

12. The association should be interpreted cautiously as it likely captures a selection effect: women with stronger labor market attachment may be more likely to arrange informal care in the first place, regardless of formal childcare availability.

13. The RDD approach helps address the endogeneity between mothers' employment decisions and childcare use. The key identification strategy in this model is the exogeneity of being born in December versus January for children aged 1-5, which means that the variable "born in December" can affect maternal employment only through the channel of childcare attendance (conditional on control variables).

absenteeism, and recruitment challenges for female workers. Case studies such as "Evervan" and "Greenland", where onsite childcare is provided—particularly for young children—show this provision led to notable reductions in absenteeism and turnover and strengthened retention and productivity. At Taekwang Vina, a factory with 33,000 employees, unplanned absenteeism averaged 0.6 percent, costing about US$945,000 annually. After the company introduced an on-site kindergarten, absenteeism fell by 20 percent, illustrating how improved childcare access directly stabilizes the workforce and supports continued employment for women.

Firms that invest in childcare can strengthen their reputation as family-friendly employers—among workers, local authorities, and the wider community—thereby enhancing their ability to attract and retain labor (IFC, 2020). This is increasingly important in Viet Nam's industrial parks, where a declining working-age population and the geographic spread of industrial parks across provinces have intensified labor shortages, as more workers choose employment closer to home. In first-generation industrial provinces and cities such as Thai Nguyen, Hung Yen, Hai Duong, Da Nang, and Ho Chi Minh City, enterprises are finding it increasingly difficult to recruit workers, despite higher wages and improved benefits (Vietnam.vn, 2025). As newer industrial park locations face similar labor market pressures, demand for accessible and reliable childcare is likely to emerge earlier and more sharply, echoing challenges experienced in older industrial centers over the past two decades.

For Households

In the household survey, women with children living near IPs were asked if they would change anything about their employment if they had access to childcare that better met their needs. Most respondents said they would do nothing, but a substantial share said they would look for a higher paying job (26 percent), work more hours (17 percent), and seek additional education or training (12 percent). Women in the poorest quintile of household wealth, as well as those relying on informal care such as ICGs, babysitters, or maternal care, were particularly likely to express these intentions. Specifically, a significant minority of women in the poorest household wealth quintile would look for a higher paying job (35 percent), work more hours (21 percent), look for a different type of job (10 percent), or look for a job if not currently working (10 percent). This highlights that a lack of high-quality and affordable formal childcare is a major barrier to women entering and staying in the manufacturing sector, and how the motherhood penalty is preventing many women from earning a wage.

The report finds that providing universal access to childcare services delivers substantial economic benefits to households. Using data from the VHLSS 2020, a simulation was conducted to estimate how household income changes if all young children (ages 6 months to under 3 years) who are currently not enrolled in childcare gain access. The simulation assumes that mothers' earnings increase proportionally to the observed negative effect of childbirth on women's labor force participation and income. The report found that universal childcare access for this group raises household per capita income by approximately 27 percent[14]. The total economic benefit is estimated at VND 72,387 billion, compared with a cost of VND 15,937 billion, yielding a net gain of VND 56,449 billion—equivalent to about 2.45 percent of the total income of urban households in Viet Nam[15].

14. Authors simulation using VHLSS 2020 data.

15. US$3.02 billion, against a cost of US$0.66 billion, yielding a net gain of approximately US$2.36 billion.

For the Economy

Over the past decade, manufacturing has served as the engine of Viet Nam's rapid economic growth, but the sector is under pressure. Manufacturing value added accounted for approximately 24 percent of GDP in 2023 (World Bank World Development Indicators, 2024) and 23 percent of employment in 2023 (General Statistics Office, 2023). The sector has anchored the country's trade balance and attracted significant foreign direct investment (FDI). However, the sustainability of this model, which is rooted in low-cost labor, is increasingly in question, as productivity in Viet Nam continues to lag behind regional peers and rising wages erode the traditional labor cost advantage. The government aims to increase manufacturing's GDP share to 30 percent by 2030, with high-tech products comprising at least 45 percent of manufacturing output (McKinsey, 2023)

To maintain economic momentum and realize the ambitious VN2045 vision of attaining high-income status, Viet Nam must transition from low-value assembly to higher value-added manufacturing and services. This requires strategic investments in technology, skills, innovation, and institutional reforms (World Bank, 2024).

During the transition, it will be of critical importance to secure women's participation in the labor force, particularly in industrial parks where they are the backbone of the sector. Drawing on regression analysis of the 2022 Viet Nam Time Use Survey and UN demographic projections, this report estimates that the female labor force participation rate could decline by between 8 and 12 percentage points by 2045. Today, the dominant driver of this risk is the negative effect of young children on women's likelihood of working and hours worked—a coefficient that is both larger and more statistically significant than that for elder care. As Viet Nam's population ages, however, elder care responsibilities are projected to become an increasingly binding second constraint on women's labor supply. While the elder care effect is not yet statistically significant—reflecting the still-modest size of the elderly dependent population—demographic trends suggest this will change materially over the coming decades[16]. Addressing the childcare gap now is therefore both an immediate imperative and a foundation for the broader care infrastructure Viet Nam will need as it ages.

The Viet Nam Labor Code (2019) already acknowledges the link between childcare and inclusive employment; however, the country is yet to fully integrate childcare provision into the governance and infrastructure of industrial parks and zones, including the draft Law on Industrial Parks and Economic Zones (Ngan, 2024). Bridging this policy gap is imperative: mainstreaming childcare will not only support millions of women who currently drive the low-skilled manufacturing economy, but also ensure that future industrial expansion aligns with both workforce well-being and national economic goals. Looking ahead, investment in accessible, high-quality childcare is key to attracting tomorrow's workers.

For Human Capital

Early childhood education and care (ECEC) plays a critical role in human capital development (Almond and Currie, 2011; Heckman, Pinto, and Savelyev, 2013). Early childhood is a foundational period for brain development, and adverse conditions during these years can have long-term impacts on health, learning, and overall life outcomes (Aboud and Yousafzai, 2015; Black et al., 2017). High-quality ECE programs can mitigate these risks and generate substantial developmental gains, including improved child health and nutrition (Ruel et al., 2006; Bernal et al., 2009), enhanced school readiness,

16. Prepared by Laura Rodriguez Takeuchi, Senior Economist and Matthew Wai-Poi, Lead Economist, World Bank.

educational achievement (Heckman and Masterov, 2007; Engle et al., 2011), and better long-term employment prospects and earnings (Cunha and Heckman, 2007; Shafiq, Devercelli, and Valerio, 2018). These benefits are particularly pronounced for low-income children, helping narrow socioeconomic and achievement gaps (Johnson and Brooks-Gunn, 2012). Evidence from China further shows that parental migration can have significant negative effects on left-behind children's schooling (Luo, 2020; Mao et al., 2020), underscoring the importance of accessible, high-quality ECEC for vulnerable families. The 2026 World Bank Human Capital Report reinforces this evidence, framing childcare as a dual investment—in children's early development and in women's labor force participation—and recommending that governments expand childcare services as part of broader labor market and skills development reforms (Holla et al., 2026). Human capital is not only formed in early childhood but accumulated through work, and childcare supports both by enabling mothers to remain employed and build experience (ibdi).

Investing in human capital through strong early childhood programs is therefore essential for Viet Nam's ambition to build a highly skilled and competitive workforce (Coppola et al., 2024; Holla et al., 2026). This aligns with the recent universal extension of ECE for 3 to 4-year-olds in Viet Nam and it is the overall human capital development argument that has been driving the policy dialogue on childcare services. The links to the effect on parents—mothers in particular— which is the focus of this report, have so far received limited attention in the national policy dialogue on ECE, as well as the impact on migrants, low-income households, employers, and the economy discussed above.

4 Early Childhood Education and Care in Viet Nam: An Overview of Provision and Coverage

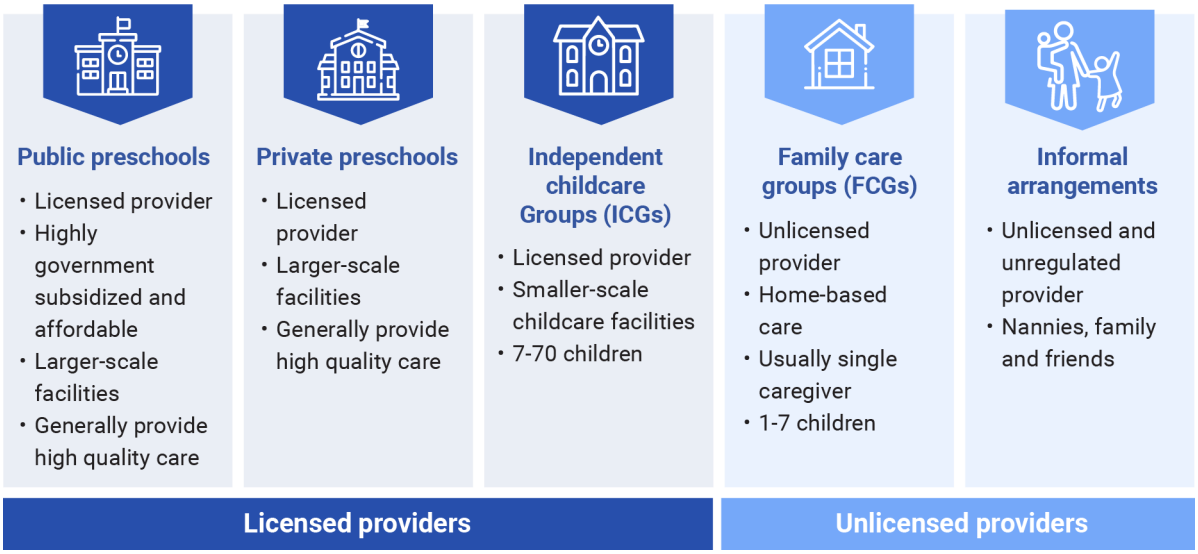
Significant public investment in preschool education has led to high enrollment rates for children under 6 years of age; however, access to ECEC for children under 3 remains limited. Since public preschools do not typically serve younger children, private providers fill these gaps, but they often lack regulation, quality, and affordability. The rapid growth of industrial parks has further increased demand for accessible, high-quality childcare, yet current provision falls short, leaving many low-income and migrant families with few viable options. While this chapter provides an overview of the full ECEC system, the under-three age group is the primary focus given the scale of unmet need.

4.1 Mapping the Options Available for ECEC outside the Home

Early childhood education and care (ECEC) is part of Viet Nam's education system and is overseen by the Ministry of Education and Training (MOET). While ECEC was historically optional, Viet Nam has expanded access through universal preschool education, initially for five-year-olds and, since 2025, extended to children aged 3 and 4. For children under six, ECEC comprises two tiers: nurseries (nhà trẻ) for children aged 3 months to under 3 years, and kindergartens (mẫu giáo) for children aged 3 to 5 years, together referred to as preschool (mầm non) (additional details on the legal, institutional, and regulatory framework for ECEC provision are provided in Annex 7).

ECEC provision is delivered through public and private preschools, licensed independent childcare groups (ICGs), and unlicensed family care groups (FCGs) and other informal arrangements (Figure 5 and Table 1). While public and private preschools dominate provision for children aged 3 to 5, only 30 percent offer nursery classes for younger children. In the 2023–2024 school year, Viet Nam had 15,256 preschools—including 12,072 public and 3,184 private institutions—alongside 17,444 independent childcare groups nationwide (MOET, 2024b).

Figure 5. Types of existing ECEC in Viet Nam



Source: Authors based on Circular 52/2020/TT-BGDĐT on Preschool Charter; Circular 49/2021/TT-BGDĐT on Operations of ICGs; and Circular 125/2024/TT-BGDĐT on Conditions for Investments and Operations in the Education Sector.

4.2 Enrollment Rates

Viet Nam has achieved high ECEC enrollment overall, driven by near-universal access to preschool for children aged 3–6 (Table 1). In 2024, 72.6 percent of children under age 6 were enrolled in ECEC, a rate comparable to OECD countries and higher than regional peers.[17] Enrollment among kindergarten-age children reaches 94 percent, reflecting decades of sustained public investment, including a national requirement for every commune to operate at least one preschool. As a result, public institutions enroll the majority of children in this age group.

However, this strong performance masks a major gap for younger children. Enrollment for children under age 3 remains low at 34.6 percent and is concentrated among those aged 2–3. Public provision for this age group is minimal, as most public preschools do not accept children under 3. Consequently, families rely largely on non-public providers, which are often more expensive and uneven in quality. A key policy challenge is therefore not access for children 3 and older, which is largely resolved, but the shortage of affordable, quality childcare for children under age 3—an important constraint on parental employment, particularly for women.

17. By comparison, Thailand's net enrollment rate in early childhood education is at 68.1 percent (Human Capital Project, World Bank (WB); UNESCO Institute for Statistics (UIS)), Cambodia's is 18.2 percent (ibid), and Indonesia's enrollment rate is 37 percent (Tas et al., 2024).

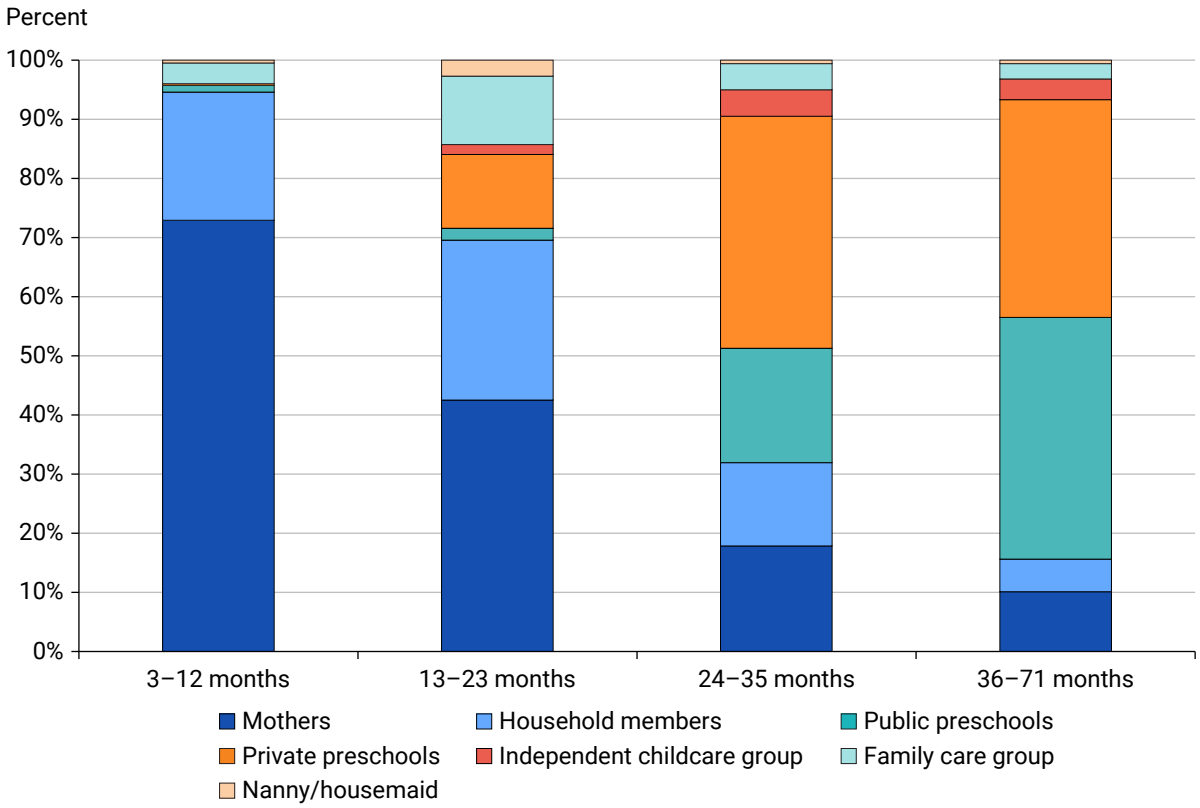
Table 1 Children's enrollments in public and non-public schools by age and region, 2024

Region	Age group	Enrollment rate (%)	Public school enrollment (%)	Non-public school enrollment (%)	Population enrolled
All Viet Nam	0-6 years	72.6	75.1	24.9	5,120,710
	3 months to under 3 years old	34.6	56.9	43.1	868,208
Thai Nguyen	0-6 years	71.8	90.8	9.2	84,223
	3 months to under 3 years old	36.2	84.0	16.0	17,613
Da Nang	0-6 years	95.4	40.4	59.6	70,995
	3 months to under 3 years old	93.3	23.9	76.1	18,944
Ho Chí Minh	0-6 years	68.6	45.5	54.5	340,746
	3 months to under 3 years old	32.7	43.3	56.7	55,850
An Giang	0-6 years	55.6	88.5	11.5	55,019
	3 months to under 3 years old	8.1	50.7	49.3	2,904

Source: World Bank consolidated from MOET 2024 data.

Note: Non-public schools include people-founded and private schools, which do not include ICGs or FCGs.

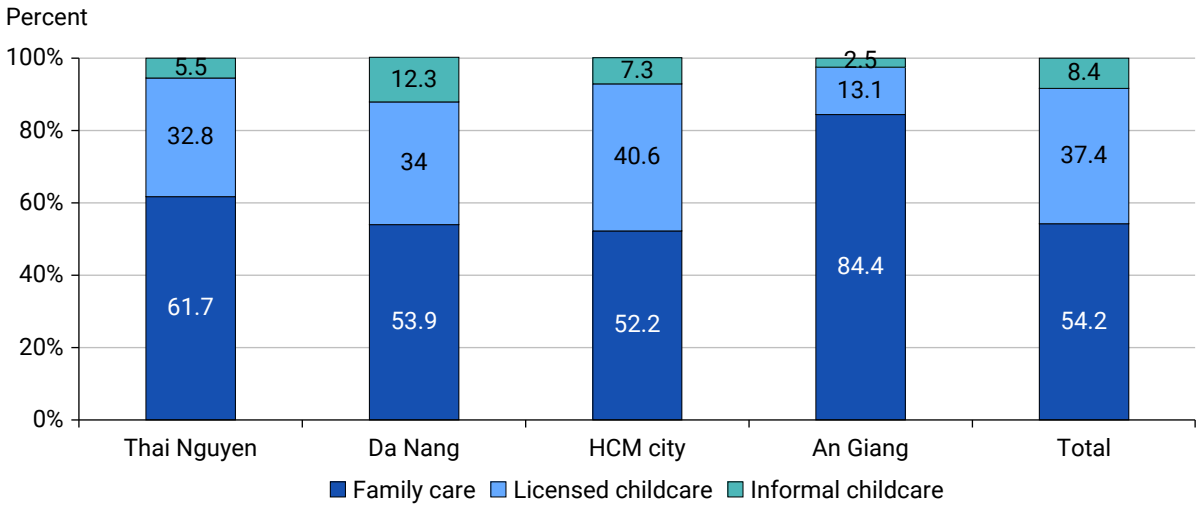
Figure 6. Childcare arrangements by child's age group



Source: Authors' survey and analysis, 2023.

Note: Dotted bars represent enrollments in licensed childcare; N=2129; 'Private childcare' refers to private preschools.

Figure 7. Childcare arrangements for children 3 months to under 3 years old by province



Source: Authors' survey and analysis, 2023.

Note: N=1024. Informal care constitutes FCGs and nannies.

Both survey data and focus groups suggest that parents are more likely to begin using licensed childcare services when their children are between 2 and under 3 years old.[18] For children under 2 years, mothers or other household members are the primary caregivers, though 30 percent of children aged 1 to under 2 years old (and 5 percent of children under 12 months) are in non-familial care, primarily in private preschools and FCGs, indicating a considerable demand for childcare services for younger children. Notably, public preschools enroll only a small proportion of children under 2 years old (less than 5 percent), which suggests that the care of children of this age group has been primarily shifted to non-public childcare providers.

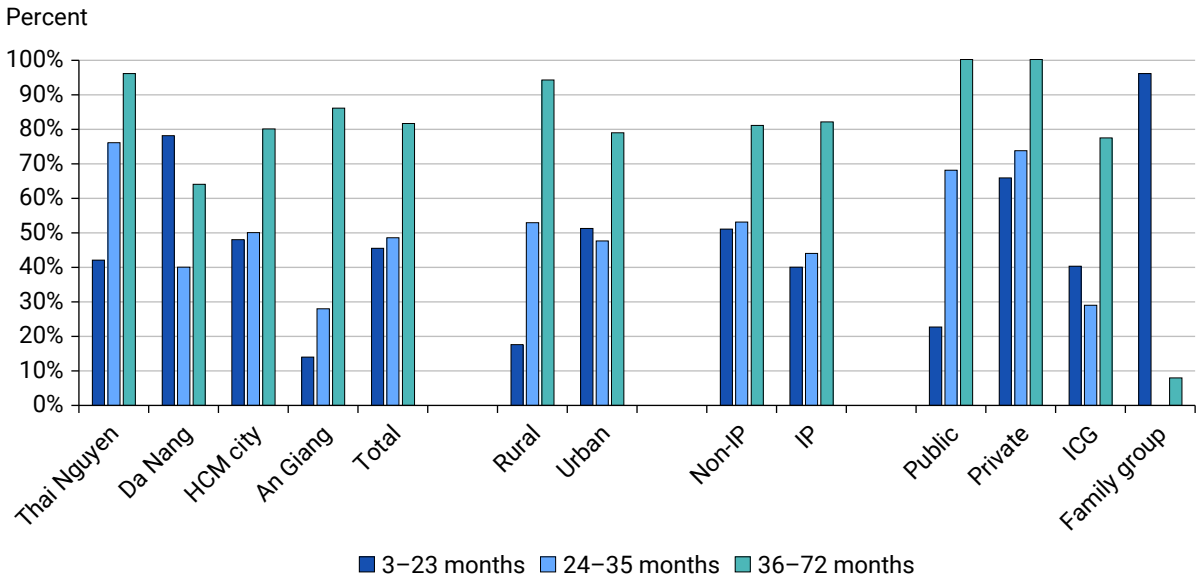
Low enrollment rates among children under 2 appear closely linked to the availability and accessibility of childcare services, with substantial variation across and within provinces. Enrolment is particularly low in rural areas, communes with IPs, and among children under 2, while urban wards with abundant, affordable, and higher-quality services achieve much higher participation. These patterns highlight that unequal service provision is a key driver of inequities in early childhood access.

Provincial-level data illustrates the scale of these disparities. For children aged 3 months to under 3 years, enrollment ranges from just 13 percent in An Giang to 41 percent in Ho Chi Minh City (Figure 7). In An Giang, only 14 percent of surveyed providers serve children under 2 (Figure 8), whereas over 40 percent of providers in other provinces offer care for this age group.

Disparities are even more pronounced within provinces. In Ho Chi Minh City, urban wards near the downtown district have the highest enrollment for children under 3 (Map 1), while many rural communes and communes with IPs fall below 20 percent. Map 2 further shows that communes with IPs have fewer childcare providers compared to urban areas. Across provinces, areas with IPs are consistently less likely to offer childcare catering to younger children than non-IP areas (Figure 8).

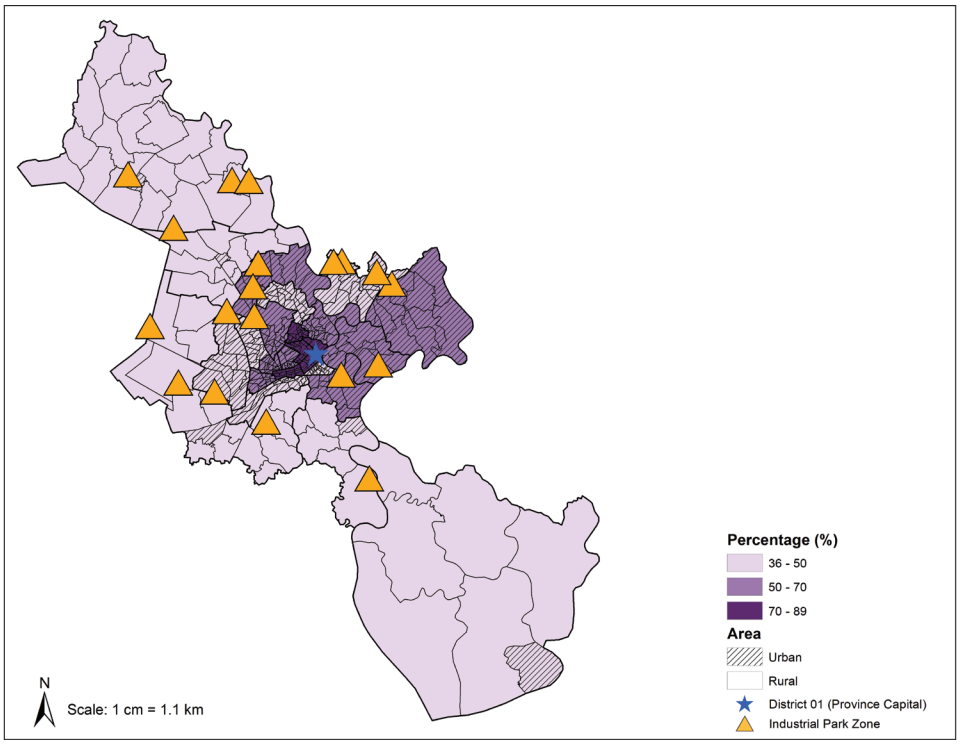
18. Logistic regression predicting use of licensed childcare confirms that the odds of using licensed services (over not using) are 13 and 60 times higher when children are aged 2 to under 3, and 3 to under 6, respectively, compared to when children are under 2 (see Annex 4).

Figure 8. Proportion of providers offering childcare by age group



Source: Authors' survey and analysis, 2023.

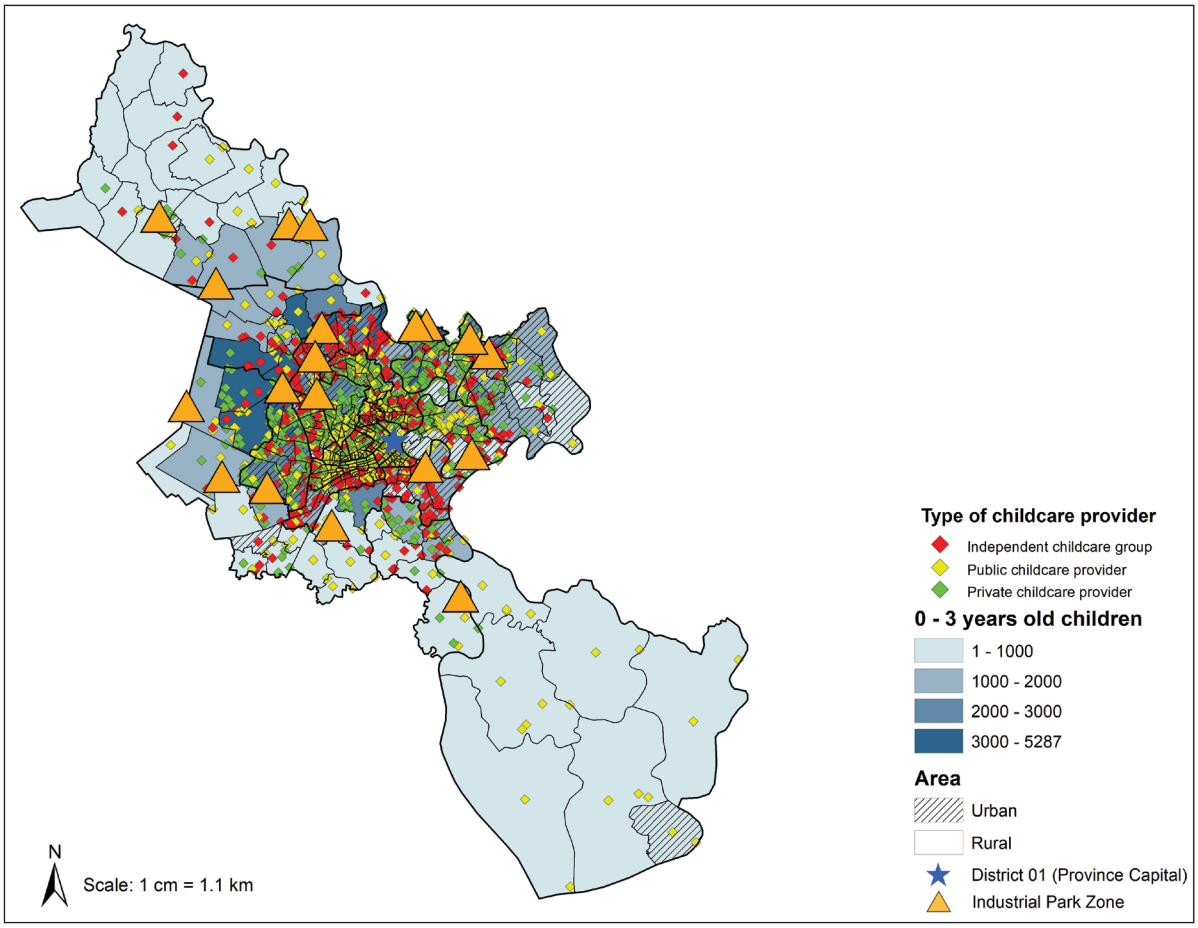
Map 1. Percentage of children aged 0-3 enrolled in licensed childcare at the commune level, Ho Chi Minh City



Source: Ho Chi Minh City Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map presents the percentage of children aged 0-3 who enrolled in any type of childcare facility (public and private preschools or ICG) at the commune level in Ho Chi Minh City in 2019-2020 school year. The percentage is calculated by dividing the commune's total number of children aged 0-3 enrolled in childcare facilities (Ho Chi Minh City DOET's data) by the commune's total number of children aged 0-3 (VPHC data). Enrollment may exceed 100 percent where childcare facilities serve children from neighboring communes.

