

Uzbekistan: Modernized Student Financing System to Expand Access to Education for 600,000 Young People

Highlights

Financing System Reform: The World Bank Group's **\$250 million loan** supports the EDUIMKON Program to reform Uzbekistan's student financing support system. The Program will expand equitable access to higher and vocational education for **600,000 students across the country** and strengthen long-term fiscal sustainability.

Established International Models: The financing structure draws on **Colombia's ICETEX** experience, aligning repayment terms with students' repayment capacity to improve affordability and sustainability.

Results-Based Disbursement: The loan uses the Program-for-Results (PforR) instrument, which links disbursements to the verified achievement of results, incentivizing measurable progress by Uzbekistan's own institutions.

Background

Uzbekistan's higher and vocational education sector has experienced remarkable growth, with youth enrollment surging from **8.3% in 2017 to 48% by 2024**. While this expansion reflects increased access to education, it has also created challenges for the country's student financing system.

First, the surge of enrollment placed unsustainable pressure on the public budget, as the current system relies on state-subsidized loans issued by commercial banks. Second, the system's concessional but fixed repayment terms are disconnected from graduates' actual earning potential, creating affordability challenges for students whose post-graduation incomes may not align with their repayment obligations.

Recognizing these challenges and to support the government's Higher Education Concept 2030, the World Bank Group and the government of Uzbekistan



Sherdor Madrasah. Samarkand, Uzbekistan, Photo credit Adobestock by [sikaraha](#)

have partnered under the "[EDUIMKON: Redesigning Opportunity, Delivering Educational Equity Program \(P513279\)](#)" to expand opportunities for the younger generation to have access to higher education.

To support these efforts, the World Bank Group team started by sharing South-South sound practices with Uzbekistan's Ministry of Economy and Finance through technical workshops. One prominent example came from Colombia. [Since 2008](#), their national student loan agency, ICETEX, has aligned the World Bank Group lending terms to the on-lending program with students' repayment capacity post-graduation. ICETEX's financial structure included: a longer grace period to enable students to complete their studies and find employment, longer final maturities, disbursement-linked repayment schedules aligned with ICETEX's cash inflows from student repayments to manage cashflow risk, and conversion of loans to local currency upon disbursement. Drawing on ICETEX as a conceptual model, Uzbekistan and the World Bank Group team worked to tailor the financing to Uzbekistan's realities.

Program and Financial Objectives

- Provide financing to Uzbekistan to improve equitable access (particularly for low-income students and women), relevance, and sustainability of the student financing support mechanism in the tertiary education sector.



- Establish a loan system aligning the tenor, grace period, amortization profile, and cashflow timing across all stakeholders: the sovereign (borrowing from IBRD), participating banks (on-lending), and students (repayment capacity).

Financial Solution

Essential to the program’s development, and to achieving ministerial buy-in, was demonstrating how IBRD’s financial terms could support the program’s goal of enhancing the sustainability of the student financing support mechanism. To this end, World Bank Group Treasury conducted extensive financial modeling across a range of scenarios, forecasting pricing and stress-testing against foreign exchange risk. Scenarios analyzed included disbursement-linked repayment profiles following on from the ICETEX case and exploring [Investment Project Financing with a Deferred Drawdown Option](#), which is a contingent financing product which provides immediate liquidity for pre-defined project expenditures. The ICETEX example, which aligned cash inflows with the loan repayment profile, resonated most with the government and crystallized the financing structure.

Final Solution and Outcome

On December 11, 2025, the World Bank Board of Executive Directors approved a \$250 million [Program-for-Results \(PforR\) loan](#) for Uzbekistan’s EDUIMKON Program with a 5-year grace period and a 25-year final maturity to transform student financing in an equitable and sustainable manner.

The government of Uzbekistan selected the PforR instrument for multiple reasons:

- 1) **Uses the country’s own systems:** The EDUIMKON Program builds institutional capacity in the Ministry of Economy and Finance, the Education Loan Financing Fund Management Department, the Fund for Financing Educational Loans, and participating commercial banks.
- 2) **Promotes outcomes by releasing funds based on the achievement of verifiable results,** called disbursement-linked indicators. Uzbekistan’s indicators include (i) targeting low-income students and women with quantitative benchmarks for coverage; (ii) setting up data systems; and (iii) formulating a reform strategy for Tertiary Student Financing. Between 2025 and 2028, upon validation by an Independent

Verification Agency that the government has achieved the results, the World Bank Group will disburse funds in tranches: \$98 million in 2026, \$12 million in 2027, and \$140 million in 2028.

- 3) **Aligns repayment terms throughout the loan system and mitigates cashflow risk:** As each tranche (IDA and IBRD) has its own grace period, it allows the government to align its debt service with expected cash inflows from student repayments through participating banks. This instrument also offers a 4-year grace period for commitment fees on undisbursed balances.

World Bank Group Treasury’s Role

Under the leadership of the Education Global Practice, Europe & Central Asia Region, the Treasury Client Solutions and Structuring team played an early-stage role. Given Uzbekistan’s IDA-eligible status, which provides access to highly concessional financing, the Ministry of Economy and Finance was less familiar with IBRD’s market-based lending terms. The Treasury team helped the Ministry make an informed decision by providing:

- **International practice and precedent:** Drawing on the ICETEX precedent, the team illustrated how student lending programs can be sustainably structured while safeguarding fiscal resilience.
- **Pricing simulation for different scenarios.** Conducted pricing simulations for various maturities and grace periods for different World Bank Group lending instruments and financial products to deliver affordable financing to students.
- **Currency risk assessment.** Analyzed Foreign Exchange exposure under alternative financing scenarios, potential hedging options and associated costs, sensitivity to exchange rate movements over varying tenors, and their impacts on the government’s debt profile.

Summary of Financial Terms

Approval Date	December 11, 2025
Amount	\$250 million
Maturity	25 years
Grace period	5 years
Instrument	PforR