



MEMORANDUM

July 31, 2015

To: Senator Mark Kirk

From: Carla Humud, Analyst in Middle Eastern and African Affairs
Christopher Blanchard, Specialist in Middle Eastern Affairs
Jeremy Sharp, Specialist in Middle Eastern Affairs
Jim Zanotti, Specialist in Middle Eastern Affairs

Subject: Iranian assistance to groups in Yemen, Iraq, Syria, and the Palestinian Territories

This memo responds to your request for background on Iranian military spending, as well as Iranian assistance to Houthi rebels in Yemen, Shiite militias in Iraq, the Asad government, Hezbollah, and Hamas. A range of publicly reported estimates are provided below at your request, but these estimates may be incomplete or inaccurate. The Congressional Research Service does not have access to intelligence information or sensitive primary source data that would allow for an independent evaluation of government and non-government claims about Iranian support to actors in the Middle East.

Background: Iran Military Spending

Estimates of Iranian military spending have varied over time. In 2012, media reports estimated Iran's defense budget at approximately \$12 billion, with a \$3 billion extension authorized by the Iranian parliament.¹ That year, then-President Mahmoud Ahmadinejad publicly announced a 127 percent increase in defense spending.² In an April 2015 interview, President Obama stated that Iran's defense budget was \$30 billion,³ although other public sources put the budget at between \$14 and \$17 billion.⁴ In a May 2015 interview with Israel's *Channel 2*, Obama stated that Iran's military budget was "\$15 billion compared to \$150 billion for the Gulf States."⁵ In a July 2015 interview with the *BBC*, Obama stated that U.S. partners in the Gulf have a combined defense budget that is "ten times Iran's defense budget."⁶ According to an

¹ "Iran Plans 127 Percent Defense Budget Increase," *Agence France-Presse*, February 2, 2012.

² *Ibid.*

³ Thomas Friedman, "Iran and the Obama Doctrine," *New York Times*, April 5, 2015.

⁴ See for example, The Military Balance 2015, International Institute for Strategic Studies; Abbas Qaidaari, "More Planes, More Missiles, More Warships: Iran Increases its Military Budget by a Third," *Al Monitor*, July 13, 2015.

⁵ Ilana Dayan, "Obama talks on Israeli TV about Netanyahu, Israel, and Davit Blatt [Transcript]," *Jewish Journal*, June 2, 2015.

⁶ Transcript of BBC interview with President Obama, July 24, 2015.

Iranian state-owned media outlet, in March 2015, Iranian lawmakers approved a FY2015 overall budget of nearly \$300 billion.⁷

The State Department's *2014 Country Report on Terrorism* noted that, "in 2014, Iran's state sponsorship of terrorism worldwide remained undiminished through the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), its Ministry of Intelligence and Security [MOIS], and Tehran's ally Hizballah."⁸ The State Department describes the IRGC-QF as "the regime's primary mechanism for cultivating and supporting terrorists abroad."⁹ It is unclear to what extent Iran's defense budget funds the IRGC-QF's efforts to sponsor foreign terrorism. Some regional experts claim that Iran's defense budget excludes much of its spending on intelligence activities and support of foreign non-state actors.¹⁰ Similarly, another study claims that actual funding for the IRGC-QF is "much greater" than the amount allocated in the state budget, as the group's funds are supplemented by its own economic activities.¹¹

Houthi Rebels

Iran and Yemen's Houthis share a common adversary in Saudi Arabia, and this commonality has, according to some observers, led Iran to arm and finance the Houthis, though not nearly to the same extent as other Iranian clients in the Middle East. In recent years, there have been U.S. reports detailing allegedly increased Iranian activity in Yemen. In a War Powers letter to Congress, President Obama noted that in January 2013:

A U.S. Navy warship with Yemeni Coast Guard personnel aboard entered Yemeni territorial waters, at the invitation of the Government of Yemen, to assist the Government of Yemen in intercepting and inspecting a vessel suspected of smuggling contraband into Yemen. Upon boarding and searching the vessel, a combined U.S. and Yemeni team discovered various conventional weapons and explosives, apparently of Iranian origin, concealed within the vessel. The vessel was escorted to Aden and turned over to the Yemeni Coast Guard on January 30, 2013.¹²

The 2013 State Department *Country Reports on Terrorism* stated that "Iran actively supports members of the Houthi movement, including activities intended to build military capabilities, which could pose a greater threat to security and stability in Yemen and the surrounding region." According to the *New York Times*, a senior U.S. official reportedly said in 2012 that Iranian smugglers backed by the IRGC-QF used small boats to ship AK-47s, rocket-propelled grenades and other arms to replace older weapons used by Houthi rebels in the north.¹³

- According to the *Wall Street Journal*, a Houthi official said the group received assistance from Iran in the form of logistics, intelligence, and cash, and that over the past couple of years the group had received "tens of millions of dollars" in cash from Tehran.¹⁴

⁷ "Iran's MPs Endorse Budget for Next Fiscal Year," *PressTV*, March 3, 2015.

