

U.S. Policy Will Determine The Future of Afghan Crisis

With millions of Afghans on the “verge of death” [the UN](#)¹ and humanitarian agencies like the Red Cross have used language like “[livid](#)”² and “[terrified](#)”³ about this crisis. They’re urging the international community to release Afghanistan’s frozen assets and jump-start its banking system to avert economic collapse. Many Afghans, especially children, have [already lost their lives](#)⁴; [jobs and income](#)⁵ have disappeared; people can’t afford to buy food and mass starvation is occurring. U.S. policymakers must act urgently to prevent further catastrophe.

The recent [executive order](#)⁶ on disposition of Afghan assets splits the frozen reserves that are the property of the people of Afghanistan. It designated half of the funds for families of the September 11th attacks (pending court decisions) and deposited the other half into a newly created fund for aid for Afghanistan. The 9/11 families deserve compensation but not at the expense of the Afghan people who are experiencing extreme hardship. As the order is currently constructed it will fail to adequately address the crisis.

Congress should urge the administration to change its policy and encourage the administration to support a safeguarded mechanism to return the reserves through the existing infrastructure of Afghanistan’s Central Bank (Da Afghanistan Bank, DAB). Humanitarian and economic experts argue that continuing to hold the funds for uses other than for liquidity will further seriously damage an already-fragile Afghan economy endangering millions of Afghan lives, including approximately [one million children who are in danger of severe malnutrition](#).⁷

Unfreezing Afghan Funds in a Safeguarded Way Would Buoy Their Economy

Among many options to ensure that U.S. policy does not cause the Afghan economy to collapse, the U.S could slowly and gradually unfreeze the reserves on a monthly basis and release funds to Afghanistan’s central bank, Da Afghanistan Bank (DAB), a civil, technocratic institution, that was created with strong support from the U.S and modeled after the Federal Reserve System. An initial trust-building process such as this would allow the bank to perform its core functions as well as using enhanced safeguards such as electronic auditing to ensure that reserves are not interfered with by the Taliban. Allowing the DAB to regulate the Afghan currency and run U.S. dollar auctions would serve to inject liquidity into the struggling economy and ease the pain that is being inflicted upon the population. If the Taliban fail to maintain the integrity and independence of the DAB, the United States can move to halt such payments and find other creative ways of injecting liquidity.

Steps Members of Congress Can Take

- **End the freeze on Afghanistan Central Bank funds** to inject liquidity into the collapsing Afghan economy. Support allowing the Afghan Central Bank having access to the funds in a safeguarded way.
- **Support legislation such as [Rep. Jayapal’s amendment to the COMPETES Act](#)** that encourages Afghan humanitarian needs to be taken into account in developing sanctions and asset freeze policies.
- **Loosen U.S. sanctions** to mitigate the chilling effect of restrictions on foreign banks and businesses, while offering Afghan banks access to their overseas holdings and to the global financial system.
- **Pledge additional emergency funding** toward the United Nations’ 2022 humanitarian aid appeal, and dedicate the necessary diplomatic capital to encourage Western partners to contribute their fair share.
- **Support the [Afghanistan Adjustment Act](#) to allow permanent status for refugees and generally increase refugee assistance** to Afghan refugees including increased resettlement here in the U.S.

¹ UN chief urges US, World Bank to release funds for Afghans on ‘verge of death,’ France 24, January 14, 2022

² Farge, Emma, Red Cross ‘livid’ that sanctions, frozen aid stoking Afghan crisis, Reuters, November 22, 2021

³ Gold, Shabtai, WFP’s Afghanistan chief ‘terrified’ as hunger and despair mount, Devex, January 27, 2022

⁴ Shelton, Tracey, Aid groups deal with ‘painfully thin and lifeless children’ as Afghan food crisis deepens, ABC, January 20, 2022

⁵ Bair, Heather, More Than 500,000 Afghans Have Lost Jobs Since Taliban Takeover, Report Shows, Newsweek, January 19, 2022

⁶ Executive Order on Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan, White House, February 11, 2022

⁷ Statement by UNICEF Executive Director Henrietta Fore on children in Afghanistan, UNICEF, August 22, 2021