Map 2. Childcare providers and population of children aged 0-3 at commune level, Ho Chi Minh City



Source: Ho Chi Minh City Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-3 and the childcare providers' facilities (public, private, and ICGs) for children aged 0-3 in Ho Chi Minh City for 2019-2020 school year. Children aged 0-3 years are defined as children who are below 36 months old. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

4.3 Family Care Arrangements

In areas where access to affordable, high-quality childcare is limited, families often rely on family arrangements, particularly for the youngest children under 12 months. In the four provinces surveyed, care for infants is primarily provided by mothers or other family members, usually grandmothers. Among children aged 3-12 months in family care, 77 percent are cared for by their mothers, 16 percent by their grandmothers, and 5 percent by their fathers. In some provinces, such as Thai Nguyen, grandmothers play a particularly prominent role, involved in childcare in over half of households.

While grandmothers often provide valuable support, their care is not universally available and may not consistently align with mothers' preferences for childcare arrangements. Many moth-

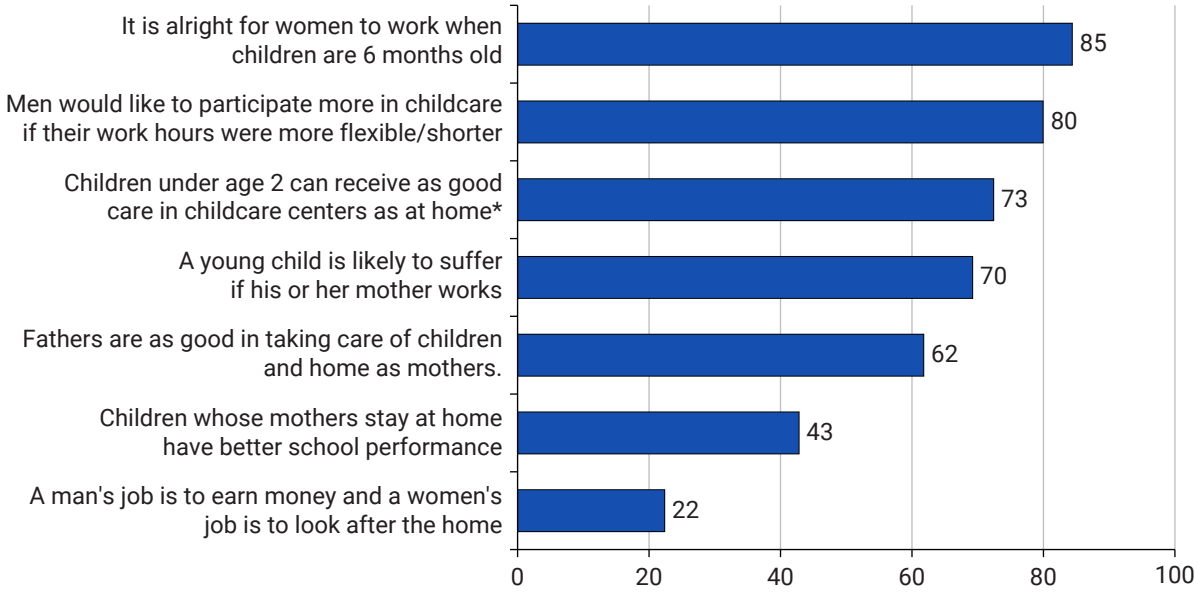
ers in the focus groups expressed concerns that grandparental childcare is not always ideal due to differing views on child-rearing, feeding, and teaching methods. Several mothers noted that grandparents tend to spoil children, making them more "irritable and demanding". Others highlighted that grandparents are less likely to engage children in activities that promote cognitive and socio-emotional development, unlike trained teachers in public preschools, where children benefit from structured learning and peer interaction. Additionally, research from urban and rural northern Viet Nam supports these findings, showing that mothers often have different views from grandparents on issues such as children's eating habits, with grandparents sometimes serving less nutritious food (Duong et al., 2023). Even when grandparents live with or near the family, their availability depends on factors such as their health, employment status, and willingness to provide care.

Grandparental involvement in childcare can also constrain grandparents' employment, contributing to widening gender gaps in labor force participation among older adults. In the household survey, 21 percent of households with co-resident grandparents (and 35 percent in Thai Nguyen) report that these grandparents remain employed, suggesting limits on the time they can devote to regular childcare and potential pressures on their own work choices. Consistent with this, international evidence shows that providing care for grandchildren is often linked to lower labor supply among grandparents (Rupert and Zanella, 2018; Backhaus and Barslund, 2021; Chen and Lyu, 2025). Cross-country analyses, including findings highlighted in the 2026 Human Capital Report, point to similar dynamics globally: where informal care demands on older adults are high, their employment and economic engagement tend to be constrained (Holla et al., 2026). Conversely, evidence from China suggests that expanding access to formal childcare is associated with higher employment rates among women with preschool-aged grandchildren, indicating that government-supported childcare can help alleviate care-related labor market pressures in multigenerational households (Lin and Wang, 2019). Experimental data from Brazil further show that publicly provided childcare can increase labor supply among both grandparents and adolescent caregivers in the household (Attanasio et al., 2022).

When families cannot access childcare for toddlers, they are often forced to make difficult and, in some cases, unsafe care arrangements. For instance, some mothers may stay home with their children even when it is not the ideal option for the family. In more challenging situations, children may be left at home alone or in the care of a sibling, which can put their safety at risk (Heymann, 2007). The household survey reveals that 5 percent of children were left alone for at least one hour, and an additional 6.5 percent were left with another child under the age of 10. This issue was particularly pronounced in Da Nang, where over 10 percent of children were left unsupervised.

Social norms largely support women's employment and the use of childcare for very young children. While some parents report that infants are "not ready" for center-based care, survey responses suggest this often reflects concerns about access to affordable, high-quality services rather than opposition to childcare itself (figure 9). Overall, attitudes strongly favor maternal employment and non-use is driven more by supply and quality constraints than by restrictive norms. Moreover, evidence suggests that while grandparents may be involved in childcare in some households (37 percent), they do not typically act as primary decisionmakers regarding childcare use.

Figure 9 Attitudes toward maternal employment and childcare use



Source: Authors' survey and analysis, 2023. Shows share of survey participants who agree or strongly agree with the statements. */ Provided there is no Covid-19.

4.4 ECEC Demand Near Industrial Parks

The rapid growth of Viet Nam's industrial and high-tech parks has created urgent demand for accessible ECEC for workers' families. According to the Industrial Park Management Authority (MPI), 431 industrial parks employ over 4 million workers, 60 percent of whom are women and more than half are internal migrants. Nearly 560,000 children under six are children of industrial park workers, representing 21.5 percent of all children under six in Viet Nam (MOET, 2024).

Public ECEC services meet only a small fraction of this need and generally do not serve children under 3. In districts19 hosting industrial parks, there are 3,612 public preschools and 1,770 non-public schools (MOET, 2024a), which are insufficient for migrant and shift-based families. To fill the gap, 7,755 ICGs have emerged (44.5 percent of all ICGs nationwide), with over 70 percent concentrated in the six provinces with the largest industrial park workforces (MOET, 2024).

The heavy reliance on ICGs reveals a structural gap: families working in industrial parks lack accessible, affordable, and quality ECEC options close to their workplaces or homes. Migrant workers, who often have limited access to public childcare services, are disproportionately affected. The proliferation of ICGs (MOET–UNICEF, 2016) therefore signals a continuing shortfall in public ECEC provision and underscores the need to strengthen the quality, monitoring, and support for these regulated, small-scale childcare services. It also points to the importance of enabling and supporting entrepreneurs who wish to invest in establishing and improving ICGs, so that supply can expand in ways that are both sustainable and aligned with quality standards.

19. Data from MOET are based on administrative divisions in place prior to the 2025 administrative restructuring.

5 Demand-side Constraints: Challenges Preventing Families from Accessing Childcare

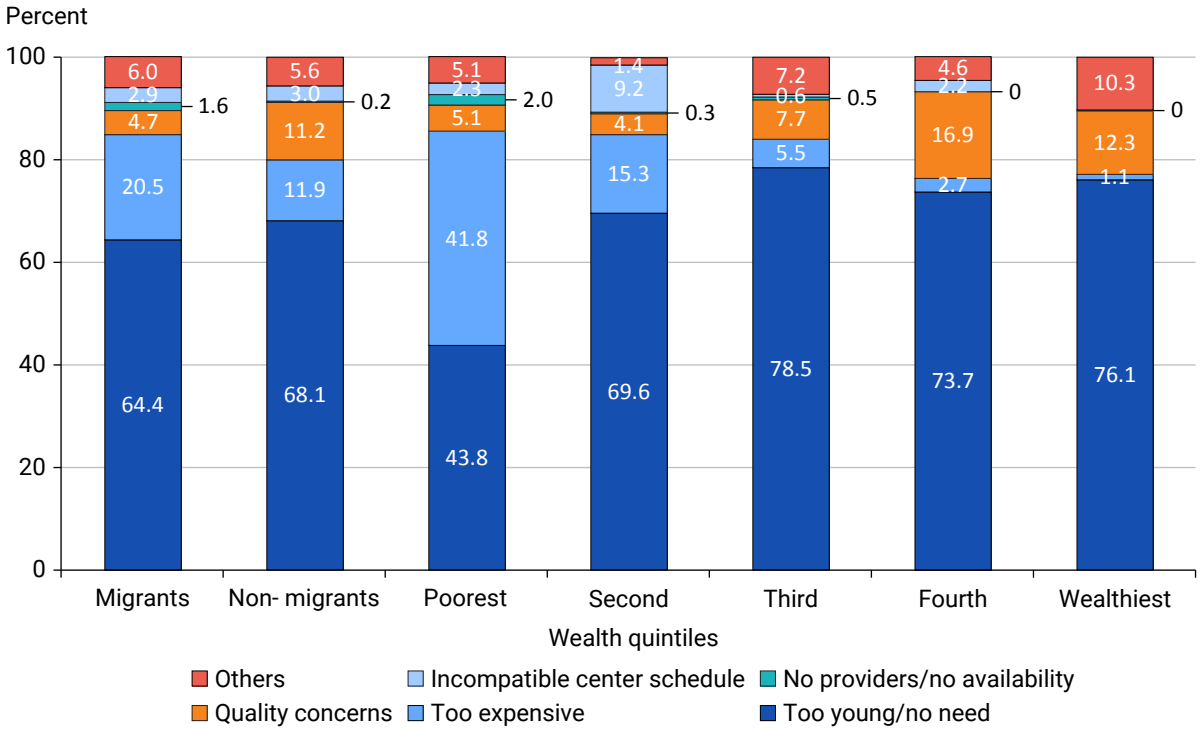
Vietnamese families—particularly those with very young children—want affordable, high–quality childcare, but the system currently does not meet their needs. This chapter finds substantial unmet demand for licensed childcare (public, private preschools, or ICGs) for children under age 2, especially around industrial parks. Survey evidence shows that three-quarters of mothers with children under 2 would prefer to use licensed, center-based care if it were affordable, reliable, and conveniently located, while only a minority believe that care at home is the best option. Low utilization of licensed childcare therefore reflects constrained choices, not parental preferences.

The analysis shows that families face multiple, overlapping demand-side barriers, including high fees, shortages of age-appropriate slots, concerns about quality and safety, operating hours that are incompatible with industrial work schedules, and administrative barriers that disproportionately affect migrant households. Some of these barriers—particularly affordability and household registration—affect families across all age groups, while others, notably the shortage of spots, quality concerns, and incompatible operating hours, are most acute for children under three. As a result, many families are forced to rely on informal or lower-quality care arrangements, or to keep children at home, limiting parents'—especially mothers'—ability to work. Addressing these constraints is critical to expanding effective access to childcare for infants and toddlers and to supporting labor force participation and inclusive growth.

5.1 There is a Lack of Affordable Services

Price was cited as the primary reason for not using childcare services for 42 percent of children in the bottom wealth quintile, compared to 15 percent in the second quintile and only 1 percent in the top wealth quintile (Figure 10). Logistic regression analysis confirms that mothers in the top wealth quintile are five times more likely to use licensed care than those in the lowest quintile, even when controlling for other characteristics (see Annex 4). Migrants also reported cost as a primary concern more frequently (21 percent) than non-migrants (12 percent).

Figure 10 Primary reasons for not using licensed care services by mothers' demographic characteristics



Source: Authors' survey and analysis, 2023.

Note: N=931 children. Licensed care = public, private preschools, or ICGs.

High tuition fees often make licensed non-public childcare unaffordable for low-income families. On average, in the household survey, mothers reported paying VND 2.5 million (≈ US$104) per month for childcare, including all related costs. However, this average is skewed by higher fees in HCMC and Da Nang (VND 3 million and VND 2.3 million, respectively), while in Thai Nguyen and An Giang, average fees are closer to VND 1 million (Figure 11). Tuition fees are highest in private preschools (VND 3.5 million), followed by ICGs (VND 2.4 million) and FCGs (VND 1.9 million). Public childcare fees are the lowest, averaging VND 1.6 million per month.

However, even these relatively low fees can represent a significant financial burden for low-income families. Mothers in the lowest wealth quintile reported average monthly earnings of VND 6.5 million (≈ US$271). Among those using childcare services, the average monthly fee was VND 1.7 million, equivalent to around

28 percent of their income. In some cases, this share is even higher. A focus group participant in Da Nang, working as a cook, shared that over 35 percent of her salary went to public childcare fees for just one child.

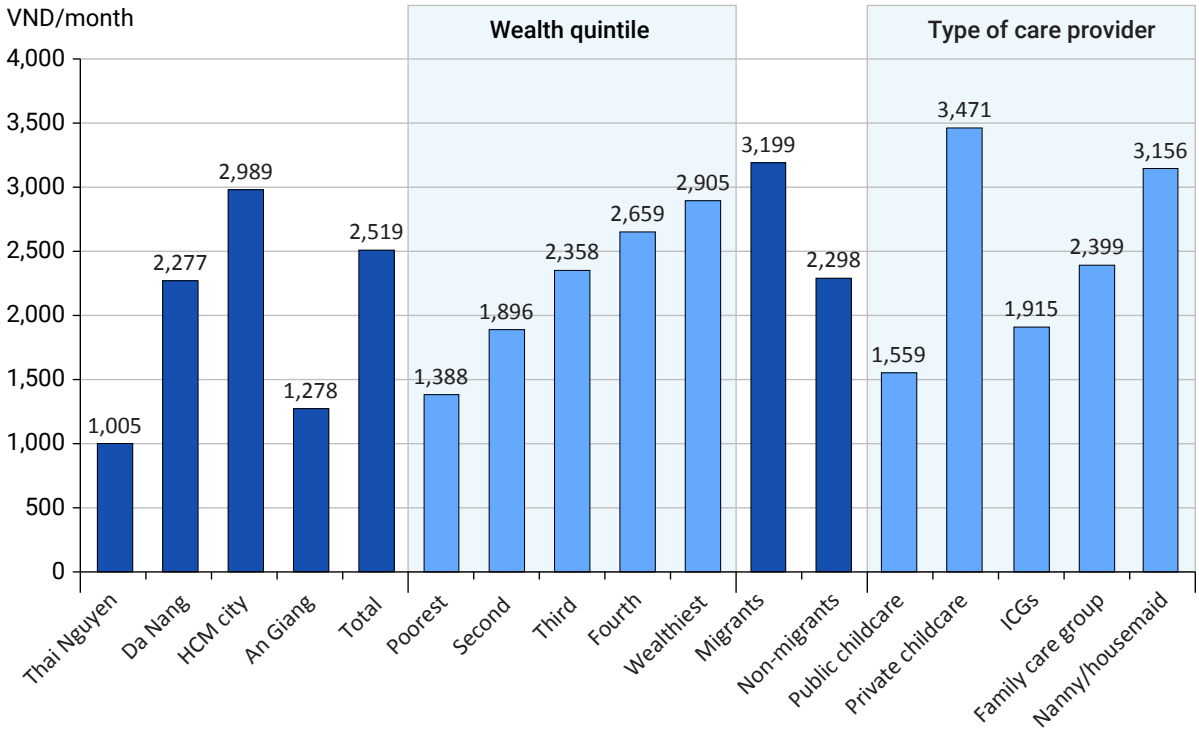
As I work at home, I can keep my child at home, otherwise I have to pay several million VND a month for a childcare service. I can't afford it.

(Mother, 35 years old, informal sector, HCMC)

The fee for sending a child to private school is VND 2.2 million per month. With two children, it will be VND 4.4 million which is unaffordable. My salary is only VND 5 million per month, so if sending two children to private school, the sum is not enough.

(Mother, ethnic minority, 31 years old, formal sector, Thai Nguyen)

Figure 11 Tuition fees for childcare services by child's demographic characteristics



Source: Authors' survey and analysis, 2023.

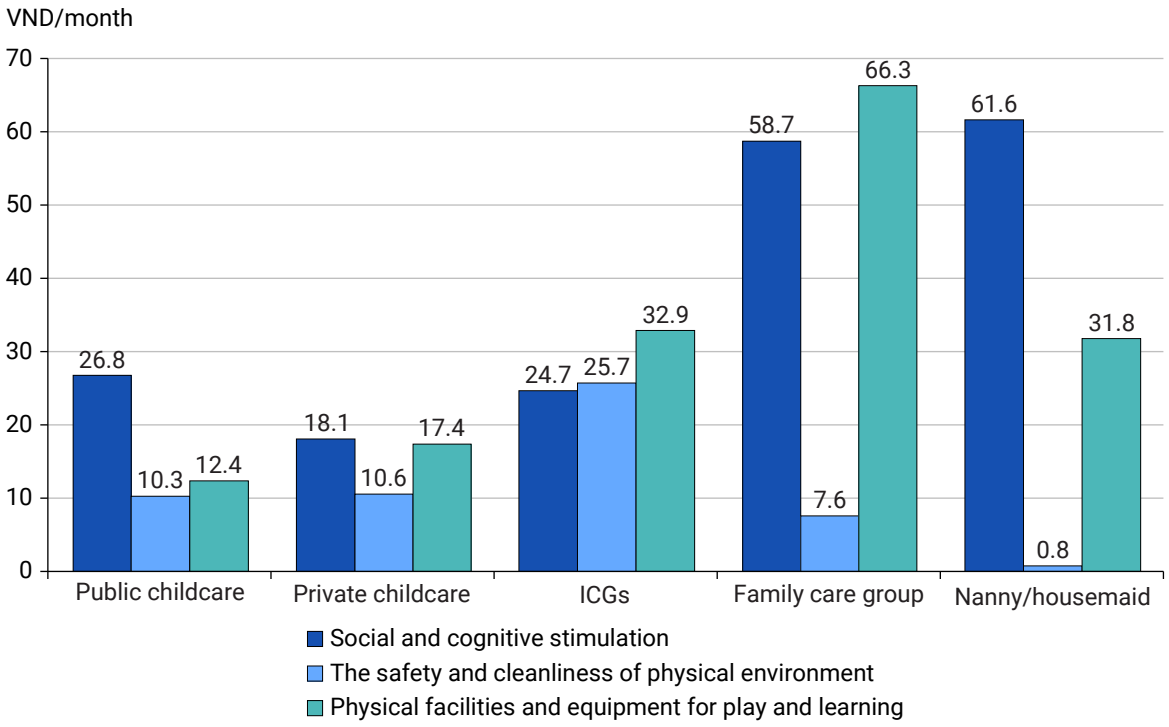
Note: Average tuition fees, disaggregated by relevant variable (n=1388 children).

5.2 Parents have Concerns about Quality

Many parents are unable to access the quality of childcare they seek, particularly for infants and toddlers, and are often forced to compromise. Survey findings show that around one-quarter of children are in settings where social and cognitive stimulation falls below parental expectations, and one-fifth are in environments lacking adequate physical facilities (Figure 12). Dissatisfaction is highest among mothers of children aged 1 to under 2 years old—a group with high unmet demand—where children are in settings rated as below expectations for stimulation (35 percent) and facilities (38 percent).

Parents using FCGs report significantly lower satisfaction with care quality compared to those using licensed providers, reinforcing concerns around their regulatory and training gaps. Over half (59 percent) of FCG users rate social and cognitive stimulation below expectations, compared to less than 30 percent of mothers using licensed services (public preschools, private preschools, and ICGs) (Figure 12). Dissatisfaction with physical infrastructure is even higher—66 percent for FCGs versus under one-third for licensed providers. These gaps are unsurprising: FCGs operate without safe physical conditions and adequate playgrounds, formal training, oversight, or clear guidelines, and reports of neglect or abuse in these settings, particularly around industrial zones, persist (MOET-UNICEF, 2016; Hentschel et al., 2023). Focus group participants echoed these concerns, describing limited interaction and stimulation (e.g., children left watching TV) as well as lack of playgrounds and unsafe environments. Parents not using FCGs often expressed strong reluctance to consider them for these reasons.

Figure 12 Proportion of mothers who rated different aspects of childcare quality being below their expectations, by provider type



Source: Authors' survey and analysis, 2023.

Note: N=1387 children.

My FCG had many shortcomings. One day when I took my child there [to the FCG], I saw other children playing together, they stomped on each other, some children fell down, their head contacting the ground…I looked at other people's children fearing that the child might have a serious brain injury. As I witnessed it, I stopped sending my child there. What a heart-breaking moment! If I were an authority, I would have eradicated that FCG immediately.

(Mother, 44 years old, informal sector, Da Nang)

One disadvantage [of FCGs] is that children can't develop [their cognitive skills]. FCGs just 'keep' children but not educate children like at preschool. I compared the performance between my elder and younger children. The elder child attended an FCG for one year but didn't have any development. He didn't learn as many things as he did at the childcare center.

(Mother, 28 years old, informal sector, Da Nang)

Lower-income and migrant families are disproportionately reliant on FCGs due to their affordability and flexible hours, but this reliance often exposes children to lower-quality care. Logistic regression analysis shows that middle-income as well as non-migrant households are significantly less likely to use informal care compared to those in the poorest wealth quintile and migrants holding KT4 residence status (see Annex 4, Table A.2, Column 3).[20] FCG users most frequently cite high costs and unsuitable operating hours as key barriers to accessing higher-quality childcare. While FCGs enable some mothers to participate in the workforce, this often comes at the expense of children's care quality.

Mothers utilizing ICGs also report significantly lower satisfaction with childcare quality compared to those using public and private preschools. Specifically, nearly 33 percent of ICG users find the physical facilities below their expectations, and 26 percent express concerns about general safety, a noticeably higher rate than the less than 20 percent reported by mothers using private and public preschools. This parental dissatisfaction with ICG infrastructure is frequently linked to their smaller size and lack of outdoor playgrounds, as highlighted in focus group discussions. These discussions reveal a general parental preference for spacious, safe, and well-ventilated childcare facilities with adequate outdoor play areas, with dissatisfaction rising when these features are absent.

Recent investigations documented cases of child abuse in some private, ICG and FCGs childcare providers in residential areas or industrial zones with many low-income workers (Daidoanket, 2025; MOET and UNICEF, 2016), reinforcing concerns among factory workers who cannot afford to send their children to better quality childcare providers. According to focus group findings, parental hesitation to use ICGs for very young children, especially in Ho Chi Minh City and An Giang, is strongly shaped by concerns about safety and mistreatment. In these provinces, focus group participants expressed greater reluctance to enroll children under 3 years old in childcare, with some in An Giang waiting until their child was 4 years old. This reluctance was driven primarily by concerns about inadequate attention and the risk of mistreatment. Parents often preferred to wait until their children were older and better able to communicate their needs and experiences.

Workers [in areas with industrial area] also do not dare to send their children to ICGs. They [ICGs] look after children of all ages from 1 to 4 years old. Twenty kids stay together and older kids beat younger ones. Younger children would cry all the time. Mothers often wait until the child is strong and independent enough, when they can eat and speak, to send them to the childcare schools. They cannot feel confident about sending their children to ICGs.

(Mother, 28 years old, informal sector, Da Nang)

20. Women using family care groups report lower monthly household income (around VND 19 million) than those using licensed childcare services (VND 20-26 million). Here, household income combines earnings of mothers and their spouses and is reported for mothers using childcare arrangements for the youngest child.

5.3 There is a Shortage of Spots for Toddlers

Many families with children under age 2 do not use licensed childcare, raising an important policy question: does this reflect parental preferences for family-based care, or does it signal insufficient supply? Understanding the drivers of low utilization is critical for policy design. If families prefer home care for young children, expanding center-based services may have limited uptake. However, if the gap between current utilization and parental demand indicates a shortage of accessible, affordable spots, policy interventions to expand supply would address substantial unmet need. The report finds that there is demand and this demand is not being met due to a lack of spots.

Strong Demand When Barriers Are Removed Reveals Supply Shortage

To distinguish between preference and constrained access, the household survey asked mothers of children under age 2 who were not using licensed childcare whether they would use an affordable, high-quality licensed childcare in their neighborhood if it offered convenient hours and specialized in care for children under age 2. This hypothetical question isolates parental preferences by removing the most common barriers—cost, quality concerns, and accessibility (Pavolini and van Lancker, 2020).

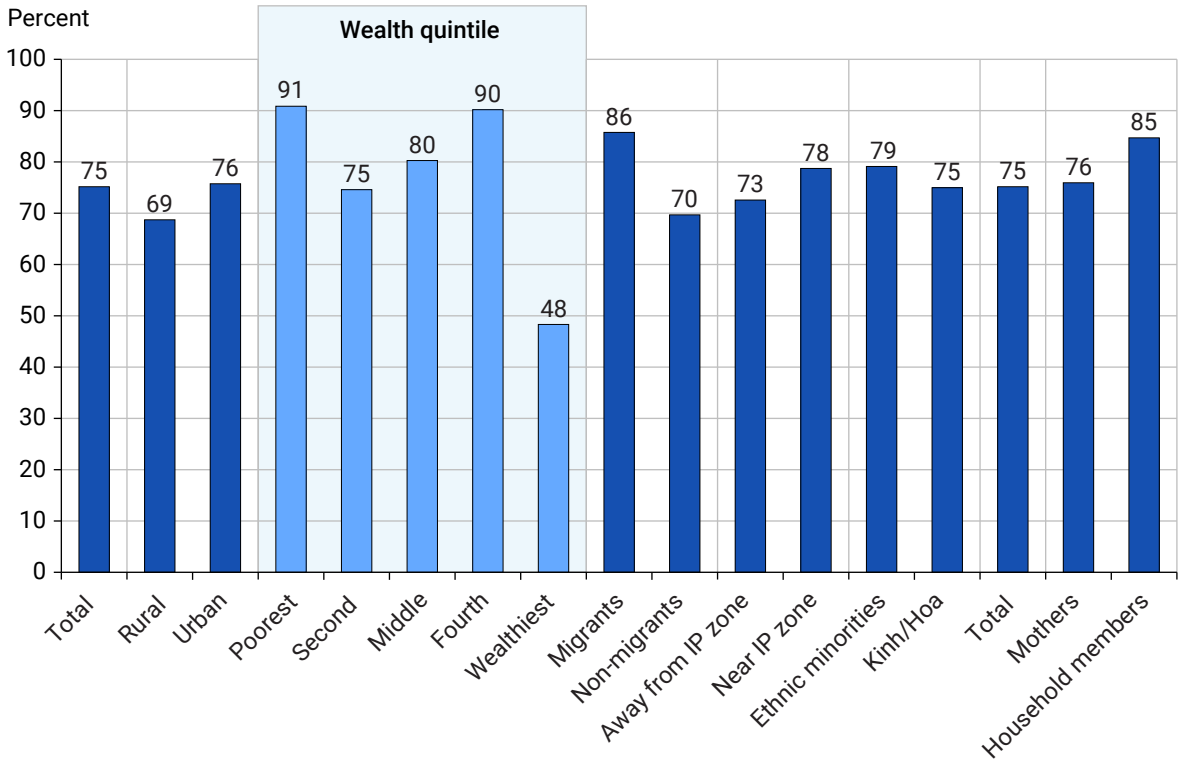
Results reveal a substantial shortage: 75 percent of mothers expressed willingness to use such services (Figure 13), indicating that three-quarters of families not currently using licensed childcare would do so if appropriate spots were available. Only 24 percent stated they would not use licensed childcare because "care at home is best for young children." When disaggregated by child age, the shortage is most acute for infants aged 3–12 months (83.6 percent unmet demand) and remains severe for toddlers aged 13–23 months (59.5 percent unmet demand) (Table 2).