⁸ State Department, *2014 Country Report on Terrorism*, p.158.

⁹ *Ibid*, p 285.

¹⁰ See for example, Anthony Cordesman, "The Conventional Military," *The Iran Primer*, United States Institute of Peace.

¹¹ Abbas Qaidari, "More Planes, More Missiles, More Warships: Iran Increases its Military Budget by a Third," *Al Monitor*, July 13, 2015.

¹² <http://www.whitehouse.gov/the-press-office/2013/06/14/letter-president-regarding-war-powers-resolution>

¹³ Eric Schmitt and Robert F. Worth, "With Arms for Yemen Rebels, Iran Seeks Wider Mideast Role," *New York Times*, March 15, 2012.

¹⁴ Jay Solomon, Dion Nissenbaum, and Asa Fitch, "In Strategic Shift, U.S. Draws Closer to Yemeni Rebels," *Wall Street* (continued...)

Shiite Militias in Syria and Iraq

Syria. According to the *Washington Post*, analysts estimate that there are between 5,000 and 10,000 Iraqi Shiites fighting in Syria on behalf of the Syrian government.¹⁵ Many hail from Iraqi Shia political and militia groups including Asa'ib Ahl al Haq and Kata'ib Hezbollah. Members identify their objective as the defense of Shia holy sites such as the tomb of Sayyida Zeinab, the granddaughter of the Prophet Mohammad, in southern Damascus. Other reports describe these groups as assuming a broad operational role, noting that militias have formed sniper teams, led ambushes, established checkpoints, and provided infantry support for Syrian armored units.¹⁶ Reports suggest that Iraqi fighters receive training in Iran before being flown in small batches into Syria, and that they work closely with Lebanese Hezbollah.¹⁷ In addition to facilitating the entry of Iraqi Shiites, anecdotal reporting suggests that Iran also recruits Afghans, as well as local Syrians, to join pro-government militias.

- Four Afghans interviewed by *CNN* in Afghanistan stated that they had recently returned from training in Iran and planned to fight in Syria. *CNN* reported that the men expected to receive salaries from Iran ranging from \$500 to \$1000 a month. In October 2014, Syrian rebels captured a pro-government fighter who stated that he was an Afghan immigrant in Iran who, according to the *CNN* report, had been paid \$500 a month to fight in Syria.¹⁸ According to a separate *Financial Times* report, a Syrian from the central province of Homs stated that an Iranian recruiter had offered a monthly salary of up to \$200 for joining a pro-government militia.¹⁹

Iraq. The State Department has said that Iran in 2014 “increased training and funding to Iraqi Shia militia groups in response to ISIL’s advance into Iraq.”²⁰ In late 2014 the *Washington Post*, citing an unnamed Iranian cleric, reported that Iran had spent more than \$1 billion on military aid to Iraq since the Islamic State captured much of the country’s north in June 2014.²¹ The source did not specify whether the funds went to the Iraqi government or to Shiite militias.

Iran helped establish many of the Shiite militias that fought the United States during 2003-2011. During 2011-2014, the Shiite militia evolved into political organizations, but Iran has helped reactivate and empower some of them to support the Iraq Security Forces (ISF) against the Islamic State. The militias that Iran works most closely with in Iraq include As'aib Ahl Al Haq (League of the Righteous), Kata'ib Hezbollah (Hezbollah Brigades), and the Badr Organization.

- In 2014, according to the *Guardian*, some Iraqi intelligence officials estimated that As'aib Ahl Al Haq received between \$1.5 and \$2 million dollars a month from Iran.²²

(...continued)

Journal, January 29, 2015.

¹⁵ “These little-noticed foreign fighters may be tipping the balance in Syria,” *Washington Post*, February 4, 2015.

¹⁶ “From Karbala to Sayyida Zaynab: Iraqi Fighters in Syria’s Shi’a Militias,” CTC Sentinel, August 27, 2013.

¹⁷ *Ibid.*

¹⁸ Nick Paton Walsh, “Afghan in Syria: Iranians pay us to fight for Assad,” CNN, October 31, 2014.

¹⁹ Erika Solomon, “Men in Assad’s Syria eschew army for Iran-backed militias,” *Financial Times*, July 22, 2015.

²⁰ State Department, *2014 Country Report on Terrorism*, p.285.

²¹ Missy Ryan and Loveday Morris, “The U.S. and Iran are Aligned in Iraq Against the Islamic State—for now,” *Washington Post*, December 27, 2014.

²² Martin Chulov, “Controlled by Iran, the deadly militia recruiting Iraq’s men to die in Syria,” *Guardian*, March 12, 2014.

Asad Government

In June, a spokesperson for UN Special Envoy to Syria Staffan de Mistura stated that the envoy estimates Iranian aid to Syria to be roughly \$6 billion per year.²³ Similarly, an Arab security source in 2013 estimated that Tehran paid \$600-700 million a month for expenditures in Syria.²⁴ Other regional observers claim that Iranian aid to Syria is more than double this amount,²⁵ although it is not clear how most of these estimates are derived. Iranian aid to Syria is difficult to gauge with precision, in part because it includes a combination of economic aid (for which some figures, such as lines of credit, are publicly available in government statements), subsidized oil and commodity transfers, as well as military aid (for which numbers are difficult to come by).

