



The “Foundation of the Oppressed” – A Tool for Entrenching Iranian Influence in Iraq and Syria

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Main Argument

“**The Foundation of the Oppressed**” is the largest charitable foundation in Iran and the second largest economic entity in the country. Since the late 1980s, **the Foundation of the Oppressed has become a large economic holding company controlling firms and groups in the sectors of services, industry, mining, energy, construction and agriculture. The Foundation operates under the direct supervision of the Supreme Leader Khamenei and maintains a tight working relationship with the Iranian Revolutionary Guards Corps (IRGC).** The Foundation plays a central role in Iran’s efforts to expand its economic role in Iraq and Syria, as a lever to entrench its influence in the region. At this stage, the Foundation of the Oppressed and firms operating under it are not under American sanctions, and it is unclear whether the recently announced sanctions against the office of the Supreme Leader will include this foundation too.



The logo of the Foundation of the Oppressed.
(al-Alam, November 12, 2018).

► In recent years, Iran has stepped up its efforts to expand its economic activity and trade in Iraq and Syria. Iran strives to exploit the opportunities emerging due to the need to reconstruct infrastructure and rebuild the economies of Syria and Iraq, which have been damaged throughout the civil war and campaign against ISIS, as a lever to increase its sway in the region. **The work of the Foundation of the Oppressed in the region is part and**

parcel of Tehran’s effort to entrench its influence in the region through “soft power,” efforts that take place in the economic, religious and cultural spheres as well.

► Some of Iran’s economic activity is intended to assist it also in **establishing a sphere of influence stretching through Iraq and Syria to Lebanon and the Mediterranean.** In this sphere of influence, it **will be possible to create a “land corridor” from Iran via Syria to Lebanon,** which would offer Iran another route to transfer forces, materiel and ammunition from its territory to the countries making up its sphere of influence. **This is in addition to the aerial route,** which Iran currently uses with great frequency, and the maritime route, which Tehran has used several times in the past. In addition, in recent months Tehran has begun to perceive **expanding its economic activity** in the region as a mean to **bypass the renewed economic sanctions imposed on it,** which were reinstated after the United States withdrew from the nuclear accord in 2018, **and a way to reduce its growing economic woes.**

► **In light of this, Iran has stepped up its effort to expand economic ties with Syria and Iraq** and play an active role in those countries’ reconstruction efforts. Iran signed cooperation agreements with Syria and Iraq in the spheres of infrastructure, transportation, trade, industry, energy, tourism and agriculture; the cooperation in the banking sector between Iran and Iraq has been expanded following agreements reached during two visits to Baghdad of the Iranian central bank governor in recent months; the flow of Iranian oil to Syria has been renewed, for the first time since late 2018; the national Iranian oil company announced the opening of an economic representation office in Iraq; Iran and Syria agreed to hand over the management of the Lattakia Port (or parts of it) to Iran; and the Iranian government approved the project to lay a railway connecting western Iran to southern Iraq.

The Foundation of the Oppressed: An Overview

► **The Islamic Revolution’s Foundation of the Oppressed (hitherto: “The Foundation of the Oppressed”¹) is the largest charitable foundation in Iran and the second largest economic entity in the country (second only to the national oil company).** Similar to other charitable foundations operating in Iran (such as the “The Shahid and War Veterans Foundation” and the “Imam Reza Foundation” in the city of Mashhad), the Foundation of the Oppressed was established after the 1979 Islamic Revolution, following the orders of the leader of the revolution, Ayatollah Ruhollah Khomeini. The goal of the Foundation was to

¹ In Persian, Bonyad-e Mostazafin.

handle the property and real-estate owned by the monarchy and managed by the Pahlavi Foundation. These properties were confiscated and nationalized after the revolution, and were intended to be used to improve the living condition of the lower classes and supporters of the revolution, through the construction of housing units, welfare activities, education, etc.

