

## U.S. DEPARTMENT OF THE TREASURY

# Joint Statement by U.S. Treasury and State Department: The United States and Partners Announce Establishment of Fund for the People of Afghanistan

September 14, 2022

The United States, through the Department of the Treasury and the Department of State, and in coordination with international partners including the government of Switzerland and Afghan economic experts, today announced the establishment of a fund to benefit the people of Afghanistan, or the “Afghan Fund.”

The United States remains committed to supporting the people of Afghanistan amidst ongoing economic and humanitarian crises. Pursuant to Executive Order (E.O.) 14064, President Biden set a policy of enabling \$3.5 billion of Afghan central bank reserves to be used for the benefit of the people of Afghanistan while keeping them out of the hands of the Taliban and other malign actors. The Afghan Fund will protect, preserve, and make targeted disbursements of that \$3.5 billion to help provide greater stability to the Afghan economy.

The Taliban are not a part of the Afghan Fund, and robust safeguards have been put in place to prevent the funds from being used for illicit activity. The Afghan Fund will maintain its account with the Bank for International Settlements (BIS) based in Switzerland. The BIS is an international financial organization that provides a range of financial services, including banking services to central banks, monetary authorities and international financial institutions (see [www.bis.org](http://www.bis.org)). An external auditor will monitor and audit the Afghan Fund as required by Swiss law.

“The people of Afghanistan face humanitarian and economic crises born of decades of conflict, severe drought, COVID-19, and endemic corruption,” said Wendy Sherman, United States Deputy Secretary of State. “Today, the United States and its partners take an important, concrete step forward in ensuring that additional resources can be brought to bear to reduce suffering and improve economic stability for the people of Afghanistan while continuing to hold the Taliban accountable.”

“The Afghan Fund will help mitigate the economic challenges facing Afghanistan while protecting and preserving \$3.5 billion in reserves from Da Afghanistan Bank (DAB), Afghanistan’s central bank, for the benefit of the people of Afghanistan,” said Wally Adeyemo, United States Deputy Secretary of the Treasury. “The Taliban’s repression and economic mismanagement have exacerbated longstanding economic challenges for Afghanistan, including through actions that have diminished the capacity of key Afghan economic institutions and made the return of these funds to Afghanistan untenable. Through this Fund, the United States will work closely with our international partners to facilitate use of these assets to improve the lives of ordinary people in Afghanistan.”

“In response to the critical challenges facing the people of Afghanistan, the United States is already the largest donor of humanitarian assistance,” Sherman also noted. “We have worked with the World Bank and Asian Development Bank to make available more than \$1 billion in assistance for basic services and other urgent needs, in addition to providing over \$814 million in U.S. humanitarian aid directly to implementing partners to support the Afghan people while preventing funds from benefiting the Taliban. Now, the Afghan Fund will be part of our ongoing diplomatic and humanitarian efforts on behalf of the people of Afghanistan.”

According to the World Bank, income and economic output in Afghanistan have fallen 20-30 percent, imports have declined by approximately 40 percent, and about 70 percent of Afghan households report they are unable to fully meet basic food or non-food needs. Disbursements from the Afghan Fund could include keeping Afghanistan current on its debt payments to international financial institutions, which would preserve their eligibility for development assistance, and paying for critical imports, such as electricity.

## **ADDITIONAL BACKGROUND**

### ***Central Bank of Afghanistan (DAB)***

When the Taliban took over Kabul, Afghanistan’s central bank, DAB, lost access to its accounts at financial institutions around the world—not just in the United States—because of the uncertainty regarding who could authorize transactions on DAB’s accounts. Since then, the economic situation in Afghanistan has continued to deteriorate due to the Taliban’s poor

economic management and failure to restore critical capabilities to DAB, such as adequate anti-money laundering and countering terrorist finance (AML/CFT) controls.

To rebuild confidence among the international financial community, DAB must demonstrate that it has the expertise, capacity, and independence to responsibly perform the duties of a central bank. To move toward that goal, DAB must demonstrate that it is free from political interference, has appropriate AML/CFT controls in place, and has undertaken a third-party needs assessment and onboarded a third-party monitor.

## ***The Afghan Fund***

The Afghan Fund is incorporated as a Swiss foundation established to protect, preserve, and —on a targeted basis—disburse \$3.5 billion for the benefit of the Afghan people. The Afghan Fund can also serve as a vehicle to protect and disburse other Afghan central bank foreign reserves currently held in additional countries. These disbursements are intended to help address the acute effects of Afghanistan's economic and humanitarian crises by supporting Afghanistan's macroeconomic and financial stability.

## ***Location of Assets***

The Afghan Fund will maintain its account with the Bank for International Settlements (BIS). The BIS is an established international financial organization that provides a range of financial services, including banking services to central banks, monetary authorities and international financial institutions. See [www.bis.org](http://www.bis.org).

The BIS will act as intermediary bank and will not be involved in the governance of the Afghan Fund or perform any related functions such as approving disbursements.

## ***Use of the Funds***

In the short-term, the Board of Trustees of the Afghan Fund will have the ability to authorize targeted disbursements to promote monetary and macroeconomic stability and benefit the Afghan people. This could include paying for critical imports like electricity, paying Afghanistan's arrears at international financial institutions to preserve their eligibility for

financial support, paying for essential central banking services like SWIFT payments, and others.

In the long-term, the goal is for funds not used for these limited purposes to be preserved to return to DAB. The United States has made clear that we will not support the return of these funds until DAB: (1) Demonstrates its independence from political influence and interference; (2) Demonstrates it has instituted adequate anti-money laundering and countering-the-financing-of-terrorism (AML/CFT) controls; and (3) Completes a third-party needs assessment and onboards a reputable third-party monitor.

### ***Afghan Fund Governance***

The Afghan Fund is based in Geneva, Switzerland, and a Board of Trustees oversees the fund. The Board currently consists of two highly qualified Afghan economic experts with relevant macroeconomic and monetary policy experience, a U.S. government representative, and a Swiss government representative. The Afghan Fund has the support of international partners committed to supporting sustainable monetary and macroeconomic stability in Afghanistan. An external auditor will monitor and audit the Afghan Fund as required by Swiss law.

### ***Legal Basis for the Transfer of the Afghan Central Bank's Assets***

On February 11, 2022, the President signed E.O. 14064 to help enable certain assets belonging to DAB held in the United States to be used to benefit the Afghan people. Subsequently, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued a license authorizing the transfer of up to \$3.5 billion of DAB funds for the benefit of the Afghan people.

Consistent with past practice and following the Taliban takeover, the Department of State certified two individuals pursuant to Section 25B of the Federal Reserve Act as having joint authority to receive, control, or dispose of property from the DAB's account. Those individuals founded the Afghan Fund as a legal entity in Switzerland.

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