> *If public childcare schools had accepted children aged 7 months, I would send them to school. Tuition fees of private schools are very high, they ask at least VND 2–3 million a month.*
>
> **(Mother, 36 years old, self-employed, informal sector, Thai Nguyen)**

The shortage affects families across all socioeconomic groups (Figure 13), with particularly acute unmet demand among mothers in the poorest household wealth quintile, migrants, those living near industrial park areas, and families currently relying on relatives for childcare. Geographic variation was also evident, with mothers in Da Nang and Thai Nguyen expressing higher-than-average demand that exceeds available supply.

These findings confirm a substantial shortage of childcare spots for children under age 2. The gap between parental demand and current utilization stems primarily from supply-side constraints—insufficient availability, high costs, and quality concerns—rather than preferences for home-based care. The shortage is particularly severe for infants and disproportionately affects low-income families.

Figure 13 Proportion of respondents willing to use high-quality, affordable childcare services for children under age 2



Source: Authors' survey and analysis, 2023.

Note: N=491 of respondents who did not use licensed childcare services for children under age 2.

Table 2 Demand for childcare services by children's age group

Child age group / demand for services	3-12 months	13-23 months	24-35 months	36-71 months
A. Use licensed childcare	1.4	16.1	63.0	81.2
B. Willing to use center for children under 2*	83.6	59.5	-	-
C. Not using center due to barriers**	-	-	12.4	8.7
D. Total demand	85.0	75.6	75.4	89.9
Unmet demand	**83.6**	**59.5**	12.4	8.7

Source: Authors' survey and analysis, 2023.

Note: Total demand for children under 24 months is A+B; total demand for children above 24 months is A+C. Unmet demand is D-A.

** The question was posed to mothers with children under 2, who did not use licensed childcare:* "Imagine you could access affordable and high-quality licensed childcare center in your neighborhood which operates convenient hours and specializes in caregiving for children under age 2. Would you like to use these services?" The answer options allowed respondents to choose whether they would like to use these services or, if not, whether it was because they believed that home care was best for young children or for other reasons.

*** The barriers were tallied based on reasons other than the child being too young or the family not requiring licensed care due to the availability of family caregivers.*

Public Schools Offer Few Spots for the Youngest Children

Public childcare represents the most affordable option for families, yet severely limited availability for children under age 2 exacerbates the overall shortage. While public preschools charge lower tuition fees than private providers, only 23 percent of public schools offer care for children under age 2, compared to 66 percent of private preschools and 40 percent of ICGs. This means that families seeking affordable options have access to far fewer spots than those who can afford private care.

The shortage of public spots is further evidenced by overcrowding. Approximately 11 percent of public preschools operate above capacity throughout the school year—more than double the rate observed among non-public providers—signalling a structural shortage of affordable public provision rather than an isolated capacity problem. Excess demand forces families to delay enrollment until their children reach the minimum age for public school admission, leaving working mothers without affordable childcare options in the interim.

> *I sent my children to childcare school when they were 2 years old. Before that I took care of them at home. If public childcare school accepted smaller children, I would send them to school earlier.*
>
> **(Mother, 37 years old, works in family business, Thai Nguyen)**

> *I wanted to send my child at 2–3 years old but the public kindergarten didn't admit child at that age. I want to send my child early to school because the child can communicate more, become more encouraging. At home, the child is very shy, only staying around. My husband told me to search for a public kindergarten that admits children at ages 2–3, but only ICGs do that. I couldn't send my child to an ICG because my child hadn't been matured enough and I didn't know any teacher there. I didn't feel safe for my child because I worry that my child would get ill-treated. Almost everyone worried that issue. Although there were cameras, they could drag my child to a hidden place and beat my child if they wanted. I don't mean to think bad about teachers there, but I couldn't remove that idea from my mind, so I didn't use ICG.*
>
> **(Mother, 26 years old, work in an industrial park, An Giang)**

Focus group discussions revealed strong parental preference for public preschools based on their perceived combination of affordability, safety and quality. However, the shortage of spots accepting younger children forces parents to keep them at home until they reach the minimum enrollment age. This waiting period is particularly problematic for working mothers who lack alternative childcare arrangements.

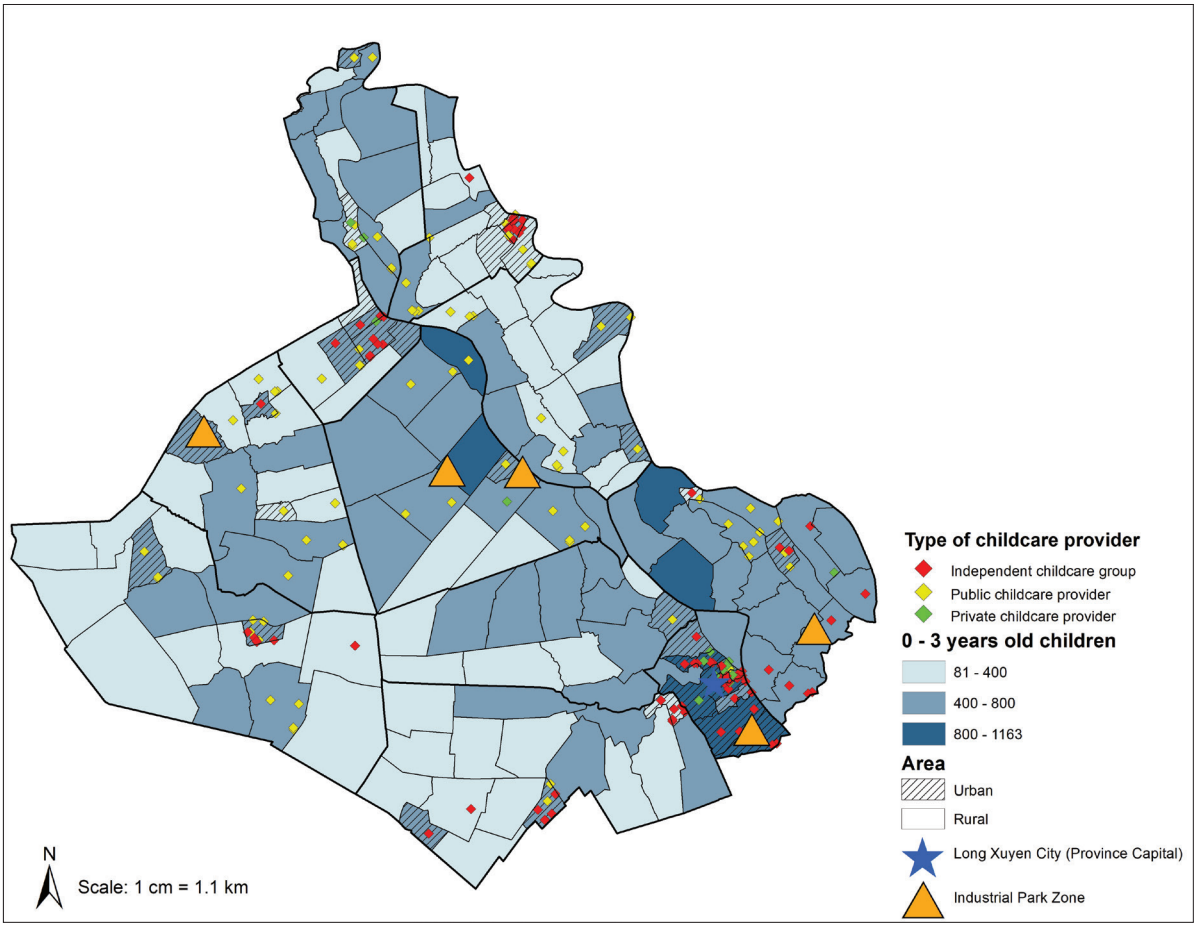
Limited Choice Compounds Quality Concerns in the Informal Sector

Where informal childcare is available, limited supply constrains parental choice and may force compromises on quality. Among users of different childcare types, those utilizing ICGs were most likely to report a shortage of better-quality services (41 percent). Geographic mapping data indicate that while ICGs are prevalent in Da Nang and Ho Chi Minh City, some communes have access to only one or two ICGs (Map 2). This scarcity of options compels parents to select the only available facility, even when it does not fully meet their quality expectations.

> *If there was another school, we could consider between two schools. But there is only one school in this commune, we only have one option.*
>
> **(Mother, 24 years old, non-working, Da Nang)**

In An Giang, particularly in areas with industrial parks, access to childcare for infants and toddlers is limited by a shortage of appropriate facilities. Focus group participants reported that options for children under the age of 3 are scarce, with most available services being ICGs or FCGs. Private preschools are nearly absent, and the few public schools that exist typically enroll children starting at age 3 or 4. The mapping of childcare facilities in An Giang confirms these gaps, with some communes hosting an industrial park lacking even a single center catering to children under 3 (Map 3).

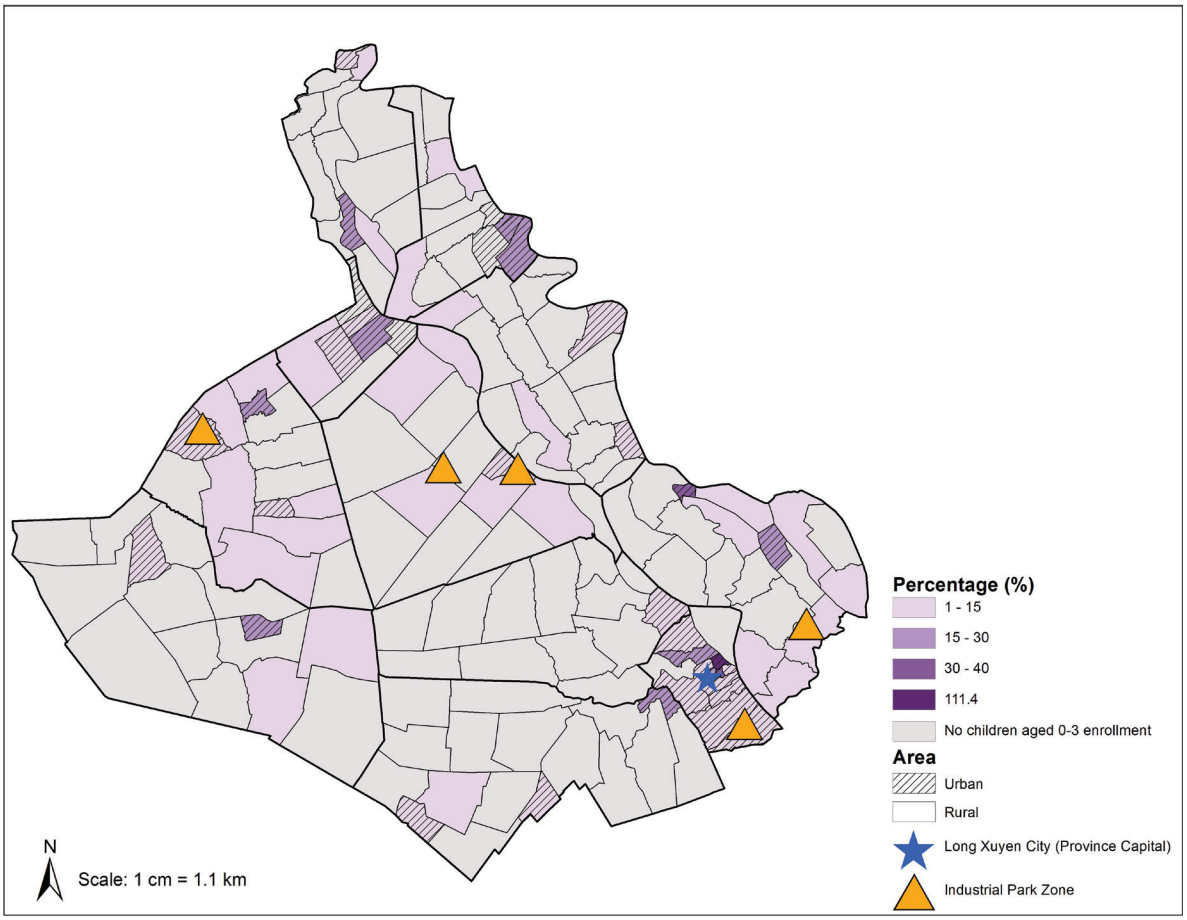
Map 3 Licensed childcare providers catering to children aged 0-3 and population of children aged 0-3 at commune level, An Giang



Source: Authors, using data from An Giang Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-3 and the childcare providers' facilities (public, private, and licensed ICG) for children aged 0-3 in An Giang for 2019-2020 school year. Children aged 0-3 years are defined as children who are below 36 months old. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

Map 4 Percentage of children aged 0 - 3 enrolled in any type of childcare facility (public, private, or licensed ICG) (%) at the commune level, An Giang



Source: Authors, using data from An Giang Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

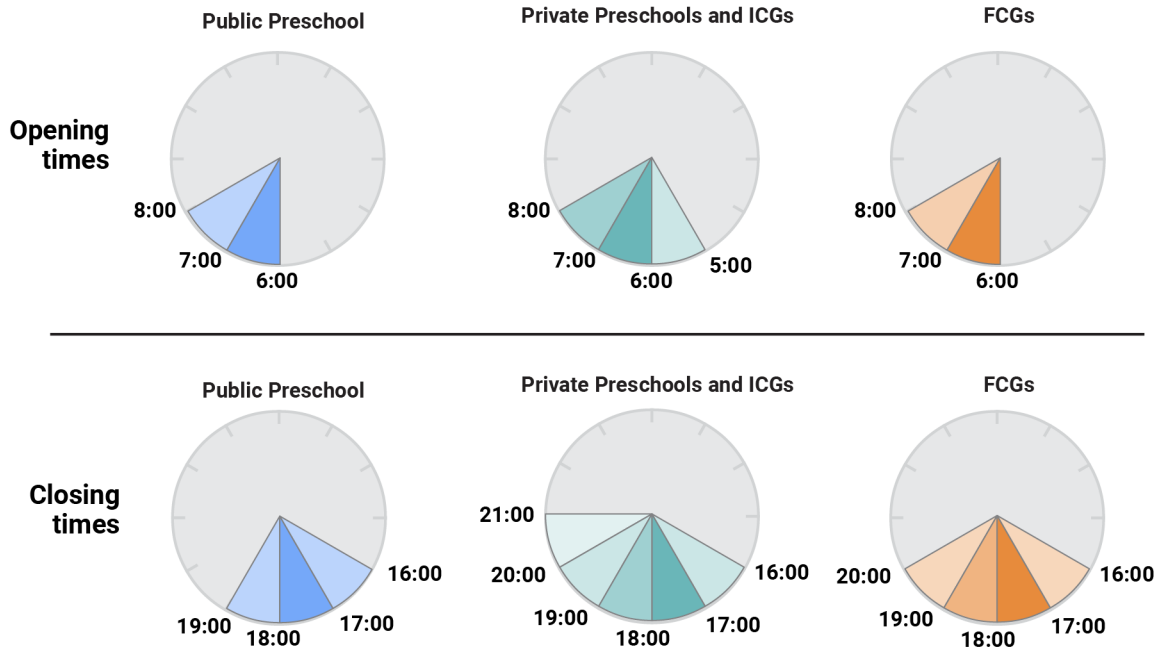
Note: This map presents the percentage of children aged 0-3 who enrolled in any type of childcare facility (public, private, or licensed ICG) at the commune level in An Giang in 2019-2020 school year. The percentage is calculated by dividing the commune's total number of children aged 0-3 enrolled in childcare facilities (An Giang DOET's data) by the commune's total number of children aged 0-3 (VPHC data). The types of childcare facilities include: public preschools, private preschools, and ICGs.

5.4 There is a Lack of Compatibility between IP Working Hours and Public Childcare Hours

Another obstacle to accessing affordable, high-quality childcare is the misalignment between parents' working hours and public preschool operating hours. The household survey shows that 57 percent of women without wage jobs cite inflexible hours as a barrier to having a wage job (66 percent in Ho Chi Minh City), indicating that work schedules and childcare availability are closely linked. At the same time, childcare hours themselves limit access to better care. Among FCG users (who are disproportionally low-income and migrants), 33 percent mentioned the lack of suitable hours as a barrier to accessing better quality care. Data from the provider survey show that while most public preschools typically open early (around 6:00–7:00 am), a much larger share of non-public providers (33 percent of private preschools

and ICGs combined, and 40 percent of FCGs) remain open past 6:00 pm, compared to only 8 percent of public providers, which usually close at 5pm (Figure 14). Saturday services are also rare among public preschools (7 percent) but common among non-public providers (over 80 percent), making public childcare incompatible with many parents' work schedules.

Figure 14 Opening/closing time for a typical Monday by type or provider



Source: Authors' survey and analysis, 2023.
Note: N=200.

Flexibility is particularly critical for mothers working shifts or long/irregular hours, such as those employed in industrial parks. Focus group participants, especially mothers using FCGs, emphasized the advantages of flexible hours, proximity to home, and no requirement for regular attendance. Similarly, ICGs also offer greater flexibility.

> *We can take children to ICGs early and pick them up late. If we pick up children late, we just need to call the teachers and tell them what time you will arrive. In public childcare schools, you must pick up your children at 4 p.m.; otherwise, by 4:30 p.m., there is nobody left at school.*
>
> **(Mother, 34 years old, formal sector, Da Nang)**

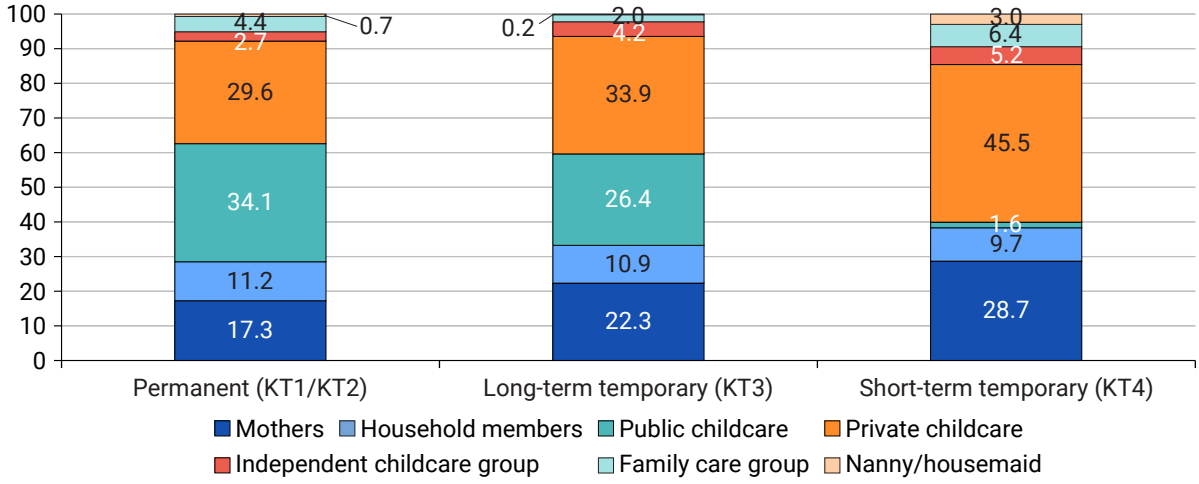
> *Public kindergartens admit children at the legitimate age, while ICGs admit children at any ages. Public kindergartens regulate the dropping and picking-up time. For example: in public kindergartens, parents have pick up kids at 4 pm. The pick-up time in ICGs is 5 pm – 6 pm. The dropping time in ICGs is also earlier. Many parents who are workers in frozen food processing companies send their children at 4 am – 5 am.*
>
> **(Mother, 26 years old, IP worker, An Giang)**

5.5 Household Registration is Negatively Impacting Migrants[21]

Migrant families face heightened barriers to accessing high-quality childcare, rooted in both administrative barriers and broader socio-economic disadvantage. Although there is no official discrimination against migrants in any written policies, the household registration system, which restricts enrolment in public preschools primarily to children with permanent or long-term temporary registration, remains a major de-facto structural obstacle for migrants in accessing local public services, including childcare. The household survey shows that only 1.6 percent of migrant children with KT4 registration were enrolled in public childcare, compared to 34 percent of children with permanent registration and 26 percent with long-term temporary registration (Figure 15). Logistic regression analysis confirms that migrant children face significantly lower odds of attending public childcare; children with permanent (KT1+KT2) or long-term temporary (KT3) registration are, respectively, 30 and 27 times more likely to attend public childcare compared to those with KT4 status (see Annex 4). Focus group discussions reinforce these findings: several migrant mothers in Da Nang reported being turned away from public preschools due to their lack of household registration. As a result, KT4 families are effectively excluded from public childcare and often forced to rely on private or informal care options, which can be more expensive and of lower quality.

> *When I came to the public preschool to apply for my son, they explained to me that the school had received too many children. They didn't want to accept more children. And because I don't have a household registration, they said it would be very difficult to accept my case.*
>
> **(Mother, 30 years old, non-working, Da Nang)**

Figure 15 Migrants with KT4 residence are unlikely to use public childcare



Source: Authors' survey and analysis, 2023.

Note: Proportion of children in different types of childcare arrangements by household registration status. N=2194.

21. According to the current regulation, residential status of a person in Viet Nam is classified into four categories: KT1 – permanent resident in the current living area; KT2 – long-term temporary resident in the current living area, who migrated from another place within the same province (intra-province immigrant); KT3 – long-term temporary resident in the current living area, who migrated from another province (inter-province immigrant); KT4 – short-term temporary resident from another province.

5.6 Subsidies Will Not Benefit All Those Who Need Them the Most

In 2020, Viet Nam introduced subsidies for licensed non-public childcare providers and parents working in Industrial Parks (IPs), aimed at improving access to childcare for IP workers and aligning with the 2019 Labor Code. On the demand side, mothers employed in IPs whose children are enrolled in licensed non-public childcare centers can receive at least VND 160,000 (US$6) per child per month for up to 9 months per year. Municipalities may supplement this amount, and many have done so. On the supply side, Decree 145/2020/ND-CP—which guides implementation of the 2019 Labor Code—extended the same incentives established under Decree 105/2020/ND-CP to childcare providers in Areas with Many Employees (AMEs), not just those located within IPs. To designate an AME, the Chair of the Provincial People's Committee (PPC) must issue an official decision. In practice, however, few provinces have done so. Some have instead chosen to extend the scope of Decree 105/2020/ND-CP to cover industrial clusters—smaller, provincially-authorized industrial zones that operate similarly to IPs but are not classified as AMEs (MOET, 2024a)[22]. Since most workers are concentrated in long-established IPs in Hà Nội, Đà Nẵng, Hồ Chí Minh City, Bình Dương, Bà Rịa–Vũng Tàu, and Đồng Nai, the majority of children reached by these subsidies are in those cities. By May 2024, more than 181,000 children had benefited.

Parental subsidies can improve affordability for some families, but the value might be too low to incentivize many lower-income families to shift to licensed non-public care. The monthly subsidy for parent fees would reduce average tuition fees by 6.7 percent, to VND 2.2 million for ICGs, and by 4.6 percent, to VND 3.3 million for private preschools for 9 months per year, leaving 3 months unsubsidized.[23] According to the household survey, this subsidy could encourage 41 percent of children, whose mothers are not currently using licensed non-public care, to be enrolled in such care. The reported willingness to use this subsidy is higher than average among the poorest households (53 percent), migrants (49 percent), those living near areas with IPs (44 percent), ethnic minorities (58 percent), for children under age 3 (48 percent), and households in Thai Nguyen (52 percent) (Figure 16).

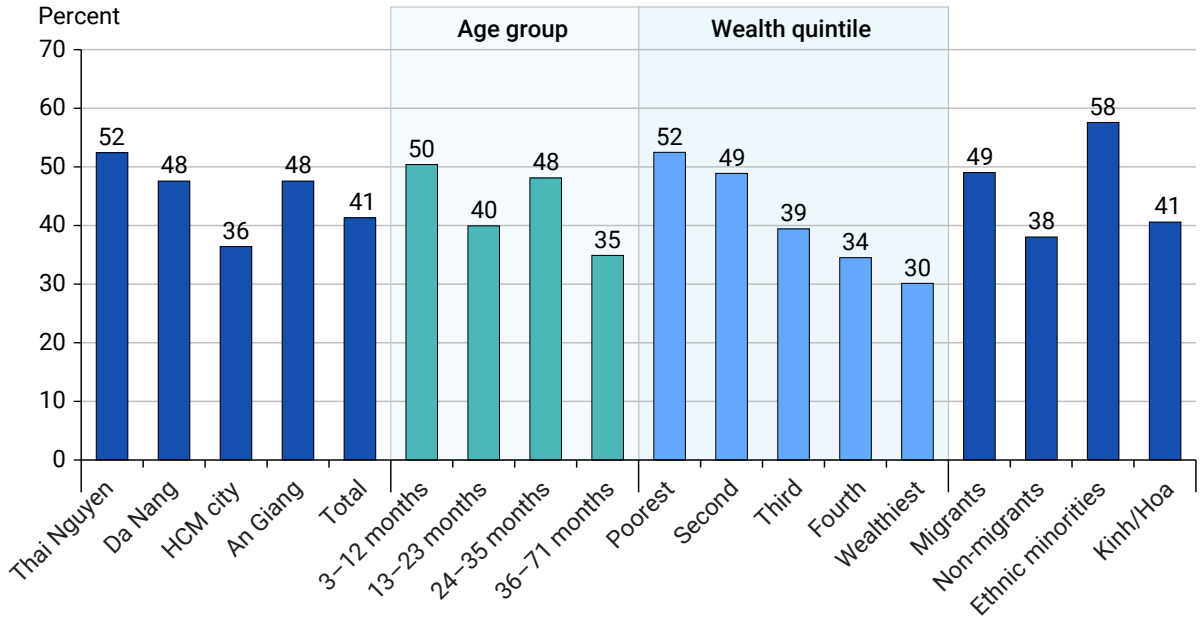
However, global evidence suggests that there may also be a disconnect between parents' reported willingness to use the subsidy and pay the remaining fees out-of-pocket, and their actual ability to pay. For example, in Bangladesh, a 2017 survey found that 96 percent of parents would be willing to pay an average of ~US$2.50 per month for childcare, but when charged ~US$1.20 per month, parents could not actually afford it and many children dropped out (Elsey et al., 2019). Therefore, it is important not to overestimate the willingness to use or pay for services reported in the surveys.

In the household survey, for over 20 percent of children, mothers report that the subsidy amount of VND 160,000 would be too low to make licensed non-public care feasible. On average, these mothers indicate they would need nearly VND 1 million monthly to afford licensed non-public childcare, with higher amounts needed for children under 12 months (VND 1.26 million). Assuming high-quality services are available for children under 3, a subsidy of VND 1 million could reduce the average fees paid by the poorest

22. An industrial cluster (*cụm công nghiệp*) differs from an IP in that it is established by provincial authorities rather than the Prime Minister, and operates on a smaller scale.

23. The fact that the subsidy is available for only 9 months of a school year is based on the argument to exclude three summer months, when students stay at home rather than at school. However, this is not true with ECD services, because workers need the service for the whole calendar year.

Figure 16 Proportion of children with mothers willing to use subsidies by demographic characteristics



Source: Authors' survey and analysis, 2023.

Note: N=928 children who are not enrolled in licensed care.

households by about half, whereas the current subsidy of VND 160,000 covers only 8.9 percent of the cost. This suggests that higher value subsidies would be needed to incentivize more low-income families to use licensed non-public childcare.

6 Supply-side Constraints: Challenges Facing Childcare Providers

Vietnam's ECEC system does not provide equitable access to affordable and high-quality services—particularly for children under age 3—due to limited institutional prioritization, budgetary constraints, and uneven regulatory enforcement. Drawing on public sector analysis, the childcare provider survey, and MOET's review of subsidies in areas with industrial parks, this chapter identifies the distinct supply-side challenges facing public preschools and private providers.

Public ECEC provision faces binding supply-side constraints that limit expansion. Although the 2025 National Scheme (Decision No. 2270/QĐ-TTg) introduces full tuition waivers that can improve affordability, limited public capacity means access remains constrained. Without safeguards to prioritize low-income households and expand service availability, better-off families may disproportionately benefit from scarce public places. At the same time, public sector downsizing, limited provincial budgets, and the low prioritization of ECEC for children under three continue to restrict the expansion of public childcare services, making supply constraints the primary bottleneck. Given competing fiscal priorities, the case for directing public resources toward childcare expansion rests on a strong return on investment. As demonstrated in Chapter 3, the economic benefits flow primarily through restored maternal employment and household income gains, making childcare one of the higher-return investments available within the social sector.

