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INFORMATION PAPER 12: EARLY CHILDHOOD DEVELOPMENT BUILDS BACK BETTER

Purpose and Summary

Purpose

This paper responds to the Forum Economic Ministers' call, at their August 2020 meeting, for a more comprehensive discussion on Early Childhood Development (ECD)¹ including the provision of policy options to Pacific governments on maximising the opportunities to deliver for children, effective response to climate change and COVID-19, and support the achievement of the Sustainable Development Goals (SDGs).

Summary

Appropriate and effective ECD systems have the potential to produce a triple dividend - delivering children's rights, responding effectively to the human capital shock brought by COVID-19, and contributing to long-term development. Pacific Islands Forum (PIF) Leaders have already taken the initial steps, demonstrating the political will to make ECD a central priority in national and regional development frameworks.² Taking this commitment as a starting point, this paper proposes key policy options as follows for consideration:

- i. Prioritise ECD strategies in national development plans to deliver optimal impacts for children while supporting responses to COVID-19 and climate change;
- ii. Identify and resource integrated sectoral and inter-sectoral investments in vital ECD

¹ Forum Economic Ministers met virtually on 11-12 August 2020. In their outcomes document, the ministers "acknowledged information paper PIFS(20)FEMM.Info.9 – Early Childhood Development (ECD), and the establishment of the ministerial level and multi-sectoral Pacific Regional Council on ECD, and urged a more comprehensive discussion on this issue, including an out-of-session paper to be circulated to the Forum Economic Ministers Meeting (FEMM), recognizing the importance of early childhood development to the region". The FEMM outcomes document is available at <https://www.forumsec.org/wp-content/uploads/2020/08/2020-Forum-Economic-Ministers-Meeting-Outcomes.pdf>

² In 2018, Pacific Island Forum Leaders called for a whole of government, whole of community approach to NCDs, childhood obesity, stunting and early childhood development. Heeding this call, fifteen (15) Pacific island countries, at the Pacific ECD Forum in Nadi in 2019, committed to multi-sectoral action for young children, through the establishment of the Pacific Regional Council for ECD, with representation of Ministers of finance, education, health and social welfare.

interventions that build developmental synergies. ECD strategies need to be integrated into regional and national development policies with interventions coordinated across multiple sectors – health, education, social welfare;

- iii. Encourage the consideration of a government agency/mechanism for ECD coordination, which is provided with adequate and sustainable resourcing, and sufficient discretion to lead ECD initiatives across government; and
- iv. Consider funding ECD investments through a prudent and progressive expansion of national fiscal resources, adopting multi-sector cost-sharing approaches where relevant, and linking resourcing strategies to climate finance and COVID-19 facilities where appropriate.

A. Problem Identification

The Pacific faces a three-pronged crisis - the crippling impact of COVID-19, the devastating effects of climate change and disasters, and the impact of the pandemic on the region's economic wellbeing. Young children bear the brunt of these and other disasters in the Pacific, threatening to scale back what progress the region has achieved on a range of child development issues, including immunisation, nutrition and schooling outcomes.

2. Children hold the future for the Pacific, a future that is increasingly becoming bleak if countries fail to make early, smart investments. As highlighted in the FEMM 2020 Information Paper No. 9 on ECD (*PIFS(20)FEMM.Info.9*), the foundation of the Pacific's human capital relies on the full realisation of every young child's development potential. This development trajectory is threatened by children's inequitable access to quality services in health and nutrition, education, water and sanitation, child protection, and social welfare across Pacific island countries.

3. According to the World Bank's Human Capital Index, a young child born today in the Pacific will only be 47% productive when he/she reaches 18 – that is half of his/her full potential – due to poor health, education and welfare support while growing up. World Bank estimates, for example, that even if Pacific children remain in school for an average of 10.7 years, their learning is only equivalent to 6.1 years of schooling because of its poor quality. Business as usual is simply not good enough. Transforming the narrative of poor child outcomes in the Pacific demands not only an accelerated response but also a new way of doing things, more so with COVID-19 and the impacts it has had on Pacific children.

