Human Rights Watch Reacts: Biden Moves to Split 7 Billion in Frozen Afghan Funds

Friday, February 11, 2022  Transcript

https://twitter.com/i/spaces/1BRJjnRowMVJw?s=20

Speaker 1

While we are getting everybody in the room, I'm going to introduce our speakers for our conversation today. We are joined by John Sifton, Human Rights Watches Afghanistan Programming Coordinator, and Fereshta Abbasi, a researcher at Human Rights Watch. And I am now going to turn it over to John, who will kick off our conversation and give us a little bit of background.

John Sifton

Hi, everybody. This is John Sifton of Human Rights Watch. I'm just going to give a quick outline of what happened this morning. A lot of you have probably already read it, but just for those who might have not gone into the details, I'll very briefly give the overview. The New York Times reported and it has now been confirmed in other places that the Biden administration has made a decision on how it will intervene in a court case in New York City involving approximately $7 billion in the Afghanistan central bank's assets that are held on deposit at the New York Federal Reserve. This money is money that was essentially blocked during the Taliban takeover in August 2021. Essentially, the bank lost its credentials to access that money in the same way that you would lose your access to your bank account if you lost your bank cards and wallet and identification and had no way to essentially convince the bank to allow you to withdraw the money. So that money was already blocked in August 2021. Subsequently, some of the families that sued Al Qaeda and the Taliban for damages related to the September 11 attack, the family of the victims obtained a judgment from a federal judge, basically saying that that money should be seized and given to them.

The court asked the Biden administration for their opinion to intervene, and he has now made a decision, or the administration has now made a decision to intervene and recommend that half the money be given to the plaintiffs, these 911 families, and that the other half be put into a trust fund that would be supporting the needs of the Afghan people for humanitarian relief. So that's what happened. It's a highly unusual set of issues. There's a lot of federal legal procedure that we're not going to get into because we're a human rights organization. But suffice to say, it's a complicated legal situation, and the court may decide not to do what the administration said. There's a lot of issues about whether the money, even in a legal sense, belongs to the defendant, which is the Taliban, for the simple reason that the United States government has not recognized the Taliban as the government of Afghanistan. So it's difficult to then also say that the central bank's assets, which belong to the sovereign wealth of the nation itself, can be used to satisfy an entity that is not even considered to be the government of the country in question.
I know that sounds complicated. I'll go over that again in a second. But the main thing I want to do right now, first before. I'm also allowing my colleague Frisha Abasi, who's also now on the call to speak, is to give the first response of Human Rights Watch to this reported decision. Essentially, our response is this. The Biden administration's decision creates a highly problematic precedent for a policy of essentially commandeering a country's sovereign wealth and utilizing it for things that are not what the people of the country can necessarily want it to be used for. But in any case, it will do little to address a lot of the underlying factors that are driving Afghanistan's current massive humanitarian crisis. While directing $3.5 billion for humanitarian assistance sounds generous, it needs to be remembered that these funds already belong to the Afghan people. So signing them for humanitarian assistance to Afghanistan, to Afghans is merely giving money that already belongs to the Afghan people to a cause for their benefit. I will get to whether that's a good way to spend the money in a moment, but I want to get through a couple of practicalities first. First of all, with likely appeals both by the plaintiffs and possible other parties intervening, none of this money is going anywhere anytime soon.

So it's not as though $3.5 billion is getting sent into a trust fund today for immediate use for humanitarian work. Secondly, it's not even clear the courts are going to agree that the money can be taken, because, again, as I said in an introduction, there's a legitimate question to be asked as to how a country's sovereign wealth can be used to satisfy a debt on an entity that is not recognized as a sovereign government. So that's one reason. But I really want to, from a human rights perspective, focus on the fact that taking Afghanistan's assets in this way complicates ongoing efforts by the United Nations and humanitarian groups that we've supported as a human rights group to convince the US and the World Bank to take broader steps, not on humanitarian assistance, but take broader steps to ease economic restrictions on Afghanistan's banking system that would allow its economy, which is near complete collapse, to stabilize. Because current restrictions on the banking system of Afghanistan are really intensifying the country's already serious human rights crisis. And they're driving populations into famine. And they are in famine in many areas already. And this is all even as the country is suffering under the Taliban's, increasing violence and brutalities and restrictions on basic rights of women and girls, especially now, humanitarians have been repeatedly warning that there's no amount of humanitarian generosity that is enough to feed the country's entire population.

