#### March 1, 2022

## The Honorable Joseph R. Biden

President The White House 1600 Pennsylvania Avenue NW Washington, DC

#### The Honorable Janet Yellen

Secretary of the Treasury U.S. Department of the Treasury 1500 Pennsylvania Avenue NW, Washington, DC 20220

## The Honorable Anthony Blinken

Secretary of State U.S. Department of State 2201 C Street NW Washington, DC 20520

#### Jake Sullivan

National Security Advisor White House National Security Council 1650 Pennsylvania Avenue NW Washington, D.C. 20502

# Re: Preventing Famine and Rescinding Executive Order on Afghanistan's frozen funds

Dear President Biden, Secretary Blinken, Secretary Yellen, Mr. Sullivan:

We, the undersigned, are leaders of grassroots advocacy organizations, non-governmental organizations in humanitarian, peacebuilding, refugee, immigration, resettlement organizations, and Afghan American community organizations.

Today, we write to ask that you prevent a catastrophe from unfolding in Afghanistan by urgently rescinding the recent executive order¹ which splits the frozen reserves that are the property of the people of Afghanistan, designating half pending court action involving the families of the September 11th attacks and depositing the other half into a newly created humanitarian fund, rather than finding a safeguarded mechanism to return the Afghan people's reserves through the infrastructure of Afghanistan's Central Bank (Da Afghanistan Bank, DAB). Experts widely agree that this approach will further seriously damage an already-fragile Afghan economy while the country is on the brink of a catastrophe that is endangering millions of Afghan lives, including approximately one million children, according to leading international aid organizations.

In the wake of the international coalition's military withdrawal from Afghanistan in August of 2021, the United States froze Afghanistan's central-bank assets, paralyzing the country's banking system. The former government's reliance on foreign aid<sup>2</sup> and the abrupt end to that aid in mid-August has deeply limited the functionality of essential services. Financial sanctions imposed by the United States and its allies as well as severe limitations on remittances further

<sup>&</sup>lt;sup>1</sup> "Executive Order on Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan." The White House. The United States Government, February 11, 2022.

 $<sup>\</sup>frac{\text{https://www.whitehouse.gov/briefing-room/presidential-actions/2022/02/11/executive-order-on-protecting-certain-property-of-da-afghanistan-bank-for-the-benefit-of-the-people-of-afghanistan.}$ 

<sup>&</sup>lt;sup>2</sup> 'Brink of Collapse': How frozen assets & halted foreign aid are impacting the Afghan people. Center on International Cooperation, October 12, 2021.

 $<sup>\</sup>frac{\text{https://cic.es.its.nyu.edu/news\_commentary/\%E2\%80\%98brink-collapse\%E2\%80\%99-how-frozen-assets-halted-foreign-aid-are-impacting-afghan-people.}$ 

limited cash flow and contributed to severe inflation.<sup>3</sup> This lethal combination of factors has adversely impacted and deteriorated the stability of the Afghan economy.

As a result, the Afghan people are suffering from a humanitarian crisis unprecedented in scale and affecting every city, town, and corner of the country. Just over half of the Afghan population, almost 23 million Afghans<sup>4</sup>, are facing acute food insecurity this winter.<sup>5</sup> One million Afghan children are at risk of dying from malnutrition<sup>6</sup> and the United Nations Development Programme (UNDP) has warned that if no concrete action is taken, almost 97% of the country's population will plunge into poverty.<sup>7</sup> UN Secretary-General Guterres recently stated, "freezing temperatures and frozen assets are a lethal combination for the people of Afghanistan" and "rules and conditions that prevent money from being used to save lives and the economy must be suspended in this emergency situation." Recent news reports cited babies dying from malnutrition<sup>9</sup> and Afghan adults selling their kidneys, hoping to stave off death to make ends meet. The Taliban's focus on the brutal repression of women activists and journalists is further ensuring gross mismanagement of the crisis under which Afghan civilians are being starved.

While we welcome the administration's commitments toward an initial contribution of \$308 million toward the United Nations' 2022 Afghanistan appeal as well as the \$474 million in direct humanitarian assistance the United States provided in 2021, humanitarian aid alone will not suffice to prevent a catastrophe from happening inside Afghanistan. Despite this, almost 87% of the UN's 2022 appeal for Afghanistan remains unfilled, meaning the United States must do more to meet additional funding needs and encourage others to do the same. This crisis requires drastic, systematic policy fixes, and sending humanitarian food into the country remains a stop-gap solution. Lack of clear guidance for international financial institutions and the inability of aid groups to operate within the country remain unaddressed, some of whom are citing the lack of liquidity as driving the crisis. Therefore, we ask for the following steps to be taken:

# Rescind Executive Order and release full funds to the Afghan people

https://news.sky.com/story/afghanistan-a-nations-fight-for-survival-12531167.

<sup>&</sup>lt;sup>3</sup> Ioanes, Ellen. "US policy is Fueling Afghanistan's Humanitarian Crisis." Vox, January 22, 2022. https://www.vox.com/2022/1/22/22896235/afghanistan-poverty-famine-winter-humanitarian-crisis-sanctions.