4. In the face of the catastrophic human capital shock brought by COVID-19, early childhood investments offer the most effective vaccine against the long-term social and economic consequences of the pandemic. With children out-of-school and social costs escalating, investing in young children can substantially offset the human capital losses from the pandemic and prepare the future labour force for the opportunities that the crisis is creating.

5. ECD investments, and its resulting returns, would enable Pacific island countries to take advantage of the changing geographic preferences evolving from work-from-home technologies and global epidemiological risks. COVID-19 has accentuated the public health advantages (such as Pacific's geographical position and small population) of small island developing states (SIDS) in the

region, while driving changes in employment norms and remote collaboration technologies³. These forces are likely to strengthen the global economic competitiveness of SIDS in knowledge industries for decades - if the complementary investments in ECD and other human capital sectors position the future labour force to harness these opportunities. A recovery plan that focuses on young children builds back better.

B. Background

6. PIFS(20)FEMM.Info.9 recognised that “*early childhood development requires a comprehensive approach to policies and initiatives for children from birth to 5 years of age*”. The Paper reiterates that development in early childhood is a multi-dimensional and sequential process, with progress in one domain acting as a catalyst for development in other domains.⁴

7. Investments in child health and wellbeing build the foundation for productive adulthood and cohesive communities and societies, strengthening a country’s future workforce and economy. Ensuring that all children, including the most vulnerable, have the best first chance in life is a well-founded way to stabilize individuals, communities and societies over the long-term.

8. Early childhood development requires a comprehensive approach to policies and initiatives for children from birth to 5 years of age. An effective ECD strategy starts with core sectoral investments and subsequently works to build synergies across structures and sectors. Although major inputs are expected from both health and education sectors, the contribution of other ministries to ECD is equally important. Budgetary allocations, social welfare grants, protective services, birth registration, access to safe water, sanitation and hygiene, mobility, equality and functional infrastructure are all critical and should be linked with each other.

C. Analysis of Policy Options

9. Effective ECD systems require crucial commitments and actions at multiple levels. First, ECD strategies need to be integrated with national development policies and legislation. Second, policy makers need to coordinate interventions across multiple sectors throughout the life cycle. Third, implementers need a government mechanism with enough resources and a strong mandate to coordinate and maximize investments in children. Finally, the overarching financing system must sustain the resources required for national scale implementation of ECD interventions.

(i) National framework for a comprehensive and integrated approach to ECD

10. Effective ECD systems are embedded in policies and legislation to ensure continuity in the face of electoral cycles and changing political priorities. These frame a comprehensive package of support for young children and families and delineate responsibilities for interventions to specific public agencies. Policies should also ensure no child is left behind by establishing delivery mechanisms that provide universal benefits and services that minimize exclusion, reduce stigma and maximize developmental impacts.

11. To date, several Pacific island countries (Kiribati, Republic of the Marshall Islands, Solomon Islands, and Vanuatu) are developing multi-sectoral ECD policies, with corresponding national action

³ Remote collaboration technologies refer to technologies that enable the ability to engage as a team from anywhere in the world.

⁴ Pasifika Call to Action on ECD: Implementation Guidance and Monitoring Framework

plans and M&E frameworks, all of which are informed by extensive nationwide consultations across a range of stakeholders. The lessons from these countries can inform the development of ECD policies in other Forum island countries.

(ii) **Inter-sectoral investments**

12. Each sector's ECD investments yield sector-specific returns. Integrated, the impacts multiply. For example, nutrition-specific interventions cannot achieve reduction in under-five stunting rates without complementary health, WASH and social protection interventions. Sectoral interventions are not a menu of options but rather building blocks that interact to mutually strengthen their effectiveness and impact.

(iii) **Institutional mechanisms for coordination**

13. Effective coordination across sectors optimises the impact on young children and maximises social and economic returns. This requires an institutional mechanism to convene multiple stakeholders, pool resources, design strategic objectives, align and implement activities, and sustain political and organisational commitments. It should also link with crisis management and manage a monitoring and evaluation system that fosters continuous improvement. While social sector ministries are integral to this mechanism, finance and planning ministries have a unique role to play in budget allocation and coordination.

