

Geneva, 8 March 2022

Dear President Biden,

Subject: Release Afghanistan's Frozen Assets

The Taliban take-over in Kabul last August, after the dramatic collapse of the government, sent shock waves through much of Afghanistan and the wider world.

No country has formally recognized the *de facto* authorities - the 'Islamic Emirate of Afghanistan'. There is broad concern about the Taliban's human rights record, their interpretation of Sharia law, and their rule from Kabul 20 years ago. Attacks on women, religious and ethnic minorities, as well as the media, are obliging Afghans to flee their homes and seek safety elsewhere.

The end of four decades of warfare has brought a welcome reduction in armed violence but the catastrophic effects of economic sanctions and the seizure of Afghan national reserves is exacerbating profound levels of poverty, deprivation, and desperation.

Your Executive Order of 11 February 2022 will have a devastating effect on the people of Afghanistan. The freezing of US\$9.1 billion of Afghanistan's external reserves held in US and European banks has already crippled the currency stabilization role of Da Afghanistan Bank (DAB), the country's central bank, a credible and independent institution. It has led to a liquidity crisis that, coupled with inflation and the loss of jobs and livelihoods, means that most Afghans are no longer able to afford essentials such as food, fuel, and shelter.

Afghans are desperate. According to the World Food Programme, 8.7 million impoverished Afghans are at risk of starvation; one million children risk dying this winter. The dire situation has obliged some families to resort to heart-breaking decisions such as selling their under-age girls in marriage in exchange for food. Desperation is driving thousands of Afghans to flee to Pakistan and Iran while others try to reach Europe or wherever there is a chance of survival.

Humanitarian aid is vital to help save lives at imminent risk, but it is not an alternative to the normal functioning of the economy and banking system that are critical for the delivery of essential services. Civil servants need to be paid and the commercial sector needs to generate jobs and support livelihoods. Humanitarian aid is already being disrupted by the absence of cash. Without cash, even the most generous humanitarian operation will have limited impact. Stop-gap measures, however useful, are no substitute for regular, regulated banking.

Release Afghan Reserve Assets, Enable Liquidity. A combination of financial restrictions derived from sanctions, and a misunderstanding of the important role of Afghanistan's central bank in enabling a viable economy, is proving to be a toxic cocktail that is threatening millions of lives. It also blocks Afghans from accessing their life savings at this critical point.