

## Iran's New Dam Probably Supplementing IRCG Funding

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OE Watch Commentary

The Iranian press regularly covers announcements and inaugurations of new government projects, often organized around regional development. As such, the excerpted article from the *Fars News Agency*, an outlet close to the Iranian military and the hardline political spectrum, may appear at first ordinary. Mohammad Haj Rasouli, Deputy Director of the Ilam Water Resources Company and the former Managing Director of Iran's Water Management Company, announced a new dam alongside the inauguration of two gas combined-cycle power plants and new agricultural projects in the Ilam province in western Iran. However, for defense analysts, the significance of the new Kanjam Cham Dam is not in its potential to generate power but rather in the machinations behind its construction.

The Islamic Revolutionary Guard Corps (IRGC) rose to prominence in the 1980-88 Iran-Iraq War. At its conclusion, the IRGC did not want to lose its privileges and simply return to the barracks. Accordingly, its engineering division entered the civilian sector and began competing for contracts, often using its military influence to win contracts or force competitors to withdrawal bids. Over subsequent decades, Iran has become, after China, one of the largest dam-building nations on earth, constructing dams not only inside its own territory but also across Central Asia, the Middle East, and elsewhere.

While the excerpted article did not specify the company behind the Kanjam Cham Dam's construction, there are no civilian companies left in the field. This means that the \$96 million grant from the National Development Fund plus any additional money kicked in by the Ministries of Energy and/or Agriculture likely transferred directly into



*The Kanjam Cham Dam Begins Operation in Mehran, Ilam Province, Iran.*

Source: Mehr News, <https://media.mehrnews.com/d/2019/06/24/3/3161992.jpg>

IRGC coffers.

Iranian newspapers often report government contracts for infrastructure projects awarded on a no-bid, single-source basis to companies owned or operated by the IRGC. The total amount per year received by IRGC companies regularly exceeds the Corps' official budgetary line item by several multiples. As such, dams such as Kanjam Cham represent a mechanism by which the Iranian government shifts hundreds of millions of dollars from the civilian to military budget. The IRGC can expand profits from such schemes further by taking advantage of the discrepancy between official and black market exchange rates. At the very least, such projects and the IRGC's role in them underscore the importance of not accepting at face value the official military budget announced each year for the Ministry of Defense or IRGC.

“The supreme leader consented to an investment of \$96 million from the National Development Fund.”

**Source:** “Kanjam Cham Ifitah Shod (Kanjam Cham Inaugurated),” *Fars News Agency*, 10 June 2021, <https://www.farsnews.ir/ilan/news/14000320000272>

*Mohammad Haj Rasouli, deputy director of the Ilam Water Resources Company, said at the opening ceremony of Kanjan Cham Dam, “This morning, June 10, the Kanjan Cham Dam in Mehran was flooded during a video conference featuring Dr. Hassan Rouhani. Kanjan Cham Dam is an earthen dam with a clay core and a height of 282 feet and a length of 8.500 feet.” He added, “The supreme leader consented to an investment of 405 billion tomans [\$96 million] from the National Development Fund....” It should be noted that this dam has a capacity of 75 million cubic meters and is part of a large tropical system plan to regulate water outflow from the system.*