Private ECEC providers confront a different set of constraints. Existing incentives such as tax breaks, land-rent exemptions, and PPP instruments are too general and not tailored to the

operational realities of the childcare sector. As a result, they do little to support private providers, such as private kindergartens or ICGs, in offering affordable, high-quality services, especially for low-income families. Targeted subsidies in AMEs—covering teachers, providers, and parents—also have a limited effect because they are small in value and administratively burdensome to access.

Smaller-scale childcare providers, namely ICGs and FCGs, face persistent challenges in ensuring high-quality care compared to public and private kindergartens. This is related to a lack of government funding, heavy reliance on parental fees, lower regulatory standards, and limited oversight capacity. Addressing these challenges will require strategic investment and targeted reforms to enhance the supply and accessibility of licensed, high-quality, and affordable childcare, particularly for infants and toddlers.

6.1 Budget Constraints and a Lack of Prioritization Are Affecting the Public Sector

Public sector downsizing remains a key obstacle to expanding public childcare for children under 3, especially in provinces with weaker fiscal resources. Most public preschools currently admit children only from the ages of 2 or 3, and expanding access would require establishing new classes or centers for toddlers and infants. However, the policy of downsizing public sector staffing and facilities restricts the creation of new ECEC groups and positions, presenting a significant challenge to meeting the high demand for childcare for children under 3.

The shortage of public childcare spots can be attributed to competition for funding among public investment needs, in which economic infrastructure projects are prioritized. Economically disadvantaged provinces often prioritize transport infrastructure over essential social infrastructure like kindergartens and nurseries.

While public sector downsizing poses challenges nationwide, wealthier municipalities have found creative ways to expand childcare services, whereas economically disadvantaged areas face more severe limitations, creating territorial inequalities in childcare access. Financially better-off municipalities, such as Ho Chi Minh City and Da Nang, have found ways to circumvent staffing constraints. With stronger local budgets from robust tax bases and economic activity, they can invest in ECEC infrastructure. Some have established new schools in areas with unfilled staffing quotas or expanded existing schools by building additional classrooms on new campuses, thereby avoiding the need to increase management staff. In Da Nang, municipal education authorities are collaborating with the international NGO and childcare provider OneSky to train 1,048 teachers from ICGs, which has benefited as many as 31,199 children. There is now an enrolment rate for children under 3 of 83.6 percent.[24] This is an excellent example of public collaboration with NGOs to help promote teacher quality among ICGs and raise the overall quality of the childcare services provided in the province (see annex 9 for more information about OneSky).

6.2 Private Sector Incentives Are Limited in Relation to Tax and Land Use

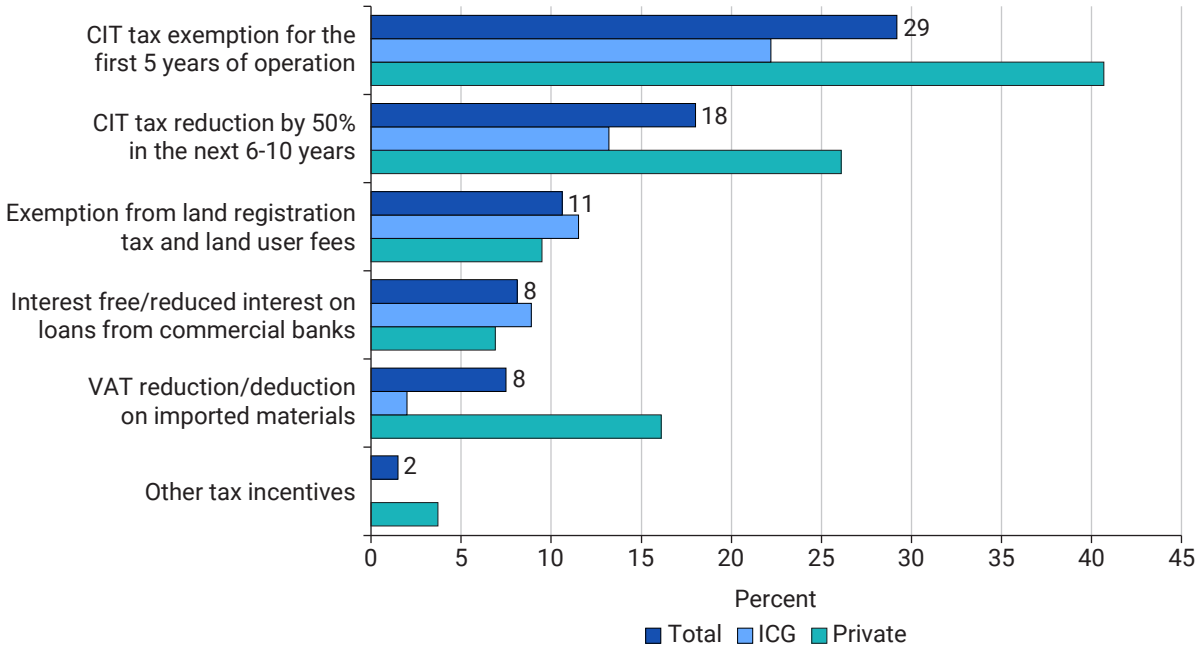
The Government of Viet Nam provides targeted financial incentives to encourage the establishment of private ECEC providers in areas with many laborers, but these efforts remain insufficient to support non-public childcare service providers—especially those catering to

24. Data counted by the end of the 2024-2025 school year, provided by Da Nang Municipal Department of Education and Training.

children under 3. To support the establishment of private preschools the government issued several policies, including incentives such as tax exemptions, corporate income tax (CIT) exemptions, and reduced land use fees. These measures are complemented with recent incentives specifically targeting childcare providers, namely ICGs, and parents in areas with IPs, to incentivize ECEC provision and utilization. However, overall, tax, land, and PPP incentives are not designed specifically for the ECEC sector and are largely inaccessible. This results in non-public providers either charging high tuition fees or lowering quality to keep fees low and remain profitable. They also prioritize services for children above age 2, as taking care of infants and toddlers is more costly due to higher staffing requirements.

Despite the availability of tax and financial incentives intended to stimulate childcare provision, uptake among non-public ECEC providers remains limited. Providers that register as enterprises are eligible for CIT exemptions for the first five years and a 50 percent CIT reduction for the following five years, before paying the full 100 percent rate. They are also eligible for VAT reductions on imported materials, exemptions from land registration and usage fees, and access to interest-free or reduced-interest loans from commercial banks. However, fewer than one-third of non-public providers reported accessing any of these supports (Figure 17). CIT exemptions were the most common benefit used, reported by 29 percent of providers. Private preschools were twice as likely as ICGs—who tend to serve more cost-sensitive families—to access these exemptions. Moreover, fewer than 10 percent of providers received concessional bank loans. The most commonly cited barriers to using these incentives were lack of awareness or ineligibility, suggesting that current incentives have limited reach among most providers.

Figure 17 Less than one-third of non-public providers received any kind of subsidy



Source: Authors' survey and analysis, 2023.

Note: Only non-public providers (n=100) were asked about subsidies (excluding FCGs which are not entitled).

Land fee reductions are often inaccessible due to the conditions under which land is acquired. National policy allows for ECEC projects to access free public land or reduced land fees, but this policy does not work effectively for ECEC projects in areas with industrial parks. First, free public land provision is only applicable in remote areas or areas in extreme economic hardship, which is not the case for the location of IPs. Second, cheap land policy does not apply if land is obtained through auctions, which is frequently the case. For instance, in Da Nang, the selection of ECEC investors follows general procedures for socialized projects, typically involving land auctions.[25] While Da Nang authorities have offered post-auction rent reductions of 30–50 percent, Article 3(5) of Decree No. 135/2016/ND-CP explicitly excludes land acquired through commercial arrangements, including auctions, from eligibility for rent exemptions. As a result, ECEC providers participating in these auctions are often ineligible for land fee reductions, driving up investment costs and, consequently, childcare fees. This undermines the intended equity goals of the policy.

The limited effectiveness of these incentives is largely due to their design. Structured within the broader education policy framework, these incentives fail to address the unique characteristics of the sector (e.g., high costs associated with quality), resulting in misaligned and impractical measures (MOET, 2022). For instance, non-public ECEC providers receive the same tax incentives—such as value-added, export, and import tax benefits—as other sectors. While private investors appreciate these incentives, they report that the financial advantages are insufficient to offset the significant costs of establishing and operating private institutions. This mismatch diminishes their impact on expanding childcare services.

6.3 Facilitation of Public-Private Partnerships is Ineffective

Viet Nam's PPP framework has not effectively facilitated large-scale contracting of childcare services. The PPP Law (2020) offers some incentives for establishing ECEC facilities, but its high investment threshold (a minimum of VND 100 billion or US$4.3 million) excludes most small and medium-sized ECEC projects.

Apart from PPP Law, the private sector has been encouraged to support ECEC through a 'socialization' policy which encourages firms within IPs to support the provision of childcare for workers. In principle, enterprises and IP Management Boards (or IP developers) are expected to share costs of providing ECEC services with parents and the government. IP-based firms claim that they can fulfill their tax obligations and other compulsory contributions as required by Enterprise Law, but they neither want to provide childcare services nor are they qualified to provide such professional service[26].

25. In the Vietnamese politico-economic context, socialization of education, healthcare, and cultural projects means engaging non-state stakeholders in those projects to improve the enjoyment of better conditions in education, healthcare, culture, and the physical and moral development of the people (Resolution No. 90-CP, dated August 21, 1997, regarding the direction and policy in socializing education, healthcare and cultural activities). The Education Law (2019) defines socialization of education with the State playing the leading role in: developing education while diversifying types of education facilities and education modalities; encouraging and facilitating organizations and individuals to participate in developing education; encouraging the development of people-founded and private education facilities to meet the public demand for high-quality education (Article 16, provision 2).

26. Developers of IPs face a fragmented and evolving regulatory framework that has made their role in ECEC provision unclear. Older IP developers—those who invested before 2013—were never required to set aside land for childcare facilities. Newer developers were required to do so, but a 2018 regulation then prohibited workers' housing and childcare facilities from being built inside IP boundaries altogether, pushing responsibility for ECEC provision outside the land that IP developers actually control. The result is that in practice, many IP developers have played no role in ECEC provision—in some provinces, such as Thai Nguyen, none have done so at all.

Operate-and-Manage (O&M) contracts in PPPs may be better suited for the ECEC sector but alone cannot guarantee affordable childcare. O&M contracts enable private providers to operate and manage existing public sector assets under a concession agreement. However, in some provinces the Trade Union has used O&M contracts to lease ECEC facilities to private operators and the outcomes have been mixed. For instance, the American Academy private kindergarten in Long Xuyen City, An Giang province, operated a high-cost private school using leased Trade Union facilities. In contrast, Quang Hieu Private Company struggled to sustain operations in an industrial park area in Dien Ban district, Quang Nam province, due to low enrollment, and returned the facility to the Trade Union which was unable to assume control of the facility due to staffing shortages. An exception is a PPP project in Da Nang, where government support for land and construction, combined with funding from the international NGO OneSky, reduced parental fees. However, this model depended on substantial NGO endowments for operational costs, limiting its scalability. O&M contracts can lower investment costs for providers by allowing them to use the government's assets. However, such contracts lack provisions for operational cost support (teacher salaries, maintenance, etc.), which means that to make a profit, childcare providers may need to charge higher tuition fees (Devercelli and Beaton-Day, 2020).

6.4 Current Subsidies Fall Short of What Is Needed to Expand Non-Public Childcare Supply

Global evidence indicates that supply-side funding is more effective than demand-side subsidies in promoting access, quality, and equity in early childhood education and care. Supply-side funding enables governments to better manage the ECEC sector by linking funding to specific requirements, such as teacher pay, employment conditions, and quality standards, thereby enhancing provider accountability (Penn, 2014; Morabito and Vandenbroeck, 2020; Vandenbroeck, Lehrer and Mitchell, 2023). In contrast, demand-side funding routes subsidies through parents rather than directly to providers, limiting the ability to enforce spatial availability and workforce and quality standards, which are essential for equity and accessibility (Penn, 2014). While parental subsidies (vouchers) have expanded childcare supply in some contexts—such as the Netherlands and Australia—primarily through for-profit providers, evidence suggests they often exacerbate inequalities (Warner and Gradus, 2011; Noailly and Visser, 2009; Akgunduz and Plantenga, 2014). Given the scale of public investment required and the limitations of market-led provision, it is therefore important to assess the cost-effectiveness of subsidy-driven expansion models relative to alternatives such as municipal provision or public-private partnership models.

Supply-side interventions have expanded but face persistent design and coverage challenges. Viet Nam has progressively scaled up supply-side investment in ECEC, culminating in the 2025 National Scheme—Decision No. 2270/QĐ-TTg—which sets out an ambitious agenda for expanding and improving preschool provision in urban areas and industrial zones through to 2035 and beyond. This represents a significant policy commitment. However, the effectiveness of supply-side interventions will depend heavily on addressing weaknesses in the existing subsidy framework that the 2025 scheme builds upon.[27]

27. The 2020 supply-side scheme (Decree 105/2020/ND-CP) was originally limited to providers in IPs. Decree 145/2020/ND-CP subsequently extended the same incentives to providers in Areas with Many Employees (AMEs), but doing so requires a formal designation decision by the Provincial People's Committee Chair. To date, few provinces have issued such decisions; some have instead extended Decree 105 coverage to industrial clusters—smaller, provincially-managed industrial zones—on their own initiative (MOET, 2024a).

The 2020 subsidies were a useful first step, but their design limits their impact. The supply-side scheme introduced in 2020 (Decree 105/2020/ND-CP) provides two main instruments for non-public providers: a one-off equipment grant and a salary top-up for teachers in facilities where at least 30 percent of enrolled children have parents working in IPs or AMEs. In practice, both instruments have fallen short.

The equipment grant does little to reduce operational costs or help expand access. Designed as a one-time payment of at minimum VND 20 million (US$870), it has been used primarily to purchase toys and supplies—materials that providers report wear out quickly. Providers have expressed a preference for annual support over a single grant. In the provider survey, most indicated they would use the grant to improve teaching equipment (89 percent), enhance facility safety (38 percent), or invest in infrastructure repairs (9 percent)—suggesting the grant is too small and too infrequent to address their core needs (MOET, 2024a).

The teacher salary subsidy is too modest and too narrowly targeted to drive change[28]. The top-up of VND 800,000 (US$35) per month would raise average salaries by 12–16 percent, but even with the subsidy, non-public preschool teacher salaries (VND 5.9–7.2 million) would remain well below those of public school teachers (VND 11 million) and even workers in low-skilled manufacturing (VND 7 million). There is also a risk that providers reduce base salaries in anticipation of the government top-up, neutralizing its effect. Eligibility conditions compound the problem: the 30 percent enrollment threshold excludes many schools where workers' children are dispersed across multiple facilities; many teachers are ineligible because they do not yet hold the college-level qualification now required by the 2019 Education Law; and caregivers—who play a substantial role in day-to-day care—receive no support at all (MOET, 2024b). The result is that the subsidy benefits only a narrow subset of the lowest-earning teachers, making it an adequate lever for expanding supply or improving quality at scale.

The 2025 National Scheme targets the areas where the 2020 subsidies were weakest—infrastructure, quality standards, and teacher capacity—and represents a more comprehensive policy response. However, since the 2020 subsidies have only been in effective operation since the 2022/2023 school year, no impact assessment is yet available. Building robust monitoring and evaluation into the 2025 scheme from the outset will be essential to ensure that this more ambitious investment delivers measurable results for working families.

6.5 Regulatory Gaps and Disparities in Childcare Quality Exist

There is a lack of consistent quality standards across different ECEC provider types due to differences in regulation and oversight. The ECEC sector operates under a regulatory framework that differs sharply between public/private schools and ICGs/FCGs, with the former being under a well-defined, professionalized system, whereas the latter are under much lighter oversight. Public and private preschools have regulations for teacher-child ratios, organized activities, and teaching staff are required to hold university-level pedagogical qualifications (Education Law 2019 makes this a requirement for all center-based ECEC teachers). School performance is rigorously supervised by technical departments, including the Provincial Departments and District Divisions of Education and Training (PDOET and DDOET). A standardized curriculum and pedagogy are followed, though

28. For private kindergartens, 63 percent report that staff costs constitute more than 50 percent of their operational costs, whereas for the majority of ICGs (66 percent) staff costs constitute less than 50 percent of their operational costs.

private preschools have more flexibility in adapting these guidelines.

ICGs operate under lighter regulations. ICGs must obtain operational licenses from the Commune People's Committee (CPC), ensuring they meet standards related to space per child, educational materials, food hygiene, and other basic technical requirements.[29] Their operations are guided by local public school management in pedagogy and overseen by the CPC, public school management, and DDOET. However, due to the limited number of government officers in DDOET and in commune authorities, and a lack of staff within public school management, monitoring has been loosely conducted. The lack of clear and enforceable regulations on monitoring ICG quality is one of the key constraints to maintaining standards. While public and private preschools undergo both internal monitoring and external inspections, ICGs often lack these measures, either due to regulatory exemptions or ineffective implementation.

FCGs face the least regulatory oversight. They are not required to obtain operational licenses but must register with the CPC and meet minimum safety and hygienic standards.[30] FCG caregivers are only required to be in good health and hold a certificate of childcare skills (300 hours of training) and there is no requirement for inspection. In practice, FCG regulation is ambiguous, allowing many providers to bypass formal registration by declaring their services as non-profit childcare for relatives. This loophole weakens the CPC's ability to enforce registration, resulting in a majority of FCGs remaining unregistered. The lack of regulation and oversight makes FCGs particularly unsuitable for childcare, as they cannot ensure safe and high-quality care and education.

Quality of Teaching Differs Across Providers

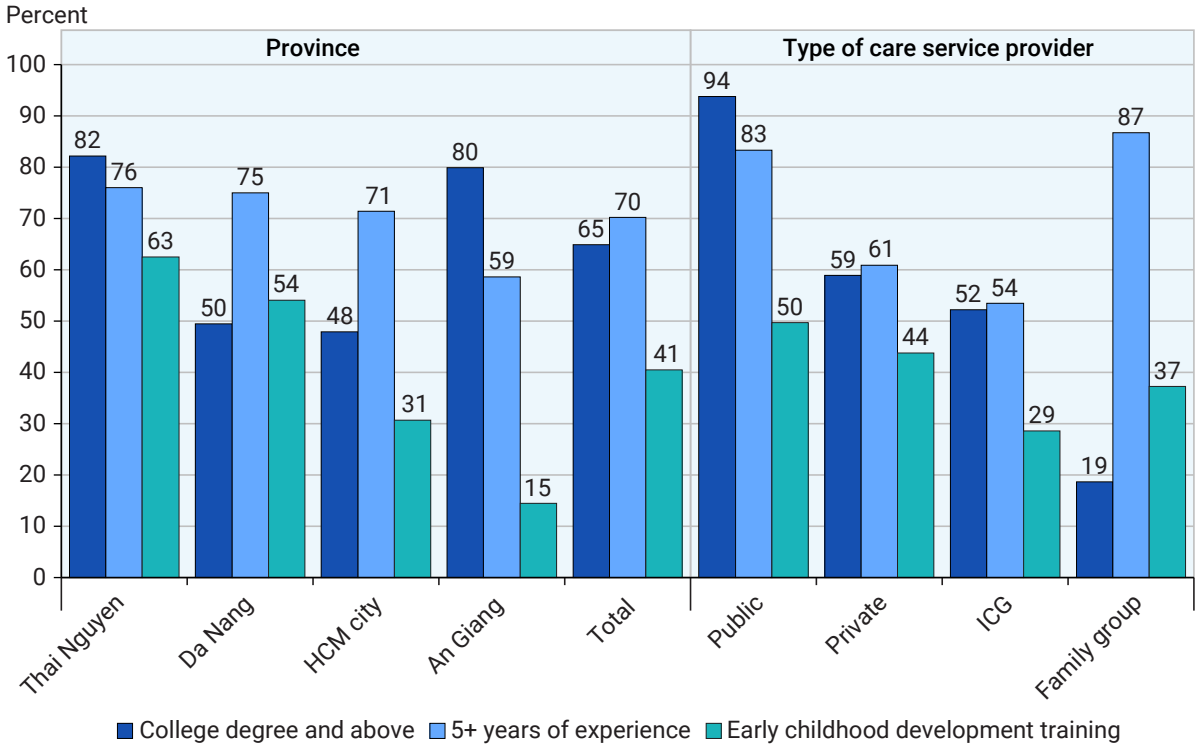
There are significant differences in the qualifications of teachers[31] across different childcare providers, with public schools employing the highest proportion of teachers with a college degree in early childhood education. Viet Nam's Education Law 2019 (Article 72.1) specifies that teachers in licensed childcare institutions (public, private and ICGs) should have at least a college-level bachelor's degree in an ECE profession. FCGs do not have such educational requirements. In the sample, 94 percent of teachers in public schools have college degrees, while private preschools and ICGs have only 59 percent and 52 percent, respectively (Figure 18). This suggests that many teachers in non-public schools do not follow the requirement of having a college degree. Public preschools are also more likely than other providers to have teachers with specialized training in early childhood

29. In their application, ICGs must provide required documents, including a land use certificate and qualifications of teachers and the institution owner, demonstrate compliance with technical standards, and have this compliance verified by the DDOET before a license is issued. ICGs can receive from 7 to 70 children. To admit more than 70 children, owners must upgrade their facilities to become a private ECD school. In general, ICGs have less stringent minimum standards compared to public schools.

30. In fact, Circular 49 does not clearly define the legal status of the FCGs. Rather, it mentions that establishment of this type of childcare group should follow government regulation on conditions for investment and operation in the education sector without mentioning specific regulations. So far, two Decrees governing this issue are Decree 46/2017/ND-CP dated 21/4/2017 on Conditions for Investment and Operation in the Education Sector and Decree 135/2018/ND-CP dated 04/10/2018 on amendments of some articles in Decree 46. According to those decrees, FCGs should contact CPC for operational registration (Article 10.6 of Decree 46).

31. Caregivers' professional and pedagogical knowledge and skills determine their ability to provide sensitive, responsive, and stimulating care and education (Rao, 2020). Studies find that general educational qualifications, specialized pre-service training, and in-service professional development have positive effects on children's development (Dalli et al., 2011; Fukkink and Lont, 2007; Munton et al., 2002), though the effects of teachers' qualifications on children's development depend on children's age and the context within which care is provided (Whitebook et al., 2009).

Figure 18 Teachers' qualifications



Source: Authors' survey and analysis, 2023.

care and education.[32] In addition, almost 80 percent of public teachers have more than five years of experience. Although experience does not always guarantee quality, regular training and close monitoring of public schools by local governments likely contribute to teachers' training, skills, and the quality of care. FCG carers are the least professionalized in terms of education: only 19 percent have a college degree, and only 37 percent have some training in early childhood development.

In Viet Nam, despite many preschool teachers holding college degrees and working long hours, they are highly underpaid. In the provider survey, preschool teachers report working between 45 to 57 hours per week (Figure 19), yet average earnings are only VND 5.7 million per month—just 60 percent of the national average salary for school teachers.[33] The salary is also lower compared to other occupations requiring less training and qualifications.[34] These work conditions contribute to high levels of teacher turnover, hurting the overall quality of ECEC services. Teachers in ICGs and FCGs face the most severe economic

32. There is also an issue of the cost of getting a college degree, which, for under-qualified public teachers, is covered by the government budget, while for private schools and ICGs, teachers must pay themselves. Given the upgrading cost from VND 10–20 million per year (US$400–800) and the course lasts for 1.5-3 years, depending on the institution (public vs. private) and study mode, it is a heavy burden for low-salary preschool teachers. Private school and ICG owners are reluctant to support this cost—even partially—because they do not have teachers' work commitment after getting their degree.

33. Based on a survey of 5,755 employmees in Viet NamWorks (*Mức lương cho vị trí giao vien | Viet NamWorks*), the current average monthly salary of a school teacher in Viet Nam is VND 11,414,400.

34. In the household survey data, women working in self-employment earn on average VND 8.5 million, and women working in manufacturing or agriculture (sectors with lowest average wages) earn VND 8.5 and 7.7 million, respectively.

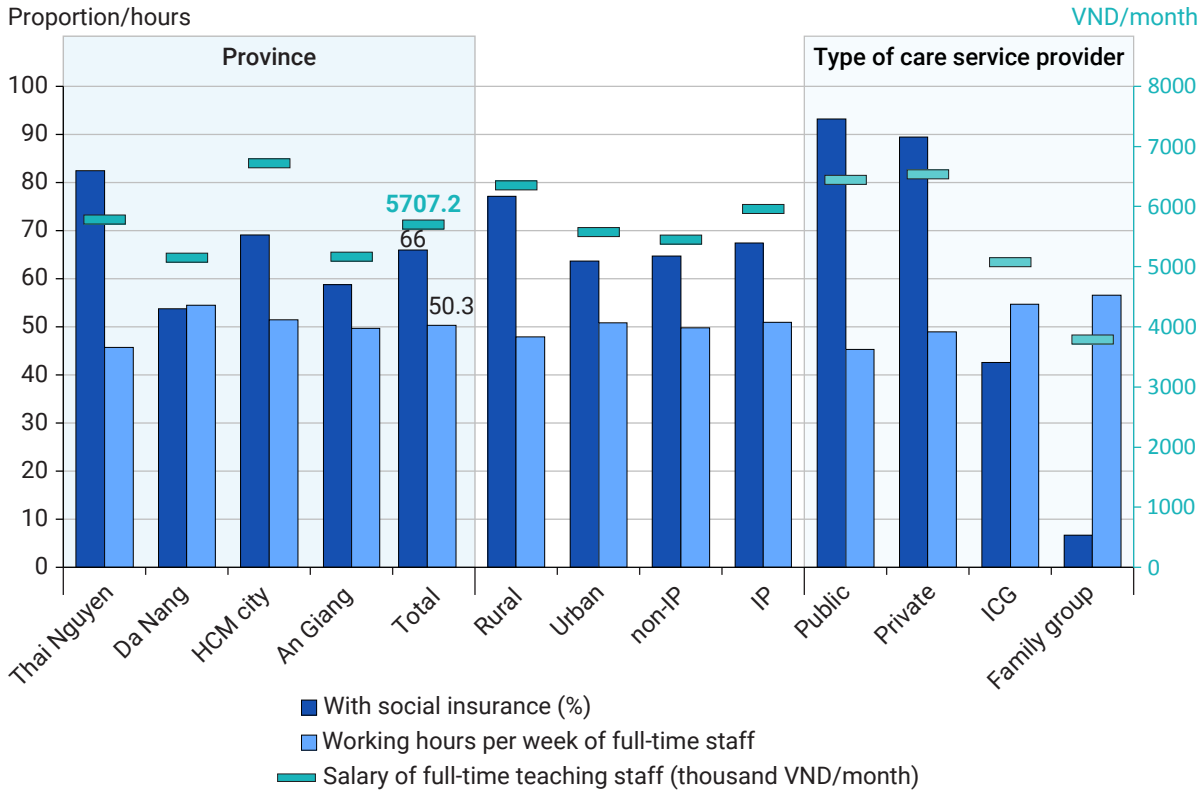
insecurity due to lower pay, longer hours, and lack of social protection. Compared to public and private preschool teachers who earn around VND 6.4 million per month, ICG teachers earn less, an average of VND 5 million, and FCG caregivers even less—just VND 3.8 million—despite working 55–57 hours per week (Figure 19).

Salaries of public preschool teachers are categorized and indexed by different scales (with the highest level amounting to VND 15 million per month). This creates motivation for them to improve their professional skills and qualifications. Such scales do not exist for teachers working in ICGs and FCGs. These caregivers are also the least likely to be covered by social insurance, further exacerbating their financial vulnerability. Meanwhile, teachers in private schools are more likely to be insured because most private schools are treated by law as enterprises, and therefore avoidance of paying insurance for employees is a law violation.

Teacher-child Ratios

Across all providers, teacher-child ratios for groups serving children under age 3 are favorable, indicating fewer children per teacher and exceeding regulatory requirements. For infants and toddlers aged 3 to under 2 years, the average teacher-child ratio is 4.3, which is an improvement over the minimum required ratios of 6 to 8 for these age groups (Figure 20). Private preschools demonstrate better ratios, averaging 3.3, compared to 4.0 in public preschools for children ages 2 months to under 2 years old. However, public schools outperform private preschools for children aged 2 to under 3 years old. In contrast, ICGs and FCGs have less favorable ratios for all children under age 3 (Figure 20).

