SDIJournals

Journal of Sustainable Development Issues, 2026, 4(1),

pp. 1-12.

Journal homepage: https://journalsdi.com/index.php/jsdi/index; **ISSN: 3078-2546**



From Sovereign Wealth Fund to National Fund for Children: Natural Resource Wealth Redistribution and Social Policy Innovation in Kazakhstan

Aytakin Huseynli[1,*]

[1] *Brown School, Washington University, St. Louis, United States*

ABSTRACT

Many resource-rich countries in the Global South face a development paradox in which natural wealth fails to generate broad-based social progress, a challenge often explained by the resource curse. This paper examines Kazakhstan's National Fund for Children (NFC), a universal child savings account policy financed by natural resource revenues. Launched in 2024, the NFC provides savings accounts for all 7 million children, with funds accessible for education and housing in adulthood. Using a qualitative case study based on desk research and secondary data, the study analyzes the policy's design, implementation, and early usage patterns. The findings illustrate how future-oriented social policy can transform resource wealth into intergenerational human development.

Keywords: Oil-Gas-Minerals; Human Development; Child-Well-Being; Health; Extractive Industries; Asset-Building

* Corresponding author: Brown School, Washington University, St. Louis, United States
ahuseynli@wustl.edu, Tel.: 13145859262

JEL Classification: 015, P18, I28, I30, I31

DOI: 10.62433/josdi.v4i1.72

"This journal is licensed under a Creative Commons Attribution 4.0 Interntional license."

Received: October, 2025 | 1st Revision: February, 2026 | Accepted: March, 2026

1. INTRODUCTION

Many oil-, gas-, and mineral-rich countries in the Global South face a persistent development paradox: substantial natural resource wealth has not translated into sustained social development or broad-based improvements in human well-being. Instead, reliance on extractive industries has often been associated with economic volatility, inequality, poverty, institutional weakness, and limited investment in social and human development (Collier, 2012; Sachs, 2016; Ross, 2012). These dynamics are explained through the concept of the resource curse, or the paradox of plenty- a failure in resource-rich low-to-middle-income countries to benefit effectively from their natural resource wealth (Auty, 1993; Karl, 2007; Sachs & Warners, 2001). Countries that are victims of the resource curse have heavy dependence on natural resource revenues, which undermines long-term development trajectories, distorts public spending priorities, and weakens social cohesion (Arezki & Gylfason, 2012).

From a theoretical perspective, the resource curse underscores the importance of institutions and policy choices in shaping development outcomes (Natural Resource Governance Institute, 2015; Ross, 2012). Natural resource revenues, particularly when large and volatile, can reduce incentives for taxation (Ross, 2012), weaken accountability, and encourage short-term fiscal decision-making. In many resource-rich countries, this has resulted in underinvestment in education, health, housing, and social protection—sectors that are essential for building human capital and fostering inclusive growth (Collier & Goderis, 2012; Sachs, 2016). As a result, natural resource wealth has too often exacerbated intergenerational inequality rather than serving as a foundation for sustainable development (Karl, 2007; Arezki & Gylfason, 2012).

The spillovers from the resource curse also impact the well-being of vulnerable groups. One of the biggest vulnerable groups in all societies, children, are also affected by the resource curse (Wigley, 2017). Due to eroded social protection system, children do not receive effective social policies and services, which leads to their diminished well-being of children. For instance, dissertation research in six post-Soviet countries, *Effect of resource curse on child well-being in resource-rich states, specifically in post-Soviet states* (Huseynli, 2022; Center for Social Development, 2026), which explored the relationship between the resource curse and child well-being, found that the countries with oil, gas, and minerals do not prioritize child well-being policies and services compared to the countries with no such resources (Huseynli, 2022). In post-Soviet countries with resources, child well-being policies were never among the top ten priorities in the agenda of policy makers or presidential candidates, whereas in countries with no resources, they were always among the top 10 promised priorities (Huseynli, 2022).

After investigating the relationship between the resource curse and child well-being, the dissertation research paper *Asset-building policies to lift the resource curse: Child development accounts in oil-and-gas-rich countries by Huseynli (2023)*, proposed a model of saving accounts policy for children that was funded by the wealth of natural resources (Huseynli & Sherraden, 2023; Schoenherr, 2026). The proposed policy design was adopted by Kazakhstan in 2024 as the National Fund for Children (Center for Social Development, 2025; Washington University in St. Louis, 2026; Center for Social Development, 2026). The National Fund for Children was launched in 2024 to open individual savings accounts for every child in Kazakhstan born in 2006 and beyond (Bank Center Credit, 2026), independent of their income, and annually redistribute some portion of the wealth of the country's natural resources to children. The National Fund for Children is a universal policy that covers all children of Kazakhstan, which is about 6.9 million children (Huseynli et al., 2024). Under the policy, 50% of the Kazakhstan sovereign-wealth fund's annual investment earnings are transferred to the NFC, which in turn is equally distributed across accounts for all eligible children (Huseynli & Sherraden, 2026).

