

All Change for Afghan Currency

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The central bank attempts to wrestle control of the country's cash from the warlords and forgers.

The government is to introduce new bank notes next month as part of a 1,000 percent devaluation of its currency, in an attempt to curb inflation and drive counterfeiters out of business.

The new money, produced using advanced anti-forgery technology, is the result of cooperation between central bank the International Monetary Fund and foreign economists.

The move has been welcomed by businessmen and residents in the capital and is especially good news for Kabul's exhausted moneychangers, who are obliged to carry enormous sacks of cash around with them in order to buy just a handful of US dollars.

Afghanistan is a cash-only trading nation, with no facilities for using cheques or credit cards. A costly item such as a car requires enough notes to fill the inside of the vehicle - with a few bags to spare.

The government hopes that the move will put the brakes on Afghanistan's galloping inflation.

When King Zahir Shah was ousted in 1973, a single dollar was worth about 67 afghanis. By the fall of Mohammad Najibullah's regime in 1992, a dollar bought 16,000 afghanis.

Today, the best exchange rate quoted in the city's markets is a massive 40,000 afghanis to the dollar.

Under the devaluation, the widely used 10,000 afghani note will be replaced by one worth ten.

Afghans are being given only two months from October 7 to change their old money for new. "The bank will have hundreds of collection points in all the provinces," Afghanistan Bank president Anwarul Haq Ahadi told IWPR.

"We will inform the population through radio, television and posters and our campaign will reach every region and every village. After December 5, the old bills will no longer be valid. From then, all transactions must be carried out with the new afghanis."

The new notes, to be introduced on October 7, come in nine denominations ranging from one afghani to 1,000. Their design commemorates scenes such as Paghman's memorial to troops killed fighting the British in 1919, Kandahar airport and the shrine in Mazar-e-Sharif. The notes are different colours and slightly different sizes from the ones in circulation.

Unusually, the bank has even agreed to exchange the openly forged notes in circulation in the north of the country. Known as jumbeshi, they are printed by General Abdul Rashid Dostum, the northern warlord and leader of the Jumbesh-e-Melli Islami, the main Uzbek party based in Mazar-e-Sharif.

“There are lots of jumbeshi and (forged) afghanis in the northern provinces. They are roughly half the value of the official currency, and we will buy them for the market price,” said Ahadi.

This news has gone down well with the moneychangers. “We are happy about the new notes - they are good news for security and stability in the country,” said Ameen Khosti, president of Kabul’s Shahzada Market moneychangers.

Abdul Baqee Nesar, who also works in Shahzada, told IWPR, “The old afghanis did not have any international value and everyone had to carry huge numbers of notes to buy the most ordinary things. We moneychangers needed an enormous bag of money just to buy 500 or 600 dollars.

“We became so tired after carrying these sacks of cash that we had to sit down to rest - and when we did, there was always a danger that our money would be stolen.”

Afghans are also hoping that the new currency will curb the influence of warlords in the country. Mohammad Tahir, who lives in the Naw Abad area of Kabul, said, “The old afghanis were under the control of the warlords and they could do what ever they wanted with them.

“The war dragged on and on because they could buy men and pay them to fight for them. Now that the central government has the control over the money, the warlords won’t be able to continue their domination.”

President Hamed Karzai announced the new currency on September 4 - just one day before the attempt on his life in Kandahar.

Finance minister Ashraf Ghani Ahmadzai told IWPR that the country’s currency would be under firm control of the central bank for the first time in many years.

“All people should be satisfied, as this is the method which is accepted by the rest of the world. The central bank will control the money so it will keep its value independently and will not be published needlessly.”

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