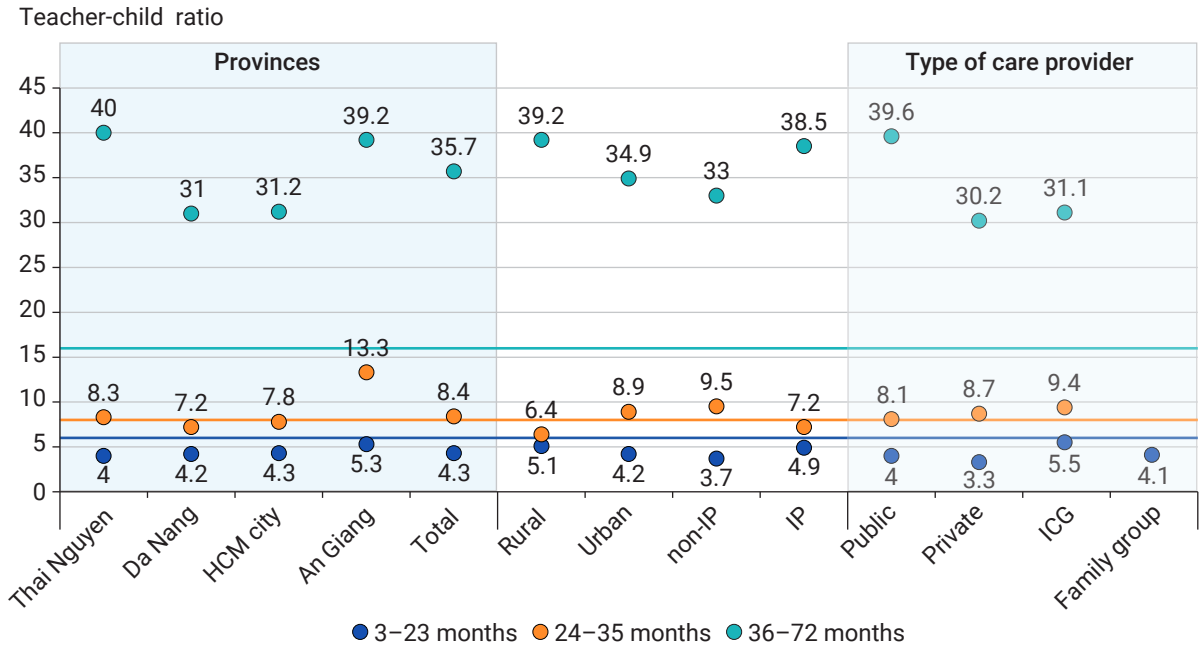
Figure 19 Teachers' working hours, compensation, and social insurance



Source: Authors' survey and analysis, 2023.

Note: Salary data presented on the secondary axis (right), proportion of teachers with social insurance and working hours are on the primary axis (left).

Figure 20 For children under 3, teacher-child ratios are acceptable but too low for children above 3



Source: Authors' survey and analysis, 2023.

Note: Child/teacher ratio is calculated by taking the total number of enrolled children divided by the total number of teachers/caregivers. Most providers offer full-time classes. Three colored lines in the graph represent the maximum number of children per teacher allowed by national standards (blue – 8 children in 13-24 months age group, orange – 10 children in 25-36 months age group, gray – 16 children in 5-6 age group; for 3-4 it should be 11 and for 4-5 it should be 14).

The teacher-child ratios for children over the age of 3 reveal a troubling trend of excessively high numbers of children per teacher, averaging 35.7 across all providers. Public preschools have the worst ratios due to higher demand, while the national cap on the number of teachers makes it impossible to recruit more teachers to lower these ratios. Public preschools have an alarming 39.6 children per teacher, more than twice the mandated ratios of 11, 14, and 16 children per teacher for full-day classes catering to 3 to 4-year-olds, 4 to 5-year-olds, and 5 to 6-year-olds, respectively (Figure 20). These ratios indicate that most classes for children over age 3 are overcrowded, suggesting a need for class restructuring to enhance quality. Exceptions for staffing caps in demand-driven public service delivery sectors may be needed to improve their quality. Although private preschools and ICGs demonstrate slightly better ratios, averaging around 30 children per teacher, these figures still fall short of regulatory standards.

ICGs and FCGs Lack Structural Quality

Public and private preschools offer the highest combined structural quality, whereas ICGs and FCGs fall far behind. Public and private schools have the highest overall score of structural quality (86), whereas ICGs are much further behind (58), and FCGs rank the lowest (34) (Table 3). The differences in quality across providers are often a result of differences in human resources and infrastructure/facilities and their regulation (Annex 7).

Private preschools score highest on infrastructure quality, largely due to the availability of classrooms, safety features, and playgrounds. The infrastructure index, based on 19 observed

Table 3 Structural quality indices (means) by provider type

	All providers	Public	Private	ICG	FCG
Overall quality index (1-100)	71.3	86.6	86.4	58.4	34.1
Human resource index (1-100)	55.2	78.7	58.3	38.8	20.9
Infrastructure quality index (1-100)	75.3	84.8	91.7	63.5	51.1
Curriculum & material index (1-100)	89.5	97.1	94.6	88.6	61.2

Source: Authors' survey and analysis, 2023.

Note: To compare overall structural quality across providers we construct a composite index, which consists of three dimensions and 30 variables that measure the quality of infrastructure, curriculum, materials, learning, and human resources. The scores of the structural quality index range from 0 to 100, with 0 indicating lowest quality and 100 indicating the highest quality. We followed the World Bank (2015) (technical note 6) approach to construct the structural quality index. Principal component analysis was used to construct the index.

indicators, assesses classroom availability, appropriate toilet facilities, care areas, indoor space, cleanliness, safety measures, and playgrounds. ICGs and FCGs have a wider variation in infrastructure quality compared to public and private preschools, indicating inconsistent conditions across these facilities (see Annex 7 for documents on regulations). The most significant disparities between private preschools and ICGs/FCGs are in three key areas: 1) clearly marked emergency exits; 2) multi-purpose rooms for arts and physical education; and 3) playgrounds and equipment for gross motor activities.

ICGs and FCGs perform poorly on indoor and outdoor space requirements. The provider survey found that only 77 percent of ICGs and 64 percent of FCGs meet the minimum requirement of 24m² for nursery classroom size, compared to 92 percent of private and 100 percent of public kindergartens.[35] Furthermore, only 50 percent of ICGs and 28 percent of FCGs offer outdoor play areas, and only 8 percent of FCGs have any playground equipment, whereas nearly all public and private kindergartens provide well-equipped outdoor spaces.[36]

Public and private preschools have the highest scores on the curriculum and material index, offering a more holistic range of daily activities and regular parent-teacher meetings than ICGs and FCGs. The most significant disparities between high- and low-scoring childcare centers lie in two areas: 1) the provision of structured learning activities such as physical exercise, outdoor play, free play, and nap time; and 2) the presence of formal meetings between parents and schools. ICGs and FCGs are considerably less likely to offer these features compared to public and private preschools. While nearly 90 percent of public preschools hold parent-teacher meetings, only 58 percent of private preschools and 26 percent of ICGs do so. Notably, FCGs do not typically hold these meetings.

35. See Article 18 of Circular 49/2021/TT-BGDDT and Circular 13/2020/TT-BGDDT.

36. Rural areas and IP areas, which tend to be in semi-urban locales, are more likely to have outdoor space and offer playgrounds than urban and non-IP areas.

7 Policy Recommendations

This chapter presents policy options to expand access to affordable, high-quality childcare in urban areas near industrial parks, with a particular focus on children under age 3 where gaps are most acute, but addressing the ECEC system as a whole. These areas are characterized by a high concentration of migrant workers, and a policy environment—anchored in instruments such as the Labor Code and ECEC sector strategies—that recognizes childcare as essential to supporting employment and child development. Several of the barriers identified in earlier chapters—including regulatory frameworks, workforce capacity, financing structures, and household registration—operate at the system level and must be reformed across all provider types and age groups to create the conditions for sustainable improvement for the youngest children. While evidence from earlier chapters shows that public childcare is the preferred option for families, public provision alone cannot meet current demand, particularly for infants and toddlers. The chapter therefore focuses on how the public sector can facilitate the expansion, affordability, and quality of childcare services across both public and private providers, including through public investment, regulation, subsidies, and public-private partnership (PPP) models. Expanding access must be accompanied by sustained efforts to ensure quality across all providers. Annex 1 presents the policy matrix.

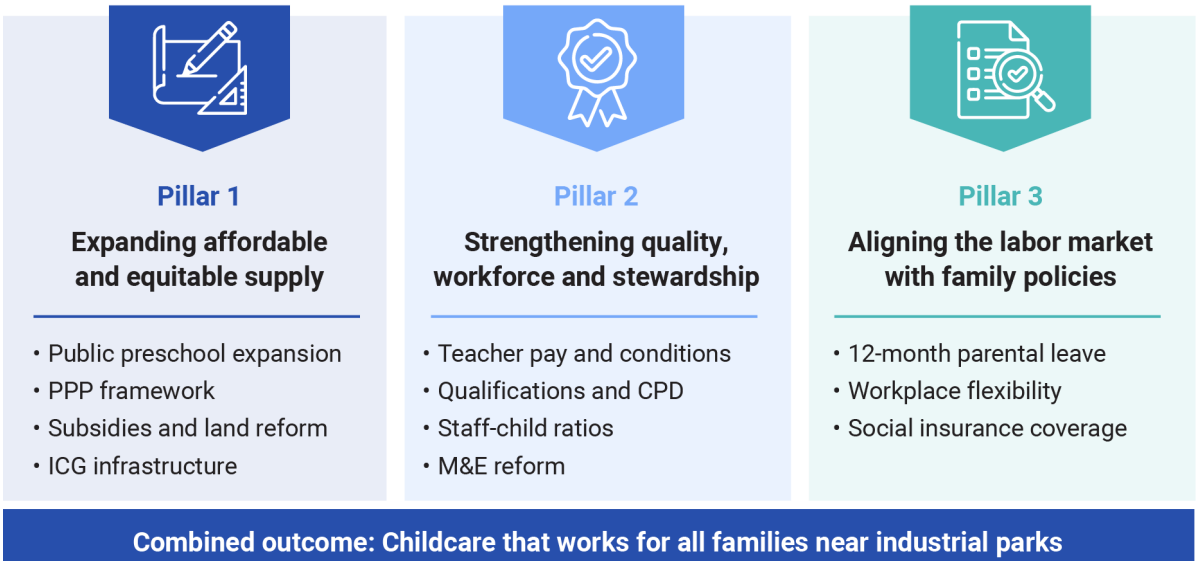
The challenges and opportunities identified in previous chapters cannot be addressed through a single policy intervention. International evidence demonstrates that effective expansion of early childhood care requires a multifaceted strategy combining supply-side investments, demand-side support, and regulatory frameworks (OECD, 2019b; Dougherty and Morabito, 2023).

Global experience shows that demand-side subsidies alone—such as parental vouchers or fee assistance—are insufficient to ensure equitable access to quality childcare. While vouchers can increase parental purchasing power, they do not guarantee the availability of quality services, particularly in underserved areas where market incentives are weakest (Penn, 2014; Vandenbroeck, Lehrer and Mitchell, 2023). Without corresponding supply-side investments, voucher programs risk widening inequalities, as advantaged families in well-served areas benefit while vulnerable populations—including migrants and low-income families near industrial parks—continue to face access barriers (Warner and Gradus, 2011).

Similarly, relying solely on ICGs to fill supply gaps will not address documented shortages without significant public sector intervention. While ICGs currently serve an important role, particularly for children under age 2, their sustainability and quality depend on adequate regulatory oversight, operational subsidies, and infrastructure support. International evidence indicates that comprehensive childcare systems combine public provision as the foundation, with well-regulated and financially-supported non-public providers serving as complements, not substitutes (Morabito and Vandenbroek, 2020).

The policy options in this chapter therefore follow a systems approach built around three mutually reinforcing pillars, as set out in the framework below.

Figure 21 Policy recommendation framework: Three pillars – one system



7.1 Pillar One: Expanding Affordable and Equitably Supply

Expand and Open New Spots for Children Under 3 in Public Preschools near IPs

Expanding public childcare for children under 3 can significantly enhance access, affordability, and quality of childcare services. International experience shows that high coverage, access, and quality in childcare systems are associated with sustained public investment and strong public financing mechanisms (Dougherty and Morabito, 2023). These systems typically rely on centralized transfers to local governments responsible for service delivery, with public funding covering a large share of costs, and parental fees capped or income-adjusted (OECD, 2019b). While fiscal and institutional conditions differ, this experience underscores the importance of predictable public financing and affordability measures in expanding childcare access for children under 3.

Viet Nam has an integrated and well-established ECEC system, which is dominated by public schools and could be expanded to provide affordable, high-quality childcare for children under 3. The government has unique tools and capacities that non-public organizations lack: it can access demographic data to forecast demand, benefit from economies of scale in construction, human resources, and administration, and repurpose vacant public buildings for new projects (Friendly et al., 2024). Public preschools are also superior employers, offering better working conditions, lower staff turnover, and better benefits for early childhood educators, all of which are critical to maintaining quality. Several municipalities have already successfully piloted public childcare services for children under 3, including for lower-age groups such as 6-12 months.

A well-developed public provision model for ECEC requires a national policy framework that sets clear goals, establishes standards, and regulates staffing and financing while decentralizing the management and provision of services to municipalities (OECD, 2006). For this model to be effective, the government must relax staffing quotas and commit adequate resources in new infrastructure, to support the expansion of childcare services and be informed by a fiscal impact assessment. The framework should prioritize areas with higher concentrations of children aged 0–3, low coverage, and greater financial burdens on parents and municipalities (Dougherty and Morabito, 2023), and a phased approach prioritizing industrial park areas with demonstrated demand and existing municipal capacity would be prudent. To maximize the impact of childcare programs, transfers from the central government could be conditional on meeting minimum quality standards and implementing robust quality monitoring systems. The effectiveness of this system will require close collaboration among different levels of government and active engagement with civil society (Dougherty and Morabito, 2023).

Establish a PPP Framework Suitable for Contracting Childcare to Private Providers

Viet Nam could expand childcare provision through public-private partnerships, but this approach has its challenges. In a public-private partnership model, the government contracts childcare services to private sector (non-profit or for-profit) actors. The government is responsible for performance, and the provider receives either a per-student fee or a management fee and is held to account for performance or outcome indicators (Beaton-Day, Currimjee and Devercelli, forthcoming). This model retains overall government responsibility for childcare provision while leveraging the non-state sector to help address capacity constraints and promote greater flexibility in service delivery (ibid). However, these partnerships are inherently complex, and challenges in their design and implementation can

exacerbate inequalities. For instance, private schools in PPP arrangements may reduce equity by setting selective admission criteria or charging fees beyond public funding (Brookings, 2017). Additionally, PPPs may strain public schools, which often end up serving a disproportionate share of lower-income students, potentially leading to declining quality (ibid).

For public–private partnerships to effectively support affordable childcare expansion, government funding must go beyond capital investment to cover operational costs. Viet Nam already operates PPP models, but only an O&M modality has been used in the ECEC sector and with mixed results. The main issue with the O&M model is that it only allows providers to use government assets at concession and while this reduces investment costs (as clearly stated in Resolution 71/-NQ-TW of the Politburo dated 22/08/2025 on Breakthrough Development in Education and Training), there is no support for operational costs which are high for private providers (Provider survey, 2023; Devercelli and Beaton-Day, 2020). Hence, beyond offering free/subsidized use of public land and buildings, PPP arrangements could include different operational supports, such as per-child allocations, staff salaries, or rent subsidies. For example, in Sweden and Iceland, where childcare is predominantly public, independent non-profit providers also receive government funding to cover operating costs, largely through per-child allocations, and funding is tied to regulations for quality and parental fees (Eurydice, 2023).

Comparable operational-financing approaches are also used in several non-Nordic countries. For example, Uzbekistan has established PPPs to finance private childcare providers by providing permanent land and material and technical support, alongside per-child operating subsidies that help cover staff costs and core recurrent inputs (Sakhonchik et al., 2023). Malta has introduced a free childcare scheme for registered daycare facilities under which the government pays a uniform rate per child to cover staff costs and basic consumables, conditional on registration and compliance with quality standards (ibid). In Mexico, private childcare providers serving children under age 3 receive in-kind support in the form of meal supplies and basic utilities such as electricity, water, and gas, reducing their recurrent cost burden while maintaining parental fees at affordable levels (Devercelli and Beaton-Day, 2020). In Colombia, the state-supported Hogares Comunitarios de Bienestar home-based childcare program provides a widely cited model in which the government subsidizes around three-quarters of operating costs for community caregivers, with parents covering the remaining share, illustrating how stable public financing of operations within a mixed-delivery model can enable large-scale access for low-income families (Dina et al., 2024).

PPP contracts must ensure that providers meet the quality standards set by the MOET, including staffing requirements, with regular monitoring to ensure compliance. When seeking to universalize access to preschool, England increased funding to private providers, but failed to enforce quality standards, resulting in new places with less regulation and fewer qualified teachers. This approach also did not help reduce achievement gaps between disadvantaged and advantaged students (Blanden et al., 2016). Thus, any PPP arrangements must incorporate strict quality standards to ensure that private childcare providers meet the same standards as public while also offering affordable services. Aligned with this direction, Resolution 71 (ibid) has asked for upgrading quality standards on minimum spaces, qualifications and standards to approach international standards in all education levels.

Reform Subsidies and Land Use Laws

Investment and Operational Subsidies

Public financing for ECEC expansion should prioritize supply-side mechanisms over reliance

on demand-side subsidies. In particular, government funding should be channeled directly to providers and municipalities and linked to enforceable requirements on staffing levels, teacher pay, service quality, and fee regulation. While parental subsidies can play a complementary role in improving affordability, they should not be the primary instrument for system expansion, given their limited ability to shape provider behavior and ensure equitable access. Public provision and well-designed public-private partnership models—supported by operational subsidies and strong regulatory oversight—offer more effective pathways for expanding affordable, high-quality childcare, especially for children under three and for low-income and migrant families.

Operational subsidies are essential for providers to ensure the sustainability and affordability of childcare services. Supply-side subsidies combining investment and operational grants have increased childcare availability in Mexico (Díaz and Chamussy, 2013), Singapore, and Ireland (Cullen, 2008; Hayes, 2016). Evidence from a simulation of different policy options in Turkey demonstrates that, when capacity constraints are high, such as in the case of Viet Nam, the most effective approach to expanding childcare provision combines one-time investment grants with operational subsidies and price caps (Aran et al., 2018). Alongside subsidy considerations, the government must resolve administrative challenges, which include problems with identifying target populations and staffing shortages. Streamlining subsidy administration could improve efficiency, foster supply growth, and improve access for parents.

An important measure for guaranteeing childcare quality is linking subsidies to quality standards. Without linking subsidy rates to quality standards, both the supply response and service quality may remain low (Warner and Gradus, 2011). In Singapore, the subsidy scheme requires providers to attain the Singapore Preschool Accreditation Framework (SPARK) certification and ensure the continuing professional development for their practitioners (Beaton-Day et al., *forthcoming)*. In New Zealand, funding (per-child hourly rate) is applied to providers serving low-income communities and children with special needs, contingent on practitioners having recognized qualifications and being paid appropriately according to salary scales defined by the government (ibid).[37]

Teacher Subsides

Teacher salary subsidies must be re-evaluated as the top-ups are too low to reduce turnover and linking them to qualifications excludes many teachers. Resolution 71 sets a target of increasing professional subsidies by at least 70 percent for teachers and 30 percent for staff in ECEC, primary, and secondary schools. If this requirement is applied to all providers, it could add further financial burdens to licensed private providers. To address this, the government should pay for extra subsidy value, regardless of ownership of ECEC institutions, expand eligibility and provide funding for teachers to attain college degrees. In the short term, subsidies should be extended to unqualified teachers who are pursuing qualifications, alongside offering them short training courses to bridge the gap. Moreover, teacher subsidies may need to be linked to children's age (under 3s), so that the market expands in the areas where it is most needed. In Ireland, for example, government subsidization of preschool for children over 3 led to a reduction in daycare capacity for children under 3 due to limited subsidies in that age group (ECI, 2016).

Alongside the re-evaluation of teacher subsidies, the government should consider a universal per-child subsidy. Given that cost structures of providers vary, it may be easier to shift to an

37. For New Zealand, see Ministry of Education Early Childhood Funding Return (RS7). For Singapore, see Ministry of Social and Family Development - Call For Applications For New Term Of Childcare Partner Operator Scheme November 2019.

operational per capita model rather than subsidizing teacher salaries. Survey data shows that staff salaries account for over half of operational costs in 63 percent of private preschools but only about one-third of ICGs, where salaries are lower and turnover may be higher. Conversely, rent represents a larger share of costs for ICGs (22 percent of operational costs, compared with 15 percent in private preschools). Given these variations, a universal operational subsidy per child could accommodate diverse cost structures, provided all non-public providers meet conditions for a certain level of teacher salaries, qualifications, and quality standards. The subsidy rate should be determined by municipalities based on the average operating costs per child in public preschools.

Fee Caps

Ensuring affordability also requires attaching clear conditions to subsidies, such as implementing price caps on childcare fees. Operational subsidies, if not regulated, may allow providers to accept subsidies without reducing parental fees, undermining affordability. To address this, governments can impose fee caps to ensure subsidies directly benefit parents. In countries with diverse providers, fee caps are often tied to household income, promoting equity (Penn, 2014).

Land Use

To address land constraints limiting the availability and quality of childcare services in areas with industrial parks, the government should introduce reforms to facilitate land-use conversion and incentivize private investments in childcare facilities. Specifically, Resolution 68/NQ-TW, which facilitates concessional lease of subsidized IP infrastructure by small and medium enterprises, reduced rents and preferential lease of unused public land and premises for them, has paved the way for such reforms. Clear guidance should be issued for the implementation of Article 218 of the 2024 Land Law to enable flexible, combined multi-purpose use of land, including conversion of residential and agricultural land to educational purposes and vice versa. This guidance should clarify eligibility for government incentives for non-public childcare providers and streamline procedures for land-use conversion, reducing costs and administrative burdens. Additionally, the government should encourage IP developers to allocate conveniently located land for childcare and include successful implementation models in the implementation of the 2025 National Scheme.

International experience demonstrates that strategic use of public land can serve as a powerful tool for governments to help expand affordable childcare rapidly and equitably (Buchhave, Stanley and Amoils, 2025). Governments can do this by: 1) allocating public land for new public childcare facilities; 2) leasing public land to private providers at below-market rates in exchange for affordability and quality commitments; and 3) requiring or incentivizing developers to include childcare in new developments (ibid). In Viet Nam, the 2025 administrative restructuring, which eliminated district-level administration and merged provinces, creates an opportunity to repurpose underutilized public buildings, including former administrative offices, for childcare in land-scarce urban areas. Municipalities can also require IP developers to reserve land for childcare as a condition of project approval. Provincial People's Committees should conduct spatial analyses to map public land assets—including vacant administrative buildings, underused school facilities, publicly owned plots, and shared-use spaces such as school playgrounds and parks—against areas of high childcare demand, with particular attention to ICGs and FCGs in densely populated neighborhoods where dedicated outdoor play space is limited. Resolution 71's provision for renting unused public assets to non-public providers offers a practical mechanism to act on these findings, prioritizing facilities serving children under age 3.

7.2 Pillar Two: Strengthening Quality, Workforce Professionalism, and System Stewardship

Enhance Teacher Pay and Work Conditions

Prioritizing significant improvements in teacher pay is critical to reducing turnover and retaining qualified educators, ensuring the sustainability and quality of the ECEC workforce. While underpayment of ECEC teachers is a global issue, many OECD countries have successfully aligned ECEC teacher salaries with those of primary and secondary education teachers, particularly where qualification requirements are comparable (OECD, 2021). Improving teacher salaries to match parity with school teachers in Viet Nam will require significant budgetary allocations, but innovative funding approaches can help mitigate financial constraints. For instance, salaries can be increased incrementally, or wage supplements can be tied to qualifications, skills, or strategic objectives.

A national salary policy could be implemented for early years educators, encompassing both public and non-public teachers. Such a policy would help professionalize the workforce and enhance the attractiveness and security of early education as a career (Devercelli and Beaton-Day, 2022). Key elements of this policy should include salary scales aligned with living wages, and preferably matching the salaries of primary school teachers. The policy should include a system of financial incentives to encourage non-public providers to adopt these scales, thereby ensuring consistency and quality in compensation across the early education workforce. Achieving pay parity between ECEC and school teachers necessitates direct government funding—otherwise the financial burden of increased salaries will fall on families, many of whom are already financially constrained (Vandenbroeck, Lehrer and Mitchell, 2023).

Improving working conditions for ECEC staff—such as reducing class sizes and adequate remuneration for overtime work—requires increased funding to expand sector capacity. High levels of stress, burnout, and inadequate support are frequently cited as reasons why ECEC staff consider leaving their roles, according to the supplier survey and key informant interviews. These challenges are driven by long working hours and large class sizes. Addressing these issues within budgetary limitations is challenging but can be done through greater flexibility and targeted funding.

Expand and Support All Teachers' Qualifications and Training

While Viet Nam has improved standards for the qualifications of ECEC staff, teachers need to be supported to achieve these qualifications and have opportunities for continuous professional development. Viet Nam has mandated higher qualifications for ECEC teachers, but many, especially those in ICGs, do not meet them.[38] To bridge this gap, the government can fund programs enabling public and non-public teachers to upgrade their qualifications. Free preschool education courses at public institutions can help them meet new requirements, covering tuition and living expenses. Given low sector salaries, self-financing is unfeasible, but prioritizing previously qualified teachers can ease the state's financial burden. Raising the minimum qualification requirements in times of staff shortages represents a challenging measure in the short term. However, the government could set a deadline, such as 2030, for unqualified teachers to complete their upgrades, ensuring a smooth transition to the higher standards while safeguarding the

38. Under the 2019 Education Law and Decree No. 71/2020/NĐ-CP, preschool teachers must hold at least a college degree in ECEC, with a roadmap to extend this requirement to all preschool teachers (Nguyen and Boyd, 2024). However, many non-public teachers, particularly those employed in ICGs established before 2019, hold only secondary-level certificates, which, under the older Education Law, were considered sufficient.

availability of skilled ECEC professionals across public and non-public settings in the long-term.

Enhancing children's developmental outcomes requires strengthening continuous professional development (CPD) for ECEC teachers, focusing on high-quality, interactive, and workplace-relevant training. Evidence highlights the importance of ongoing CPD for building skilled educational workforces (Bendini and Devercelli, 2022). Well-trained staff significantly influence children's well-being and developmental outcomes (Hulpia et al., 2024: OECD, 2021). It is critical to expand access to practice-based CPD that enhances teacher-child interactions and fosters rich, high-quality classroom experiences to support children's cognitive and social foundations.[39] Viet Nam has already successfully partnered with the NGO OneSky to provide training for hundreds of ECEC teachers. This approach has the potential for scalability. ECEC experts also recommend establishing professional learning communities (PLCs), where teachers have dedicated time for reflective practice, supported by pedagogical coaches (Hulpia et al., 2024). To ensure teachers can effectively engage in CPD opportunities, these programs must be integrated into the paid workday, and teachers should be compensated for any additional hours spent on training.

Improve Staff-Child Ratios in Public Preschools

There is a need to relax the national hiring cap on teachers, provide more flexibility for staff-child ratios, and set up targeted grants in select areas where financial resources are lower and staffing constraints are higher. The survey of providers reveals that many classes exceed the regulated maximum ratio of 29 children per teacher for 5 to 6-year-olds, and that 45 percent of public schools report challenges in meeting these regulatory standards. Currently, the national cap on the number of teachers makes it impossible to recruit more teachers to improve ratios. It is crucial to make exceptions or changes to staffing caps to improve teacher-child ratios because larger class sizes reduce the individualized attention teachers can provide, which impacts children's cognitive, social, and emotional development and well-being. By nature, improving staff-child ratios requires devoting resources and greater flexibility for public kindergartens to hire additional teachers, including teacher assistants. However, given limited budgets, one option would be to adopt flexible child-to-staff ratios that vary based on staff qualifications and the specific needs of children (OECD, 2019a). For instance, England implements a ratio of 13:1 for children aged 3 to 6 when a qualified teacher is present, reducing it to 8:1 in their absence (ibid).[40] Another strategy, following Finland's experience (OECD, 2022), involves establishing targeted conditional grants to improve quality in marginalized areas where financial resources are limited, and providers struggle to meet standards for staff pay and working conditions. These grants could be used to hire additional staff to improve teacher-child ratios and address excessive working hours to adapt to the expectations of shift-based parents. Importantly, grants should be tied to specific, measurable actions, such as offering incentives to attract qualified staff (e.g., higher salaries or bonuses), providing professional training, and implementing other quality-enhancing measures.