The paper explores the rationale behind the National Fund for Children policy of Kazakhstan, its financial and institutional design, and the mechanisms governing its implementation. In addition, it examines early evidence on the use of funds by beneficiaries, focusing on how accumulated assets are being deployed for education and housing purposes. The paper also

analyzes the usage of savings by families. By situating the National Fund for Children within broader discussions of the resource curse and sustainable development, the paper offers insights into how resource-rich countries, especially in the Global South, can translate natural resource revenues into inclusive, long-term investments in human capital. The paper contributes to both theoretical and applied policy debates by analyzing the newly enacted saving accounts policy for children that was funded by the natural wealth, the National Fund for Children in Kazakhstan.

2. LITERATURE REVIEW

Natural resources, such as oil, gas, and minerals, are a key economic factor in 81 countries home to approximately 3.5 billion people worldwide (United Nations, 2021). These nations account for 85% of global petroleum production, 90% of diamond extraction, and 80% of copper output (Natural Resource Governance Institute, 2013). In 2021, the total revenue generated from these resources reached $2.4 trillion (Natural Resource Governance Institute, 2022). Among these 81 nations, 9 are classified as high-income, while the remaining 72 fall into the low-middle-income category (United Nations, 2021). Additionally, nearly half of the world's population resides in these resource-rich nations, with 70% of them living in extreme poverty (World Bank, 2021).

The trend in social development in resource-rich LMI countries is that those who have formal employment and access to political and economic elites benefit from the social policies. Generally, social protection policies, both social insurance and social assistance in resource-rich LMI countries, are underinvested, inefficient, not inclusive, and not effective (Karl, 2007; McCaullaugh, 2013; Unrisd, 2014a; 2014b). Social insurance policies are underinvested and ineffective in improving family well-being. For example, the minimum living cost or subsistence minimum in resource-rich countries of the former Soviet Union ranges from $650 to $1200 for a single person. In contrast, average age-related pensions for retirees are between $35 -$250 (Fuchs et al., 2021).

Available research shows that child and family well-being in resource-rich LMI countries is negatively affected by resource curse spillovers. The resource curse literature shows that the greater the dependency of a country on oil-gas-mineral resources, the greater the likelihood that children born there will die at birth, have poorer health care and nutrition, and worse education (Karl, 2007; Sovacool, 2010; Wigley, 2017; Makhlouf et al., 2017). Infant mortality rates among resource-rich developing countries between 2000 and 2005 have lagged behind the global norm, despite most experiencing GDP and government revenue growth during these years (UNICEF, 2014). Karl (2007) and Sovacool (2010) also found that in countries dependent on oil and minerals, both infant mortality and life expectancy at birth are worse than in nonoil and nonmineral dependent countries at the same income levels. Among post-Soviet countries, resource-rich countries lagged behind resource-poor countries in child mortality rates. For instance, resource-rich Azerbaijan ranked 68, Turkmenistan 52, Kazakhstan 70, Ukraine 73 per 100,000, whereas post-Soviet resource-poor countries such as Georgia ranked 95, Moldova 100, Kyrgyzstan 79, Armenia 112, and Belarus 161 (UNICEF, 2025).

Governments in resource-rich countries of the Global South theoretically have the capacity to use natural wealth to finance social policies, health care, and social protection systems (Karl, 2007; Sovacool, 2010; Wigley, 2017; Makhlouf et al., 2017). While national economies may show signs of growth, ordinary families in these contexts frequently continue to face financial insecurity, poor access to services, and limited upward mobility. Despite living in resource-rich nations, many face barriers to quality education, healthcare, housing, and nutrition. The failure to convert oil and gas wealth into sustainable human capital development perpetuates intergenerational poverty and restricts opportunities for upward mobility. Most social policies in resource-rich countries of the Global South are underfinanced and inefficient, operating on a short time horizon. Short-term food, fuel, or utility subsidy programs are common but ineffective for poverty reduction (Jawad, 2015). Such policies constitute about 10 percent of GDP in low-to-middle-income resource-rich countries.

Eliminating the resource curse can change the trajectory of the development of resource-rich countries of the Global South and significantly contribute to achieving the Sustainable Development Goals of the United Nations. In parallel to other measures to beat the resource curse, sustainable and evidence-based social development policies, especially for children, are one of the efficient, progressive, and developmental ways in resource-rich LMI countries. Social development policies in resource-rich countries can support the idea of mobilization of natural resource wealth for the development of human capital. Different from sovereign wealth funds, which are accessible only by political and economic elites in LMI resource-rich countries, policies such as the National Fund for Children of Kazakhstan can realize the longstanding recommendations of fair redistribution of natural resource wealth among citizens via individual accounts, thereby promoting inclusive development and sustainable growth (Huseynli, 2023).

3. METHODOLOGY

3.1. Study purpose, design, and approach

The purpose of the study was to review and analyze the National Fund for Children policy of Kazakhstan to understand its rationale, goals, design, eligibility, administration, and delivery characteristics to make recommendations for other countries in the Global South with oil-gas-mineral-rich resources. The study used qualitative desk research based on secondary data analysis drawn from publicly available information. Using a case study approach, the paper focused on Kazakhstan's National Fund for Children policy.