And maintaining this economic blockade on the country is only making humanitarian costs escalate further and will make them escalate further in coming months and years. The President of the International Rescue Committee, in fact, testified before Congress earlier this week, saying just that, that the economic restrictions were going to actually increase the cost of humanitarian needs and make it more expensive in later years, months and years.

The bottom line is that on top of humanitarian assistance, legitimate businesses and importers and ordinary Afghans going about their business and humanitarian groups who need to pay salaries and buy supplies, they need to be able to utilize banks and without any banking capacities at all, even the UN's own operations.
I’m then going to come back in and address some of the questions that have been raised about what it would mean to allow the central bank to operate as opposed to cutting it off as it has cutting it off both from the banking system and cutting it off from its reserves. Okay, so with that my colleague Fereshta is going to talk about some of the research we’ve been doing, some of the inquiries we’ve been making and some of the things we’ve been hearing and some of the facts we’ve been gathering about humanitarian activities in Afghanistan And how they’re being impacted by these restrictions on Afghanistan's banking capacities.

Okay, Fereshta handing over to you.

Fereshta Abbasi

Thanks John. So the situation in Afghanistan is catastrophic. Afghanistan is at a stage of humanitarian crisis. The food insecurity and hunger issues are really serious. Since 15th August the situation is getting worse. Simply, people do not have anything to eat and it really affects the kids much more than anyone else. Basically people do not have access to any resources to be able to afford the expenses, especially buying food. A large number of AFL people have lost their jobs and they either don't have any money to buy food or they do have money but they don't have access to it because the banking system is collapsing in Afghanistan and there are a lot of restrictions on the banking system itself as well. The Afghanistan health system is also collapsing, and the healthcare workers have not been paid in months in a situation that they're getting more people visiting them every day. I mean, the situation is quite unique, and it's difficult enough, but it's in a place that the humanitarian aid organizations are trying to help and trying to dispatch aid to the people of Afghanistan. Some aid has been dispatched to Afghanistan. But we have been following this issue in Afghanistan to see what difficulties these humanitarian aid organizations are actually facing on the ground, as I mentioned earlier, because that the banking system is collapsing. And as far as we are hearing that some of the banks have closed their provincial branches in some provinces of Afghanistan, it shows how worse the situation is getting. It's very difficult to send any money to Afghanistan, which makes it very difficult for these organizations to operate because the bank doesn't work.

And these human aid organizations are trying to use other money service providers to be able to get money to Afghanistan with a very high service charge, especially for the provinces. This is happening at the same time that Afghan people are facing starvation, especially the kids. We are getting reports that there are severe malnutrition cases among the kids, especially in the provinces. This whole thing basically means that when people don't have anything to eat, when they don't get the aid as well, this simply means that millions are going to die in this kind of situation. So the cash liquidity is another thing which has added to all of these difficulties. So there are restrictions on the banking system. First of all, it's very difficult to do a transfer through a system that is not functioning and operating anymore. And the second thing is the restriction on getting any cash. So, for example, if the NGOs are trying to pay the salaries of the aid workers on the ground, it's very difficult for those aid workers to go and get cash from the banks. They have to first of all, there are restrictions on the money that they can get from the bank. And secondly, they have to wait in long lines to be able to see the branch to get into the bank and then get that
money. And this is on a very small scale, but on a large scale, all of these organizations need to do large amounts of transfers to upon us and to be able to help. And for those reasons, that's why that these restrictions have really limited and restricted operations, especially in very remote areas of Afghanistan.