<sup>&</sup>lt;sup>4</sup> "Afghanistan set to be world's worst humanitarian crisis, report warns." World Food Programme, October 25, 2021. <a href="https://www.wfp.org/stories/afghanistan-climate-crisis-drought-wfp-hunger-cop26-ipc-un">https://www.wfp.org/stories/afghanistan-climate-crisis-drought-wfp-hunger-cop26-ipc-un</a>. <sup>5</sup> Ibid.. 1.

<sup>&</sup>lt;sup>6</sup> "A million Afghan children at risk of dying amid acute malnutrition, WHO says," Reuters, November 12, 2021, <a href="https://www.reuters.com/world/asia-pacific/who-says-million-afghan-children-risk-dying-amid-acute-malnutrition-2021-11-12/">https://www.reuters.com/world/asia-pacific/who-says-million-afghan-children-risk-dying-amid-acute-malnutrition-2021-11-12/</a>

<sup>&</sup>lt;sup>7</sup> "97 percent of Afghans could plunge into poverty by mid 2022, says UNDP." UNDP, September 8,2021. https://www.undp.org/press-releases/97-percent-afghans-could-plunge-poverty-mid-2022-says-undp.

<sup>&</sup>lt;sup>8</sup> "UN chief warns millions of Afghans are on 'verge of death." AP News, January 13, 2022. https://apnews.com/article/afghanistan-business-united-nations-economy-taliban-6b9896b385accc6c75b75b17281daa6f.

9 "The Fight for Survival." Sky News, February 16, 2022.

<sup>10 &</sup>quot;Afghans Sell Kidneys to Feed Hungry Children," VOA, February 13, 2022.

https://www.voanews.com/a/afghans-sell-kidneys-to-feed-hungry-children/6440064.html.

"Afghanistan: Inability to transfer aid funding puts millions at risk." Norwegian Refugee Council, January 27, 2022. https://www.nrc.no/news/2022/january/afghanistan-inability-to-transfer-aid-funding-puts-millions-at-risk/.

We urge the Administration to rescind the executive order released on February 11th<sup>12</sup> and designate the entire \$7.1 billion in Afghan reserves, mostly held at the Federal Bank of New York, to be used for the purposes of injecting liquidity and stabilization of the Afghan economy to prevent additional humanitarian crises.<sup>13</sup>

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, with proper ring-fencing as well as using enhanced safeguards such as electronic auditing records to ensure that the 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.

Furthermore, we insist that none of the \$7.1 billion in reserves be used for "direct humanitarian aid," as has been suggested by the executive order. A clear designation must be made that these reserves are used for their original intended purposes, which is to implement monetary policy, facilitate international trade and stabilize the financial sector.<sup>14</sup>

### Expand the use of World Bank and IMF funds to pay civil servants

Secondly, we call on the Administration to adhere to Secretary-General Guterres' call<sup>15</sup> for international funding to be allowed to pay the salaries of doctors, sanitation workers, electrical engineers, and other civil servants as well as help Afghan institutions deliver health care, education, and other key services.<sup>16</sup> The United States should use its power at the World Bank to ensure that the \$1.5 billion in funds allocated to the Afghanistan Reconstruction Trust Fund (ARTF) is used to pay civil servants.<sup>17</sup>

<sup>&</sup>lt;sup>12</sup> "Executive Order on Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan." The White House. The United States Government, February 11, 2022.

 $<sup>\</sup>frac{https://www.whitehouse.gov/briefing-room/presidential-actions/2022/02/11/executive-order-on-protecting-certain-property-of-da-afghanistan-bank-for-the-benefit-of-the-people-of-afghanistan}{(2022/02/11/executive-order-on-protecting-certain-property-of-da-afghanistan-bank-for-the-benefit-of-the-people-of-afghanistan-bank-for-the-benefit-of-the-ben$ 

<sup>&</sup>lt;sup>13</sup> "Executive Order on Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan." The White House. The United States Government, February 11, 2022.

 $<sup>\</sup>frac{https://www.whitehouse.gov/briefing-room/presidential-actions/2022/o2/11/executive-order-on-protecting-certain-property-of-da-afghanistan-bank-for-the-benefit-of-the-people-of-afghanistan/.\\$ 

<sup>&</sup>lt;sup>14</sup> "Statement on the Decision of ARTF Donors to Transfer Out \$280 Million for the Humanitarian Response in Afghanistan." The World Bank, December 10, 2021.

https://www.worldbank.org/en/news/press-release/2021/12/10/-statement-on-the-decision-of-artf-donors-to-transfer-out-280-million-for-the-humanitarian-response-in-afghanistan.

<sup>&</sup>lt;sup>15</sup> "Secretary-General's Opening Remarks at Press Encounter." United Nations, January 13, 2022. https://www.un.org/sg/en/node/261395.

<sup>&</sup>lt;sup>16</sup> Guterres, António. "Secretary-General's opening remarks at a press encounter." United Nations, January 12, 2022. https://www.un.org/sg/en/node/261395.