► Starting in the late 1980s, **these foundations have become powerful economic institutions**, which are outside the realm of governmental supervision and are often tax-exempt and do not need to disclose their financial records. Under the presidency of Akbar Hashemi Rafsanjani (1989-1997) the Foundation of the Oppressed turned into **a huge economic holding company controlling hundreds of companies employing hundreds of thousands of workers in various fields, including: industry, construction and development, energy, real-estate, tourism, agriculture, food production, transportation, metal extraction, petrochemicals, trade and banking**. At the end of the Iran-Iraq War, the Foundation was tasked with the responsibility of taking care of the needs of the disabled veterans who were injured throughout the war. In 2004, this responsibility was transferred to the Shahid Foundation, tasked with taking care of the needs of families of the fallen soldiers.

► The companies owned by the Foundation operate under a number of central economic groups: services, industry and mining, energy, construction, and agriculture. **The worth of the Foundation's property is estimated to be over ten billion dollars**. In late 2017, the Chairman of the Foundation, Mohammad Saeedikia, stated that **the total worth of projects carried out by the Foundation's various companies is over four billion dollars** and that the Foundation plans to **increase the total worth of projects under its responsibility to 6.25 billion dollars** in the next three years. He noted that **firms operated under the Foundation export their product to over 33 countries and that the Foundation maintains 11 holding groups that operate about 160 companies that employ about 40,000 workers**. According to him, the Foundation previously held hundreds of firms, but most of them have been merged, taken apart or sold as part of steps to increase efficiency (ILNA, December 9, 2017).

► Among the companies held by the Foundation are: Sina Bank, the Sina investment Company, the Sina insurance company, the Sina tourism company, the Gostaresh-e Electronic technology and communications company, the Iran Borna telecommunications

and technology company, the Parsian tourism and resorts company, the Pars Corporation that operates companies in the maritime transportation, railways and port services, the Behran oil company, Tehran's cement company, the beverage production company Zamzam and the electrical and energy company Saba.

► **The Foundation of the Oppressed operates under the direct oversight of the Supreme Leader who appoints the head of the Foundation. The Foundation maintains close ties to the IRGC.** One example of the cooperation between the two bodies could be seen in September 2009, when the Foundation of the Oppressed, and the IRGC cooperative Foundation, one of the financial corporations linked to the IRGC, won control of the Iranian telecommunications company TCI. This control was made possible through winning a deal, as part of which 50% of the company's stocks, plus one stock, were publicly issued. In addition, between 1989-2014, the heads of the Foundation were former senior IRGC commanders. Between 1989-1999, the head of the Foundation was Mohsen Rafighdoost, among the founders of the IRGC, who in the 1980s served as the Minister of the IRGC (a position that was eliminated in the late 1980s). Between 1989-2014, the head of the Foundation was Mohammad Forouzandeh, who had served as the head of the IRGC Staff, the deputy head of the general staff of the armed forces, and as minister of defense in the government of President Rafsanjani in the 1990s.



Mohsen Rafighdoost, among the founders of the IRGC, who served as the head of the Foundation of the Oppressed until 2014 (Alef, February 2, 2019).

► **In 2014 the Supreme Leader appointed Mohammad Saeidikia to head the Foundation.** Saeidikia served at the minister of transportation in the governments of Mir-Hossein Mousavi and Rafsanjani (1985-1992), as the construction jihad minister in the government of President Khatami (1997-2000) and as the minister of housing and urban development in the government of President Mahmoud Ahmadinejad (2005-2009). **Saeidikia is set to retire from**

his position in the coming weeks. He may be replaced, according to reports in Iranian media, **by Parviz Fattah,** a conservative politician who served as the minister of energy in Ahmadinejad’s government (2005-2009). After 2009, Fattah served as the executive director of the IRGC Cooperative Foundation and the deputy commander of Khatem al-Anbiaa’, the huge economic corporation of the IRGC.



Mohammed Saeidikia, the Head of the Foundation of the Oppressed who may soon retire from his position (ISNA, May 18, 2019).