3.2. Data collection

Data for this study were collected through desk research using publicly available secondary sources**.** These sources included national and international newspaper articles**,** government reports**,** official government news releases**,** and content published on government and institutional websites. Documents were identified through targeted keyword searches and were selected based on their relevance to the study objectives and policy focus. The use of multiple publicly accessible sources enabled triangulation of information and enhanced the robustness of the analysis.

3.3. Study site

The study focuses on one of the social policies taking place in Kazakhstan. Kazakhstan is the largest country in Central Asia, with a population of 19.8 million and ranks highest among former Soviet Union (fSU) countries in GDP, with USD 259.7 billion (USD 13,088 GDP per capita) after Russia (World Bank, 2024). Since the 2000s, the country has seen impressive economic development driven by the first generation of market-oriented reforms, abundant natural resource extraction, and strong foreign direct investment (World Bank, 2024). Sustainable economic growth has transformed the country into an upper-middle-income economy, raising living standards and reducing poverty.

Kazakhstan's economy is categorized as fast-growing based on abundant oil, gas, and mineral resources, foreign direct investment, and strong domestic demand (World Bank, 2024). Between 2010 and 2021, oil contributed about 65% of Kazakhstan's merchandise exports. In 2023, oil revenues represented about 36% of government budget revenues. Adjusting to the global green transition, Kazakhstan has been undertaking measures to strengthen human development. Investing in social development has become a key element in the strategy of development for Kazakhstan. The National Fund for Children policy is one of the social policies that the country implements to develop its children.

4. RESULTS

4.1. Overview and Rationale behind the National Fund for Children

The National Fund for Children is a universal social policy for children launched in 2024 by the government of Kazakhstan. Under the new universal policy, 50% of the annual income from the National Fund of Kazakhstan, which is a sovereign wealth fund, was allocated to the National Fund for Children (NFC) by equally dividing and depositing it into the individual accounts of about 6.9 million children born between 2006 and 2026 (Huseynli & Sherraden, 2025). The amount of deposits to the NFC in Kazakhstan varies depending on the price of oil, gas, and minerals in the global market.

In 2024, the government of Kazakhstan made the first deposit of USD100.58, in 2025, the second deposit of USD129.38, and in February of 2026, the third deposit in the amount of USD130.70 (Unified Accumulative Pension Fund, 2026). The accumulation of assets is USD370.56 per child under the National Fund for Children over three years (See Table 1). The total amount that was transferred from the National Fund of Kazakhstan to the National Fund for Children for 3 years was USD2.4 billion (Official Information Source of the Prime Minister of the Republic of Kazakhstan, 2026; National Bank of Kazakhstan, 2026).

Table 1: *Transfers and Savings in the National Fund for Children in USD*

Year	Amount per child (USD)	Total transfers from National Fund (USD)	Savings per child (USD)
2024	108.58	696	108.52
2025	129.38	889	237.96
2026	130.70	902	368.66

Source: *Unified Accumulative Pension Fund, 2026; National Bank, 2026*

The purpose of the policy is to redistribute the natural resource wealth for the development of children in Kazakhstan. Finances are saved in accounts and can be used after the beneficiary reaches 18 years of age. The accumulated savings by the time the account owner reaches 18 years old are forecasted to be about USD3500 (Ministry of Finance of the Republic of Kazakhstan, 2023a, February 14). The accumulated savings can be used for covering postsecondary education expenses within and outside of Kazakhstan and/or to improve housing conditions (Ministry of Finance of the Republic of Kazakhstan, 2026). The rationale behind the policy is to ensure that the benefits of natural resources are used to develop the younger generation (Huseynli & Sherraden, 2025). The strategy is to develop all children to be educated and productive—that is, to build human capital for a new economy.

Context and Design of the National Fund for Children

The government of Kazakhstan automatically opens an account for every child who is a citizen of Kazakhstan. Opened shortly after the beneficiary's birth, each account receives an annual deposit from the National Fund until the beneficiary turns 18. Funds are transferred in USD. Kazakhstan citizens who leave the country before age 18 will retain rights to the funds. Deposits and earnings in the accounts are not taxed, and the assets will remain inaccessible until the beneficiary reaches age 18 (Ministry of Finance of the Republic of Kazakhstan, 2026).

After that point, the assets may be spent on education and education-related fees in Kazakhstan or overseas, or on improving the housing conditions. If an account beneficiary does not use the funds within 10 years after turning 18, the assets will be automatically transferred to the individual's pension account. Parents and legal caregivers may use the funds in their child's account if the child is unable to do so (Ministry of Finance of the Republic of Kazakhstan, 2023b).