Reform Monitoring and Evaluation of ICGs and integrate FCGs into Regulatory Framework

To enhance the quality of ICGs and FCGs, it is necessary to design effective monitoring and

39. Research suggests that relevant in-service training is one of the most effective levers for process quality and for supporting children's development, learning, and well-being (OECD, 2018).

40. Additionally, for children over age 3, at least one staff member must have a higher vocational qualification corresponding to "Early Years Professional Status", and another must hold an upper-secondary level qualification (OECD, 2019a).

evaluation (M&E) systems—such as compulsory self-assessment, to promote improvements in the quality of ECEC. For internal evaluation, public and private preschools conduct self-assessments, including documentation of management practices, education planning, and monitoring children's activities. In contrast, ICGs are not required to perform self-assessments. As a structured, self-directed accountability tool (using observations, document review, etc.), self-assessment can help improve both structural and process quality in ICGs (Hay et al., 2025). Most high-income countries with strong monitoring systems combine official inspections with regular, mandatory self-assessments (Deverceli and Beaton-Day, 2022; OECD, 2015) that include self-evaluation reports, annual activity reports, development plans, or pedagogical plan revisions (Hulpia et al., 2024). Viet Nam could adopt a similar approach to help ICGs identify weaknesses and improve service quality.

Municipalities can enhance the monitoring of ICGs by strengthening inspection systems and ensuring adequate staffing and expertise. Currently, ICGs are monitored by public school staff but there is anecdotal evidence that ICGs may feel uncomfortable being monitored in this way, perceiving it as hierarchical rather than supportive. Viet Nam should consider establishing a dedicated, independent monitoring unit within the municipality[41] or delegate oversight to the same authority responsible for public preschool inspections. In OECD countries, external evaluations are typically conducted by the national inspectorate, or a regional branch of the inspectorate, which are part of the ministry responsible for ECEC, although they often operate independently (OECD, 2015),[42] while some countries, like Finland and Denmark, assign this role to municipalities.

FCGs should be integrated into the ECEC regulatory framework. FCGs operate informally and, as a result, authorities often lack awareness of their existence and cannot conduct inspections. Given these challenges, MOET has expressed interest in reducing reliance on FCGs by expanding access to regulated childcare services. However, international experience demonstrates that FCGs exist even in countries where public ECEC dominates (OECD, 2025). Therefore, in the short to medium term, while FCGs continue to operate, they must be integrated into the regulatory and quality assurance framework to protect young children and support their development. To align with international good practices, licensing processes could be introduced for FCGs, including minimum infrastructure standards, educator qualifications, and participation in training. External monitoring, including assessments of both learning environments and process quality, can further enhance standards.

Expanding process quality M&E systems to encompass all age groups, rather than limiting them to 5-year-olds, is critical to fostering high-quality learning environments across the ECEC system. Currently, MOET assesses structural quality through a national accreditation system, but for process quality, it focuses only on 5-year-olds, utilizing a specialized instrument with 70 indicators issued in 2024 (Nguyen and Boyd, 2022). While these assessments inform goal setting, planning, and program content for kindergarten classes, their effectiveness in ensuring curriculum implementation and improving quality remains unclear. Many high-income countries integrate inspections and other mechanisms to assess process quality as part of their broader quality assurance frameworks (OECD, 2021). Linking process monitoring to quality support mechanisms, such as targeted professional development, can strengthen ECEC staff capacity and ensure effective curriculum and pedagogical improvements (OECD, 2021; 2018).

41. A national team may be needed to support such units with the new mandate and requirements.

42. Inspections are also often complemented by internal self-assessments in settings conducted by managers and/or staff.

7.3 Pillar Three: Aligning the Labor Market with Family Policies

Extend Paid Parental Leave to 12 Months

The most comprehensive family policy systems globally, such as those in Nordic countries, combine subsidized or free early childhood education and care with well-paid parental leave, giving families genuine choice about how to balance work and care during children's early years. Starting with the 2025-2026 school year, Viet Nam waived tuition fees for all children in public preschools nationwide, and as discussed above, with some tuition support also provided for children in private and ICGs care facilities (the subsidy level set by local People's Councils). This policy addresses affordability and incentive to use licensed care, not availability—children are not guaranteed a spot in public or private preschools. Moreover, childcare services and parental leave serve different purposes, with the former enabling parents to work while children receive care and the latter allowing parents to temporarily step away from work to provide care themselves.

In Viet Nam, female workers with social insurance contributions are entitled to six months of maternity leave, and male workers can access five days of paternity leave. While tuition fees are now waived for all children in public preschools starting from the 2025-2026 school year, public preschools rarely accept children under age 2, as documented earlier. This creates a critical gap: after maternity leave ends at 6 months, families must either rely on informal care arrangements or pay for private preschools, ICGs or FCGs until children are old enough to access public preschools—typically not until age 2 or 3.

Viet Nam could consider expanding well-paid parental leave to 12 months, with each parent entitled to 6 months, aligning with the OECD average. This would require introducing a 6-month leave entitlement exclusively for fathers, allowing mothers to return to employment faster, reducing government spending on childcare services for infants under 12 months, and supporting father-child bonding (Sarkadi et al., 2008). Evidence from the UK suggests economy-wide benefits of £2.68 billion (about $3.4 billion USD) annually from increased paternal leave (Hughes, 2025). However, such figures require context-specific validation for Viet Nam through cost-benefit analysis using labor force survey data along with tools like the World Bank's ASPIRE database to model direct costs against offset benefits—increased tax revenue from mothers' earlier workforce return, reduced infant childcare subsidies, and potential health savings.

Effective parental leave requires four critical design features: 1) non-transferable father-specific leave forfeited if not used; 2) high wage replacement (80–90 percent) since low compensation discourages fathers from taking leave (Blum et al., 2023); 3) explicit anti-discrimination protections for leave-takers; and 4) cultural change initiatives to normalize fathers' caregiving. Without these elements, extended leave risks becoming de facto extended maternity leave, harming women's labor market prospects. International experience underscores these lessons. In Japan, paternity leave uptake remained below 3 percent for decades due to workplace stigma and low compensation, only rising to 17 percent after introducing non-transferable quotas and 67 percent wage replacement (Gender Equality Bureau Cabinet Office, 2023). South Korea's generous leave policies had a limited impact due to long working hours and workplace cultures discouraging fathers from taking leave (Lee, 2023). Conversely, Iceland achieved over 80 percent father uptake through three non-transferable months per parent at 80 percent wage replacement (Eydal and Gíslason, 2021).

Extending coverage to informal workers remains a key implementation challenge. Currently, only

30 percent of women giving birth are eligible for maternity leave. The Law on Social Insurance (LOSI) 2024 introduced significant incentives for voluntary contributions, including—for the first time—maternity benefits for voluntary participants. Female workers who contribute voluntarily for at least 6 months within the 12 months before giving birth are now entitled to maternity benefits equivalent to 6 months of salary. Other incentives include reduced minimum contribution periods for pension eligibility, flexible contribution levels and payment methods, and simplified digital access procedures. However, evidence on informal workers' uptake of these incentives remains limited. International experience suggests that voluntary enrollment alone is often insufficient without targeted outreach and subsidies. Thailand's Universal Coverage Scheme demonstrates that government subsidies make voluntary enrollment affordable for low-income workers (Tangcharoensathien et al., 2020), while Costa Rica successfully extended coverage through targeted subsidies for vulnerable populations (Mesa-Lago, 2008). For Viet Nam, monitoring uptake of the 2024 reforms is critical, particularly among women working near industrial parks. If voluntary enrollment remains low, additional measures may be needed—such as awareness campaigns highlighting the new maternity benefit, further subsidies for low-income workers, or simplified enrollment processes at workplaces. Fiscal implications of subsidizing informal worker contributions should be assessed using the International Labour Organization's (ILO's) assessment-based national dialogue (ABND) methodology to project costs under different coverage scenarios.

Reduce Working Hours and Increase Workplace Flexibility

Even with extended leave and expanded childcare, working parents in industrial parks need supportive workplace policies. The Vietnamese Labor Code (2019) sets regular working hours at 48 hours per week, with overtime capped at 300 hours annually. However, many sectors—textiles, garments, electronics, furniture—report average working hours exceeding 50 hours per week (ILO, 2019). The Vietnam General Confederation of Labor has proposed reducing the maximum workweek to below 48 hours (Dezan Shira and Associates, 2025), aligning with European standards. Evidence from Korea demonstrates that without reducing long hours, dual-earner families struggle to reconcile work and caregiving, with fathers facing particular challenges balancing work and family (Lee, 2023).

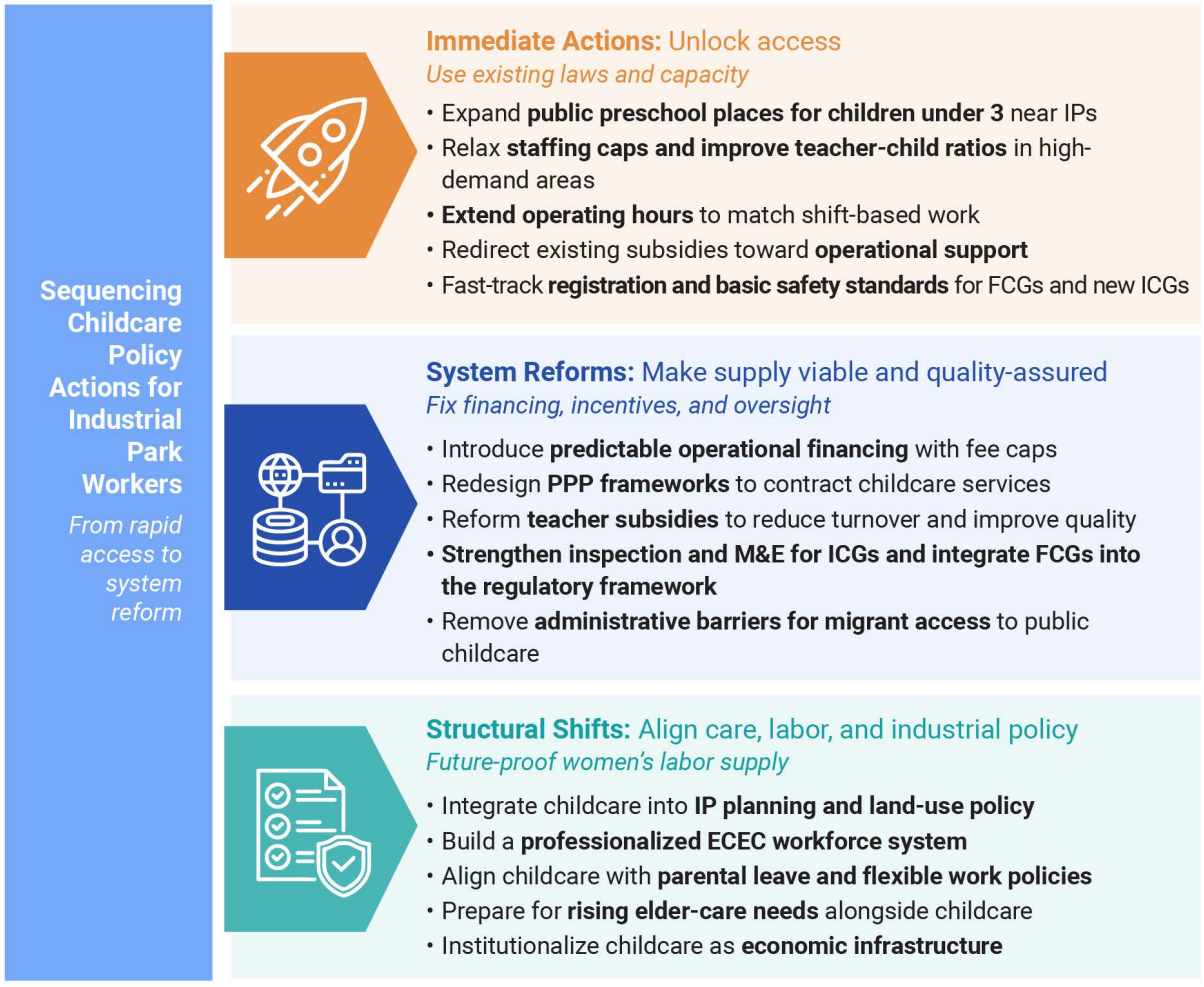
Flexible work arrangements—such as flexible start and end times, compressed workweeks, and part-time options—should be available across all job categories to enable parents to combine employment with caregiving responsibilities. While not all industrial park jobs accommodate telework, many positions could offer scheduling flexibility without compromising productivity. Given the clearly gender-divided nature of industrial park work in Viet Nam (Holla et al., 2026), communication and awareness campaigns about flexible work options should strategically target positions where men and fathers are concentrated—such as technical, supervisory, and logistics roles. This approach ensures that workplace flexibility policies reach fathers, not just mothers, helping shift workplace cultures that currently reinforce traditional gender roles. When fathers in visible positions utilize flexible arrangements, it normalizes shared caregiving and signals to other men that balancing work and family is both acceptable and valued.

7.4 From Access Gap to Systemic Fix: A Roadmap for Action

Translating the three policy pillars into practice requires not only the right reforms but the right sequencing. Figure 22 presents a phased roadmap for action, distinguishing between immediate measures that can unlock access

quickly using existing laws and capacity, system reforms that fix the financing, incentives, and oversight structures needed to make supply viable and quality-assured, and structural shifts that future-proof women's labor supply by aligning care, labor, and industrial policy. This sequencing reflects a core insight from the report's evidence: the most binding constraints on IP workers today—too few spots for children under three, incompatible operating hours, unaffordable fees, and weak oversight of smaller providers—can be addressed in the near term without waiting for deeper system reform. At the same time, near-term actions will not be sustainable without the medium-term system reforms that stabilize financing, strengthen the workforce, and extend regulatory coherence across all provider types. The structural shifts in the third tier—including integrating childcare into IP planning, professionalizing the ECEC workforce, and aligning parental leave with childcare availability—are longer-term in horizon but should be initiated in parallel, as they address the conditions that will determine whether Viet Nam can sustain women's labor force participation as its industrial economy upgrades and its population ages.

Figure 22 A roadmap for action



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Annexes

Annex 1. Matrix of Policy Options

Table A.1 Policy options to expand access to affordable, high-quality childcare for children under age 3 in urban areas near industrial parks

Overarching pillars	Specific policy options	Partners/key stakeholders
Pillar 1: Expanding Affordable and Equitable Supply	Expand and open new spots for children under 3 in public preschools near IPs	Provincial/municipal people's committees Public preschools.
	Establish a PPP framework suitable for contracting childcare to private providers	The Ministry of Finance Provincial/municipal people's committees
	Reform subsidies and land use laws	The (Central) Government The Ministry of Education and Training The Ministry of Finance The Ministry of Agriculture and Environment
	Address infrastructure constraints in ICGs	The (Central) Government The Ministry of Finance Viet Nam Labor Confederation Provincial/municipal people's committees
Pillar 2: Strengthening Quality, Workforce Professionalism, and System Stewardship	Enhance teacher pay and work conditions	The (Central) Government The Ministry of Education and Training The Ministry of Home Affairs Provincial/municipal people's committees
	Expand and support all teachers' qualifications and training	The (Central) Government The Ministry of Education and Training Non-public institutions (NGOs, private employers)
	Improve staff-child ratios in public preschools	The Ministry of Education and Training The Ministry of Home Affairs Provincial/municipal people's committees

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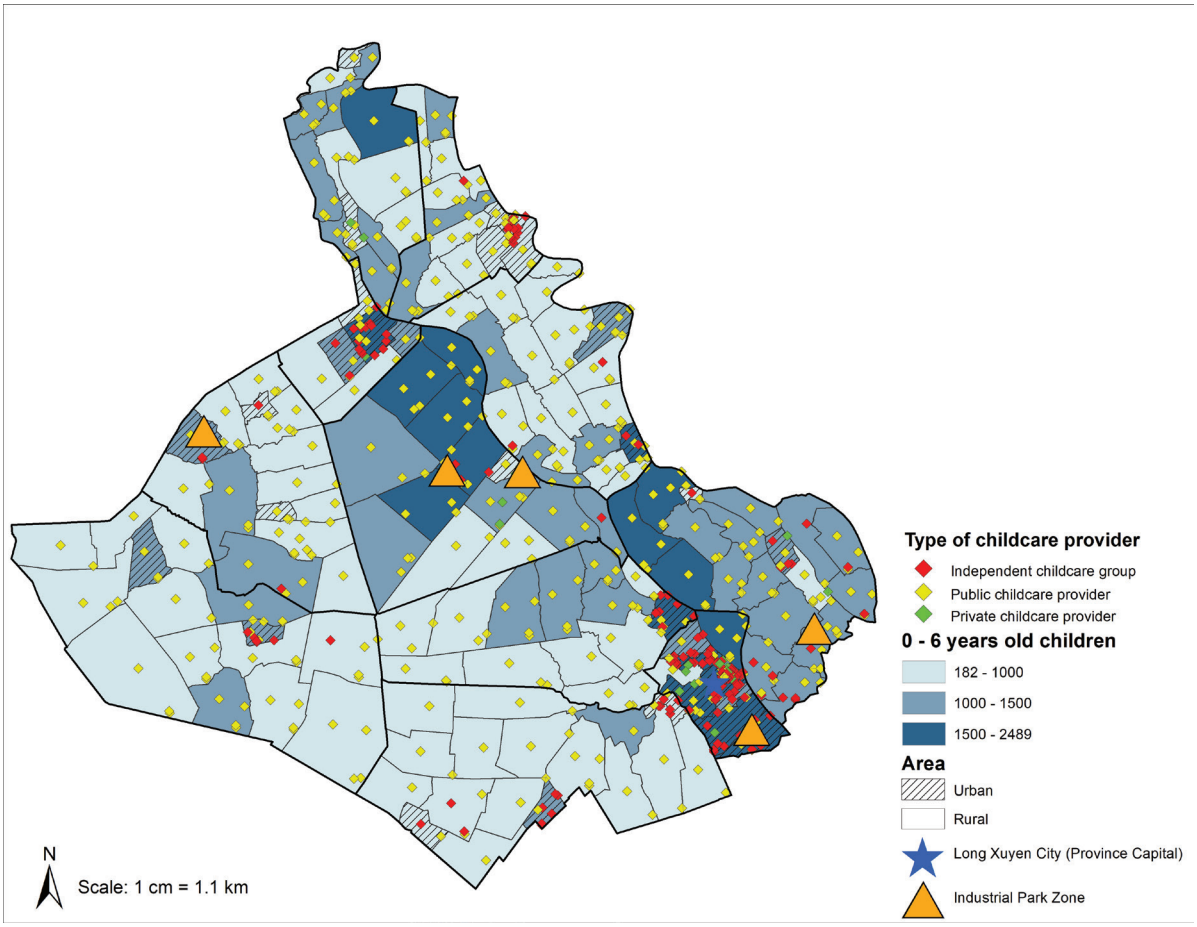
Table A.1 Policy options to expand access to affordable, high-quality childcare for children under age 3 in urban areas near industrial parks *(Continued)*

Overarching pillars	Specific policy options	Partners/key stakeholders
	Reform monitoring and evaluation of ICGs and integrate FCGs into regulatory framework	The Ministry of Education and Training Viet Nam Fatherland Front (primarily Women's Union) Provincial/municipal people's committees NGOs.
Pillar 3: **Aligning the Labor Market with Family Policies**	Extend paid parental leave to 12 months	The National Assembly The (Central) Government The Ministry of Home Affairs Viet Nam Social Security
	Reduce working hours and increase workplace flexibility	The National Assembly The (Central) Government The Ministry of Home Affairs Viet Nam Labor Confederation Private employers

Annex 2. Maps

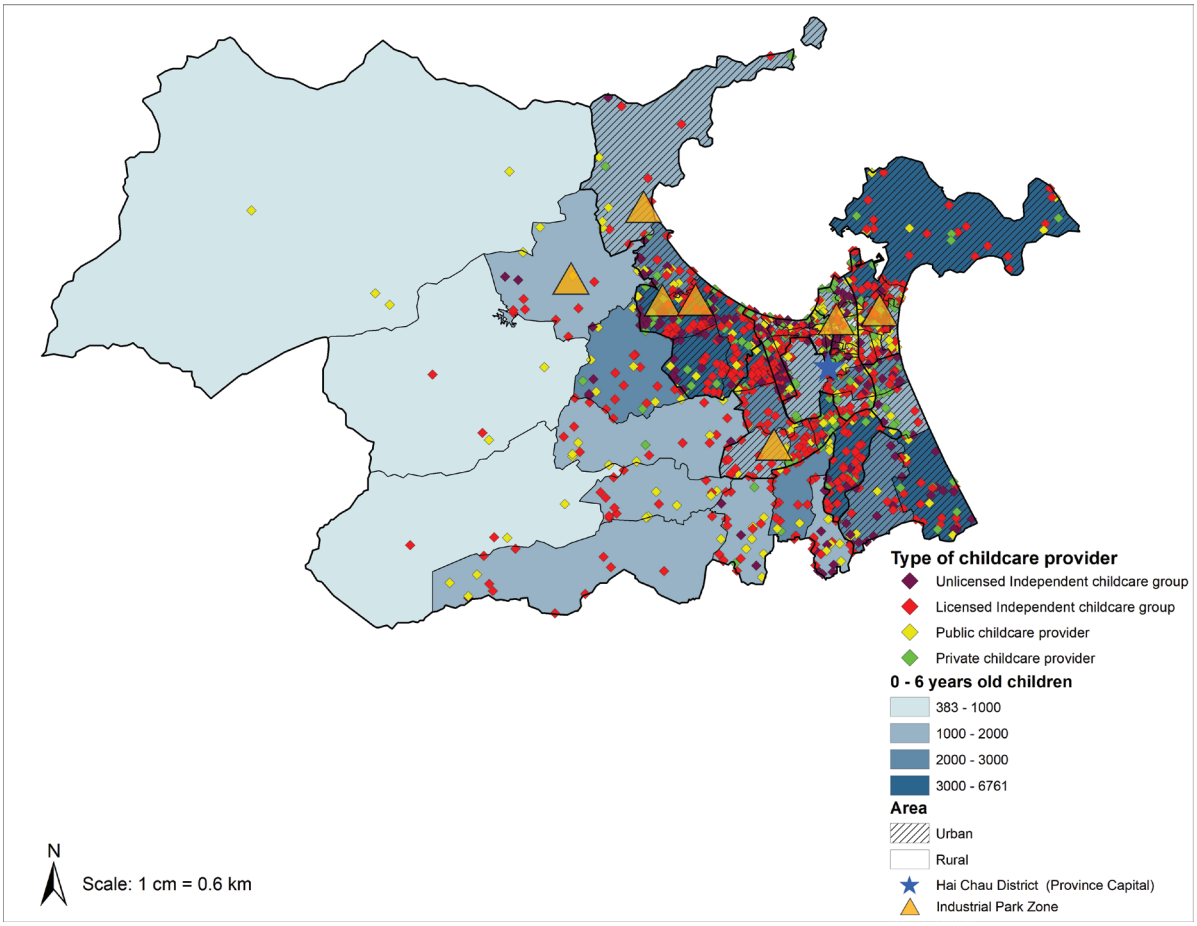
Map A.1 Spatial distribution of children aged 0-6 and spatial distribution of childcare providers serving children aged 0-6 at commune level, An Giang



Source: An Giang Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-6 and the childcare providers' facilities (public, private, and ICGs) for children aged 0-6 in An Giang for 2019-2020 school year. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

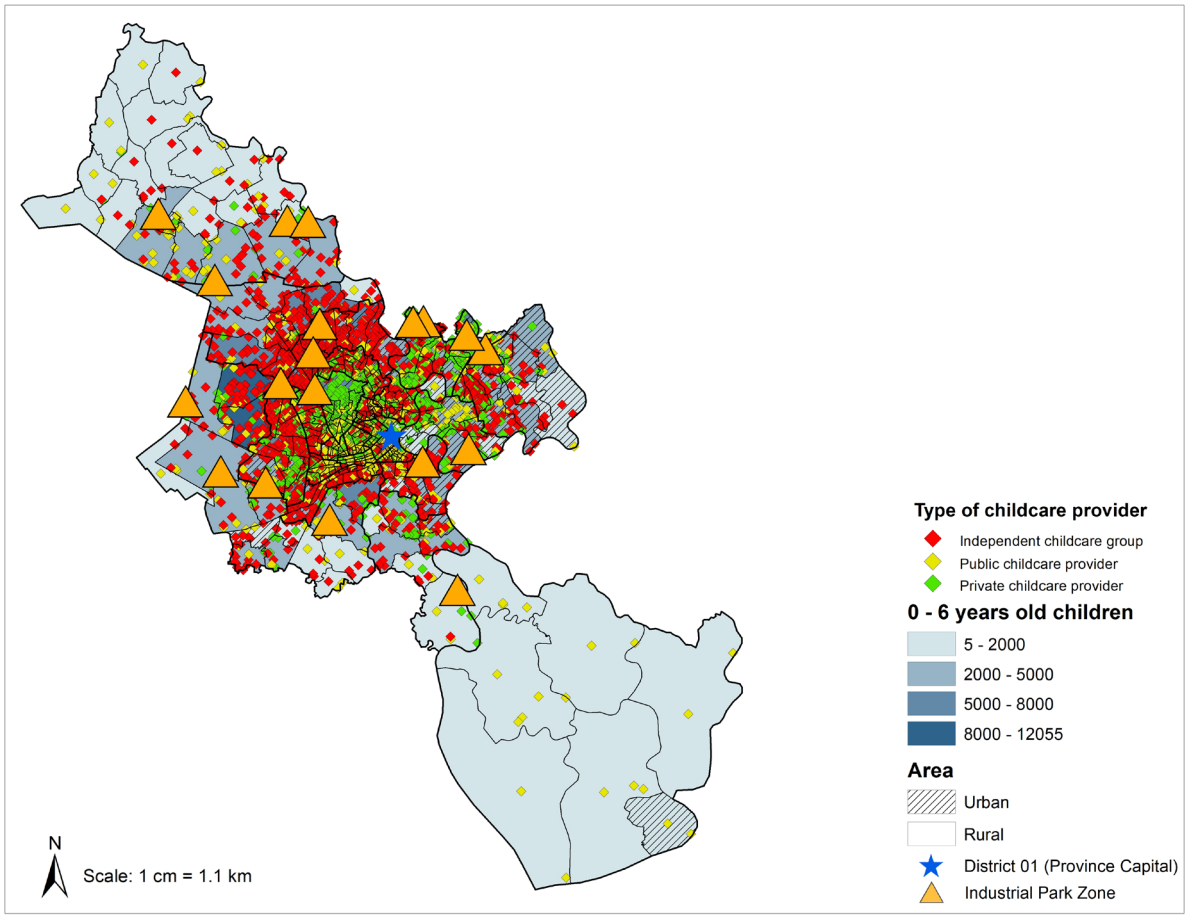
Map A.2 Spatial distribution of children aged 0-6 and spatial distribution of childcare providers serving children aged 0-6 at commune level, Da Nang



Source: Da Nang Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-6 and the childcare providers' facilities (public, private, ICGs) for children aged 0-6 in Da Nang city for 2019-2020 school year. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