14. Some Forum island countries are already making headway in whole-of-government approaches to ECD. Kiribati, Marshall Islands, Solomon Islands, Tonga, and Vanuatu have established national ECD committees comprised of senior officials in finance, education, health and other social sectors, many with reporting duties to Cabinet and with ECD coordinators in government to perform day-to-day duties. Several Pacific Island countries with mandated ministries, departments or agencies for children may not require an additional coordination mechanism. The appropriate institution design should avoid encumbering bureaucracy and respond to the requirements of each nation utilising existing mechanisms.

(iv) **Financing options**

15. Pacific countries have several financing options for ECD, including national resources (e.g. taxes), multi-sector cost-sharing approaches, climate financing and COVID-related financing mechanisms.

a) *National resources*

16. National resources must provide a sustainable foundation for financing ECD. Some Pacific Island countries could benefit from the significant potential to enhance tax systems for additional revenue.

b) *Multi-sector cost-sharing approaches*

17. Sharing the costs of ECD across sectors provides an opportunity to deliver financial and programmatic synergies across sectors. Through this approach, multiple sectors share costs in line with the returns that accrue to the sector. By sharing the cost of ECD investments across sectors, the approach diversifies ownership of the ECD system, promotes developmental synergies, optimises resources and prevents welfare losses.

c) *Climate financing initiatives*

18. ECD investments represent powerful opportunities to mitigate climate change and enable Pacific Island economies and societies to adapt to future climate crises. Employing climate change financing facilities, such as the Green Climate Fund, to resource ECD exemplifies the kind of implementation-ready investments that achieve both mitigation and adaptation objectives, multiplying the associated social and economic returns.

d) *COVID-19 financing*

19. The inter-related health, economic and social consequences of the COVID-19 crisis create profound challenges for Pacific Island countries, even as they avoid the worst of the epidemiological shock. Channelling COVID-19 response resources into ECD generates multiple benefits: (i) creating an effective fiscal stimulus that counters the economic crisis; (ii) providing the most effective mechanism for tackling the human capital shock that the pandemic represents by countering the long-term educational losses that school closures have threatened; (iii) providing responsive interventions such as social protection and fiscal transfers to minimise disruption to ECD service delivery; and (iv) building back a better and more resilient human capital system that aligns economies to the opportunities of the twenty-first century.

20. A Discussion Paper outlining in more detail the arguments and policy options for improved investment in ECD is attached as **Annex 1**.

UNICEF Pacific, Secretariat - Pacific Regional Council for ECD
4 June 2021

Discussion Paper: Early Childhood Development Builds Back Better

A. Summary

Appropriate and effective ECD systems have the potential produce a triple dividend - delivering children’s rights, responding effectively to the human capital shock brought by COVID-19, and contributing to long-term development. Pacific Island leaders have already taken the initial steps, demonstrating the political will to make ECD a central priority in national and regional development frameworks.⁵ Taking this commitment as a starting point, this paper analyses relevant policy options.

2. Investments in child health and wellbeing build the foundation for productive adulthood and cohesive communities and societies, strengthening a country’s future workforce and economy. Ensuring that all children, including the most vulnerable, have the best first chance in life is a well-founded way to stabilize individuals, communities and societies over the long-term.

3. In the face of the catastrophic human capital shock brought by COVID-19, ECD investments offer the most effective vaccine against the long-term social and economic consequences of the pandemic. With children out-of-school and social costs escalating, investing in young children can substantially offset the human capital losses from the pandemic and prepare the future labour force for the opportunities that the crisis is creating. COVID-19 has accentuated the public health advantages of small island developing states (SIDS) while driving changes in employment norms and remote collaboration technologies. These forces are likely to strengthen the global economic competitiveness of small island states (SIDS) in knowledge industries for decades—if the complementary investments in ECD and other human capital sectors position the future labour force to harness these opportunities. ECD investments, and its resulting returns, would enable Pacific Island countries to take advantage of the changing geographic preferences evolving from work-from-home technologies and global epidemiological risks. A recovery plan that focuses on ECD builds back better.

B. Background

4. Pacific island countries, like the rest of the world, face global demographic trends that offer developmental dividends from investments in ECD. These investments build cognitive capital that aligns economic growth and development strategies with the opportunities of the twenty-first century.

