

**Written Statement of Rt Hon David Miliband
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**Senate Foreign Relations Committee
Subcommittee on Near East, South Asia, Central Asia, and Counterterrorism**

“Afghanistan: The Humanitarian Crisis and U.S. Response”

February 9, 2022

Chairman Murphy, Ranking Member Young, and Members of the Subcommittee: Thank you for convening this hearing on the humanitarian crisis in Afghanistan and the US response.

The severity of the situation in Afghanistan, reinforced to me by a meeting this week with IRC staff in the country, requires me to speak in blunt terms today. The humanitarian situation is rapidly deteriorating by nearly every measure as we near six months since the change in power and subsequent halt in all non-emergency aid for Afghans. Business as usual will mean that a starvation crisis kills more Afghans than the past 20 years of war. I am here today to appeal to members of this subcommittee to lead the charge for an urgent change in US and international policy, especially economic policy, to avert a catastrophe-of-choice imposed on the Afghan people and a catastrophe-of-reputation left for the US and its allies.

Humanitarian responses have historically received welcome bipartisan support from members of this Subcommittee, the wider Senate Foreign Relations Committee and the US Congress writ large, spanning across Republican and Democratic Administrations. We appreciate the US efforts to support the humanitarian response in Afghanistan - from quick and continuing action to ensure humanitarian exemptions in sanctions to humanitarian aid funding itself.

But this crisis will not be solved by more humanitarian aid. Aid cannot make up for an economy deprived of oxygen. Economic collapse makes the humanitarian challenge like running up an escalator that is going down faster and faster. It becomes impossible. That is why the need today is not just for more aid; it is for different policy.

There is a narrative around Afghanistan that the US must choose between helping the people of Afghanistan or helping the Taliban. The suffering of the Afghan people is seen as an unfortunate byproduct of an impossible situation. My message is that this is wrong. The humanitarian community did not choose the government, but that is no excuse to punish the people, and there is a middle course - to help the Afghan people without embracing the new government.

IRC: A Unique Resource in Afghanistan and in the US

I am speaking today on behalf of the International Rescue Committee (IRC), a humanitarian organization that has provided lifesaving aid and services to Afghans since 1980. The IRC has a unique vantage point from which to offer perspective on the crisis. We are on the ground providing aid in Afghanistan, responding to refugees across the border in Pakistan, supporting those seeking asylum in Europe, and working closely with the US authorities in this country, across two dozen cities, to resettle Afghans and other refugees who have been given the opportunity to start their lives anew. We have resettled Afghans through the Special Immigrant Visa (SIV) program since it was established more than a decade ago. After the evacuation from Kabul last fall, the IRC worked with the US government to support Afghans at all the government reception facilities in Virginia, Texas, Wisconsin and New Jersey and we are continuing to

support them as they are resettled around the country with immediate needs such as housing, food and medical care, as well as long-term support.

On the ground in Afghanistan, the IRC has maintained aid operations during the past three decades as power and territory changed hands. Our work began as relief programs for people displaced by the invasion of the Soviet Union, continued during the civil war, and then transitioned to providing aid under Taliban rule in the 1990s, then under the new government and in pockets of Taliban control after 2002, and continue today. During each period, we have adhered to the humanitarian principles of neutrality, independence, impartiality, and humanity.

Since August, our nearly 3,000 staff have resumed operations, providing lifesaving assistance and expanding our programs to reach ten provinces. Afghans make up more than 99% of IRC staff in the country and women make up half of our staff. Last year, we reached one million Afghans with vital services spanning health, emergency cash, education, water and sanitation, and economic recovery programs.

The IRC is responding to the ongoing deterioration by providing emergency winterization assistance and scaling up support for 64 health facilities. We are also launching mobile health teams to travel to treat malnourished children in rural communities with no other access to healthcare. We support those displaced with cash, tents, clean water, sanitation, and other basic necessities. The IRC has expanded our women's protection and empowerment activities in recent years and has become a leading actor in the protection field. Our teams also help Afghans gain self-sufficiency, including by helping local communities plan and manage their own development projects and by providing livelihoods support like climate-smart agriculture programming.

Generous US government funding has helped support our work, including ongoing programs focused on protection and economic (cash) support for women, protection services for at-risk children, and gender-based violence case management and psychosocial support.

The IRC's mandate is to help Afghans survive, recover and rebuild their lives. This means we have a stake in not only seeing humanitarian assistance reach everyone who needs it, but ensuring the causes of humanitarian distress are addressed. The IRC does not take a position on the issue of diplomatic recognition or the wider interests of the US government in Afghanistan. All of our asks of the US government are rooted in what the IRC's experience on the ground shows is required to address the humanitarian crisis and avert a larger catastrophe.

