

16-30 OCTOBER 2022

AFGHANISTAN WATCH



VOLUME 10 | ISSUE 2



AFGHANISTAN WATCH

India to Provide Technical Support to Afghanistan's Central Bank

https://www.ariananews.af/india-to-provide-technical-support-to-afghanistans-central-bank/

The head of the central bank, Abdul Qadir Idris, recently met with Bharat Kumar, head of the Indian technical team, to discuss the economic situation, banking issues and joint cooperation. Idris said the bank is committed to good, and improved banking relations with all countries within the framework of laws and that DAB wants to standardize the banking system across the country and develop the sector.

General manager of DAB, Siddiqullah Khalid, meanwhile stressed the need for continued cooperation between Afghanistan and India in the banking sector and said that joint cooperation regarding technical support will contribute to the growth and development of the banking system. For his part, Bharat Kumar, the head of India's technical mission in Afghanistan, assured the DAB officials that India will continue to cooperate and provide technical support to Afghanistan's banking sector.

Comments

New Delhi's decision to provide technical support to the DAB (the Afghan Central Bank) resonates a multifaced approach to its humanitarian centred policy on Afghanistan: Keeping the Central Bank functional and sustainable in an effort to lessen the pressure caused due to humanitarian crisis crippling local Afghans and Afghanistan's economy as a whole.

Strengthening DAB to facilitate deposition/transfer of funds from international aid institutions. If New Delhi intends to provide technical support to the DAB, it is vital for a nation's central bank to function as per international banking standards in an effort to support larger transactions in the context of financial aid. With US and other international banks hyped over Afghanistan's hawala racketeering, resulting in a complete halt of all electronic mode of transfers, in fear of sanctions. New Delhi must first restructure DAB on the lines of the State Bank of India, formulating a robust structure based on international banking platforms. This will motivate foreign banks based out of US and their allies to have some partnership albeit limited with its national bank.

AFGHANISTAN WATCH

New Delhi must incorporate the DAB with AML/CFT (anti-money laundering and countering the financing of terrorism) safeguards compliant with international standards. This will provide some relief to international aid institutions who can then take a decision to repeal sanctions on financial transfers into Afghanistan. New Delhi then in coordination with the Asian Development Bank, the World Bank & the International Monetary Fund with support of EU and other economies & international financial institutions (IFIs) can identify third party institutions to provide monitoring and auditing services for the DAB, replacing the bureaucratic missionary of Presidential Oversight for compliance monitoring.

This step will enable New Delhi to formulate a Banking, Financial Services & Insurances (BFSI) road map for the DAB on the following lines:

- A strengthened banking system in place and a stable bank will attract foreign institutions to release small amounts of foreign exchange reserves to the Central Bank (Da Afghanistan Bank, or DAB) which can be provided to local banks, private banks, empowering the DAB to institute insurance services based on a certain corpus fund for Afghan masses.
- This will enable U.N. and other aid agencies with cash as aid fund in bringing foreign currency as exchange reserves at the DAB. The currency exchange (into local Afghani) and its monitored distribution for relief goods and other humanitarian aid programs will prove vital in uplifting local Afghans from acute poverty and food insecurity.
- A stable banking system will enable DAB to provide certain reserves to local/regional banks with an intent to empower them to raise finances through corpus funds received from aid deposits by international institutions for projects in their respective regions (with aid institutions working primarily on cash, DAB will act as a lead agency to provide requisite logistics and insurance schemes, and empower local banks to take this responsibility in time).
- Segregation of hawala and its influence in banking system through strict mechanisms with enforcement provided by joint teams from UNODC & ADB. Providing DAB officials with adequate training on AML/CFT perspective.

AFGHANISTAN WATCH

- Segregation of hawala and its influence in banking system through strict mechanisms with enforcement provided by joint teams from UNODC & ADB.
 Providing DAB officials with adequate training on AML/CFT perspective.
- With New Delhi's support DAB with time may be able to print and circulate Afghani currency
- On the lines of SBI-YONO schemes, DAB could provide mobile accounts and e-money which could circulate digitally (on the lines of Google Pay through UPID based transactions, ever translating into physical currency) with broader business and industries accepting it as a mode of dissipating salary and redeeming it with global aid institutions).

The broader picture: Strengthening Afghanistan Economy

Strengthening the DAB and keeping it afloat is only possible if New Delhi focuses on a multiprong policy centred on making Afghanistan financially independent and ensuring that the banking system emanating from post-sanctions period do cover export and import as well as local trade.

New Delhi, besides providing technical support to the DAB must focus on strengthening banking system at large. Channelling aid through the DAB and providing/facilitating individuals' financial transfers and remittances will be helpful but with Afghanistan's topography and population, inefficient. Opening doors for private banks is the key. The DAB emerging from sanctions struck Afghanistan will have a larger playground to cover and services to provide, but with private banks in play, it will cover much broader humanitarian and basic human needs assistance in provincial levels becoming a beacon for private entities to emerge from shadows.

AFGHANISTAN WATCH

Afghan Commandos that were Trained by US Navy SEALs are Being Recruited to Fight for Russia in Ukraine, Report Says

https://www.businessinsider.in/international/news/afghan-commandos-that-were-trained-by-us-navy-seals-are-being-recruited-to-fight-for-russia-in-ukraine-report-says/articleshow/95164035.cms

Afghan commandos that were trained by the US are being recruited to fight for Russia in Ukraine, according to a report from Foreign Policy. Members of Afghanistan's elite National Army Commando Corps were left behind by the United States when the Taliban took control of the country in August 2021. Now, commandos say they are being contacted on WhatsApp and Signal with offers to fight for Russia, according to the outlet. The messages, seen by Foreign Policy, say: "Anyone who would like to go to Russia with better treatment and good resources: please send me your name, father's name, and your military rank."

Military and security officials in Afghanistan told the outlet that they fear up to 10,000 commandos could be tempted by such an offer, as many of them were left jobless and fearful for their life as they became targets for the Taliban.



Source: Business Insider

AFGHANISTAN WATCH

Comments

To some President Putin's move to recruit Afghan commandoes may seem a desperate step, to this scholar this move sounds "logical" to recruit foreign fighters within its ranks. Moscow continues to enjoy strategic ties with Kabul (nonetheless it does not recognise Taliban) and there is no better time when plethora of former Afghan soldiers trained to the teeth are forced to live in despicable poverty, many hiding in shadows oversees and some seeking asylum. Interestingly, Moscow's decision is from its Syrian playbook during which Russian commanders on the ground were in charge of Syrian and Arab units. But it is unique in this context because the Afghan commandos are not only familiar with the western way of war fighting, many of them served and trained with British, Canadian and US troops, fighting side by side almost daily in multiple skirmishes against the Taliban. Hence, it will not be incorrect to say that they are better prepared to face the Ukrainians who have also been trained by the said nations. Hence, it is logical for Russia to replenish its ranks with trained commandoes in the western way of war fighting, potentially challenging the Ukrainians at the battlefield. With Russians watching the war minutely and Putin's last call for mass mobilisation, it is important for military leadership to bring in fresh troops with the right momentum and training to potentially alter the outcomes on the battlefield. Through this, Kremlin is not only able to solve the manpower problem, but also logistical one by prohibiting any additional reinforcement of Wagner group currently engaged in the Middle East & Africa to Ukrainian battlefields. Will it alter the existing outcomes or influence the battlefield in some way? It is too early to predict.

Prepared by Anant Mishra, Associate Fellow, CENJOWS