<sup>&</sup>lt;sup>17</sup> "Afghanistan Reconstruction Trust Fund (ARTF) - Donor Contributions." World Bank Group Finances, February 16, 2022. <a href="https://finances.worldbank.org/widgets/6ajy-n8cq?mobile\_redirect=true">https://finances.worldbank.org/widgets/6ajy-n8cq?mobile\_redirect=true</a>.

We support and welcome the initial transfer of \$280 million from the ARTF that occurred late last year but hope your administration moves to quickly support the allocation of the entirety of the fund to serve these purposes.<sup>18</sup>

Furthermore, an additional roughly \$460m in Special Drawing Rights (SDRs) reserves are on hold at the International Monetary Fund (IMF) which can serve as an additional lifeline to Afghanistan's Central Bank, for which your administration can push for.

# Review of U.S. sanctions regime

Thirdly, we call for an urgent review and reconsideration of all sanctions impacting Afghanistan that are effectively choking the economy. The current sanctions regime imposed on the Taliban has served as collective punishment for the entire population over time.

While we welcome the humanitarian carve-outs of the sanctions in the past few months, more must be done to significantly alleviate suffering and allow aid groups to perform their life-saving essential functions in this critical moment. It is in the interest of the United States to ensure that aid groups can serve millions of Afghans in need as well as ensure that Afghanistan's economy is functional, to allow Afghans a chance at survival.

The challenges in Afghanistan might look insurmountable and the suffering is immense. If your administration, however, shifts course and takes decisive action, it can serve to ease some of that pain. The people of Afghanistan have suffered from four decades of war, repression, and indignity. Now, they are treated as collateral victims of the Taliban regime by the international community. The United States has a moral obligation to redirect all frozen assets back to the Afghan people to keep the economy from hitting rock-bottom and expand humanitarian aid into the country. This requires supporting a continuous injection of liquidity into the economy and ensuring the integrity and continued independence of the DAB, an institution that the United States has made significant investments in over the past 20 years. If it does so, the United States can make a lasting contribution to the health and well-being of millions of Afghans.

We hope you take this decisive action and hope you engage with us further to discuss as you deliberate around this particular issue. We are ready to hold discussions on feasible solutions and to put forward Afghan stakeholders and experts.

Please contact Arash Azizzada (<u>arash@weareafghans.org</u>) with Afghans For A Better Tomorrow (AFBT) and Homayra Yusufi (<u>homayra@panasd.org</u>) with the Partnership of Advancement of New Americans (PANA) for relevant stakeholder engagement.

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<sup>2 111</sup> 

Action Center on Race & the Economy

Action Corps

Adalah Justice Project

Afghan American Artists & Writers Association

**Afghan Community Culture Center** 

Afghan Refugee Relief

Afghan Sustainable Economic Foundation (ASEF)

Afghan-American Community Organization (AACO)

Afghans For A Better Tomorrow

African Coalition Workforce

American Muslim Bar Association

American Muslim Empowerment Network (AMEN)

Antiwar.com

Arab American Anti-Discrimination Committee, San Diego

Arab American Civic Council

Armenian-American Action Network

**Baltimore Nonviolence Center** 

Cameroon American Council

Charity & Security Network

Chicago Area Peace Action DePaul

**CODEPINK** 

Common Defense

Council on American-Islamic Relations (CAIR)

Council on American-Islamic Relations, Washington Chapter (CAIR-WA)

**Cuba Inspires** 

**Edge Effect Solutions** 

**Emgage** 

**Empowering Pacific Islander Communities (EPIC)** 

**Environmentalists Against War** 

Fresh Start Refugee Assistance Center

Friends Committee on National Legislation (FCNL)

Global Network Against Weapons & Nuclear Power in Space

Hands Off Yemen

Health Alliance International (HAI)

Historians for Peace and Democracy

ICNA Council for Social Justice

International Civil Society Action Network (ICAN)

Islamic Center of San Diego

Just Foreign Policy

Justice for Muslims Collective

Justice Is Global

Karen Organization of San Diego

License to Freedom

**MADRE** 

MoveOn

Minnesota Peace Project

Mission and Social Justice Commission of The Riverside Church in the City of New York

**Muslim American Society** 

**Muslims for Social Justice** 

National Iranian American Council

NJ State Industrial Union Council

North Country Peace Group

OneAmerica

**Paloonkey** 

Partnership of Advancement of New Americans (PANA)

Pax Christi USA

Peace Action NY

Peace Action WI

Peace Justice Sustainability NOW!

Pillars of the Community

Presbyterian Church (USA)

**Project Anar** 

**Project South** 

**Queer Crescent** 

**ReThinking Foreign Policy** 

Riki Hawk Enterprises, LLC

RootsAction

Secure Justice

Shia Racial Justice Coalition

Sisters of Mercy of the Americas Justice Team

South Asian Americans Leading Together (SAALT)

**South Country Peace Group** 

Unfreeze Afghanistan

Unitarian Universalist Service Committee

United Women of East Africa Support Team

Uplift Afghanistan Fund

**Veterans For Peace** 

Veterans for Peace, Chapter 120

Viets for Afghans

Win Without War

Witness Against Torture

Yemen Relief and Reconstruction Foundation

Yemeni Alliance Committee

cc Members of Congress