



Investment Attractiveness of Private School Construction Projects in Kazakhstan

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ABSTRACT.

The investment attractiveness of private school construction projects in Kazakhstan is due to several factors, including demographic growth, government support, infrastructure development, and high demand for high-quality educational services. Kazakhstan is facing a shortage of school places, which opens up significant opportunities for investors in the field of education. The study uses a comprehensive methodology that includes an analysis of demographic data, economic conditions, government support, and existing financing models. Key measures such as tax incentives, subsidized loans, and public-private partnership programs that create favorable conditions for investors are being considered.

The results of the study confirm that the successful implementation of projects depends on the ability of schools to provide high-quality educational services that meet modern requirements. The use of innovative teaching technologies, curriculum flexibility, and the creation of a secure infrastructure play a key role in attracting students and ensuring sustainable demand. The conclusions of the work indicate that with proper risk management associated with high capital expenditures, changes in legislation, and fluctuations in consumer preferences, private schools can become reliable objects for long-term investments. Thus, investments in private schools not only contribute to the development of the educational system but also represent a stable and promising segment for business.

Keywords: private schools, Kazakhstan, investment attractiveness, public-private partnership, educational projects, infrastructure.

Introduction

The relevance of the research topic is driven by the growing interest of private investors in the educational sector of Kazakhstan. Government programs aimed at supporting private schools through subsidies and tax incentives contribute to the increased investment attractiveness of such projects. The development of private schools also aligns with global trends toward the individualization of learning, the flexibility of educational programs, and the implementation of innovative technologies in the educational process, making them more competitive compared to public institutions.

However, despite significant prospects, projects for the construction of private schools in Kazakhstan face several barriers, including high capital costs, the need to comply with government standards, and risks associated with changes in the economy and consumer preferences. It is important to study the factors affecting the success of such projects to minimize risks and enhance their economic efficiency.

The purpose of this study is to analyze the investment attractiveness of private school construction projects in Kazakhstan and to identify the key factors influencing the successful implementation of such initiatives.

Materials and Methods

The implementation of the educational development program is aimed at ensuring the accessibility and inclusiveness of the education system, improving its quality at all levels, developing functional literacy, and creating conditions for continuous education and the training of specialists capable of meeting both current labor market needs and the future demands of the economy. The new stage of educational reforms, covering the period from 2021 to 2025, includes the implementation of several key transformations. Primarily, this concerns education based on a new model—supporting students through pedagogical assistance that fosters the joy of learning, creativity, communication, and awareness of their social significance. Additionally, the plan aims to eliminate disparities in access to quality education caused by residence and social status. This will be achieved through initiatives such as anchor schools, competence centers, digital tutors, summer schools, and teacher rotation. Special attention will be given to modernizing educational institutions' infrastructure with modern safety standards and sanitary regulations. Public-private partnership (PPP) programs and a new methodology for financing school construction will help address the shortage of quality educational facilities.

One of the main tasks of the reform is to create a competitive environment for teachers. The introduction of competitive selection for pedagogical specialties, the certification of young teachers, and the tightening of admission requirements will enhance the prestige of the profession. Another critical

task will be the transition to future-oriented education. This includes updating curricula with a focus on global competencies, emotional intelligence, critical thinking, and financial literacy fundamentals.

Individualization and specialized differentiation in education will become important areas of development, providing students with flexible options to choose their educational trajectories. To enhance the international competitiveness of Kazakhstan's education system, universities will be transformed into research universities, and branches of foreign educational institutions will be opened.

Significant changes will occur in the education quality control system: rigid methods will be replaced by preventive measures aimed at eliminating the causes of violations. A unified state system for teaching the Kazakh language is also planned, with programs at each level (school, college, university) designed to develop communicative competencies.

The concept also includes the integration of cyberculture activities into educational programs for children and measures to protect them from harmful information. Additionally, patriotic education, support for family values, the development of student leagues, and volunteer projects will play an important role. Conditions will be created for the development of national sports, and by 2023, a monitoring system for schoolchildren's physical fitness, taking into account regional characteristics, will be introduced [1].

Private schools in Kazakhstan have become a kind of "second home" for many students. The educational process in such institutions is organized in a way that children spend most of their day there. In addition to the mandatory program, students have the opportunity to complete their homework either independently or with the help of teachers. Students also have access to a wide selection of clubs and sports sections, allowing for a more diverse leisure experience and development. The curriculum in these schools is generally more in-depth and comprehensive, eliminating the need for private tutors. In some institutions, the education is conducted entirely in English, creating conditions for deeper learning in both the sciences and the humanities.