The NFS adopted the savings accounts design elements proposed by Huseynli (2023) for the context of the oil-gas-mineral-rich countries of the Global South. These elements are having

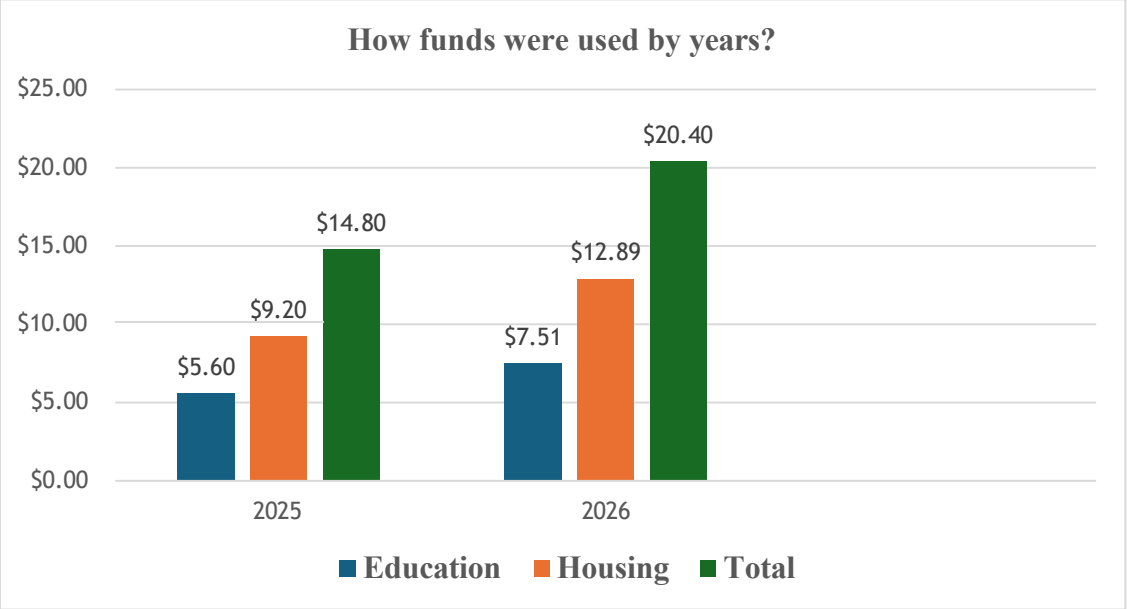
ongoing transfers from the natural resource wealth, opening accounts in government-related banks, and having it as a social policy measure instead of interest-based accounts in private banks (WashU, 2025; Huseynli & Sherraden, 2023). The NFC also used design elements of Child Development Accounts (CDAs)—long-term asset-building accounts for children to support education, housing, and other development-related investments (Huseynli et al., 2024). Universal asset-building starting at birth, often called Child Development Accounts (CDAs), was suggested in Assets and the Poor (Sherraden, 1991). These design elements are universality, automatic opening at birth, asset accumulation over the years, and restricted usage of finances after their maturity.

4.2. Delivery and Administration of the National Fund for Children

The accounts are opened and delivered by government financial institutions. As a centralized platform for NFC, Kazakhstan used the government's financial institutions, such as Otbasi Bank, Halyk Bank, and Finance Center, and second-level private banks that collaborate with the government's Unified Accumulative Pension Fund (Unified Accumulative Pension Fund, 2026). Ongoing annual deposits were automatically deposited into accounts from the National Fund, which is a sovereign wealth fund of Kazakhstan. The amount of transfers to accounts in Kazakhstan will vary depending on the price of oil, gas, and minerals in the global market.

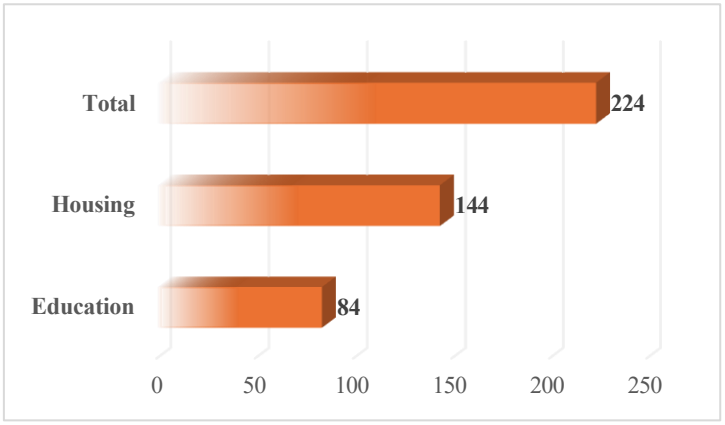
4.3. Early evidence on the usage of funds in the National Fund for Children

Between 2024 and 2026, about 23.7% (223,785) of beneficiaries who reached the age of 18 made withdrawals from accounts. About 63% (USD22.09 million) of the savings were used for housing purposes, and 27% (USD13.11 million) was used for covering postsecondary-related expenses. But as of 2026, about 74.3% of the funds transferred to eligible 18-year-olds remained unused (Unified Accumulative Pension Fund, 2026).



Graph 1: *Usage of Assets in the National Fund for Children in Millions USD*

Housing expenses: As seen from the Graph 2 below, the families used the funds mostly for housing expenses. About 139,759 beneficiaries who made withdrawals used the following housing-related purposes: the majority of beneficiaries, 136,490, deposited savings (USD21.61 million) for housing construction, 1,108 beneficiaries used savings (USD165 thousand) for downpayment to obtain a mortgage, and about 819 account owners used finances (USD119.36 thousand) for buying housing (Unified Accumulative Pension Fund, 2026).



