**As Afghanistan suffers**

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Afghanistan’s central bank’s frozen assets serve as a stark reminder of the limitations and decline of American influence in the region. Much to the disappointment of the US and other Western countries – which had hoped to use the freeze as leverage over the Taliban – the last one-and-a-half year has seen even more influx of radicalization into the governance of the Taliban regime.

In 2021, after the takeover of Kabul by the Taliban, the Biden Administration seized $7 billion held in Afghanistan’s central bank reserves, allocating half of the funds to the victims of the September 11 attacks and depositing the rest into a trust fund – the Afghan Fund – in Switzerland, for the ‘benefit’ of the Afghan people.

The Taliban-controlled central bank desperately now seeks the release of these funds to stabilize the country’s financially crippled sector. Previously, the US had hoped that the frozen assets would serve as a bargaining chip to get the Taliban to change their ways. Despite being armed with gigantic financial muscle, the US and the West now find themselves exceedingly incapacitated to influence the situation in Afghanistan, where the frozen assets have so far failed to sway the Taliban from their policies.

The situation in Afghanistan is one of the most pressing and complex challenges of our time. A combination of political instability, poverty and acute food shortage has created a humanitarian crisis of immense proportions. Ever since the US marines hastily vacated Kabul in August last year, the country is continuously sinking into the quagmire of socio-economic chaos and economic instability.

In the aftermath of the 9/11 attacks, the US invaded Afghanistan in October 2001 with the ostensible objective of driving the Taliban out of power after they refused to hand over members of the Al-Qaeda terrorist group who were identified as responsible for the New York attacks. After spending trillions of dollars on ‘war and reconstruction’ efforts in Afghanistan for two decades, the US miserably failed to achieve an inclusive and enduring political settlement to the conflict. The spectacular failure of the US forces had gradually pushed successive US governments to eventually relinquish the Afghanistan misadventure. But the fact is that the Biden Administration had no clear idea of how to end the war in Afghanistan. The deep chasm in the thinking of military and political leaders in Washington whose objectives were limited to achieving a ‘zero-sum victory’ and driving the Taliban out of power was the key reason that resulted in the highly disorganized and panicky withdrawal from Kabul.

In the heart of the Hindu Kush, a tempest of tragedy is engulfing Afghanistan. According to the World Food Organisation, a staggering 24.4 million individuals need immediate humanitarian aid, with half the country’s estimated population of 38.9 million in dire need of food security. Despite most households dedicating over 90 per cent of their income towards sustenance, a staggering 89 per cent of the population is still grappling with food insufficiency.

The UN Office for the Coordination of Humanitarian Affairs paints an equally bleak picture, with a 21 per cent increase in the number of Afghans suffering from acute malnutrition, totalling 4.7 million last year alone. The livelihoods of countless households have been shattered in the past year. The root cause of this crisis lies in two converging factors: a chokehold on the country’s banking sector and international aid funds, and the US government’s freeze on over $7 billion in assets belonging to Afghanistan’s central bank.

The Biden Administration’s decision prompted Britain, Germany, and the EU to suspend their development aid programs, while the IMF and the World Bank followed suit by suspending emergency reserves and halting funding for numerous projects. Afghanistan, already battered by decades of conflict, corruption and political instability, now teeters on the brink of collapse after the return of the Taliban regime and the freeze of the central bank’s assets. The resultant liquidity crisis and economic meltdown have left millions of Afghans in the grip of hunger and poverty, as droughts, Covid-19, and other natural disasters compound their suffering in the face of a global food and cost-of-living crisis.

Afghanistan has been plagued by a year of darkness under the Taliban’s reign which set off a chain reaction of economic turmoil, as the flow of aid dissipated, and sanctions took their toll. The resulting liquidity crisis saw the currency plummet, inflation soar, jobs disappear, and the country spiral into economic collapse. This cascade of events has triggered a massive humanitarian crisis, casting a shadow over the land.

It is true that the US Treasury’s decision to channel some money for humanitarian purposes staved off the worst humanitarian crisis. While providing humanitarian aid is a crucial lifeline, it is not a sustainable solution for the Afghan people. What they need is a functional economy, one that can inject the much-needed measures of liquidity and sustained growth – without benefitting the Taliban. The problem with the Biden Administration is that, after the failure of its withdrawal narrative, it has not been able to find a workable solution to the Afghan imbroglio.

Washington asserts that the money from the Afghan Fund can be dispensed only when Afghanistan’s central bank, Da Afghanistan Bank, demonstrates its complete independence and implements measures to counter money-laundering and terrorism financing.

In December 2021, by accepting some outside monitoring bankrolled by the US Agency for International Development, the executive board of Da Afghanistan Bank took a positive step. However, it was overshadowed by the appointment of Ahmad Zia Agha as the deputy chief of the bank – a move that raised serious concerns in the international community. Agha, who is blacklisted by the US, the UN, and the EU, is accused of financing terrorism and distributing money to Taliban commanders and associates. The sanctions, designed to coerce the Taliban, have had the unintended consequence of impoverishing the people of Afghanistan and undermining their economic stability. The mess was created by Americans; it seems they have no workable solution on how to clean it.

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