The cost of attending a private school can reach several million tenge per year. This amount often includes expenses for educational materials, stationery, meals, extracurricular activities, sections, school uniforms, and even transportation for students. However, it should be noted that each school sets its additional costs, and in some institutions, for example, meals or school uniforms are paid for separately. Parents must also consider the entrance fee.

In private schools in Kazakhstan where instruction is provided in Kazakh and Russian, tuition fees vary depending on the institution. For students wishing to receive an education in English, private schools offer special programs that are available from the first grade. These programs usually involve a greater number of grades—up to 12 or even 13. An example is Miras School, where tuition for primary school education in English. At Haileybury Almaty, tuition ranges.[2].

Thus, the development of private schools in the Republic of Kazakhstan is characterized by high-level academic programs that provide in-depth and comprehensive education, often in English, enhancing the competitiveness of students. Private schools offer a wide range of extracurricular activities, clubs, and sports sections, contributing to the holistic development of students. However, the cost of education in such institutions is quite high, including additional expenses for educational materials, meals, and other services, making them accessible mainly to affluent segments of the population. Nevertheless, the popularity of private schools continues to grow, driven by the high quality of educational services and the opportunity for full-fledged preparation for the future.

Results and Discussion

Currently, 54 private schools operate in Kazakhstan's two largest cities, which were included in the expanded list for this study. Of this number, 15 educational institutions made it to the final ranking. The primary criterion for ranking was the estimated total revenue of the schools, calculated based on data on the average annual tuition fees and the number of students. In some schools, the difference between the minimum and maximum fees across different grades can amount to several million tenge, which was also considered in the calculations.

Kazakhstan's economic environment fosters the active attraction of private investments in the education sector. The rapid development of the private sector and the introduction of innovative approaches in educational processes make this industry promising for long-term growth. An important aspect is the ability of private schools to offer high-quality education tailored to the individual needs of students. This creates demand among middle- and upper-income families willing to invest in their children's education.

From a financial perspective, such projects provide significant income stability due to the predictable demand for quality education. Population growth in major cities of Kazakhstan, such as Almaty, Astana, and Shymkent, further increases the demand for new educational institutions. Additionally, implementing public-private partnerships (PPP) may be an essential incentive for attracting investment in school construction. Government support, particularly in the form of tax breaks and subsidies, enhances the attractiveness of these projects for investors [3]. The main advantages of private education are outlined in more detail in Table 1.

Table 1. The main advantages of private education [3].

Advantages	Description
Quality of education	Private schools offer higher-quality education, utilizing modern pedagogical methods and technologies.

Flexibility and adaptation	Private schools swiftly update their programs to meet new requirements and standards, enhancing competitiveness.
Additional services	Private schools provide various extracurricular activities, such as sports sections, art clubs, and additional courses.
Safety and comfort	Private schools provide modern infrastructure and a safe learning environment, increasing parents' trust.
Feedback	Effective communication with parents through feedback collection helps build long-term relationships with students and their families.

State programs play an important role in this sector, helping to attract investors to the education field. Table 2 outlines the key support measures.

Table 2. Key measures of state support [3].

Support Mechanisms	Description
State order	Private schools with affordable fees can receive a state educational order, stabilizing their funding.
Interest rate subsidies	Investors building schools can receive subsidies on loan interest, reducing credit servicing costs.
Tax benefits	Private schools are exempt from VAT and corporate income tax until profits are distributed, which attracts investors.
Expansion of support tools	The state is improving mechanisms to attract private investment, contributing to the development of educational infrastructure.

These measures significantly reduce the financial burden on investors, creating favorable conditions for businesses in the education sector. Entrepreneurial activity not only fosters the growth of the private sector but also contributes to the overall improvement of education quality. Competition drives educational institutions to adopt innovative methods, enhance curricula, and invest in the professional development of teaching staff. Table 3 presents the positive aspects of entrepreneurship's impact on the quality of the educational process.

Table 3. The impact of entrepreneurship on the quality of the educational process [4].

Positive Aspects	Description
Innovations	The introduction of modern educational technologies leads to more effective learning.
Teacher development	Private schools often invest in teacher training, which positively affects the quality of education.
Individual approach	Private school programs are tailored to the needs of each student, making the learning process more efficient.
Feedback	Private schools actively collect feedback from parents and students, allowing for timely adjustments to the educational process.
Certification and standards	Private schools strive to meet high-quality standards, contributing to the overall improvement of education in the country.