Graph 2: *Number of withdrawals and usage*

Education expenses: About 84,026 withdrawals were made to cover the following education expenses: about 78,643 applicants used finances (USD12.15 million) for education services in Kazakhstan, 1827 beneficiaries used savings in the amount of USD252.49 thousand for covering education expenses outside of Kazakhstan. About 5134 beneficiaries used savings in the amount of USD645.10 thousands for replenishment of an educational savings deposit under an agreement (Unified Accumulative Pension Fund, 2026).

4.4. Regional Usage Trends

Regional usage patterns reveal notable differences in how funds are utilized across Kazakhstan. Shymkent frequently leads in both housing improvement expenditures and education-related payments, indicating strong demand across these two priority areas. The Zhetisu Region consistently ranks among the top regions in the use of funds for educational expenses, highlighting a sustained emphasis on human capital investment. Almaty and Kyzylorda regions also demonstrate high levels of activity in both housing and education, often placing within the top three regions for usage in these categories. Meanwhile, Astana shows particularly significant activity in housing improvements, reflecting the city's ongoing residential development and renovation needs (Unified Accumulative Pension Fund, 2025b; Kazakhstan Today, 2026).

5. DISCUSSION

The National Fund for Children (NFC) represents a landmark innovation in social policy design in resource-rich LMI countries. As a universal, resource redistribution and asset-building policy that seeks to transform Kazakhstan's natural resource wealth into long-term investments in human and social development. In contrast to many social welfare programs of resource-rich LMI countries that emphasize short-term redistribution or consumption subsidies, the NFC is explicitly future-oriented, intergenerational, and developmental in both intent and design. By allocating 50 percent of the annual income of Kazakhstan's sovereign wealth fund to individual child saving accounts, the government has institutionalized a mechanism to redistribute natural resource revenues toward long-term human capital formation.

Between 2024 and early 2026, the government transferred approximately USD 2.4 billion from the National Fund of Kazakhstan to the NFC, benefiting roughly 7 million children born between 2006 and 2023. Over the first three years of implementation, per-child deposits totaled approximately USD 370.56, reflecting annual contributions of USD 100.58 in 2024, USD 129.38 in 2025, and USD 130.70 in 2026 plus investment income (total USD370.56). While modest at the individual level in the short term, these deposits represent a significant structural shift in how natural resource revenues are allocated and signal a long-term commitment to inclusive development. Importantly, deposit amounts fluctuate with global oil, gas, and mineral prices, linking children's asset accumulation directly to resource market performance—a design feature with both strengths and risks.

The NFC embodies Kazakhstan's strategic commitment to developing human capital for a post-extractive economy. By prioritizing education and housing—two foundational determinants of life-course outcomes—the policy seeks to enhance workforce readiness, economic diversification, and social stability. Over time, these investments may yield significant returns in the form of higher educational attainment, improved labor market participation, and reduced intergenerational inequality.

5.1. Early Evidence on Fund Usage

Although the NFC is still in its early stages, emerging data on fund usage provide important insights into beneficiary behavior and policy effectiveness. Between 2024 and 2026, approximately 23.7 percent of eligible beneficiaries—those who reached age 18—made withdrawals from their accounts. Notably, nearly three-quarters of transferred funds remained unused, suggesting that many young adults are choosing to preserve their assets for future needs rather than immediate consumption.

Among those who withdrew funds, housing-related expenses accounted for the majority of usage, representing approximately 63 percent (USD 22.09 million) of total withdrawals. Most beneficiaries deposited their savings toward housing construction, while smaller shares used funds for mortgage down payments or direct housing purchases. Education-related expenditures accounted for 27 percent (USD 13.11 million) of withdrawals, with most funds used for postsecondary education within Kazakhstan. A smaller proportion supported education abroad or replenished educational savings deposits.

This pattern of usage aligns closely with the policy's stated objectives and suggests that beneficiaries perceive the NFC as a tool for long-term investment rather than short-term consumption. The strong emphasis on housing also reflects structural challenges in housing affordability and access, highlighting the role of asset-based policies in addressing broader social constraints.

5.2. Sustainable Social Policy Design

Accounts are automatically opened shortly after birth for every Kazakhstani citizen, eliminating administrative barriers and minimizing errors in exclusion. This universal and automatic approach also reduces stigma and reinforces the notion that all children are entitled to a share of national wealth. The policy's emphasis on asset accumulation until adulthood is particularly significant in the context of resource-dependent economies. Rather than distributing resource revenues through recurrent transfers or politically sensitive subsidies, the NFC converts volatile extractive income into stable, individualized financial assets. These assets are locked until beneficiaries reach age 18, grow at market rates, and are exempt from taxation. If unused by age 28, funds are transferred to the beneficiary's pension account, further reinforcing the life-course orientation of the policy. In this way, the NFC embeds long-term planning into the social policy architecture and aligns state resource management with intergenerational equity.