5. The FEMM ECD information paper (No. 9) recognizes that “early childhood development requires a comprehensive approach to policies and initiatives for children from birth to 5 years of age”. Development in early childhood is a multi-dimensional and sequential process, with progress in one domain acting as a catalyst for development in other domains.⁶ An effective ECD strategy starts with the core sectoral investments that deliver health, nutrition, early learning, safety and

⁵ In 2018, Pacific Island Forum Leaders called for a whole of government, whole of community approach to NCDs, childhood obesity, stunting and early childhood development. Heeding this call, fifteen (15) Pacific island countries, at the Pacific ECD Forum in Nadi in 2019, committed to multi-sectoral action for young children, through the establishment of the Pacific Regional Council for ECD, with representation of Ministers of finance, education, health and social welfare.

⁶ Pasifika Call to Action on ECD: Implementation Guidance and Monitoring Framework

security for young children and their families. Effective ECD strategies subsequently work to build developmental synergies by integrating or coordinating typically sectoral structures. Two factors reinforce the policy demand for this approach:

- i. First, rising dependency ratios in the Pacific and across the Global South threaten falling standards of living unless labour productivity rises faster than populations age. Investing in ECD builds the long-term human capital stock by multiplying the demographic dividend through increased labour productivity. Better educated and healthier adults work longer and more productively, extending the demographic dividend.
- ii. Second, cognitive capital is increasingly becoming the heart of global wealth production. No country can build prosperity-producing capital stock if it leaves a significant proportion of its children disadvantaged during the life stage when the returns to investment are the greatest. Nobel Laureate James Heckman demonstrated that returns on investments made during the prenatal and early childhood years average between 7 and 10 per cent greater than investments made at older ages.⁷ Ground-breaking work by a consortium of economists, psychologists, statisticians and neuroscientists documents the impact of ECD on national economic, health and social outcomes. Conversely, adverse early childhood environments lead to adults burdened with deficits that drive down productivity and increase social costs.⁸

C. Analysis of Policy Options

6. Effective ECD systems require crucial commitments and actions at multiple levels. First, ECD strategies need to be integrated with national development policies and legislation. Second, policy-makers need to coordinate interventions across multiple sectors throughout the life cycle. Third, implementers need a government mechanism with enough resources and a strong mandate to coordinate and maximize investments in children. Finally, the overarching financing system must sustain the resources required for national scale implementation of ECD interventions.

i. National framework for a comprehensive and integrated approach to ECD

7. Effective ECD systems are built on policy frameworks and embedded in legislation that ensure continuity in the face of electoral cycles and changing political priorities. To date, countries like Kiribati, Marshall Islands, Solomon Islands, and Vanuatu are already developing multi-sectoral ECD policies, with corresponding national action plans and M&E frameworks. These policies frame a comprehensive package of support for young children and families, delineating responsibilities for crucial interventions to specific public agencies, meanwhile identifying inter-sectoral synergies to achieve efficiencies and optimize results for children.

8. These national policies should also identify the service delivery mechanisms to ensure no child is left behind. Ideal delivery mechanisms provide universal benefits and services that minimize exclusion, reduce stigma and maximize developmental impacts. Progressive realization should start with the most marginalized children and expand horizontally and vertically to achieve universal delivery as resources permit.

⁷ Carneiro, Pedro Manuel and Heckman, James J., Human Capital Policy (July 2003). IZA Discussion Paper No. 821, Available at SSRN: <https://ssrn.com/abstract=434544>

⁸ Ibid.

ii. **Inter-sectoral investments**

9. Each sector's investments in young children yield sector-specific returns, many of which are substantial. Integrated, the impacts multiply. For example, nutrition-specific interventions cannot achieve nutritional objectives, such as reducing in under-five stunting rates, without complementary health, WASH and social protection interventions. The sectoral interventions are not a menu of options but rather building blocks that interact to mutually strengthen their effectiveness and impact (see **Attachment 1** for a list of crucial interventions). Interventions also ideally adopt a life cycle approach that begins with adolescents and adults, then progresses to pregnant women, newborns, infants and toddlers and then to young children.