John Sifton

Thanks, Fereshta. I think it's important to recognize that humanitarians are making a very good point in saying that humanitarian activity alone is hampered by the economic restrictions. But even if it wasn't, it's not sufficient to address the effects of the economic crisis. They can't make up the difference. The Afghan people need to be able to have an economy in which people engaged in legitimate ordinary commerce, can exchange money for goods and services and save money, put money in banks, get money. And most importantly, for a country which imports a very large amount of its food and essential resources, needs to be able to deposit money into banks, turn it into dollars, and have those dollars be able to be used to purchase things outside the country for import. In addition, people need to make payroll. Whether you're a humanitarian group or a business, you need to be able to withdraw banknotes to pay staff. And as for you just said salaries of health workers, doctors, teachers, essential workers. And if the banks don't have enough banknotes in the vaults because the central bank has been cut off from any capacity to settle accounts and act as a central bank, then none of that can happen.

And that's what we talk about when we talk about the squeeze on the economic side that is making the humanitarian crisis so bad. There's food available, but no money to buy it. But the central banks reserves in New York, we've known for a long time that it was not going to be easy for that money to be released anytime soon. So while this decision today is regrettable, it doesn't get to another issue which we've been trying to flag repeatedly, which is that the central bank has no credentials internationally and cannot receive any money from outside the country, whether it's from New York, which appears not to be happening anytime soon, or more likely, from something like the World Bank or the United Nations attempting to put money on deposit at the bank so that it can then use it in Afghanistan. And so it doesn't have these credentials, and without them, the economy just cannot function. So while the decision today can be discussed and debated and commented on, it distracts from a much more vital and time sensitive issue before the administration right now, one that's been alluded to in some of the reporting today about the decision, but very far down in the reporting, which is, again, the administration, the need for the Biden administration to make some kind of decision about Afghan banks and the central bank in particular, either the central bank has to be allowed to function on the international level or some kind of private bank needs to be allowed to engage in the same function.

There can be restrictions. There can be monitoring, auditing. The World Bank and its affiliates often engage in monitoring of central banks, especially those that are under severe economic stress. If the concern is that money that would be made available for the bank would then be taken by the Taliban or go into the wrong hands. There are ways to address that. But something has to be done, because even if billions of dollars are made or pledged, you can't practically send that money in the form of paper
banknotes or UN pallets of cash. Even the small batches of paper currency smaller than the billions, just 10 billion, 20 billion. Even those when they're sent in by the United Nations lose 10% on transactional cost, insurance fees, and perhaps more due to corruption we don't even know about. A country needs a central bank.

I was going to ask you in our work initially after August, we were focused a lot on the people who were escaping, but it was quite clear at the outset that there was another problem brewing. Can you talk a little bit about how people described the impact of the banking system not working on their day to day capacity just to obtain food and then the effects it was having on people's literal eating habits, as the World Food Program has reported almost immediately, there were reports whole families already skipping meals regularly and some skipping meals for an entire day.

If you could talk a little bit about some of the interviews we conducted with ordinary people and some of the actors on the ground in those first days before this even really got as bad as it currently is.

**Fereshta Abbasi**

Sure, John. So here is that the situation is really dire because they don't have any access to their resources. It's very difficult for them to afford expenses. We have had reports that people were selling their kids to be able to afford the expenses for the rest of the family members, or we have even had reports that people were selling parts of their bodies to be able to buy food. As I also mentioned earlier, people have lost their jobs. So basically there is no source of income. There is no job, there is no employment. And at the same time, people do not have access to the resources, even if they had any savings in the banks, the food prices have gone very higher. We all have seen the fluctuations with the Afghani's value over the past few months. We see that one value has dropped against other foreign currencies, especially the US dollar, which simply means that the food prices will be higher in Afghanistan. The most unfortunate thing is that the market is full of food, but people are not able to buy food for those who have had savings in the bank are still receiving their salaries, those who are working with some NGOs and are still getting paid. As far as I have talked to individuals in Kobal and other provinces, it's very difficult to cash it out. First of all, there's restrictions on getting cash. I remember that in the first few weeks the restrictions were much more. And then secondly, there is very long lines from a practical point of view, it's going to be like hundreds of people or even it could be thousands of people lining up in a local bank branch in Kabul or other provinces trying to get their money back from the bank.