► **Starting in the mid-1990s, the Foundation of the Oppressed expanded its work beyond Iran.** This included former Soviet Union republics, as well as Asia, Africa and the Middle East. After the American intervention in Iraq in 2003, **Iranian relief foundations, including the Foundation of the Oppressed, expanded their work into Iraq as well,** relying on their ties with the IRGC and the Iranian leadership. The activities of the Foundation in Iraq and Syria have been severely hampered during the military campaign against ISIS. Following the blows suffered by ISIS in Iraq and Syria, and its destruction as a territorial “Islamic Caliphate”, the Foundation of the Oppressed can return and further expand the work of the companies it owns in these countries, while exploiting the new opportunities stemming from the need to reconstruct these countries (for a detailed overview of the economic activities of the Foundation of the Oppressed in Syria and Iraq see appendices A and B).

Appendix A

Evidence Concerning the Activities of the Foundation of the Oppressed in Iraq

► **In May 2019, the Iranian government approved the launch of the project to lay 32 kilometers (20 miles) of railway connecting Shalamche in western Iran to Basra in southern Iraq. The Foundation of the Oppressed was chosen to serve as the contractor executing the project.** The railway, whose construction has been delayed for the past eight years, is expected to serve, in its initial stage, mainly the Iranian pilgrims reaching Karbala in Iraq each year. **In the next stage, the railway is supposed to connect Iran through Iraq to the Lattakia port in Syria, mainly for the purpose of transferring goods.** The completion of the first stage of the project is expected to take two years.

► The Deputy Head of the Foundation of the Oppressed, Manouchehr Khavajeh Delouei, addressed the involvement of the Foundation in the project. According to him, an agreement has been reached between the Foundation and the Iranian Ministry of Transportation. According to the deal, the Foundation would finance 60% of the project's costs, and the rest would be financed by the Ministry of Transportation (Fars, May 25, 2019). In early July 2019, the Iranian Deputy Minister of Transportation, Kheirollah Khademi, announced that the implementation of the project of laying down the railway from Shalamche in western Iran to Basra in southern Iraq will commence in three months. In a meeting of the directors of railways in Iran, Iraq and Syria, held in Tehran on July 1, Khademi noted that Iran is ready to begin executing the project and expects the Iraqi government to allocate the necessary land for implementing it. During the meeting, the Director of the Iraqi Republic Railways company, Taleb Jawad Kazem, raised doubts about the ability of the Foundation of the Oppressed to fulfil its obligations under the project, and asked the Iranian government to consult with Iraqi government before signing the contract with the Foundation. In response, the Executive Director of the Islamic Republic of Iran Railways company stated that the Foundation is one of the strongest and largest economic firms in Iran, and that the railway company can guarantee the implementation of the project (ISNA, July 1, 2019).

► In January 2019, Seyyed Ahmad Nazari, the Executive Director of Iran Choob company, owned by the Foundation of the Oppressed, paid a visit to Iraq. His visit was conducted as part of an economic delegation accompanying the Iranian Minister of Foreign Affairs,

Mohammad Javad Zarif. The company markets furniture and décor to offices, institutions, organizations, hotels and parks. The executive director examined the possibility of increasing the company's exports to Iraq and took part in a seminar for Iranian and Iraqi investors, which was chaired by the Iraqi minister of trade. He also took part in a second seminar of traders from Iraq and Iraqi Kurdistan (mfnews.ir, January 16, 2019).



The executive director of Iran Choob, owned by the Foundation of the Oppressed, during his visit to Iraq (mfnews.ir, January 16, 2019).

► In August 2018, Afshin Ahmadi, the Executive Director of the Daneh Chin Arak company, announced the launch of exports of animal feed to Iraq and Afghanistan totaling in 22 tons. The company belongs to the holding company Ferdows Pars, which operates under the Foundation of the Oppressed and trades in agriculture and livestock. The executive director of the company noted that in addition to selling products to Iraqi food manufacturing plants, the company intends to establish representative offices for selling animal feed across Iraq and provide consultancy services with regards to animal nutrition (mfnews.ir, August 15, 2018).