iii. **Institutional mechanisms for coordination**

10. Effective coordination across sectors optimizes the impact on young children and maximizes social and economic returns. Inter-sectoral coordination requires an institutional mechanism to convene multiple stakeholders, pool resources, design strategic objectives, align and implement activities, and sustain political and organizational commitments. It should also link with crisis management, (including around COVID-19, climate change and natural disasters) and manage a monitoring and evaluation system that fosters continuous improvement on services for young children and families. While social sector ministries are integral to this mechanism, finance and planning ministries have a unique role to play in budget allocation and coordination - pooling multiple sources of financing, and identifying gaps, segmentation or overlaps in spending.

11. Some Pacific island countries are already making headway in whole-of-government approaches to ECD. Kiribati, Marshall Islands, Solomon Islands, Tonga, and Vanuatu have established national ECD committees comprised of senior officials in finance, education, health and other social sectors, many with reporting duties to Cabinet and with ECD coordinators in government to perform day-to-day duties. Several Pacific Island countries with mandated ministries, departments or agencies for children may not require an additional coordination mechanism. The appropriate institution design should avoid encumbering bureaucracy and respond to the requirements of each nation.

iv. **Financing options**

12. Pacific countries have several financing options for ECD, including national resources (e.g. taxes), multi-sector cost-sharing approaches, climate financing and COVID-related financing mechanisms:

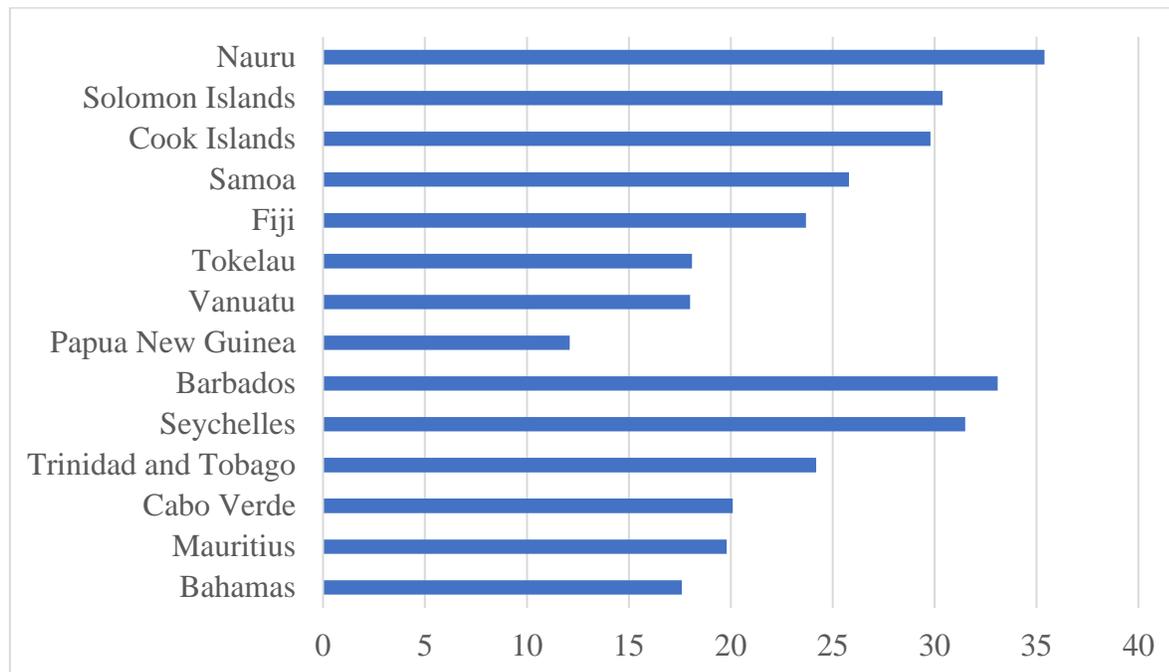
a. *National resources*

13. National resources must provide a sustainable foundation for financing ECD. Figure 1 illustrates the diversity of tax-to-GDP ratios in the Pacific, which are in line with the heterogeneity evidenced by SIDS around the world. Some Pacific Island countries could benefit from the significant potential to enhance tax systems for additional revenue. For instance, Samoa increased its tax-to-GDP ratio from 18.8% in 2007 to 25.8% in 2018.⁹ A recent report from the International Monetary Fund (IMF) describes how Solomon Islands, Tonga and Tuvalu similarly improved domestic revenue mobilization through administrative capacity building, tax reform and other measures to improve tax