At the same time, people are not depositing, they just want their money back. So, I mean, from a practical point of view, it's very difficult, it has been very difficult and it's still very difficult for people to get any cash from the banks. We have heard that, at least in the past few weeks, some banks are trying to close their provincial branches, and as far as we know that some of the banks have closed some branches in some provinces of Afghanistan, as we have talked to some of the employees of those NGOs, first of all, it's impossible for NGOs now to pay the salaries of their employees in those provinces, or even if they do,
then those employees, those individuals cannot cash in that province, and then they have to either travel
to another province to give the cash or go to Kabul for that, which is I mean, these people are not rich
people. It's very expensive for them to travel and go to other problems to give the cash. And if it goes like
this, it's going to be very difficult to pay the healthcare workers, to pay the aid workers, to pay the
teachers. So in a way, everything is I mean, these things are very interlinked. So if the banking system is
not working, if the economy is collapsing, everything is going to collapse with it. So, I mean, that's the
main concern.

John Sifton

I'm seeing some questions where people are asking a variety of different things from different
perspectives. One is about the concern of enriching the Taliban. So I did want to circle back on that. We
have concerns about diversion of humanitarian assistance to intended beneficiaries that the Taliban
specifies. We have concerns about things like that. We have other concerns about the potential for
potential enrichment. But I want to be very clear that any agreement that involves credentialing the central
bank would entail heavy auditing and monitoring by World Bank or a World Bank designated entity, and
everything would be under a negotiated agreement in which the Taliban would have extraordinarily
difficult time taking any of these resources for their own benefit. I think there's a misunderstanding about
foreign currency reserves as basically a piggy bank that countries can spend. It's not meant to be that,
and it rarely is, even for a country in dire need. There's billions of dollars pledged for Afghanistan or US
will seek further pledges and billions of dollars to help pay for all kinds of things, from direct humanitarian
assistance to cash for work programs to pay the salaries of health workers. And that was what was going
on before August, outside World Bank administered trust funds were being used by non governmental
entities to pay the salaries of governmental employees, teachers, health workers, and the rest.

The resumption of something like that would inject some very important liquidity into the overall economy
of the country and make the work of humanitarian actors easier. They wouldn't have so many people in
such abject need. So we're not talking about letting the central bank just have unrestrained access to
assets to spend on whatever they want. It's quite the opposite. We're talking about a highly, highly
monitored arrangement where the money would be made available to cover as collateral transactions to
get donor money into the country. I want to circle it back. And just to say, again, the decision by the Biden
administration is impacting the foreign currency reserves. But there's other money on the table that could
be used for these purposes already set to go. There is money in the World Bank's administered
Afghanistan Reconstruction Trust Fund and other World Bank assets that could be put online and utilized
for the purposes set by donors or the purposes set by a negotiated agreement between the UN and the
Taliban for essential services.

But that money can't move without this credential issue involving the central bank. So again, I just want to
emphasize that the decision today about the reserves in New York is in some ways distracting us from an
issue involving the central bank as broad matter and its credentials with the international banking system.
Again, in the question, maybe first you could get to this. There's concern about diversion, and we're not going to dismiss that. We have some very serious concerns about the Taliban. Maybe if we could talk a little bit about some of the things we're worried about. Our findings are not clear. We haven't finalized our findings yet on these issues, but some of the things we're worried about. And then in addition, just as a reminder, some of the restrictions that Taliban have themselves imposed because we do not want to give the impression that we're blaming the United States for all of these problems. The Taliban have imposed restrictions that have impacted the lives of women and girls and women's capacity to make an earning women's capacity to work. And whether they're paid or not, you have to show up to work. And if there are restrictions that make that impossible, it's hard.

So if you could address some of those issues, I think that might help.

Fereshta Abbasi

Yeah. We have been following the situation of human tearing aid distribution, and we are aware that in some provinces the female workers have resumed working, but there are restrictions on them. Generally, what we have found so far is that there are at least three main restrictions on women who want to go back and work. First of all, the main problem is that there is not a single rule. All over the country, different provinces have different rules. But at least the reason I'm pointing out is that the definition of a full hijab really differs from one province to another and from Kabul to the provinces. But the first point is that women should be in full hijab. The second point is that women should be accompanied by mahram if they want to travel over 72 km. And again, it differs from one province to another province. In some provinces, they have been advised to be accompanied by a mahram during the office work, which makes it impossible, I mean, practically for women to sit in an office and have a mahram sitting next to them for the whole day. And the third issue is that it's the separation of offices and in severe cases in some provinces, it's a separation of buildings from their male colleagues.