The NFC contributes directly and indirectly to several United Nations Sustainable Development Goals (SDGs). By providing assets that can be used for education and housing, the policy supports poverty reduction (SDG 1) and promotes access to quality education (SDG 4). Its universal design ensures equal entitlements for girls and boys, advancing gender equality (SDG 5), while the redistribution of national wealth through child accounts addresses structural inequalities (SDG 10). More broadly, the NFC exemplifies a policy approach that integrates economic, social, and intergenerational sustainability—an increasingly urgent priority for countries navigating the global energy transition

5.3. Redistribution, Equity, and Social Cohesion

At a structural level, the NFC serves as a mechanism for redistributing natural resource wealth toward children, thereby addressing entrenched inequalities that often characterize extractive economies. By providing equal deposits to all children regardless of family income, region, or

social background, the policy promotes horizontal equity and creates a universal asset floor. This design is particularly relevant in contexts where income inequality, regional disparities, and uneven access to education and housing have been exacerbated by resource-driven growth.

Beyond its material effects, the universality of the NFC may contribute to enhanced social cohesion and public trust in government institutions. By visibly linking national wealth to the well-being of children in all families, the policy conveys a commitment to inclusive development and shared national ownership of natural resources. This symbolic dimension is especially important in resource-rich LMI countries, where perceptions of elite capture and unequal benefit-sharing have historically undermined state legitimacy.

5.4. Delivery and Institutional Arrangements

The delivery and administration of the NFC rely on a centralized yet pluralistic financial infrastructure. Accounts are opened and managed through government-affiliated financial institutions, including Otbasi Bank and the Finance Center, as well as second-level private banks collaborating with the Unified Pension Fund. This hybrid delivery model leverages existing financial institutions while maintaining centralized oversight and coordination. Annual deposits are transferred automatically from the National Fund, reducing administrative complexity and ensuring consistent implementation. The integration with the pension system is particularly noteworthy, as it connects early-life asset accumulation with long-term retirement security. This institutional linkage strengthens the policy's life-course perspective and underscores the government's commitment to sustained human capital investment.

5.5. Sustainability Risks and Policy Challenges

Despite its strengths, the sustainability of the NFC is not assured. The policy's reliance on natural resource revenues exposes it to fiscal volatility associated with fluctuations in global commodity markets. Economic downturns or prolonged declines in oil and gas prices could jeopardize annual deposits, undermining public confidence and long-term effectiveness. Political continuity is another critical factor; international experience shows that universal asset-building policies can be vulnerable to shifts in political ideology and fiscal priorities. For instance, Child Trust Funds, which were also universal savings accounts for children in the United Kingdom, were stopped after the austerity measures were taken by the government (McKay et al., 2024).

The NFC also currently lacks diversified funding sources. While full public financing ensures universality, long-term resilience may require additional contributions from families, communities, or employers. Voluntary co-savings mechanisms could strengthen asset accumulation while fostering greater household engagement with the policy. The experience of Canada can be referred to, where families and community deposit into child saving accounts in addition to the central and local governments (Messacar & Ferenette, 2019).

Another key challenge is limited public awareness and financial capability. Because accounts are opened automatically and funds are inaccessible until adulthood, families may have a limited understanding of the policy's purpose and long-term benefits. Without adequate communication and financial education, beneficiaries may struggle to make informed decisions about asset use or may perceive the policy as restrictive rather than empowering. The country can use the experience of the Savings for Every Child Program of Israel, where the government sends a letter of notification to families about automatically opened accounts for children (Haran et al., 2021).

6. POLICY IMPLICATIONS AND RECOMMENDATIONS

Three policy priorities emerge from this analysis. First, policymakers should explore strategies to diversify NFC funding sources to reduce dependence on volatile natural resource revenues. Second, the policy should be complemented by financial education initiatives targeting both families and young people to enhance financial capability and informed decision-making. Third, continuous monitoring and periodic evaluation are essential to assess long-term outcomes,

identify unintended effects, and adapt the policy as economic and demographic conditions evolve.

In sum, the National Fund for Children represents a bold and innovative response to the developmental challenges faced by resource-rich economies. While implementation risks remain, the NFC provides valuable lessons on how sovereign wealth can be harnessed to promote equity, human capital development, and intergenerational sustainability.

7. CONCLUSION

From a comparative perspective, the NFC offers a compelling model for other resource-rich LMI countries seeking to escape the resource curse. By institutionalizing intergenerational redistribution through a sovereign wealth fund, Kazakhstan demonstrates how extractive revenues can be converted into durable social assets that support long-term development goals. By institutionalizing the redistribution of sovereign wealth into universal, long-term child asset accounts, Kazakhstan has moved beyond short-term compensatory approaches toward a future-oriented strategy centered on human capital development. The NFC's core design features—universality, automatic enrollment, restricted and developmental use of funds, and integration with existing financial and pension systems—position it as a robust response to the structural challenges commonly associated with resource-dependent economies.