⁹ OECD, Revenue Statistics in Asian and Pacific Economies 2020 – Samoa (2020)
<https://www.oecd.org/countries/samoa/revenue-statistics-asia-and-pacific-samoa.pdf>

compliance. **Attachment 2** provides further details on the drivers of these improvements.

Figure 1. Tax-to-GDP ratios for Pacific Island countries and other SIDS



SOURCE: OECD database (2020)

b. *Multi-sector cost-sharing approaches*

14. Sharing the costs of ECD across sectors provides an opportunity to deliver financial and programmatic synergies across sectors. The approach evaluates the impact of ECD not only on child outcomes but also the broader developmental impacts. Multiple sectors share costs in line with the returns that accrue to the sector. By sharing the cost of ECD investments across all sectors that directly and indirectly benefit from it, the approach diversifies ownership of the ECD system, promotes developmental synergies, optimizes resources and prevents welfare losses.

c. *Climate financing initiatives*

15. ECD investments represent powerful opportunities to mitigate climate change – “the single greatest threat to the livelihood, wellbeing and security of peoples of the Pacific”¹⁰ - and enable Pacific Island economies and societies to adapt to future climate crises. Employing climate change financing facilities to resource ECD exemplifies the kind of implementation-ready investments that achieve both mitigation and adaptation objectives, multiplying the associated social and economic returns. In fact, ECD investments can generate the triple dividend of resilience¹¹ that climate change financing often strives for:

- i. The ability to reduce and prevent losses resulting from climate change and disaster events by building the core human resource capabilities of society to better cope with shocks and crises. ECD offers one of the highest return investments contributing to inclusive social development

¹⁰ Reference Pacific Island leadership

¹¹ ODI (2015)

- and equitable economic growth, building prosperous societies that reduce climate risk at a fundamental level.
- ii. The ability to stimulate and unlock additional development potential and economic activity as a direct result of reduced disaster/climate change-related risks, by developing the cognitive capital stock of Pacific Island countries to benefit from the evolving climate-friendly economic growth opportunities of the twenty-first century. ECD enables a restructuring of the economy, supporting knowledge sectors, taking advantage of high-growth opportunities while supporting a greener economy.
 - iii. The ability to manage trade-offs through investments that leverage social, environmental and economic co-benefits. ECD builds developmental synergies that multiply effectiveness and improve the efficiency of health, education and other sectors, developing inter-sectoral linkages that multiply impacts. ECD reaches the most vulnerable populations—pregnant women and young children—and directly meets their basic needs. ECD programs are entirely country-owned and reflect national and local priorities.

16. **Attachment 3** further analyses how ECD aligns with the objectives for climate finance, mapping the characteristics of this developmental investment against the Green Climate Fund’s high-level investment criteria.

d. *COVID-19 financing*

17. The COVID-19 pandemic, like climate change, represents a global crisis that requires both mitigation and adaptation. The inter-related health, economic and social consequences of the COVID-19 crisis create profound challenges for Pacific island countries, even as they avoid the worst of the epidemiological shock. Channelling COVID-19 response resources into ECD generates multiple benefits:

- i. Creating an effective fiscal stimulus that counters the global economic crisis;
- ii. Providing the most effective mechanism for tackling the human capital shock that the pandemic represents by countering the long-term educational loss that school closures have threatened;
- iii. Building back a better human capital system that better aligns economies to the opportunities of the twenty-first century.

18. Paul Krugman, a prominent economist, has proposed a policy of “permanent stimulus”, focused on ECD and infrastructure investments, integrating demand- and supply-side responses that tackle the COVID-19 crisis and build a more resilient society.¹²

D. Recommendations

19. The analysis of policy options supports four main recommendations for consideration:

- i. Prioritize ECD strategies in national development plans to deliver optimal impacts for children while supporting responses to COVID-19 and climate change.