Catastrophe-of-Choice

Afghanistan is moving towards economic catastrophe at breakneck speed. In just the last six months, the country has emerged as the world's fastest-growing humanitarian crisis. The IRC completed a global analysis exercise in December to identify the top countries at risk of humanitarian deterioration this year. Afghanistan topped our list, surpassing even active conflict zones like Yemen and Ethiopia.

Afghanistan has been uniquely dependent on western support for twenty years. This goes well beyond the military effort. Less than six months ago, over 40% of the economy, and 75% of the government's public spending, came from international donors.¹ Now, the international house of cards that was Afghanistan's economy has come falling down. The international community, overnight, halted its support

¹ *South Asia Macro Poverty Outlook*, World Bank Group, October 2021.

<https://thedocs.worldbank.org/en/doc/5d1783db09a0e09d15bbcea8ef0cec0b-0500052021/related/mpo-sar.pdf>

while freezing Afghan assets overseas. Sanctions, which are meant to be on the Taliban, have in fact chilled almost all economic activity. While those in power in Afghanistan have much to answer for, it is these policy choices of the international community that are the proximate cause of the crisis we face today.

It is one thing to say that Afghanistan needs economic adjustment at the end of a major war. It certainly does. But while a planned and phased shift in foreign aid could be defended, there has instead been a guillotine cutting off desperately needed support. If state collapse was the object of policy, it could hardly be better designed. That is the effective consequence of current US-led policies.

The impact of the current policy mix has been as fast and brutal as it was predictable and preventable.

The economy is disintegrating and the banking system has been crippled. Organizations like IRC, and Afghan families, cannot take more than token sums out of the bank. Some branches have run out of cash entirely and shut down. Businesses cannot do business. And since the humanitarian response does not happen in a vacuum, we are not spared. And at the end of the day, the cost is footed by the poverty-stricken population.

The banking system needs capital to function. But the international assets that underpinned the economy have been frozen, estimated at over \$9 billion.² A portion of these frozen assets - estimated at at least \$500 million – belonged to Afghan individuals and businesses. In Afghanistan, a trade deficit has left the country with almost no other sources of funds to fall back on to deal with economic shock or maintain the value of local currency. Without access to foreign reserves, essential currency auctions used to support the value of the Afghani have ceased, while traders have lost access to US dollars needed to pay for imports. The value of the country's currency is estimated to have plummeted by at least a quarter. To cap it all, as confidence is lost in the banking system, most suppliers now demand payment in cash, perpetuating a vicious cycle where shortages of cash are making access to cash more important than ever. Yet the import of \$8.5 million worth of Afghani banknotes from the Polish printing press that has the contract has been blocked by fears of falling foul of the sanctions regime.³

Humanitarian actors like the IRC also depend on banks and access to cash to pay our staff, procure items locally, and run operations. Yet a humanitarian response which the UN says needs \$4.4 billion this year is now forced to move to informal channels.⁴ Just last week, UN staff reported that the UN has \$135 million sitting in a bank that they cannot use because the bank cannot convert it to local currency.⁵ Humanitarians are dependent on local money brokers ("Hawalas"), which are providing a vital stop gap, but they cannot act as a substitute for the banking system. Meanwhile, many local Afghan NGOs without international bank accounts do not have these options and are even more constrained.

Livelihoods are evaporating across the board, in both the public and private sector. The largest employer in the country was the government. Now, the government does not have the funds to pay salaries for doctors, teachers, sanitation workers, or other civil servants. In the private sector, businesses cannot withdraw enough funds to pay employee and day laborers' salaries, many of whom lack bank accounts or

² Ibid.

³ Editorial Board, "Let Innocent Afghans Have Their Money," The New York Times, January 14, 2022, <https://www.nytimes.com/2022/01/14/opinion/afghanistan-bank-money.html>

⁴ "Afghanistan Humanitarian Needs Overview 2022," UN OCHA, January 2022, <https://reliefweb.int/sites/reliefweb.int/files/resources/afghanistan-humanitarian-needs-overview-2022.pdf>

⁵ Michelle Nichols, "U.N. has millions in Afghanistan bank, but cannot use it," Reuters, February 3, 2022, <https://www.reuters.com/world/asia-pacific/un-has-millions-afghanistan-bank-cannot-use-it-2022-02-03/>

savings and depend on daily cash wages to feed their families. Farmers are increasingly unable to afford food for livestock or agricultural inputs, threatening their income and ability to provide for local communities. At least 500,000 Afghans have lost their jobs since August, while many more have seen their salaries reduced or unpaid for months.⁶ UNDP has projected unemployment could rise by over 40%,⁷ while 97% of Afghans could be living below the poverty line by mid-2022.⁸

As a result, ordinary Afghans do not have enough cash in their pockets to buy food, pay for medicine, or afford transportation to health clinics. As the Afghani depreciates, the cash available is worth less and less each day. As people can neither access savings in the bank nor receive daily wages, the demand for goods has plummeted.

