



# The National Fund for Children in Kazakhstan

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The government of Kazakhstan officially launched the National Fund for Children, a Child Development Account (CDA) policy, in January 2024. The policy represents a long-term commitment to investing in Kazakhstan’s future generations and to building a new post-fossil fuel economy. This brief documents what has occurred.

## Social Innovation and Research

The idea of asset building by all children was first articulated in 1991 (Sherraden, 1991). A very large body of research has followed. In particular, a robust social experiment, operating from 2007 to the present, has documented positive impacts of CDAs (Huang et al., 2020). Findings from the SEED for Oklahoma Kids experiment have informed CDA policy design in several U.S. states and countries (Zou & Sherraden, 2022).

Social research, if well-designed, can be an instrument for positive social change. Research by the Center for Social Development (CSD) played a role in planting the seed for a policy innovation in Kazakhstan.

Research conducted by Aytakin Huseynli from 2019 to 2020 examined policies for child development and well-being in six post-Soviet states, three with natural resource wealth and three without (Huseynli & Sherraden, 2023). The key research question was whether countries with resource wealth offer children better social development compared with countries that lack such wealth. Because so many countries have natural resource wealth, this question has considerable international relevance, and the findings have great potential for application. Consistent with an emphasis on social development, the research also explored potential policies for improving the well-being of children in countries that are rich in oil, gas, and mineral resources. In other words, the research was not just describing problems, but also exploring solutions.

Huseynli (2023) inquired about the idea of asset-building policies funded by fossil-fuel wealth and designed for human development, particularly for the development of children. She examined a policy design for CDAs, an asset-building

policy for children. In that policy concept, oil, gas, and mineral wealth would be invested on behalf of all children in the country. All children would accumulate assets for their education, business start-up, financial security, and career development (Huseynli, 2023).

## A Solution for Under-Investment in Child Development

Many nations with natural-resource wealth do not invest sufficiently in the development of their populations. This unfortunate phenomenon is well documented in the international development literature (Auty & Warhurst, 1993; Collier & Goderis, 2012; Franke et al., 2009; Gylfason, 2001; Hinojosa et al., 2012; Makhoul et al., 2017; Wigley 2017), but it could change. Kazakhstan is an oil- and gas-rich, low-to-middle income nation whose leaders recognize that the transition from fossil fuels requires a new economic model centered on human capital, not petroleum and gas. Resource wealth can be invested in child development, education, economic productivity, and social stability. Kazakhstan has decided to follow this path.

Through the National Fund for Children policy launched early in 2024, the nation has automatically opened an account for every Kazakhstani under the age of 18, and a new account will be opened for each infant born in the nation. Through annual deposits—the first of which was made in early 2024—the nation is building assets for its future social and economic development. The policy is designed to produce a more inclusive society, reduce economic inequality, and invest in children so that they can become educated and productive.

## CDA Policy Delivery and Significance

The Unified National Pension Fund is Kazakhstan’s sovereign-wealth fund for revenue and earnings from natural resource exploitation. It serves as the administrator of the National Fund for Children. Since the policy launched in early 2024, about 7 million children have received CDAs. The government



has allocated almost US\$700 million to the National Fund for Children by channeling half of the annual earnings of the Unified National Pension Fund. In each future year, the government plans to do the same.

In 2024, each beneficiary child received about US\$100.52 in his or her account. The assets will grow there until the beneficiary reaches age 18, at which point they can use the savings to pursue education or purchase housing—explicit economic- and social-development purposes. Estimates based on historical data and market projections indicate that each account could accumulate as much as US\$3,500 (Kazakhstan to allocate 50%, 2024; В Минфине рассказали, 2024).

This policy effort and the assets to be accumulated are substantial in the Kazakhstani context. Two basic comparisons illustrate the point. In 2023, per-capita gross domestic product was US\$13,088 in Kazakhstan and US\$81,695 in the United States—6.3 times larger (World Bank Group, n.d.-a, n.d.-b). Thus, we can multiply a US\$100.52 deposit in Kazakhstan by 6.3 to arrive at the equivalent value of the deposit in the United States: US\$634. Next, we can adjust by the number of children under age 18: Kazakhstan has about 6.8 million (Shayakhmetova, 2024), and the United States has about 74 million—11.4 times more (UNICEF, n.d.). Therefore, we can multiply US\$634 by 74 million to arrive at a comparable total U.S. expenditure of US\$46.9 billion annually. This puts the Kazakhstan policy in a different light. A U.S. policy of nearly US\$50 billion dollars per year would be large and meaningful by any standard. It would be transformative in building assets for all children, and even more so if progressively structured.

## Global Implications

### Strategic Investment from National Resource Wealth During the Energy Transition

Kazakhstan is the first country in the world to strategically allocate half of the earnings from its national (sovereign) fund to investments in children. This strategy ensures that the benefits of the country's natural resources extend beyond immediate economic gains to a lasting, positive impact for future generations. Also, the strategy addresses the challenge of intergenerational equity, ensuring that future generations will benefit from the country's resource abundance even after the energy transition from fossil fuels to renewable energy resources.

### Long-Term Investment in Human Capital

The National Fund for Children reflects the vision of the Kazakhstan government in its long-term commitment to invest in its future workforce and leaders. Focusing on investment in education and housing, the government is intentionally developing a skilled, educated, and competent population. This long-term investment in human capital will benefit Kazakhstan's economic development, market competitiveness, and social stability in the years ahead.

## An Example for Other Natural-Resource-Rich Economies

Kazakhstan's National Fund for Children policy serves as a leading example of how CDAs can benefit children in nations with such economies. The policy illustrates how nations can leverage natural resource wealth to create long-term, sustainable benefits for succeeding generations. This investment strategy focuses on human capital development and economic diversification.

## Potential for Regional Collaboration and Global Learning

Countries in Eurasia and elsewhere are watching as Kazakhstan's new policy unfolds. Officials in Azerbaijan, for example, have begun exploring the CDA policy model (Huseynli et al., 2020). With similar cultures, economies, and populations, Azerbaijan and Kazakhstan already collaborate regionally and engage in knowledge-sharing activities. Adoption of CDA policies in other nations creates opportunities for cross-national collaboration, learning, and policy refinement.

## Conclusion

The National Fund for Children in Kazakhstan is the world's leading example of a CDA policy achieved by leveraging national resource wealth for investments in future generations. Through the policy, Kazakhstan has demonstrated a long-term commitment to human capital development. The policy could serve as a model for other resource-rich nations looking to diversify their economy and transform the workforce beyond natural resource industries. In this regard, the CDA policy example in Kazakhstan holds great potential for increasing social and economic development as the world progresses through the now inevitable transition away from fossil fuels.

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