Early evidence from implementation and fund usage suggests that beneficiaries are largely using the assets in ways aligned with the policy's objectives, particularly for housing and education, while a substantial share of funds remains preserved for future needs. These patterns underscore the potential of saving-oriented policies to shape forward-looking behaviors and support life-course stability. At the same time, the policy's reliance on volatile natural resource revenues, limited diversification of funding sources, and gaps in public awareness highlight important risks to long-term sustainability and effectiveness.

Overall, Kazakhstan's experience with the NFC offers valuable lessons for other resource-rich countries in the Global South seeking to mitigate the resource curse and advance the Sustainable Development Goals of the United Nations. By converting extractive wealth into shared investments in the next generation, the NFC illustrates how social policy can serve as a bridge between natural resource management and inclusive, long-term development. Continued political commitment, adaptive policy design, and ongoing assessment will be critical to ensuring that this ambitious initiative fulfills its promise for future generations.

Author Contributions: The author completed all stages of the research and writing the article.

Funding: This research received no external funding.

Conflicts of Interest: The author declares no conflict of interest.

REFERENCES

Auty, R., & Warhurst, A. (1993). Sustainable development in mineral-exporting economies. Resources Policy, 19(1), 14-29.

Arezki, R., Sy, A., & Gylfason, T. (2012). Beyond the curse: Policies to harness the power of natural resources. *AfricaGrowth Agenda*, *2012*(10), 12-14.

Bank Center Credit (2026). National Fund for Children. Retrieved on February 20 from https://www.bcc.kz/en/personal/deposits/nf-kids/

Collier, P., & Goderis, B. (2012). Commodity prices and growth: An empirical investigation. *European Economic Review*, *56*(6), 1241-1260.

Karl, T. L. (2007). Ensuring fairness: The case for a transparent fiscal and social contract. In M. Humphreys, J. D. Sachs, and J. E. Stiglitz (Eds.), Escaping the Resource Curse (pp. 256–286). Columbia University Press.

Huseynli, Aytakin, "Effect of Resource Curse on Child Well-being in Resource-rich States, Specifically in Post-Soviet States" (2022). Brown School Theses and Dissertations. 7.

https://doi.org/10.7936/2n0f-tj87

Huseynli, A., & Sherraden, M. (2023, June). Child well-being policies in post-Soviet countries: The potential of Child Development Accounts (CSD Policy Brief No. 23-18). Washington University, Center for Social Development. https://doi.org/10.7936/8f0m-qs76

Huseynli, A. (2023). Asset-building policies to lift the resource curse: Child development accounts in oil-and-gas-rich countries. *Children and Youth Services Revi*ew, *145,* 106717.

Huseynli, A., & Sherraden, M. (2025). *Fossil fuel wealth for human development: CDAs continue in Kazakhstan with second year deposits* (CSD Policy Brief No. 25-05). Washington University, Center for Social Development. https://doi.org/10.7936/PBJS-4450

Huseynli, A., Zou, L., Sherraden, M., & Huang, J. (2024). The National Fund for Children in Kazakhstan (Policy Brief No. 24-17). Washington University, Center for Social Development. https://doi.org/10.7936/sdeb-m075

Huseynli, A., & Sherraden, M. (2026). Kazakhstan Funds Child Development Accounts for Third Straight Year: Stability of a Policy Innovation

Haran Rosen, M., Pinto, O., Kondratjeva, O., Roll, S., Huseynli, A., & Grinstein-Weiss, M. (2021). Household savings decisions in Israel's child savings program: The role of demographic, financial, and intrinsic factors. *Journal of Family and Economic Issues*, *42*(2), 368-386.

Jawad, R. (2015). Social protection and social policy systems in the MENA region: Emerging trends. Jawad, Rana, UNDESA, 19-20

McKay, S., Tian, L., & Lymer, A. (2024). Whatever happened to the Child Trust Fund? The abandonment of universal savings for UK children. *Social Policy & Administration*, *58*(1), 18-38.

Makhlouf, Y., Kellard, N. M., & Vinogradov, D. (2017). Child mortality, commodity price volatility and the resource curse. Social Science & Medicine, 178, 144–156. https://doi.org/10.1016/j.socscimed.2017.01.063

McCullaugh, M. E. (2013). From well to welfare. Social spending in Mineral-rich post-Soviet States (Doctoral dissertation, University of California-Berkeley). http://digitalassets.lib.berkeley.edu/etd/ucb/text/McCullaugh_berkeley_0028E_13692.pdf

Messacar, D., & Frenette, M. (2019). Education savings plans, matching contributions, and household financial allocations: Evidence from a Canadian reform. *Economics of Education Review*, *73*, 101922.

