Global Education Monitoring Report

ICELAND

FINANCING FOR EQUITY IN HIGHER EDUCATION

Introduction

Key financing indicators (UIS Data)

In 2023, the gross enrolment ratio for tertiary education for both sexes was 76.5%. As of 2022, initial government funding per tertiary student stood at 23% of GDP per capita, while initial household funding accounted for 0.8%.

Tuition-free status

Public higher education institutions do not have the legal authority to charge tuition fees, but they may charge registration fees regulated by law, if backed by information on actual costs of student registration. The payment of registration fees goes directly to the institution itself.

Governance

The Ministry of Culture, Innovation and Higher Education is responsible for allocating block funding to higher education institutions. There are 4 public and 3 private institutions in Iceland, with their distinction mainly based on legal differentiation. Both public and private higher education institutions receive individual appropriations from the state budget. Private institutions that charge tuition-fees can only receive 75% of the state allocation for teaching and research. Private institutions are recognised by the Ministry and subject to the same provisions as public institutions regarding external reviews and quality control. All institutions (both public and private) are subject to the provisions of the 2006 Higher Education Act.

1. Education resources to subnational governments

Higher education institutions are funded directly from the state, with no involvement from municipalities or other local authorities.

2. Education resources to institutions

Funding for private universities in the absence of public institutions

Both public and private institutions receive individual appropriations from the state budget. Private institutions receive considerable financial assistance from the state. Those private institutions that charge tuition fees receive funds according to the same formula as public institutions and private institutions that do not charge tuition fees, but funding for teaching and research is capped at 75%

Allocation and equity

The financing of all higher education institutions (regardless of ownership) is based on block funding, meaning the Ministry allocates block funding for each institution, based on the number of students, graduates, research performance and contributions to society. The current funding model was first implemented in the 2024-25 academic year.

3. Education resources to students

Admission for vulnerable groups

There is no central requirement for higher education institutions to admit vulnerable groups, although there is a legal requirement in the 2006 Higher Education Act that institutions make provisions to ensure that teaching and special support is available for students with disabilities and students with emotional and social difficulties. Each university has its own policy on how to accommodate disadvantaged students.

Scholarships, grants and loans for vulnerable groups

The Icelandic Student Loan Fund offers student loans for full-time higher education studies that cover costs incurred by studies (including tuition fees, books and materials, travelling expenses and cost of living). If the income forming the student's tax base exceeds a certain amount, the assistance is reduced.

Based on the European Economic Area (EEA) Agreement, individuals from European Union member states and the EEA-EFTA countries (Norway and Liechtenstein) who reside in Iceland may also be entitled to student loans. One condition for receiving the loan is that the applicant has been residing in Iceland for 2 continuous years, or has been residing in Iceland for 3 of the 10 years preceding the beginning of the period for which the student loan is applied.

Students from the Nordic countries who are permanent residents in Iceland and registered at an Icelandic higher education institution are also eligible for student loans if they are not supported financially by their own country.

To receive loans, students must complete at least 75% of full-time studies according to the programme of the educational institution, approved by the board of the Fund. Assessment of academic progress takes place each semester, with the loan reduced proportionally if a student does not meet the required standards. Repayment of loans begins two years after the completion of studies.

Grants based on research proposals are also available for postgraduate and research-oriented studies at higher education institutions.

4. Support for students' living costs

Transportation

Loans provided by the Icelandic Student Loan Fund may cover a contribution towards student travel expenses.

Accommodation

Loans provided by the Icelandic Student Loan Fund cover a contribution towards student accommodation expenses.

Textbooks

Loans provided by the Icelandic Student Loan Fund cover a contribution towards the costs of textbooks and other learning materials.

This profile has been reviewed by Guðni Olgeirson (Ministry of Education and Children), Hulda B. Herjolfsdóttir Skogland (Ministry of Education and Children), and Una Strand Vidarsdottir (Ministry of Culture, Innovation and Higher Education).

Related resources

- 2022 Education Finance Watch
- How committed? Unlocking financing for equity in education
- 2026 GEM Report: Access and equity

The Profiles Enhancing Education Reviews (PEER) platform has moved to a new website, https://www.unesco.org/gem-report/peer, where it now provides updated, indicator-based analysis and continuous monitoring. The current website, https://education-profiles.org/, remains available for reference but will be progressively archived; its profiles, linked to earlier GEM Reports, are no longer being updated.

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