

ESCAP Remarks: Countries in Special Situations (LDCs, LLDCs, SIDS)

Good morning - I am very pleased to be here today for this important session. The United States places tremendous value on the work of ESCAP, and we look forward to continuing to work with the Commission and member states to fulfill ESCAP's mission.

As we work together to address the short- and long-term impacts of the COVID-19 pandemic, the United States is committed to supporting countries in special situations as they confront the compounding impacts of the economic disruption and climate crisis, the critical need to rebuild health systems, and the growing threat of food insecurity. Our commitment has led to disbursing more than half of the U.S. bilateral Official Development Assistance in 2019 to support countries in special situations, with the highest disbursement of \$10 billion going to LDCs.

However, as the Addis Ababa Action Agenda recognized, there simply isn't enough official development assistance to meet global challenges. Domestic resource mobilization such as tax reforms, broadening the tax base, strengthening tax administration, and preventing leakages are critical.

Development finance institutions such as the Development Finance Corporation (DFC) are needed to complement other forms of development assistance by partnering with businesses to mobilize private capital, and tap into the innovation of the private sector. For example, in Nepal, a DFC equity investment in Dolma Impact Fund II, the first private equity fund dedicated to Nepal, will target investments that reduce dependence on imported energy and help mitigate the impacts of flood, landslide, and drought on its largely agrarian economy, while promoting the introduction of technology that promotes financial inclusion.

Investments also need to be made to strengthen the administrative capacity of countries in special situations to help strengthen public financial management, accountability, oversight, and monitoring.

In the Maldives, USAID partnered with the Solih administration to advance key public financial management reforms, including improving its public investment management process, establishing a transparent and accountable performance based budget system, and – when the COVID crisis decimated its tourist economy in 2020 – to aggressively strengthen the debt management response capability of the Ministry of Finance. In particular, a team of USAID advisors helped the Ministry of Finance to develop a credible, public medium-term debt strategy in the fall of

2020 and designed and launched in 2021 a \$500 million international Islamic bond to restore the central bank's foreign exchange liquidity, obtain an upgrade in the Maldives' sovereign credit ratings, and forestall the risk of default.

Finally, all lending should be affordable and there should be transparent and competitive processes for procurement that safeguard against corruption.

The United States is proud to be a leader in partnering with all developing countries in a transparent and sustainable manner, and we remain committed to our partnerships with countries in special situations to ensure the most vulnerable are not left behind.