So overall, there have been restrictions put in place for the female aid workers to go back to their work. We all know that all these restrictions will definitely make it more difficult for the female staff to be able to identify the most vulnerable and needy people in the remote areas of Afghanistan. But overall, there are restrictions on female aid workers. There are restrictions on the payments issues and financial issues, as we have already discussed about this. But one of the other things that Human Rights Watch is following and we are concerned about, and we're trying to find out that what a bigger picture is to see that how the most vulnerable people are being identified in the provinces and districts of Afghanistan. And we want to see that how the aid distribution is going on and how the aid is really reaching these needy people. And I mean, we are not in that stage to say that what is really happening. But I mean, it was worth mentioning to say that we are following the issue and we are committed to see how it goes.

John Sifton
Thanks. Another question that we've been getting a lot, including from US policy makers, is essential concern that making money available to be just sent into the country makes no sense because the dollars in Afghanistan, because of the nature of Afghanistan's economy, dollars, banknotes paper, US currency is constantly bleeding out of Afghanistan, and you constantly need to be sending more in. And our response to that is pretty simple. It's just an issue of economics. There are countries in the world with cash based economies, partly cash based economies. There are many countries in the world that have US dollar, cash based economies in many sectors, especially in the import sector. And there are many countries in the world that import more than they export and spend more on imports than they make on exports and revenue. This is a reality for dozens of countries around the world. And if they receive outside assistance to balance their budgets or they make revenue in some other way, they nevertheless will ultimately need to purchase US dollar banknotes and fly them into the country. There's nothing unusual about that. And in fact, the previous government of Afghanistan had to do that all the time.

They purchased US dollars, flew them into the country, and held auctions, as they say, at banks in Kabul and Mazar, so that the bank notes could be used by Afghan businesses to purchase imports outside the country. This is normal. It's normal in a lot of countries. And so to see it cited, including by senior US officials at times, as a reason not to allow the central bank to have money is simply erroneous. And frankly, I would also say it's somewhat patronizing. The United States itself has a negative economic balance of payments, and it's no different. The United States spends more on its imports than it does, and then it makes on its exports.

Okay, one last thing, Farisha. I just wanted to give you a chance to respond to some of the allegations or not allegations, some of the questions and sort of criticisms that have been made that essentially we’re not focused on the Taliban's brutality is enough and that we don't understand the fact that they don't deserve any recognition and that giving money sorry, giving credentials, giving the central bank some kind of credentials would somehow legitimate them. Is there any response you want to give to that?

Fereshta Abbasi

I believe that we are advocating for the people of Afghanistan And to be able to deal with this hunger crisis and food security issues and to be able to prevent from millions of people dying in Afghanistan out of hunger. I think we need to have a banking system and we need a central bank that is operating, so we need the banking system to function, and it's for the sake of the people. And the reason we are advocating for this issue is that we are trying to help the people of Afghanistan And try to deal with the humanitarian crisis that is ongoing there. It has nothing to do with the recognition of the Taliban. It has nothing to do with what is happening on the political side. As a human rights organization. We are trying to make sure that people of Afghanistan have access to a very basic right to have food, to be able to live and to not let kids starve in the provinces.

John Sifton
I couldn't agree more. I feel as though our work over so many years, in the last few years and decades has been marked by people punishing the wrong people for crimes that they didn't commit. And it's a new phenomenon. It's here, but it's part of a larger pattern we have, sadly, seen in Afghanistan where parties end up punishing the country's people for the crimes of its leaders. And it's tragic to have seen it before, and it's tragic to see it again.

Now I want to just remind folks before we go that we have an Afghanistan page on our website at HRW.org/asia/afghanistan. We'll be posting some updates, a statement or a dispatch on this decision and soon additional information about how the economic crisis is impacting the food and hunger crisis. So stay tuned. We'll have new information going up there shortly, and you can also reach out on contact forms for questions and especially journalists to reach us for further.