Ministry of Finance of Republic of Kazakhstan (2023a, February 14). Сегодня состоялась встреча с депутатами Сената Парламента Республики Казахстан на тему «О новых подходах и эффективному использованию средств Национального фонда», в том числе по проекту «Национальный фонд – детям». [Today, a meeting was held with deputies of the Senate of the Parliament of the Republic of Kazakhstan on the topic "On new approaches and effective use of the National Fund", including on the project "National Fund for Children".] https://www.gov.kz/memleket/entities/minfin/press/news/details/505805

Ministry of Finance of the Republic of Kazakhstan (2026). Программа «Национальный фонд – детям». Вопрос и ответ. Retrieved on February 20, 2026 from https://www.gov.kz/memleket/entities/minfin/press/news/details/1152113?lang=ru

National Bank of the Republic of Kazakhstan. National Fund for Children. Retrieved on February 10 from https://on nationalbank.kz/en/page/National-Fund-for-Children

Natural Resource Governance Institute. (2015). The 2013 resource governance index. https://resourcegovernanceindex.org

President of Kazakhstan (2024). The Strategy for Development. Retrieved on May 16, 2024 from https://www.akorda.kz/en/official_documents/strategies_and_programs

Ross, M. L. (2012). The oil curse: how petroleum wealth shapes the development of nations. Princeton University Press.

Sachs, J. D., & Warner, A. M. (2001). The curse of natural resources. European Economic Review, 45(4-6), 827-838

Sachs, J. D. (2016). Geography, geopolitics, and policy in the performance of transition economies. Economics of Transition, 26(4), 841-849.

Schoenherr, N. (2026). *WashU experts: Trump Accounts must have auto-enrollment*. https://source.washu.edu/2026/02/washu-experts-trump-accounts-must-have-auto-enrollment

Sherraden, M. (1991). Assets and the poor: A new American welfare policy. Armonk, NY: M.E. Sharpe.

Sovacool, B. K. (2010). The political economy of oil and gas in Southeast Asia: heading towards the natural resource curse? The Pacific Review, 23,2

UNICEF (2025). The State of the World's Children. Retrieved January 28, 2026 from https://www.unicef.org/reports/state-of-worlds-children/2025#download

United Nations. (2021). Transforming extractive industries for sustainable development. *UN Policy Brief*. Retrieved on May 23, 2024 from https://www.un.org/sites/un2.un.org/files/sg_policy_brief_extractives.pdf

Unified Accumulative Pension Fund. (2025a). Национальный фонд - детям (National Fund for Children). https://kids.enpf.kz/ru

Unified Accumulative Pension Fund. (2025b). Нацфонд – детям: какая сумма начислена юным казахстанцам по итогам 2024 года (National Fund for Children: What amount was accrued toyoung Kazakhstanis at the end of 2024) [Press release]. https://www.enpf.kz/ru/about/press-center/news/?ELEMENT_ID=14952

Unified Accumulative Pension Fund (2025). Young Kazakhstanis have benefited from US$13.34 million in funding under the National Fund for Children program. Retrieved on February 19, 2026 from https://www.enpf.kz/en/press-center/news/259242/

Unified Accumulative Pension Fund (2026). US$35.20 million was used by young Kazakhstanis for housing and education. Retrieved on February 19, 2026, from https://www.enpf.kz/en/press-center/news/282298/

United Nations. (2021). Transforming extractive industries for sustainable development. *UN Policy Brief*. Retrieved on May 23, 2024 from https://www.un.org/sites/un2.un.org/files/sg_policy_brief_extractives.pdf

United Nations Research Institute for Social Development. (2014a). Financing social policy in mineral-rich contexts: Challenges and opportunities. http://www.unrisd.org/80256B3C005BCCF9/per cent28httpAuxPagesper cent29/D66D0265B0AE2C55C12577BD0050710F/$file/Hinojosa.pdf

United Nations Research Institute for Social Development. (2014b). Social policy and state revenues in mineral rich countries. http://www.unrisd.org/80256B3C005BCCF9/per cent28httpAuxPagespercent29/D66D0265B0AE2C55C12577BD0050710F/$file/Hinojosa.pdf

WashU Global (2026). Kazakhstan launches CDA policy informed by CSD research. Retrieved on February 10, 2026 from https://global.washu.edu/kazakhstan-launches-cda-policy-informed-by-csd-research/

World Bank (2023). Kazakhstan: strengthening public finance for inclusive and resilient growth. Retrieved on April 15, 2024 from https://documents1.worldbank.org/curated/en/099713202282422335/pdf/IDU15c61946a1a153142771b1ff1d0f0745dcae7.pdf

World Bank (2024). Overview of Kazakhstan. Retrieved on April 15, 2024 from https://www.worldbank.org/en/country/kazakhstan/overview

$5.32 million for housing and education: What did young Kazakhs choose? (2025, January 8). DKN World News. https://dknews.kz/en/articles-in-english/349086-5-32-million-for-housing-and-education-what-did-young

Wigley, S. (2017). The resource curse and child mortality, 1961–2011. Social Science & Medicine, 176, 142–148. https://doi.org/10.1016/j.socscimed.2017.01.038

Washington University in St. Louis (2026). WashU Experts: Trump Accounts Must Have Auto Enrollment. https://source.washu.edu/2026/02/washu-experts-trump-accounts-must-have-auto-enrollment/?utm_source=newsletter&utm_medium=email&utm_content=WashU%20Experts%3A%20Trump%20accounts%20must%20have%20auto%20enrollment&utm_campaign=Record%202-11-26