Justification: The 2017 Pasifika Call to Action recognizes ECD as the foundation for inclusive prosperity for the region. Subsequent developments have highlighted the value of

¹² Paul Krugman (2020) “The case for permanent stimulus” in *Mitigating the COVID Economic Crisis*, edited by Richard Baldwin and Beatrice Weder di Mauro; A CEPR Press VoxEU.org eBook

integrated strategies. For example, responding to the COVID-19 crisis, the 2020 Forum Economic Ministers Meeting recognized the importance of information and communications technology (ICT) and the digital economy to create new industries and sources of growth—which in turn depend on the cognitive capital foundation that ECD builds. ECD investments propel social and economic opportunities, which in turn drive the progressive expansion and sustainability of the ECD system and the larger development framework. Articulating the role of ECD in these strategies will enable Forum Island Countries to better propel this virtuous circle of social development and economic growth.

- ii. Identify and resource integrated sectoral and inter-sectoral investments in vital ECD interventions that build developmental synergies.

Justification: Forum island countries are at different stages in the development of their ECD systems. Each country should invest in inter-sectoral initiatives that address their ECD priorities while strengthening the synergies that multiply impacts for children and reinforce the economic development outcomes that enable the further resourcing of the ECD strategy.

- iii. Ensure a mandated government agency/mechanism for ECD coordination, which is provided with adequate resourcing and sufficient discretion to lead ECD initiatives across government.

Justification: Effective ECD strategies and programmes require strong technical leadership and coordination, which is best delivered through a dedicated mechanism. It requires the authority and competence to identify strategic opportunities, motivate cooperation across sectors, mobilize the necessary resources, deliver integrated approaches, and monitor and quality assure the sector and its linkages with other sectors.

- iv. Finance ECD investments through a prudent and progressive expansion of national fiscal resources, adopting multi-sector cost-sharing approaches where relevant, and linking resourcing strategies to climate finance and COVID-19 facilities where appropriate.

Justification: ECD represents the most vital of national priorities and requires national commitment and resourcing, which can be catalysed through international mechanisms, including climate finance facilities and COVID-19 financing sources. Multi-sector cost-sharing approaches recognize that ECD investments generate important benefits and synergies across multiple sectors and more efficiently ensure adequate resources for ECD.

UNICEF Pacific, Secretariat of the Pacific Regional Council for ECD

Key ECD sectors

Health

A healthy pregnancy, birth and early childhood provide the foundation for ECD. An integrated ECD system requires pregnant women and young children to have assured access to quality primary, preventive and curative healthcare. Vital investments include antenatal, perinatal and postnatal care, a skilled birth facility, immunizations, family planning, HIV prevention, mental health, and early detection, intervention and care for children with disabilities. The COVID-19 pandemic accentuates the importance of adequately resourcing the health sector, ensuring protection for frontline workers, and strengthening healthcare access for all.

Nutrition

2. Comprehensive nutrition programmes help deliver children’s basic needs and represent powerful investments in individual and societal development. Opportunities include counselling for maternal and child nutrition, breastfeeding interventions and support for appropriate complementary feeding, micronutrient supplementation and deworming, fortification of staple foods, growth monitoring and promotion, management of moderate and severe malnutrition, and prevention of overweight and obesity.

Social protection

3. Social protection represents a far-reaching set of policies that tackle poverty, vulnerability and social exclusion. Instruments include child support grants, other cash and in-kind transfers, insurance mechanisms, and programmes facilitating access to social services. Benefits accrue to individuals, households, communities and nations. Social protection interventions mitigate vulnerabilities across the life cycle, supporting dignity and delivering human rights. They strengthen inclusive social development and equitable economic growth by building human capital and enabling poor people to increase their participation in economically productive activities.

Responsive care

4. Children require positive and responsive relationships with their caregivers from birth. Responsive care relationships cultivate happy and healthy children and build the foundation for future learning, behaviour and health.¹³ Responsive care protects a child’s early development, even in situations of stress. The evidence shows that consistent, responsive care from a primary caregiver can offset the effects of multiple adversities and support healthy brain development.¹⁴ Opportunities to strengthen responsive care start with skin-to-skin contact immediately after birth. Family-friendly employment policies enable caregivers to bond with their infants. Parenting skills programmes can strengthen the awareness and proficiency of caregivers to provide responsive care.