Foreign businesses and commercial actors are disengaging from Afghanistan for fear of running afoul of sanctions. Sanctions on the Taliban were imposed two decades ago, but have taken on new implications since the shift in power that the US has yet to fully clarify. Many foreign banks, including those that act as correspondence banks for international wire transfers, are unwilling to facilitate transactions into Afghanistan. Some of the commercial banks' deposits are caught up in frozen assets, while other funds were held abroad but are now stuck in limbo as international correspondent banks are hesitant to engage with the central bank. The reason seems to be fear of being caught up in the sanctions regime. The US Treasury Department has been helpful in clarifying the range of humanitarian activities that are not subject to sanctions. But at the time of writing there is little clarity about commercial activities, including whether commercial fuel imports or machine parts imports are a sanctions risk. Yet Afghanistan depends on imports for 80% of its electricity and nearly all fuel.⁹ The chilling effect, on suppliers and their financial backers, is obvious.

State services are crumbling, from health care to education. Many civil servants haven't been paid in six months or more, creating a risk that they leave their jobs or even the country with a ripple effect across service delivery. Some workers have already quit. The government cannot afford to procure items or pay for basic operations. Warnings of state service collapse are not hyperbolic. By September - just weeks after funding for the health system was halted - a mere 17% of previously supported health facilities could fully function.¹⁰ By early November, IRC assessments found 60% of health clinics we assessed did not have the capacity to deliver nutrition programming as malnutrition rates spiked. Afghanistan is now confronting its fourth wave of COVID-19 with this collapsing health system, with ripple effects across disease surveillance, COVID-19 vaccination campaigns, and treatment. While the UN has provided stop gap measures at facilities run by NGOs, support for government-managed facilities is nearly non-existent. All COVID-19 hospitals, 1,000 health clinics, and over 60 hospitals at provincial levels all excluded from

⁶ *Employment prospects in Afghanistan: A rapid impact assessment*, International Labour Organization, January 19, 2022, https://www.ilo.org/asia/publications/issue-briefs/WCMS_834525/lang--en/index.htm

⁷ "Afghanistan: Socio-Economic Outlook 2021-2022," United Nations Development Programme, November 30, 2021 <https://reliefweb.int/sites/reliefweb.int/files/resources/UNDP-AFG-Afghanistan-Socio-Economic-Outlook-2021-2022.pdf>

⁸ "97 percent of Afghans could plunge into poverty by mid 2022, says UNDP," United Nations Development Programme, September 9, 2021, <https://www.undp.org/press-releases/97-percent-afghans-could-plunge-poverty-mid-2022-says-undp>

⁹ *South Asia Macro Poverty Outlook*, World Bank Group, October 2021. <https://thedocs.worldbank.org/en/doc/5d1783db09a0e09d15bbcea8ef0cec0b-0500052021/related/mpo-sar.pdf>

¹⁰ "Statement by Dr Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization, and Dr Ahmed Al-Mandhari, WHO Regional Director for the Eastern Mediterranean on their visit to Kabul," World Health Organization, September 22, 2021, <https://www.who.int/news/item/22-09-2021-acute-health-needs-in-afghanistan-must-be-urgently-addressed-and-health-gains-protected>

current funding plans. By September, a quarter of COVID-19 hospitals had already shut down.¹¹ Despite stop gap measures via UN agencies, even funded health facilities are struggling to afford fuel for ambulances and power generators, water, and even food for patients. One hospital has resorted to cutting down trees around the hospital for heating.

Last fall, our staff spoke to Farida¹², a midwife at an IRC-supported health clinic. She is also the sole earner for her family. She reported she and the rest of the staff at the clinic had not received salaries in six months, faced shortages of medicines and lacked running water. She warned, “if no one helps health clinics or provides their salaries then we cannot help those women who come here and need our help.” The IRC had previously been providing Covid-19 infection prevention and control at the clinic, but we scaled up efforts after World Bank funding was suspended, including by paying salaries, bringing running water and solar power to the clinic. Farida described the challenges she sees in her patients: “the majority of the pregnant women who visit us have financial problems... When I tell them to eat good food because you are pregnant, they say we can't. They cannot afford fruits or other necessary nutrition.” Despite these challenges, Farida is determined to continue her work, “I feel very happy that I can help women in need... I am able to serve my people.”