Despite the apparent benefits, investment projects in the private school sector face certain risks. A key obstacle is the high cost of constructing and equipping educational institutions, which requires significant initial capital investments. Infrastructure expenses related to land acquisition and site preparation may exceed expectations, particularly in central areas of major cities.

Additionally, private schools are exposed to risks associated with changing consumer preferences. In an economic downturn, household incomes may decrease, reducing demand for private education. Under such conditions, investors must consider the possibility of pricing flexibility and adapting educational services to current market conditions.

Several key factors must be considered when evaluating the investment attractiveness of private school construction projects. First, it is necessary to assess the demographic trends of the region. A high birth rate and population density form the basis for sustained demand for educational services. Second,

assessing competition in the private school market is essential, which may vary depending on the city or district. A successful project in a highly competitive environment requires an innovative approach that offers unique educational programs or specialized courses.

Another factor is the potential for long-term growth. Schools can gradually increase student enrollment, providing stable revenues over many years. It is essential to consider the financial benefits and social factors: successful private schools can become a vital element for developing the local community by improving access to quality education.

Furthermore, a crucial part of the evaluation is analyzing capital expenditures and operating costs. Capital expenditures include construction, long-term infrastructure maintenance, and the implementation of the latest educational technologies. Operating costs such as teacher and staff salaries and maintenance expenses must be accounted for for effective project management. Table 4 presents examples of successful private school projects.

Table 4. Examples of successful private school projects [5].

Educational Institution	Year Founded	Educational Features	Student Achievements	Additional Programs and Partners
TAMOS Education	1998	Advanced studies in mathematics, physics, chemistry, biology, and English. Preparation for IGCSE and A-Level.	203 students are winners of international and national olympiads. 18 graduates enrolled in the top 100 universities worldwide.	Partnership with I-ConSports and De Montfort University. Construction of a new building for Cambridge and Advanced Placement programs.
Haileybury Almaty	-	International IGCSE and A-Level programs. Scholarships for talented students.	38 graduates enrolled in prestigious universities (Yale, Columbia, UCL). Awards at the Zhautykov International Math Olympiad.	Partnership with Haileybury and Imperial College.
Haileybury Astana	2011	Programs focused on nurturing students to navigate the modern world.	24 graduates enrolled in Oxford and the University of Amsterdam. Awards at the International Math Olympiad and American Math Competition.	Opening of the STEAM+ laboratory in 2022.
Kazakhstan International School	1999	International Baccalaureate program in English.	Graduates enrolled in Manchester and Edinburgh universities. Scholarships totaling \$2.3 million.	Accreditation by the Middle States Association of Colleges and Schools. SAT testing at the school.
Miras International School	1999	Accredited by the International Baccalaureate and the Council of International Schools.	10 graduates in 2022 enrolled in leading global universities.	Annual events include the "Model UN" and Miras AlmaFest.
QSI Almaty International School	1999	English-language program, AP Capstone Diploma. Students from 28 countries.	Students enroll in top universities in the US and Canada.	Managed from Ljubljana, Slovenia. Special focus on student safety.
New Generation School (NGS)	2018	Individualized learning programs, including robotics, chess, and swimming.	-	Modern sports facilities: pool, football field, tennis court.

Thus, the financial attractiveness of these projects is driven by a stable demand for quality education, supported by the growing population and government backing in the form of tax incentives and subsidies. Key factors for success include flexibility in educational programs and the provision of additional services, such as extracurricular activities and an individualized approach to learning. Major risks for investors include high initial construction and equipment costs, as well as regulatory barriers and shifts in consumer preferences. Nevertheless, private school projects have long-term potential for sustainable revenue growth and social contributions to local community development.

Conclusion

The conducted research analyzed the investment attractiveness of private school construction projects in Kazakhstan. Based on current demographic trends, government support programs, and public-private partnership mechanisms, it can be concluded that this sector holds significant potential for long-term investments. The construction of private schools addresses the growing demand for quality education, especially in major cities and regions facing a shortage of educational facilities.

One of the key success factors for such projects is the ability to utilize government subsidies, tax incentives, and other support measures, which significantly reduce financial risks for investors. Additionally, the implementation of modern educational technologies plays an important role in ensuring the competitiveness of private schools in the education market. However, for successful project implementation, potential risks must be considered, such as high capital expenditures, fluctuations in demand due to economic conditions, and regulatory changes.

Thus, private schools in Kazakhstan represent a promising investment opportunity, provided there is proper management and consideration of external factors. The introduction of innovations and flexibility in educational policy will allow private schools to strengthen their market positions and become a key element of the country's educational infrastructure.

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