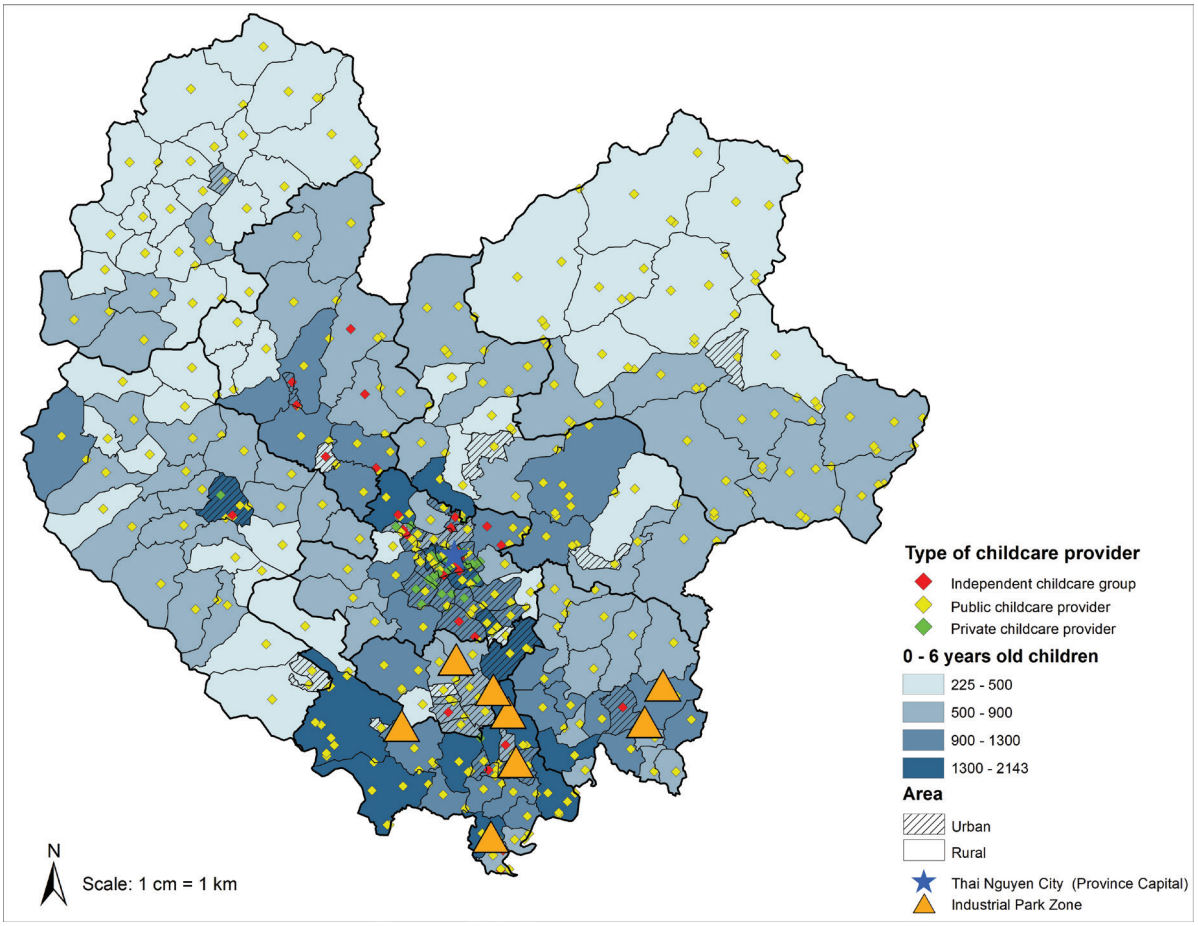
Map A.3 Spatial distribution of children aged 0-6 and spatial distribution of childcare providers serving children aged 0-6 at commune level, Ho Chi Minh City



Source: Ho Chi Minh City Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-6 and the childcare providers' facilities (public, private, and ICGs) for children aged 0-6 in Ho Chi Minh City for 2019-2020 school year. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

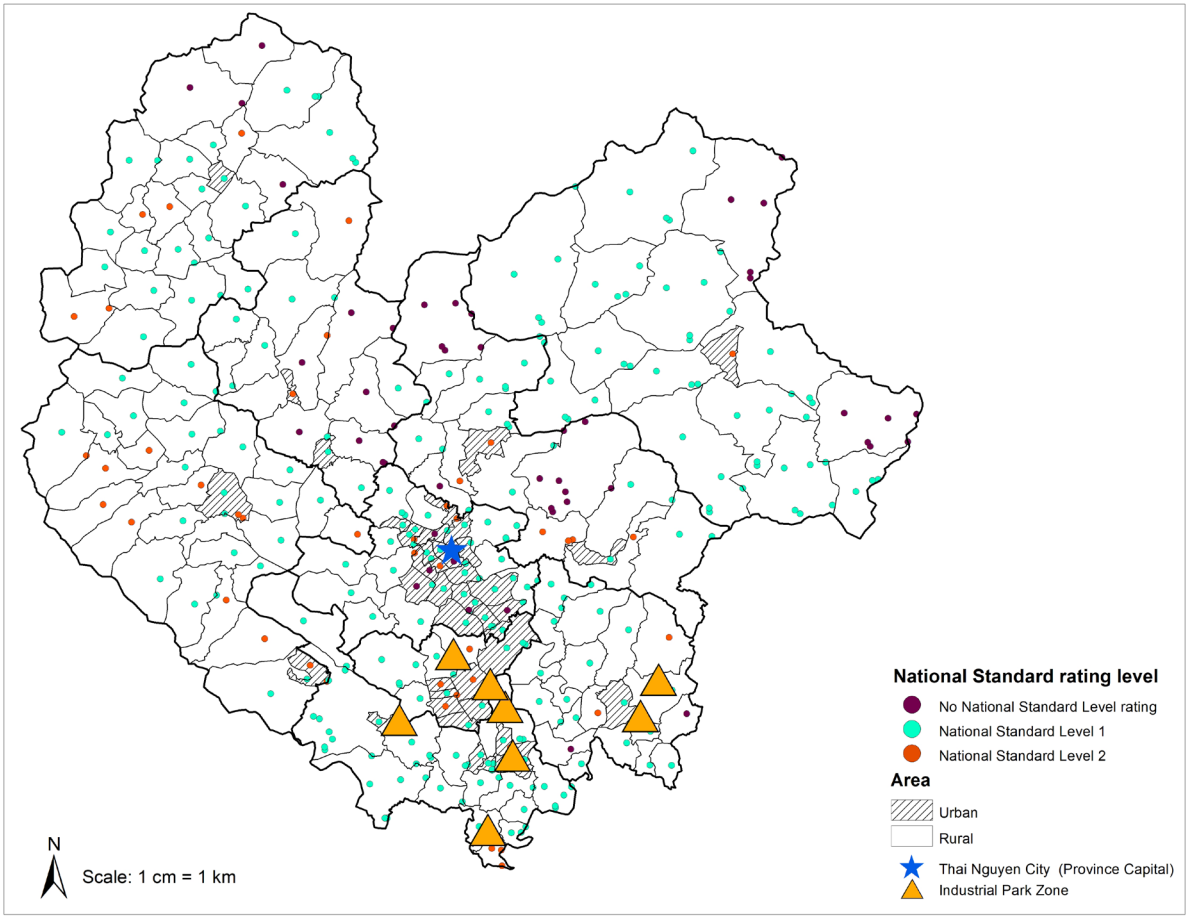
Map A.4 Spatial distribution of children aged 0-6 and spatial distribution of childcare providers serving children aged 0-6 at commune level, Thai Nguyen



Source: Thai Nguyen Department of Education and Training (DOET) and Vietnam Population and Housing Census (VPHC) 2019.

Note: This map shows the spatial distribution of children aged 0-6 and the childcare providers' facilities (public, private, and ICGs) for children aged 0-6 in Thai Nguyen for 2019-2020 school year. Each colored dot represents one childcare facility. A service provider may have multiple facilities (branches/satellites). The placement of the dots is random within the facilities' communes' boundaries and does not represent the actual location of the facilities.

Map A.5 Spatial distribution of childcare providers with national rating, Thai Nguyen



Source: Thai Nguyen Department of Education and Training (DOET).

Note: This map shows the spatial distribution of childcare provider along with their national rating in Thai Nguyen.

Annex 3. Comparing Household Survey and LFS Survey (2021) Means for Key Demographic Characteristics

The household survey has strong validity and representation for urban women with children under 6, as the sample means for demographic characteristics closely align with population estimates from the 2021 Labor Force Survey. However, slight biases exist, with respondents being more educated and more likely to be employed in wage jobs compared to the broader population. The sample weights help to ensure representativeness across the four provinces.

Table A.2 Comparing household survey and LFS survey

	Household survey (with sampling weight)		Urban LFS 2021 (with sampling weight)		Urban LFS 2021 (without sampling weight)	
	Total	N	Total	N	Total	N
% living in urban areas	92.4	1,435				
	(2.0)					
For how long have you been usually residing in the current ward/commune						
Under 1 month %	0.2	6	0.1	2	0.1	2
	(0.2)		(0.1)		(0.1)	
1 to under 6 months %	3.0	34	1.6	18	1.2	18
	(1.7)		(0.5)		(0.3)	
6 to under 12 months %	0.8	22	3.9	44	2.9	44
	(0.5)		(0.8)		(0.5)	
12 months to under 5 years %	24.6	426	19.6	277	18.2	277
	(2.7)		(2.8)		(2.1)	
5 years and more %	71.5	1,321	74.7	1,185	77.7	1,185
	(4.7)		(3.1)		(2.3)	
Total %	100.0	1,809	100.0	1,526	100.0	1,526
Age of women						
Age 16-24	4.0	161	2.5	31	2.0	31
	(0.6)		(0.7)		(0.5)	
Age 15-29	26.6	512	18.3	268	17.6	268
	(3.6)		(1.7)		(1.5)	
Age 30-34	34.6	584	35.7	552	36.2	552
	(2.6)		(1.9)		(1.8)	
Age 35-39	23.0	370	28.4	458	30.0	458
	(2.8)		(1.8)		(1.5)	
Age 40+	11.8	182	15.2	217	14.2	217
	(2.0)		(1.7)		(1.3)	
Total %	100.0	1,809	100.0	1,526	100.0	1,526

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Table A.2 Comparing Household Survey and LFS Survey *(Continued)*

	Household survey (with sampling weight)		Urban LFS 2021 (with sampling weight)		Urban LFS 2021 (without sampling weight)	
	Total	N	Total	N	Total	N
% married	94.6	1,736	96.7	1,481	97.1	1,481
	(1.3)		(0.8)		(0.6)	
Education level						
Primary and below	8.9	270	8.7	122	8.0	122
	(2.1)		(1.2)		(1.1)	
Lower-secondary	16.7	371	21.9	314	20.6	314
	(2.0)		(2.0)		(1.6)	
Upper-secondary	28.0	543	32.6	501	32.8	501
	(3.2)		(2.1)		(1.7)	
College	11.8	200	8.9	145	9.5	145
	(1.6)		(1.0)		(1.0)	
University	34.6	425	27.9	444	29.1	444
	(5.0)		(2.3)		(2.1)	
Total %	100.0	1,809	100.0	1,526	100.0	1,526
% living with the number of children below 6						
One child	83.4	1,444	86.6	1,321	86.6	1,321
	(2.2)		(1.6)		(1.3)	
Two children	15.3	345	12.8	195	12.8	195
	(2.1)		(1.5)		(1.3)	
Three children	1.3	20	0.6	10	0.7	10
	(0.9)		(0.3)		(0.3)	
Total %	100.0	1,809	100.0	1,526	100.0	1,526
Employment						
% women working (employed)	83.6	1,809	69.0	1,526	72.9	1,526
	(1.9)		(1.9)		(1.4)	
% women in the labor force	84.5	1,809	70.6	1,526	74.5	1,526
	(1.6)		(1.8)		(1.4)	
% women having a wage job	71.1	1,499	65.6	1,113	65.9	1,113
	(2.9)		(2.3)		(2.0)	
% women having a job with contract	59.1	1,499	64.0	1,113	64.1	1,113
	(3.3)		(2.7)		(2.3)	
% women having a formal job (social insurance)	58.0	1,499	62.3	1,113	61.5	1,113
	(3.5)		(2.7)		(2.3)	

Source: HH Survey for this report and GSO Viet Nam Labor Force Survey 2021.

Annex 4. Regressions on Women's Employment and Childcare Choices

We use regression to analyze the association between women's employment and their use of childcare. For continuous dependent variables such as the number of working hours of the average income, we use the OLS regression. For binary dependent variables such as labor force participation or having a form job, we use the logistic regression. A woman can have more than one child, and a common approach is to analyze women's employment and childcare of the youngest child (Nollenberger and Rodríguez-Planas, 2011; Berlinski et al., 2011; Lubotsky and Qureshi, 2018; Bousselin, 2022). In this study, we regress the employment variables of women on the childcare attendance of their youngest child. For binary outcomes, we use the following logit model to estimate a log of odds:

$$Ln\left(\frac{p}{1-p}\right) = a + Childcare.b + Mother.q + Child.g, \tag{A.1}$$

where p is the probability of a binary outcome such as women having a work, i.e., $p = (Y = 1|Child\ care, Mother, Child)$ with Y equal 1 for working women and 0 otherwise. *Mother* and *Child* denote the women-level and child-level characteristics, respectively. We also control for variables indicating geographic areas such as urban areas, living near an industrial park and province dummies. The variable of the main interest is the use of different types of childcare for the youngest child.

The childcare is measured by three dummies: public preschools, private childcare (private preschools and independent childcare groups/ICGs), and informal childcare (family care group and nanny/housemaid). The reference group is women who do not use childcare services (women or family members take care of children).

A popular way to interpret logit regression is to estimate the odds ratio. Taking exponentiation of both sides of equation (A.1), we get the odds:

$$odds = \frac{p}{1-p} = e^{a + Childcare.b + Mother.q + Child.g} \tag{A.2}$$

The odds is defined as the probability of an event happening (woman having work in this example) divided by the probability of the event not happening (women not having work in this example).

Suppose that variable *Childcare* changes from 0 to 1, and we can compute the odds ratio from this increase as follows:

$$Odds\_ratio = \frac{odds\ (Childcare = 1)}{odds\ (Childcare = 0)} = \frac{e^{a + b + Mother.q + Child.g}}{e^{a + Mother.q + Child.g}} = e^{b}. \tag{A.3}$$

Thus, the odds ratio of the *Childcare* variable is equal to e^{β}, which measures the change in the odds of the outcome associated with a 1-unit increase in the variable. In this case, the odds ratio reflects the association between women's employment and the childcare attendance of their youngest child. Specifically, it is calculated as the ratio of the odds that a woman is employed when her child attends childcare to the odds that she is employed when her child does not attend childcare. The odds ratio is always positive. Roughly speaking, an odds ratio which is larger than one means a positive correlation

between the explanatory variable and the dependent variable, while an odds ratio below one means a negative correlation.

For continuous outcomes, we use the same explanatory variables as equation (1) but use OLS regression to estimate a log-linear model as follows:

$$Ln(Y) = p + Childcare.m + Mother.r + Child.d + u, \quad \text{(A.4)}$$

The effect of *Childcare* can be interpreted as a μ -percent change in the *Y* variable if the child attends childcare.

For continuous dependent variables, Table A.3 reports OLS regression. The dependent variables include log of working hours and log of monthly income. We first use the sample of women with positive working hours and positive income, then we use the full sample of women including those with zero working hours and zero income. For the full sample, we use the actual values of the number of weekly working hours and the monthly income instead of logarithm due to log of zero returning missing values.

We also use similar models to estimate socio-economic factors associated with the choice of childcare. The dependent variables are the use of three different childcare types, as well as the use of any licensed childcare (private or public preschools or ICGs). Our analysis focuses on estimating the probability of choosing a particular type of childcare over not choosing. The explanatory variables are characteristics of mothers, children, and geographic variables and childcare costs. Unlike equation (A.1) which uses woman-level observations, we use the child-level observations to estimate the childcare choices.

Notes on Variables

Gender ideology (1-100). We measure respondents' gender ideologies, by generating a scale from five standard survey items (Thebaud and Pedulla, 2016). On a four-point scale ranging from "strongly agree" to "strongly disagree," mothers were asked to respond to the following statements: (i) It is alright for women to go to work when children are 6 months old if there are good and affordable childcare services; (ii) A young child (before schooling) is likely to suffer if his or her mother works; (iii) Children whose mothers stay at home have better school performance; (iv) A man's job is to earn money and a women's job is to look after the home and family. Based on these responses, we construct an aggregate index using the principal component analysis and scale the index to range from 1 to 100 with a higher value meaning more egalitarian gender ideology.

Household wealth. To examine the association between household wealth levels and women's employment, we control for the quintile of living areas per capita. We do not use the asset quintile, since the asset index includes durables such as computer and refrigerator, which can be affected by employment. For a robustness check, we also tried to use the quintile of the asset index. Overall, the coefficient estimates of the quintile of the asset index and the quintile of the per capita living areas are very similar.

The summary statistics of all the dependent and explanatory variables is presented in Tables A.3 and A.4.

Table A.3 Regression of women's employment

	Logit regression (odds ratio)					OLS			
	Labor force participation	Currently working	Have a wage job	Have a contract-job	Have a formal job	Log of working hour	Log of monthly income	Number of working hour (all women)	Monthly income (million VND, all women)
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Public childcare	4.472***	4.589***	1.267	1.612	1.600	0.105	−0.014	14.140***	2.060**
	(2.476)	(2.561)	(0.477)	(0.498)	(0.490)	(0.090)	(0.097)	(4.937)	(1.042)
Private care	4.675***	5.279***	2.291**	3.201***	3.130***	0.109	0.131	12.745***	3.628***
	(2.026)	(2.218)	(0.921)	(0.990)	(0.981)	(0.075)	(0.095)	(3.613)	(1.110)
Informal childcare	29.542***	34.888***	3.026**	2.660***	2.434**	0.161*	−0.082	17.264***	1.945
	(26.276)	(32.013)	(1.419)	(0.923)	(0.853)	(0.086)	(0.178)	(2.751)	(1.450)
Child is boy	0.999	1.017	0.817	0.770	0.811	0.035	−0.010	1.515	−0.736
	(0.291)	(0.258)	(0.195)	(0.186)	(0.201)	(0.050)	(0.063)	(2.741)	(0.753)
Child aged 3-23 months	Reference								
Child aged 24-35 months	1.069	1.205	1.962*	1.420	1.394	0.084	0.076	0.796	0.325
	(0.300)	(0.317)	(0.696)	(0.585)	(0.573)	(0.070)	(0.125)	(2.192)	(1.224)
Child aged 36-71 months	1.074	1.126	1.160	0.903	0.914	0.127	0.115	1.998	0.351
	(0.437)	(0.439)	(0.628)	(0.354)	(0.351)	(0.098)	(0.122)	(3.875)	(0.945)
Age of woman	0.933*	0.933*	1.010	1.094***	1.107***	0.016	0.010	−0.106	0.079
	(0.035)	(0.036)	(0.033)	(0.033)	(0.034)	(0.010)	(0.008)	(0.314)	(0.068)
Kinh/Hoa	2.089*	1.706	0.467*	0.525	0.458	−0.026	−0.039	2.401	−0.188
	(0.920)	(0.791)	(0.206)	(0.269)	(0.235)	(0.044)	(0.084)	(2.205)	(0.618)
Below upper secondary education	Reference								
Upper secondary and vocational	1.954**	1.904**	0.876	1.320	1.207	−0.096	0.125	3.747	1.538**
	(0.586)	(0.590)	(0.279)	(0.469)	(0.421)	(0.089)	(0.105)	(3.422)	(0.699)
College	1.838	1.792	2.209**	6.268***	5.802***	−0.034	0.399***	0.943	2.145**
	(0.714)	(0.711)	(0.817)	(2.727)	(2.559)	(0.075)	(0.072)	(2.797)	(0.939)
University	2.755**	2.057	4.169***	10.125***	9.047***	−0.072	0.674***	−0.670	5.055***
	(1.168)	(0.914)	(1.568)	(4.325)	(3.806)	(0.060)	(0.084)	(2.617)	(0.942)
Gender ideology (1-100)	1.014	1.015	1.018***	1.021**	1.022**	−0.002	−0.001	0.048	0.052
	(0.010)	(0.010)	(0.007)	(0.009)	(0.009)	(0.002)	(0.003)	(0.086)	(0.039)

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Table A.3 Regression of women's employment *(Continued)*

	Logit regression (odds ratio)					OLS			
	Labor force participation	Currently working	Have a wage job	Have a contract-job	Have a formal job	Log of working hour	Log of monthly income	Number of working hour (all women)	Monthly income (million VND, all women)
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Living with spouse	0.023***	0.024***	0.944	17.521***	26.223***	0.689**	0.526	5.951	0.345
	(0.032)	(0.035)	(1.044)	(19.399)	(28.371)	(0.274)	(0.356)	(13.010)	(2.785)
Living with spouse * Spouse's age	1.061*	1.061*	0.964	0.921***	0.909***	−0.010	−0.007	0.037	−0.021
	(0.035)	(0.036)	(0.027)	(0.028)	(0.027)	(0.006)	(0.007)	(0.270)	(0.043)
Living with at least a grandparent	2.841***	3.013***	2.096*	2.219**	1.910**	−0.099	−0.139	1.587	0.148
	(1.086)	(1.250)	(0.821)	(0.708)	(0.619)	(0.087)	(0.104)	(3.473)	(0.688)
Household size	1.033	1.051	1.080	0.878	0.884	−0.054	−0.026	−1.520	−0.159
	(0.176)	(0.178)	(0.140)	(0.088)	(0.084)	(0.044)	(0.060)	(1.331)	(0.292)
Number of children below 6 years	1.218	1.193	0.729	0.814	0.876	0.061	−0.113	4.628	1.134
	(0.555)	(0.538)	(0.309)	(0.317)	(0.349)	(0.057)	(0.115)	(4.015)	(1.826)
Number of household members working	0.678	0.626*	0.967	1.348	1.500**	0.113*	0.063	0.310	−0.234
	(0.161)	(0.156)	(0.191)	(0.282)	(0.306)	(0.061)	(0.094)	(1.890)	(0.508)
Short-term temporary (KT4)	Reference								
Registration KT1 + K2	0.826	0.906	1.316	1.381	1.315	−0.023	−0.249*	−0.030	−3.118***
	(0.258)	(0.262)	(0.405)	(0.519)	(0.499)	(0.077)	(0.130)	(2.816)	(1.197)
Long-term temporary (KT3)	0.856	0.881	2.523**	1.953	1.783	−0.031	−0.277**	−1.317	−2.971**
	(0.269)	(0.305)	(1.077)	(0.819)	(0.753)	(0.052)	(0.119)	(3.285)	(1.370)
Living more than 5 years in the current province	0.506	0.387**	0.844	0.908	0.844	−0.070	−0.261**	−8.454*	−2.675***
	(0.234)	(0.144)	(0.510)	(0.316)	(0.289)	(0.131)	(0.108)	(4.930)	(0.702)
Quintile 1 of living areas	Reference								
Quintile 2 of living areas	0.356***	0.286***	1.148	1.681	1.708	0.264**	0.222**	1.098	0.353
	(0.111)	(0.091)	(0.577)	(0.601)	(0.610)	(0.119)	(0.097)	(3.810)	(0.583)
Quintile 3 of living areas	0.548	0.542	1.104	2.094*	2.011*	0.159	0.095	−0.709	0.412
	(0.255)	(0.255)	(0.539)	(0.847)	(0.788)	(0.117)	(0.117)	(4.194)	(0.885)

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Table A.3 Regression of women's employment *(Continued)*

	Logit regression (odds ratio)					OLS			
Explanatory variables	**Labor force participation**	**Currently working**	**Have a wage job**	**Have a contract-job**	**Have a formal job**	**Log of working hour**	**Log of monthly income**	**Number of working hour (all women)**	**Monthly income (million VND, all women)**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Quintile 4 of living areas	0.296***	0.283***	0.809	0.996	0.990	0.160	−0.053	−1.636	−0.766
	(0.121)	(0.110)	(0.329)	(0.381)	(0.374)	(0.119)	(0.143)	(4.567)	(0.777)
Quintile 5 of living areas	0.303**	0.308**	1.120	1.629	1.636	0.079	0.002	−3.312	−0.783
	(0.146)	(0.143)	(0.492)	(0.842)	(0.838)	(0.122)	(0.117)	(4.620)	(1.036)
Living close to industrial park	0.573	0.608	1.064	1.324	1.440	0.036	0.100	−2.304	−0.543
	(0.205)	(0.219)	(0.342)	(0.440)	(0.487)	(0.058)	(0.080)	(2.368)	(0.881)
Urban area	0.271***	0.312**	0.670	0.755	0.794	−0.096	−0.038	−8.073***	−1.472*
	(0.120)	(0.142)	(0.310)	(0.364)	(0.390)	(0.072)	(0.079)	(2.795)	(0.796)
Thai Nguyen province	Reference								
Da Nang city	0.268***	0.276***	0.381**	0.404**	0.476	−0.041	0.008	−1.086	0.398
	(0.126)	(0.127)	(0.168)	(0.180)	(0.215)	(0.075)	(0.084)	(2.514)	(0.715)
HCM city	0.094***	0.102***	0.520	0.301***	0.380**	−0.110*	0.143	−8.013***	0.128
	(0.043)	(0.045)	(0.224)	(0.130)	(0.162)	(0.061)	(0.087)	(2.748)	(0.645)
An Giang province	0.111***	0.120***	0.331**	0.225***	0.260**	−0.165*	−0.319**	−7.550***	−0.485
	(0.050)	(0.052)	(0.164)	(0.121)	(0.140)	(0.095)	(0.136)	(2.862)	(1.252)
Constant						3.004***	8.319***	35.042**	2.869
						(0.322)	(0.339)	(14.369)	(4.618)
Observations	1,809	1,809	1,499	1,499	1,499	1,511	1,485	1,809	1,809
R-squared	0.206	0.218	0.177	0.269	0.267	0.150	0.279	0.135	0.172

Robust standard error in parentheses. The standard error is clustered at the village level.

*** p<0.01, ** p<0.05, * p<0.1.

Source: HH survey data for this report.

Note: For binary variables, we present odds ratios of explanatory from logit regression of women's employment on childcare of the youngest child. Odds ratio which is larger than one means a positive correlation between the explanatory variable and the dependent variable, while a odds ratio below one means a negative correlation.

Table A.4 Regression of childcare choices

	Logit (odds ratio)			
	Public childcare	Private childcare	Informal childcare	Any licensed childcare
Explanatory variables	(1)	(2)	(3)	(4)
Child is boy	0.870	1.094	0.945	0.822
	(0.193)	(0.232)	(0.482)	(0.234)
Child aged 3-23 months	Reference			
Child aged 24-35 months	7.849***	2.009**	0.411*	12.926***
	(3.614)	(0.679)	(0.196)	(5.081)
Child aged 36-71 months	39.578***	2.739**	0.204***	60.742***
	(28.467)	(1.327)	(0.125)	(26.290)
Age of women	1.020	0.999	0.987	1.017
	(0.031)	(0.036)	(0.054)	(0.035)
Kinh/Hoa	0.636	3.388**	0.251	1.716
	(0.201)	(1.941)	(0.266)	(0.599)
Below upper secondary education	Reference			
Upper secondary and vocational	2.046*	0.583*	0.519	1.297
	(0.846)	(0.189)	(0.257)	(0.654)
College	1.325	1.591	0.681	2.490*
	(0.562)	(0.458)	(0.391)	(1.272)
University	1.164	1.373	0.568	2.312*
	(0.445)	(0.525)	(0.291)	(1.083)
Gender ideology (1-100)	1.006	0.998	1.016	1.002
	(0.008)	(0.007)	(0.013)	(0.013)
Living with a spouse	0.263	17.889**	0.717	4.046
	(0.311)	(22.042)	(1.441)	(6.402)
Living with spouse * Spouse's age	1.009	0.939**	1.006	0.945
	(0.031)	(0.030)	(0.052)	(0.037)
Living with at least a grandparent	1.321	0.311***	0.352	0.451**
	(0.389)	(0.112)	(0.317)	(0.151)
Household size	0.935	1.110	0.802	0.959
	(0.119)	(0.131)	(0.162)	(0.142)
Number of children below 6 years	0.349***	0.496**	1.501	1.233
	(0.128)	(0.144)	(0.737)	(0.446)
Number of household members working	1.119	0.984	2.746**	1.216
	(0.190)	(0.158)	(1.167)	(0.233)
Short-term temporary (KT4)	Reference			
Registration KT1 + K2	30.397***	0.479	0.243**	1.450
	(22.904)	(0.216)	(0.138)	(1.035)

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Table A.4 Regression of childcare choices *(Continued)*

	Logit (odds ratio)			
	Public childcare	Private childcare	Informal childcare	Any licensed childcare
Explanatory variables	(1)	(2)	(3)	(4)
Long-term temporary (KT3)	26.637***	0.491**	0.094***	1.511
	(17.386)	(0.174)	(0.068)	(0.893)
Living more than 5 years in the current province	1.035	1.513	0.069***	1.868
	(0.520)	(0.788)	(0.069)	(0.759)
Living close to industrial park	0.511***	2.447***	0.862	1.524
	(0.132)	(0.662)	(0.349)	(0.508)
Urban area	1.083	1.270	1.001	1.894
	(0.382)	(0.587)	(0.746)	(0.845)
Thai Nguyen	Reference			
Da Nang	0.209**	2.752	5.985	0.456
	(0.127)	(2.012)	(6.807)	(0.230)
HCM city	0.694	0.912	3.712	0.521
	(0.526)	(0.833)	(5.144)	(0.360)
An Giang	0.128***	4.720***	2.751	0.291**
	(0.048)	(2.410)	(2.845)	(0.160)
Women having formal job	0.838	2.782***	1.928*	2.474***
	(0.229)	(0.900)	(0.704)	(0.795)
Wealth quintile 1	Reference			
Wealth quintile 2	2.358**	1.666	0.863	2.605
	(0.944)	(0.615)	(0.538)	(1.560)
Wealth quintile 3	2.427**	2.753***	0.278**	5.227***
	(0.928)	(0.966)	(0.178)	(1.936)
Wealth quintile 4	2.423**	2.716***	0.136***	5.406***
	(1.078)	(0.970)	(0.085)	(2.297)
Wealth quintile 5	2.395**	4.309***	0.362	8.498***
	(0.941)	(1.461)	(0.273)	(3.362)
Log of public childcare cost	0.197**	6.427**	3.004	0.611
	(0.162)	(5.790)	(4.297)	(0.378)
Log of private childcare cost	0.845	1.113	0.943	1.011
	(0.289)	(0.536)	(0.476)	(0.475)
Log of informal childcare cost	1.024	1.332	0.078***	1.052
	(0.356)	(0.619)	(0.056)	(0.466)
Constant	1,417.415	0.000***	83,390.707	0.095
	(7,820.689)	(0.000)	(972,911.805)	(0.572)
Observations	2,194	2,194	2,194	2,194
R-squared	0.301	0.209	0.266	0.377

*Source:*HH survey data for this report.