The crisis is affecting every aspect of life for virtually all 40 million Afghans and sending humanitarian needs spiraling. The entire population faces the prospect of poverty, while half face hunger. Even Afghans that were spared previous periods of conflict and crisis - those in urban areas, the upper middle class and the well-educated - are now affected. Only 2% of Afghans have enough food to eat today.¹³ Almost 9 million people are one step before famine conditions.¹⁴ This is the highest figure ever recorded in Afghanistan and the largest in the world today. Food is still available in markets, yet the threat of famine looms as people have no access to cash to buy the food. In places like Herat, our staff even hear reports of people resorting to selling organs. Others are leaving for Iran through informal and illegal routes because they cannot meet their most basic needs inside Afghanistan.

In one of the world’s youngest populations, the welfare of a generation of Afghan children is at risk. Nearly half of the population is under 15 years old.¹⁵ Many of these children have missed two years of school due to COVID-19. Girls should be allowed to go to school, and we welcome recent announcements from Taliban leaders to this effect, but no child will learn if schools remain closed without funds to pay teachers. Some of these children may never return to school if the economic crisis means they need to support their families. IRC staff are already seeing rises in child labor. Families are being forced to make decisions no one should have to make, including selling off young daughters so they can buy food for the rest of their children. One woman was about to resort to selling her daughter for \$200 until she received cash assistance from the IRC that allowed her to help support her family.

¹¹ "Funding pause results in imminent closure of more than 2000 health facilities in Afghanistan," World Health Organization, September 6, 2021, www.emro.who.int/afg/afghanistan-news/funding-pause-results-in-shut-down-of-more-than-2000-health-facilities-in-afghanistan.html

¹² Pseudonym used to protect her identity.

¹³ "Afghanistan Food Security Update," World Food Programme, December 8, 2021, <https://docs.wfp.org/api/documents/WFP-0000134768/download/>

¹⁴ "Afghanistan: Acute Food Insecurity Situation September - October 2021 and Projection for November 2021 - March 2022," IPC Info, October 2021, <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155210/?iso3=AFG>

¹⁵ "Afghanistan Humanitarian Needs Overview 2022," UN OCHA, January 2022, <https://reliefweb.int/sites/reliefweb.int/files/resources/afghanistan-humanitarian-needs-overview-2022.pdf>

Our staff on the ground spoke to a woman named Hajeera¹⁶ who recounted how she had lost her job as a house cleaner and her family could no longer even bring in cash from begging. “Nowadays, the problems have multiplied... there is no money or sight of money.” Two of her children, both under the age of five, had died within the past two weeks. She said both were malnourished and her infant daughter is now sick because she cannot afford food. “When I take my baby to the doctor, he says there is no medicine left. If I take it somewhere else, I cannot afford it. We are facing a lot of problems. Right this moment, we do not have flour to make bread.” She explained how her family did not have enough food, clothes, or even wood to keep warm. The family had resorted to burning plastic to try to survive the winter. She said, “My message to the world is that please help us... please send us food or other supplies so I can rescue my children.”

Across the country, Afghan women like Hajeera, whose rights are held up to justify Western policy choices, are in fact the people bearing the brunt of this crisis. Our staff say uncertainty defines every aspect of life for Afghans - uncertainty over the next time they will have an income or their children will return to school. Afghans tell us they feel completely in the dark about their own futures.

Charting a way forward

The wealthiest and most powerful countries have spent nearly six months deliberating the way forward, but Afghans’ lives are worsening every day that goes by without action. We understand that some of the choices in front of the US and its allies may be unpalatable, but the choices facing too many Afghan families are unimaginable: to sell a body part or a child to survive. These stories are sensational, but sadly not sensationalist.

The severity of the crisis requires the US and its partners to radically and urgently shift their approach and to move quickly across the following five areas. The US has a unique role to play in each given its direct control of the majority of Afghan financial assets, the wide-ranging impact of the US sanctions regime, and its position as the largest contributor to key international financial institutions.