Export of animal feed of the Daneh Chin Arak company to Iraq (mfnews.ir, August 15, 2018).

- In December 2017, Dr. Hamid Reza Golpayegani, the Executive Director of the North Drilling Company owned by the Foundation of the Oppressed met with the Iraqi oil minister in Baghdad. The company is engaged in oil drilling and gas extraction and provides technical services to Iranian and international companies. According to the executive director, his visit to Baghdad focused on examining the possibility of expanding the work of the company in Iraq, including export of technical and engineering services and other forms of assistance from the company's experts concerning drilling (mfnews.irg, December 4, 2017).
- In October 2017, the Sina Bank owned by the Foundation of the Oppressed participated in an Iranian-Iraqi trade fair, held in Tehran. The fair focused on fostering economic and trade cooperation between the two countries. During the fair, the bank erected a booth and its representatives presented to managers of companies that took part in the fair the banking services that can assist them in furthering projects in Iraq (Tejaratonline.ir, October 16, 2017).



**The booth of the Sina Bank in the Iran-Iraq trade fair
(tejaratonline.ir, October16, 2017)**

- In May 2017, the Head of the Foundation of the Oppressed, Mohammad Saedikia, reported that the Foundation reached an understanding with the Iraqi Ministry of Construction and Housing with regards to development projects in Iraq. He called on the Iraqi Ministry of Housing to propose plans to this effect and expressed the willingness of the Foundation to implement projects across Iraq. In a joint press conference with the head of the Foundation, the Iraqi Minister of Construction and Housing, Ann Nafi al-Aussi, stated that the Foundation of the Oppressed has the means needed in Iraq, especially in the sectors of construction, water infrastructure, urban services and paving roads. She added that she discussed with the head of the Foundation ways to cooperate in promoting projects that were frozen during the campaign against ISIS, and new projects as well (al-Alam, May 3, 2017).

► In February 2017, the Mehdasht dairy and meat corporation began exporting livestock to Erbil in the Kurdistan Region of Iraq. The corporation is linked to the agriculture and livestock group of the Foundation of the Oppressed. The first delivery to Erbil included 40 cattle of the Holstein breed (mfnews.ir, February 13, 2017).

Appendix B

Evidence Concerning the activities of the Foundation of the Oppressed in Syria

- ▶ In September 2018, the Syrian Deputy Minister for Construction and Public Works, Mohammad al-Saif, reported that an Iranian delegation representing 180 companies discussed with him and with senior officials in his office plans to establish factories and 30,000 housing units in Syria. According to the report in the Syrian paper al-Watan, these companies operate under the Foundation of the Oppressed in the sectors of construction, development, transportation, construction of bridges, oil and pharmaceuticals (al-Watan, September 17, 2018).
- ▶ In July 2017, the cement company Siman Nahavand, owned by the cement group of Tehran, which belongs to the Foundation of the Oppressed, participated in an international fair focused on Syria's reconstruction, which was held in Damascus. The company examined opportunities to export its goods to Syria (the news website of the Foundation of the Oppressed, mfnews.ir, August 20, 2017).



The representative of the Siman Nahavand in the international fair in Damascus (mfnews.ir, August 20, 2017).

- ▶ In September 2017 a delegation from the General Mechanic and Melli Sakhteman attended the international fair in Damascus. The two companies, owned by the Foundation of the Oppressed, engage in infrastructure development such as railways, dams, bridges, roads, ports, water and sewage, tunnels, industrial buildings and airports. The representatives of the two companies discussed with Syrian representatives the possibility to provide technical

and engineering services to Syria and implement projects in urban areas, facilitate tourism and pilgrimages by constructing relevant infrastructure, ensure the flow of drinking water, rehabilitate the Damascus International Airport, and rebuild urban and cross-country transportation lines (payasamanpars.ir, September 24, 2017).



Representatives of General Mechanic and Melli Sakhteman in the Damascus international fair (payasamanpars.ir, September 24, 2017).