Early childhood education

13 Center on the Developing Child, 2007

14 UNESCO, 2016

5. Quality universal early childhood education helps ensure equitable learning and strengthens subsequent education engagement, building the human capital foundations for a happy childhood and a productive adult life. Early childhood education opportunities include access to pre-primary education, as well as support to caregivers for early learning.

Child protection

6. Children require protection from violence, abuse and the consequences of ongoing stresses, including poverty, undernutrition, family tension and substance abuse. These threats not only imminently threaten children, but they also create a toxic stress that impairs physical health, disrupts healthy brain development and impedes long-term development. Child protection investment opportunities include prevention of domestic violence, provision of safe family and play spaces, initiatives to ensure family care and foster care in institutional setting, birth registration initiatives, and measures to reduce environmental pollution and exposure to hazardous substances.

Water, sanitation and hygiene

7. Water, sanitation and hygiene (WASH), including clean water, basic toilets and good hygiene practices, are vital to child survival and development. For children under five years of age, preventable diseases caused by poor WASH are one of the leading causes of death and make children more vulnerable to delays in growth and development. The COVID-19 crisis further underscores the importance of WASH as a vital component of public health.

Improvements in tax-to-GDP ratios in the Pacific (selected countries)

Country	Period	Initial tax-to-GDP ratio	Percentage Increase	Description
Solomon Islands	2002-2013	10.9	20.7	Solomon Islands had limited tax policy reform but undertook extensive administrative capacity building. There were major successes in auditing, including the first conviction and imprisonment of a prominent businessman for tax evasion, and increases in the amount of tax assessed as a result of audit activity, from US\$11.2 million in 2006 to US\$191 million in 2011. One of the more significant achievements was instituting increased transparency and control around the management of tax exemptions, resulting in a decline in the number and value of tax exemptions granted. In addition, changes to excise rates, import duties and reference prices of lumber also helped to support revenue mobilization.
Tonga	2005-2006	18.8	2.9	As a part of a trade liberalization process, a comprehensive tax reform package was approved in 2002, shifting revenue sources away from trade taxes towards greater reliance on domestic taxation. For the first phase of the reform, a broad-based consumption tax was introduced in April 2005. Administrative changes were also made to strengthen tax compliance and enforcement, including registration of large businesses, introduction of a new computer system, and reorganization of a one-stop shop for customs tariff payments. During 2006, which witnessed recession and riots, non-wage spending was kept under tight control, and revenues increased sharply. Much of the gains reflect an improvement in collection efficiency brought about by the consumption tax introduced in April 2005 and higher customs revenues.
Tuvalu	2013	15.0	4.0	Fishing license fees reached a record high in 2013 because of improved negotiating power under the Vessel Day Scheme and increased revenues under the bilateral treaty with the United States of America. Tax revenue outperformed the budget target, largely as a result of improved compliance following a tax audit of public enterprises and the favorable performance of a fishing joint venture as well as a VAT rate increase from 4 per cent to 7 per cent.

SOURCE: IMF tax reform database, Akitoby et al. (2018)

ECD alignment with the Green Climate Fund’s high-level investment criteria

The table below summarizes how ECD aligns with Green Climate Fund’s high-level investment criteria (as shown in the figure below the table).

Green Climate Fund investment criteria	ECD alignment
Impact	According to Nobel Laureate James Heckman, ECD offers the highest return of any public investment
Paradigm shift potential	ECD offers the potential to realign human resources to the growth opportunities of the twenty-first century
Sustainable development	ECD fosters the skills required for a knowledge economy and directly supports the SDGs
Responsiveness to vulnerability	ECD reaches a country’s most vulnerable—pregnant women and young children—and directly meets their basic needs
Country ownership	ECD programmes are entirely country-owned and reflect national and local priorities
Efficiency and effectiveness	ECD builds developmental synergies that multiply effectiveness and improve the efficiency of health, education and other sectors



The Fund's Six High-level Investment Criteria*