First, support the urgent reprogramming of the full World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF) for basic services like health and education. There is \$1.2 billion remaining in the fund, which provides a proven, trusted method for service delivery. The US should press for the scope of the fund to broaden given the severity and scale of unmet needs, for instance funds should ensure that health clinics have not only medicine and other health supplies, but also fuel, electricity, and clean water. These funds should also be used to pay essential civil servants who are the lifeblood of these services. We welcome the new guidance last week from the US Treasury that salary payments for public employees are permissible in Afghanistan today. Afghanistan is not the first place where the world has grappled with this challenge. The World Bank has adopted similar programs in Yemen and Somalia, including funding for civil servant salaries. These funds could be directed through UN agencies and NGOs to bypass the government. With new legal guidance and past experience to draw on, we now need political will to move it forward.

Second, clarify the limits of US sanctions to catalyze private sector engagement in Afghanistan. US sanctions on the Taliban have existed for twenty years, but the change in power in August has sparked new uncertainty about the reach of these sanctions. It remains unclear whether the US government considers the entire Afghan government to fall under sanctions on the Taliban. General licenses for humanitarian actors have been vital for our aid operations, but private actors have received little clarity

¹⁶ Pseudonym used to protect her identity

on commercial and financial transactions beyond those for humanitarian activities - but upon which the humanitarian response and 40 million Afghans depend. When there are gray areas, private actors will take the most risk averse stance. Commercial actors and international banks are effectively treating the Central Bank and line ministries as sanctioned entities. The US government should engage in more public, proactive, forward leaning guidance on allowable commercial activities, including essential imports, to address the chilling effect on private actors and catalyze immediate engagement.

Third, inject liquidity to help the economy to start functioning again. A phased release of funds is the foundation to allow Afghans to access their deposits, to enable banks to provide loans and allow traders to pay for essential imports. The clearest way to do so at the scale required is to start to release frozen Afghan assets. We appreciate legal questions that require the attention of the US government. However, the US should prioritize efforts to separate out private assets from government assets and release private reserves. The US should also encourage European capitals to release assets under their control, estimated at around \$2 billion. The US should work to support the UN's proposed Humanitarian Exchange Facility that could help provide some liquidity by facilitating dollar-for-afghanis swaps between humanitarian organizations and Afghan companies, even if it is not a scalable or long-term solution.

Fourth, support technical efforts with the central bank and finance ministry to stabilize the economy. The central bank is the linchpin to ensuring the steps I have outlined have their desired effect. Microeconomic steps should be accompanied by a macroeconomic approach. If frozen funds are released or Afghani banknotes are shipped in, then the central bank has an irreplaceable role to play in currency auctions to stabilize the currency and avoid further depreciation or inflation. It can help rebuild confidence in the banking system so that greater functionality of banks and eased financial transactions leads to deposits in the banks once more, rather than capital flight. There are no sustainable workarounds that try to bypass the Central Bank and create parallel, shadow systems. No private bank could effectively take on this role.

Foreign technical assistance, including from the World Bank and IMF, will be critical to restore the core functions of the central bank and ensure sufficient monitoring and oversight of funds to rebuild the confidence of donors and Afghans alike. The US should seek to ensure institutions like the World Bank and IMF have sufficient legal guidance from the US and mandates from their executive boards to allow them to engage with the central bank. The US should help convene a meeting on the Afghan economy, bringing together the World Bank, IMF, and major donors to determine a pathway forward.

And finally, rally international support for the humanitarian response. More than half of the population needs life-saving humanitarian aid this year. Meeting their needs requires \$4.4 billion - a more than tripling compared to last year. The UN pledging conference planned for mid-March is an important opportunity to galvanize pledges to fully fund the response. The US announcement of \$308 million last month is a welcome step. But humanitarian aid is not a silver bullet. If the other measures I outlined are not taken, then requirements for humanitarian aid will only rise. As the head of UN OCHA, Martin Griffiths, warned, without action, "next year we'll be asking for \$10 billion."¹⁷

Afghan staff on our team say to me: "nation building is our job, not yours, but you can either help or hinder, and we want Western help." The steps I have outlined can halt the slide towards the worst case

¹⁷ "Afghanistan: UN launches largest single country aid appeal ever," UN News, January 11, 2021, <https://news.un.org/en/story/2022/01/1109492>

scenarios like famine and buy time for the international community to chart a path forward for its engagement with Afghanistan so we are not back here in a year's time facing the same dilemmas.

There is no shortage of technical ways forward - but there is a shortage of political will to act on them. The options in front of the US will get worse the longer it waits to act. If the state is allowed to collapse, with civil servants leaving the country en masse and the financial system left in ruins, the investments of the past twenty years will be lost and it will take a generation to rebuild this capacity and expertise.

Thank you for your attention to this crisis and the opportunity to provide IRC's perspective on the complex humanitarian challenges facing the people of Afghanistan. I look forward to answering your questions.