Table A.5 Summary statistics of variables in regression of women's employment

Variable	Type	Obs	Mean	Std. Dev.	Min	Max
Outcome variables						
Labor force participation	Binary	1,809	0.845	0.362	0	1
Working during the past 12 months	Binary	1,809	0.836	0.370	0	1
Having a wage job (working for other households or organizations)	Binary	1,499	0.711	0.453	0	1
Having a labor contract	Binary	1,499	0.591	0.492	0	1
Having a formal job (has social insurance)	Binary	1,499	0.580	0.494	0	1
Log of working hours a week (sample of working women)	Continuous	1,511	3.752	0.516	0	4.9
Log of average monthly income (during the past 12 months) (sample of women with income)	Continuous	1,485	8.922	0.708	4.7	12.6
The number of working hours a week (full sample)	Continuous	1,809	39.64	23.93	0	130
Average monthly income (million VND, during the past 12 months) (full sample)	Continuous	1,809	7.77	7.86	0	300.0
Control variables						
Using public childcare	Binary	1,809	0.280	0.449	0	1
Using private childcare (including ICGs)	Binary	1,809	0.335	0.472	0	1
Using informal childcare	Binary	1,809	0.058	0.233	0	1
Child is boy	Binary	1,809	0.465	0.499	0	1
Child aged 24-35 months	Binary	1,809	0.221	0.415	0	1
Child aged 36-71 months	Binary	1,809	0.685	0.465	0	1
Age of women	Discrete	1,809	32.66	5.24	16	52
Kinh/Hoa	Binary	1,809	0.962	0.191	0	1
Upper secondary and vocational	Binary	1,809	0.280	0.449	0	1
College	Binary	1,809	0.118	0.323	0	1
University	Binary	1,809	0.346	0.476	0	1
Gender ideology (1-100)	Continuous	1,809	52.04	14.95	1	100
Living with spouse	Binary	1,809	0.932	0.251	0	1
Living with spouse * Spouse's age	Discrete	1,809	33.17	10.53	0	57
Living with at least a grandparent	Binary	1,809	0.403	0.491	0	1
Household size	Discrete	1,809	4.759	1.528	2	11
Number of children below 6 years	Discrete	1,809	1.179	0.416	1	3
Number of household members working	Discrete	1,809	1.393	0.907	0	6
Registration KT1 + K2	Binary	1,809	0.736	0.441	0	1
Long-term temporary (KT3)	Binary	1,809	0.157	0.364	0	1
Living more than 5 years in the current province	Binary	1,809	0.060	0.237	0	1
Living close to industrial park	Binary	1,809	0.325	0.468	0	1
Urban area	Binary	1,809	0.924	0.265	0	1

Source: HH Survey data for this report.

Table A.6 Summary statistics of variables in regression of childcare choices

Variable	Type	Obs	Mean	Std. Dev.	Min	Max
Outcome variables						
Using public childcare	Binary	2,194	0.293	0.455	0	1
Using private childcare (including ICGs)	Binary	2,194	0.352	0.478	0	1
Using informal childcare	Binary	2,194	0.052	0.221	0	1
Using a licensed childcare	Binary	2,194	0.724	0.447	0	1
Control variables						
Child is boy	Binary	2,194	0.423	0.494	0	1
Child aged 24-35 months	Binary	2,194	0.236	0.424	0	1
Child aged 36-71 months	Binary	2,194	0.723	0.448	0	1
Age of women	Discrete	2,194	32.44	5.15	16	52
Kinh/Hoa	Binary	2,194	0.962	0.191	0	1
Upper secondary and vocational	Binary	2,194	0.269	0.443	0	1
College	Binary	2,194	0.114	0.318	0	1
University	Binary	2,194	0.375	0.484	0	1
Gender ideology (1-100)	Continuous	2,194	51.49	14.95	1	100
Woman has a formal job	Binary	2,194	0.486	0.500	0	1
Living with spouse	Binary	2,194	0.939	0.239	0	1
Living with spouse * Spouse's age	Discrete	2,085	35.37	5.56	19	57
Living with at least a grandparent	Binary	2,194	0.410	0.492	0	1
Household size	Discrete	2,194	4.867	1.540	2	11
Number of children below 6 years	Discrete	2,194	1.325	0.535	1	3
Number of household members working	Discrete	2,194	1.403	0.894	0	6
Registration KT1 + K2	Binary	2,194	0.736	0.441	0	1
Long-term temporary (KT3)	Binary	2,194	0.154	0.361	0	1
Living more than 5 years in the current province	Binary	2,194	0.058	0.233	0	1
Living close to industrial park	Binary	2,194	0.345	0.476	0	1
Urban area	Binary	2,194	0.925	0.264	0	1
Log of public childcare cost	Continuous	2,194	7.361	0.337	5.5	7.7
Log of private childcare cost	Continuous	2,194	8.026	0.311	5.0	8.8
Log of informal childcare cost	Continuous	2,194	7.665	0.347	6.7	8.1

Source: HH Survey data for this report

Annex 5. Simulation of Cost and Benefit of Childcare

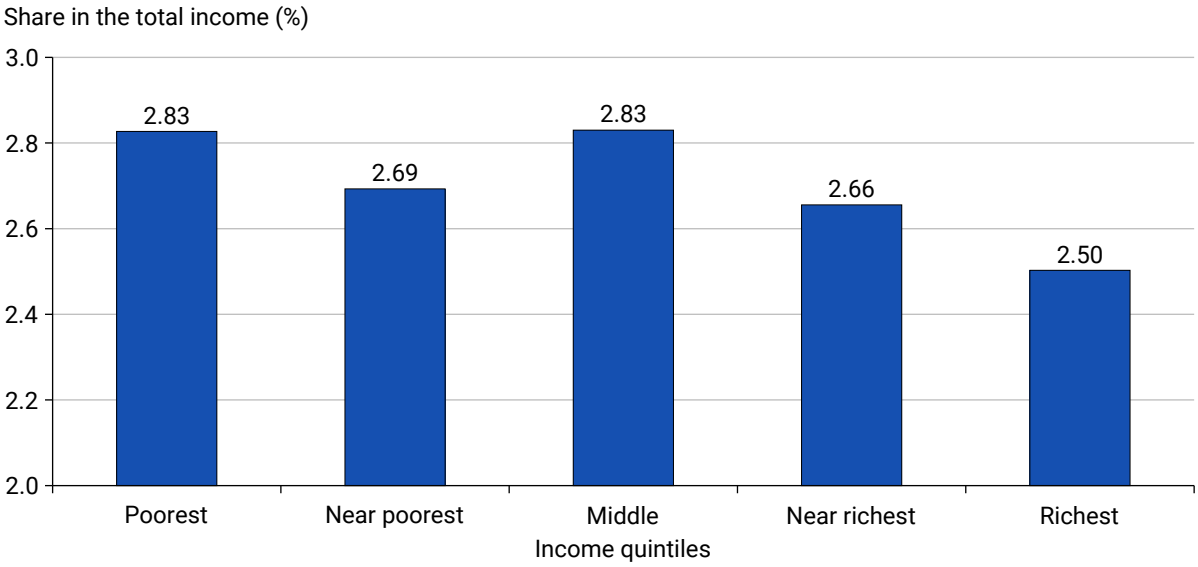
Children require care, and when mothers assume this responsibility, their employment and earnings tend to decrease. This suggests that providing childcare services, such as nurseries and preschools, can enable women to increase their earnings. In this section, we simulate the costs and benefits of offering childcare to children who are currently not attending any childcare. Our key assumption is that if these children attend childcare, household per capita income will increase by an amount equal in magnitude—but opposite in sign—to the effect of childbirth on women's employment and household income (which is −0.24). In other words, we assume that childcare has a positive effect on employment and income that mirrors the negative impact of childbirth. We further assume that all women who have given birth will send their children to childcare if such services are available. This is a strong assumption because some mothers may still choose to stay home to care for their children. Therefore, our simulation estimates the upper bound of the potential benefits of childcare provision[43].

Table A.7 summarizes the simulation results for the costs and benefits of sending children aged 6 months to under 3 years to childcare in urban areas. To use the most recent data on the child population, we base the simulation on the 2020 VHLSS.[44] Column 1 shows the proportion of children not attending childcare centers, which is higher among younger children. Column 2 estimates the number of children not attending childcare; in 2020, approximately 1 million children under 3 years old in urban Viet Nam were not enrolled in childcare. The total number of households with at least one child not attending childcare is estimated at about 4.8 million (column 4). The observed per capita income of these households is VND 55,485 thousand (column 5). Assuming that sending children to childcare enables women to increase their earnings, we estimate that household per capita income would rise by approximately 27 percent. The counterfactual per capita income with childcare is thus estimated at VND 70,466 thousand (column 6). The total benefit is calculated as the difference between the counterfactual income (VND 70,466 thousand) and the observed income (VND 55,485 thousand), multiplied by the total population (4,831,925). This yields an estimated total benefit of VND 72,387 billion (column 7). Regarding costs, we use the average annual expenditure on private childcare for children aged 6 month to under 3 years from the VHLSS data, which is VND 15,678 thousand per child. The total cost of providing childcare to all children currently not attending is estimated at VND 15,937 billion (column 8). The net benefit of providing childcare is therefore estimated at VND 56,449 billion (column 9). The total income for the entire urban population is estimated at VND 2,302,431 billion. Since GDP data for urban areas are unavailable, we use this total income figure from the 2020 VHLSS as a proxy for total urban welfare. The net benefit of childcare provision corresponds to approximately 2.45 percent of the total income of urban Viet Nam. This implies that if childcare were provided for all children nationwide, the total benefit could be around 2.45 percent of GDP.

43 The estimated economic returns reported here are driven primarily by increases in maternal labor supply and the associated gains in household income. They do not incorporate potential longer-term human capital benefits for children or women. Quantifying such long-run effects would require longitudinal data and strong identifying assumptions, which are beyond the scope of this report.

44 At the time this study was conducted, we had access to the 2020 VHLSS. However, there is no panel data linking the 2020 VHLSS with previous VHLSS surveys. Therefore, the 2020 VHLSS was excluded from the regression analysis but was used to simulate the costs and benefits of childcare.

Figure A.1 The share of net benefit in total income of population by income quintiles



Source: Authors estimations from VHLSS 2020.

In Figure A.1, we graph the estimate of the share of benefits from childcare in total income by income quintiles. It shows that the poorest and middle-income households have the highest share of benefit. Poorest and middle households (income quintiles 1 and 3) would see net gains equivalent to 2.8 percent of total income, respectively, compared to 2.5 percent among the wealthiest households. While these differences are relatively modest, they reflect a higher number of children without access to childcare in lower-income groups. The simulation presents an upper-bound estimate assuming full enrollment, but it highlights the substantial unrealized benefits of childcare expansion for both economic growth and broader household welfare.[45]

In summary:

What we did:

i. Data source: The analysis uses 2020 Vietnam Household Living Standards Survey (VHLSS), which is a robust and nationally representative dataset.

ii. Income effect estimate: The simulation is based on an empirically estimated elasticity: a −0.24 effect of childbirth on women's labor market outcomes, which is consistent with literature (e.g., Halim et al., 2022).

iii. Cost-benefit comparison:

- Costs are estimated from actual private childcare expenditure from the same dataset.
- Benefits are calculated by estimating the income gain from increased maternal labor force participation and aggregating it across all affected households.

iv. Use of counterfactual: By projecting per capita income with vs. without childcare, the method captures a net gain scenario in a straightforward way.

45 See Annex 4 for an explanation of the simulation methodology and assumptions.

v. Distributional analysis: The breakdown by income deciles adds value by showing progressive benefits for low- and middle-income households.

Caveats and assumptions:

i. Strong assumption of full uptake:
   a. The model assumes 100 percent of mothers with children aged 6 months to under 3 years would enroll in childcare if it were available, which overestimates real-world take-up. This is acknowledged and the result is framed as an upper bound.

ii. Homogeneous impact assumption:
   a. We assume uniform impact (−0.24) across all households, not accounting for variations by education level, number of children, household structure, or availability of informal care.

iii. Static model:
   a. It assumes no behavioral or market changes in response to scale-up (e.g., changes in quality, wages, or elasticity of labor demand).

iv. Excludes quality and long-term outcomes:
   a. It only measures short-term income gains, not long-term educational or social benefits of childcare, which are often substantial.

v. Urban-only scope:
   a. Simulation is limited to urban households, meaning it does not capture rural potential or costs.

Table A.7 Prediction of cost and benefit of childcare in 2020

Group of children by age	% not attending childcare	Number of children not attending childcare	Number of households with children not attending childcare	Population with children not attending childcare	Observed per capita income (thousand VND)	Counter-factual per capita income (thousand VND)	Total benefit (billion VND)	Total childcare cost (billion VND)	Net benefit (billion VND)	Net benefit as the share of urban total income (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
6-11 months	99.7	259,998	236,031	1,228,423	58,641	74,474	19,450	4,076	15,374	0.67
12-17 months	94.8	261,418	244,475	1,211,479	54,757	69,541	17,911	4,098	13,812	0.60
18-23 months	84.7	188,350	186,553	909,468	54,499	69,213	13,382	2,953	10,430	0.45
24-29 months	72.6	178,152	173,450	830,519	55,027	69,884	12,339	2,793	9,546	0.41
30-35 months	60.5	128,619	128,619	652,036	52,850	67,119	9,304	2,016	7,288	0.32
Total	82.4	1,016,538	969,128	4,831,925	55,485	70,466	72,387	15,937	56,449	2.45

Source: Estimations from VHLSS 2020.

Note: Average private childcare cost (thousand VND) 15,678.

Total income of urban households (billion VND) 2,302,431.

Annex 6. Correlation Between Different Demographic Groups

Table A.8 Demographic group correlation

	Urban area	Asset quintile	Permanent (KT1+KT2)	Near IP zone	Kinh/Hoa
Urban area	1				
Asset quintile	0.1198*	1			
Permanent (KT1+KT2)	−0.2891*	0.2103*	1		
Near IP zone	−0.3687*	−0.2270*	−0.2145*	1	
Kinh/Hoa	0.0421	0.043	0.0461*	−0.0508*	1

* Significant at the 5% level.

Source: Household survey data.

Annex 7. Different Types of Childcare Providers and Regulatory Differences

Early childhood education and care (ECEC) has been an established part of Viet Nam's educational system and is overseen by the Ministry of Education and Training (MOET), underscoring the educational role of ECEC (Hien, 2018). The sector primarily focuses on supporting children's physical, emotional, and intellectual development to build a strong foundation for school success (Tran and Nguyen, 2022). Viet Nam has nine years of compulsory education and, until recently, ECEC was optional, without a prerequisite for entry into primary education.

Since 2019, Viet Nam's legal framework has mandated universal preschool education for children aged 5. This was updated in June 2025, when the National Assembly adopted a resolution on the expansion of universal preschool education to include children aged 3 and 4 (Resolution No. 218/2025/QH15).

The ECEC system for children under six comprises two tiers: nurseries (nhà trẻ) for children aged 3 months to 3 years, and kindergartens (mẫu giáo) for children aged 3 to 5 years. These two tiers are referred to collectively as preschool (mầm non).

There are five main types of ECEC providers: public preschools, private preschools, independent childcare groups (ICGs), and unlicensed providers, including family care groups (FCGs) and informal arrangements. Public and private schools can have both kindergartens and nursery classes, though only 30 percent of schools provide nursery classes for children under 2 years old.

ICGs operate as licensed, private, small-scale childcare facilities, serving between seven and 70 children simultaneously. In contrast, FCGs are unlicensed and typically involve single caregivers providing home-based care for up to seven children aged 3 months to under 3 years, with a maximum of one child with a disability per group.

Table A.9 Details of types of ECEC

Category	Public preschools	Private preschools	Independent childcare groups (ICGs)	Family care groups (FCGs)
Total children (nursery & preschool)	No limit	No limit	7–70	0–7 (ages 3 months–under 3 only)
Number of groups	No limit	No limit	–	–
Group size by age	3–12m: 15 1–2y: 20 2–3y: 25 3–4y: 25 4–5y: 30 5–6y: 35 Mixed-age allowed if <50% quota Max: nursery 20; kindergarten 30 Max 2 children with disabilities	Same as public	3–12m: 12 1–2y: 20 2–3y: 25 3–4y: 25 4–5y: 30 5–6y: 35 Mixed-age allowed if <50% quota Max: mixed 20; kindergarten 30; preschool 22 Max 1 child with disabilities	Not specified
Licensed	Yes	Yes	Yes	No
Establishment authority	Chair of Commune/ Ward People's Committee (CPC)	Chair of CPC	Chair of CPC	Must register with CPC

Source: Circular 52/2020/TT-BGDĐT on Preschool Charter; Circular 49/2021/TT-BGDĐT on Operations of ICGs; Circular 125/2024/TT-BGDĐT on Conditions for Investments and Operations in the Education Sector). Decree 142/2025/ND-CP on Assigning the Authority in the Local Two-tier Administration in the Domains of State Management under the MOET.

The information and classification of childcare service providers in Viet Nam presented below are collected (August-September 2022) from the following documents:

- Decree 46/2017/ND-CP, dated April 21, 2017, regarding conditions for investments in and operations in the education sector
- Circular 13/2015/TT-BGDDT, dated May 30, 2015, issued by the MOET Minister, enclosing the regulated organization and operations of private childcare service providers
- Circular 13/2018/TT-BGDDT, dated May 30, 2018, on revision of Article 14 on the regulated organization and operations of private childcare service providers, which was enclosed in Circular 13/2015/TT-BGDDT, dated May 30, 2015, issued by the MOET Minister
- Charter on Nurseries and Preschools, known as Document 04/VBHN-BGDDT, dated December 24, 2015, signed by Vice Minister of MOET Nghia Thi Nguyen
- Circular 52/2020/TT-BGDDT, dated December 31, 2020, signed by Vice Minister Minh Thi Ngo
- Circular 49/2021/ TT-BGDDT, dated December 31, 2021 issuing Regulation for Set-up and Operation of ICGs.

Annex 8. Construction of Structural Quality Index

In this report, we follow World Bank (2015) (technical note 6) to construct the quality indices of childcare providers. The overall quality index is constructed from 30 variables (see Table A.10 for the list of the variables). We use all variables that are available from the data set and reflect the quality of childcare providers. It should be noted that two variables "Availability of clean water" and "Parents can talk with teachers during the pickup time or Zalo" have value of 1 for all the providers, and as a result they are not used to construct the index.

Table A10 shows that the overall quality index has three components, which are also measured by three sub-indices of quality. The sub-indices are the infrastructure quality index (consisting of 19 indicators), the curriculum, materials and learning quality index (consisting of 6 indicators), and human resources quality index (consisting of 5 indicators).

The variables used in the indices all have values ranging from 0 to 1 (see Table A.11 for the summary statistics of the variables). To form the index, principal component analysis is utilized. Principal component analysis is a method of reducing the number of variables to obtain a single score, making it easier to interpret the overall set of variables. One prominent application of this technique is in the creation of a wealth index, as demonstrated by Filmer and Pritchett (2001). The method involves assigning weights to the variables included in the index and then calculating a unified score for each individual or household by multiplying each variable by its respective weight and summing them together. Specifically, a quality index for a childcare provider j (denoted by I_j) is constructed as the first principal component of a vector of variables of the childcare providers (30 variables as in Table A.10) as follows:

$$I_j = \sum_p a_p \frac{x_{pj} - \bar{x}_p}{s_p} \quad \text{(A.6)}$$

where x_p denotes a variable p, and $\bar{x}$ denotes a mean of providers in the sample. s is a standard deviation of the variable x_p, and the p-dimensional vector of weight a is chosen to maximize the sample variance of A, subject to $\sum_p a_p^2 = 1$. The weight a is also called the vector of scores of the variables, which can be estimated using principal component analysis (PCA).

In this study, we also conduct the analysis of Cronbach's alpha to examine internal consistency of these variables (Cronbach, 1951). It shows that all variables have a positive sign, meaning all the variables have the same direction with the overall score. The alpha coefficient is estimated at 0.85, indicating reasonable consistency and correlation between the variables used to construct the wealth index (Lance et al., 2006).

To ensure that all indicators are measured on the same scale, the index is standardized on a scale from 1 to 100 using the following formula:

$$I_i = 99.\frac{I_i - I_{min}}{I_{max} - I_{min}} + 1,$$

where I_i is the value of the index of childcare provider i. I_{min} and I_{max} are the minimum and maximum of the index in the sample, respectively. Childcare providers with the lowest quality score will get a value

of 1 (the worst), while childcare providers with highest quality score will get a value of 100 (the best) as their quality index value. It should be noted that we do not standardize the indices using percentiles, as done by the World Bank (2015), because our sample consists of only 200 childcare providers, and many of them have the same values. If we were to standardize the indices using percentiles, the range of the index would be significantly smaller than 100.

Table A.10 Variables used to construct the quality indices

Definition	Infrastructure quality index	Materials, curriculum and learning quality index	Human resources quality index	Overall quality index
H1. There is classroom for each group/class	X			X
H2a. Each group/class has routine care areas/rooms designated for learning, play	X			X
H2b. Each group/class has routine care areas/rooms designated for sleeping	X			X
H2c. Each group/class has access to toilet inside or outside the room	X			X
Area ≥ 24m^2 for nursery or 36 m^2 for kindergarten	X			X
H4a. Classroom is clean	X			X
H4b. Classroom receives sufficient day light and air	X			X
H5. There is/are multi-purpose room(s) for arts and/or physical education	X			X
H6. Kitchen is separated from the classrooms	X			X
H8. There are toilet facilities having appropriate size for children	X			X
H9. There are separate toilets for staff	X			X
H10. The childcare center has safe fences	X			X
H10a. The childcare center has window bars	X			X
H10b. The childcare center has stair railings	X			X
H10c. The childcare center has safe electrical outlets	X			X
H11. Heavy equipment or furniture that could tip over is anchored	X			X
H12. Emergency exits are clearly marked and identified	X			X
J1. There is space for outdoor play	X			X
J3. Outdoors have equipment and toys for gross motor activities	X			X
There are formal meetings between parents and schools		X		X
Each child in your center has their own portfolio (paper or electronic)		X		X
F1. There is a daily routine		X		X

Table A.10 Variables used to construct the quality indices *(Continued)*

Definition	Infrastructure quality index	Materials, curriculum and learning quality index	Human resources quality index	Overall quality index
F4. There is there an educational curriculum		X		X
Children are provided with meal		X		X
Children are provided with learning, physical exercise, outdoor play, free play, and sleeping		X		X
Share of teachers with college degree and above			X	X
Share of teachers with 5 years and more of experiences			X	X
Share of teachers with early childhood development training			X	X
Share of teachers with social insurance			X	X
Providing special care of a small group of children			X	X

Source: Childcare supply survey for this report.

Note: For several variables, their names begin with the inclusion of the question number in the questionnaires.

Table A.11 Values of the variables used to construct the quality indices

Definition	All providers	Public	Private	ICG	Family group
There is classroom for each group/class	0.915	0.960	0.947	0.871	0.840
Each group/class has routine care areas/rooms designated for learning, play	0.650	0.667	0.974	0.532	0.400
Each group/class has routine care areas/rooms designated for sleeping	0.570	0.587	0.789	0.435	0.520
Each group/class has access to toilet inside or outside the room	0.820	0.907	1.000	0.710	0.560
Area>=24m2 for nursery or 36 m2 for kindergarten	0.865	0.987	0.921	0.774	0.640
Classroom is clean	0.985	0.987	1.000	0.984	0.960
Classroom receives sufficient day light and air	0.835	0.920	0.868	0.742	0.760
There is/are multi-purpose room(s) for arts and/or physical education	0.475	0.707	0.763	0.194	0.040
Kitchen is separated from the classrooms	0.920	0.933	1.000	0.919	0.760
There are toilet facilities having appropriate size for children	0.790	0.933	1.000	0.710	0.240
There are separate toilets for staff	0.865	0.947	0.974	0.710	0.840
The childcare center has safe fences	0.935	0.933	0.974	0.952	0.840
The childcare center has window bars	0.855	0.947	0.921	0.806	0.600
The childcare center has stair railings	0.780	0.907	0.895	0.581	0.720

Continued next page

Table A.11 Values of the variables used to construct the quality indices *(Continued)*

Definition	All providers	Public	Private	ICG	Family group
The childcare center has safe electrical outlets	0.770	0.653	0.895	0.823	0.800
Heavy equipment or furniture that could tip over is anchored	0.735	0.733	0.816	0.758	0.560
Emergency exits are clearly marked and identified	0.385	0.440	0.816	0.145	0.160
There is space for outdoor play	0.725	0.960	0.921	0.500	0.280
Outdoors have equipment and toys for gross motor activities	0.655	0.947	0.868	0.403	0.080
There are formal meetings between parents and schools	0.525	0.893	0.579	0.258	0.000
Each child in your center has their own portfolio (paper or electronic)	0.890	0.973	1.000	0.919	0.400
There is a daily routine	0.985	1.000	1.000	1.000	0.880
There is there an educational curriculum	0.875	1.000	0.868	0.968	0.280
Children are provided with meal	0.965	0.947	1.000	1.000	0.880
Children are provided with learning, physical exercise, outdoor play, free play, and sleeping	0.750	0.933	0.947	0.581	0.320
Share of teachers with college degree and above	0.649	0.938	0.589	0.522	0.187
Share of teachers with 5 years and more of experiences	0.702	0.833	0.609	0.535	0.867
Share of teachers with early childhood development training	0.405	0.497	0.438	0.286	0.373
Share of teachers with social insurance	0.660	0.932	0.895	0.426	0.067
Providing special care of a small group of children	0.365	0.560	0.316	0.258	0.120

Source: Childcare supplier survey for this report.

Table A.12 The average quality indices

	All providers	Public	Private	ICG	Family group
Overall quality index (1-100)	71.3	86.6	86.4	58.4	34.1
Infrastructure quality index (1-100)	75.3	84.8	91.7	63.5	51.1
Curriculum & material index (1-100)	89.5	97.1	94.6	88.6	61.2
Human resource index (1-100)	55.2	78.7	58.3	38.8	20.9

Source: Authors calculations. Childcare supplier survey for this report.

Annex 9: OneSky Da Nang – A Successful PPP Model for Building Capacity in Industrial Childcare Groups

A partnership between Da Nang's municipal authorities and OneSky (an international NGO) was established in September 2017 to address the childcare needs of factory workers in industrial parks (IPs). The partnership operated along two dimensions. First, the city provided land and facilities for the OneSky Da Nang Early Learning Center, which delivered childcare services for workers' children in an area with a high concentration of IPs; operational costs and meals were financed by OneSky and parents. Second, the Center partnered with provincial education authorities to strengthen the skills of teachers and caregivers working in industrial childcare groups (ICGs).

In August 2025, full management of the Center was transferred to Da Nang's municipal authorities. By that time, the Center had served 974 children aged six months to six years. It had also delivered multiple rounds of 12-month training—both in-person and virtual—to 2,275 teachers and caregivers from ICGs in provinces with high concentrations of IPs, reaching more than 61,000 children. Course evaluations have been consistently positive.

Following the transfer, OneSky continues to support the ICG workforce through a new three-year program. In partnership with the Ministry of Education and Training, the OneSky is delivering training-of-trainers (ToT) programs for headteachers, deputy headteachers, and technical leads, who in turn train teachers and caregivers within ICGs. This approach is expected to reach approximately 1,180 ICGs, benefiting around 30,000 children. In parallel, OneSky continues to work directly with provincial education authorities to provide in-service training for teachers and caregivers in high-IP areas. The program places two full-time, trained teachers in selected ICGs to improve child–teacher ratios while providing on-the-job mentoring for existing staff. These interventions span, across key industrial provinces and cities with high or rapidly growing concentrations of industrial parks, including Hai Phong, Bac Ninh, and Bac Giang in the North; Da Nang and Quang Ngai in the Central region; and Ho Chi Minh City and Tay Ninh in the South.

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