In July 2015, Iran extended \$1 billion in additional financial credit to the Asad government, reportedly bringing the total approved credit to \$5.6 billion dollars since 2013.²⁶ Some reports have suggested that Iran has requested collateral in the form of land and real estate assets in exchange for its aid.²⁷ Syria reportedly has used Iranian lines of credit to finance the purchase of Iranian crude oil and foodstuffs such as wheat and canned goods.

Iran also reportedly provides a range of military assistance to the Syrian government, including training and salaries for some pro-government fighters. The U.S. Department of the Treasury in a 2012 press release stated that Iran and Hezbollah had provided training, advice, weapons, and equipment for the pro-government militia Jaysh al-Sha'bi.²⁸ The press release noted that Iran has “also provided routine funding worth millions of dollars to the militia.” Anecdotal reporting by the *Financial Times* suggests that Iran in some cases has paid militia fighters in Syria up to \$200 a month.²⁹ According to the State Department, Iran continued in 2014 to send weapons to Syria via Iraqi airspace, in violation of UN Security Council resolutions.³⁰ Tehran has also reportedly provided the Syrian government with training and technology to intercept communications and monitor the Internet,³¹ facilitating its ability to track oppositionist activity.

- Estimates for annual Iranian aid to the Syrian government range from \$6 billion (U.N. Envoy de Mistura) to \$14-15 billion (Nadim Shehadi, Director of the Fares Center for Eastern Mediterranean Studies at Tufts University) to \$15-20 billion (Steven Heydemann, formerly vice president for applied research on conflict at the U.S. Institute of Peace).³² These sources have not published detailed information in support of their estimates, and CRS cannot evaluate the validity of the figures.

²³ Eli Lake, “Iran Spends Billions to Prop Up Asad,” *Bloomberg View*, June 9, 2015.

²⁴ Samia Nakhoul, “Analysis: Hezbollah’s Syria victory risks wider Sunni-Shi’ite conflict,” *Reuters*, June 6, 2013.

²⁵ Eli Lake, “Iran Spends Billions to Prop Up Asad,” *Bloomberg View*, June 9, 2015.

²⁶ “Factsheet: Syria-Iran Economic Relations Since 2013,” *Syria Report*, July 13, 2015.

²⁷ *Ibid.*

²⁸ “Treasury Sanctions al-Nusra Front Leadership in Syria and Militias Supporting the Asad Regime,” U.S. Department of the Treasury Press Release, December 11, 2012.

²⁹ Erika Solomon, “Men in Assad’s Syria Eschew Army for Iran-backed Militias,” *Financial Times*, July 22, 2015.

³⁰ State Department 2014 Country Report on Terrorism.

³¹ Michael Gordon, “Iran Supplying Syrian Military via Iraqi Airspace,” *New York Times*, September 4, 2012.

³² Eli Lake, “Iran Spends Billions to Prop Up Asad,” *Bloomberg View*, June 9, 2015.

Hezbollah

According to the latest State Department *Country Reports on Terrorism*, in 2014 Iran provided Hezbollah with “training, weapons, and explosives, as well as political, diplomatic, monetary, and organizational aid.” U.S. government sources have rarely provided specific unclassified assessments quantifying these longstanding patterns of Iranian support to Hezbollah. Rather, annual State Department reports have said for years that—in general terms—Iran has provided Hezbollah with “hundreds of millions of dollars” and trained “thousands” of its fighters over an unspecified time period. The Obama Administration’s 2010 report on Iran’s military power stated that Iran provides “roughly \$100-200 million per year in funding to support Hizballah.”³³ Many observers believe that official Iranian support to Hezbollah may have increased in conjunction with Hezbollah’s intervention in Syria’s civil war on behalf of President Bashar al Asad. However, no new U.S. government estimates have been made publicly available that would quantify any increase in Iranian financial support to Hezbollah as part of those efforts.

- Estimates for annual Iranian aid to Hezbollah range from \$100 - \$200 million, according to the Department of Defense.³⁴

Hamas

Hamas reportedly receives external support from a number of sources, including some states and non-state groups or networks. Along with several other major non-PLO factions (including Palestine Islamic Jihad – Shaqaqi Faction, or PIJ), Hamas has historically received much of its political and material support from Iran. At one point, according to the *Telegraph*, Iran was reportedly providing Hamas somewhere in the range of \$20-25 million per month to cover its governing budget after 2006,³⁵ while also apparently providing “weapons, technical know-how and military training.”³⁶ However, Iran apparently significantly decreased its funding of Hamas to a “tiny amount” sometime between 2010 and 2012, and according to media reports, began sending more assistance to PIJ.³⁷ Some sources attributed the funding reduction to Hamas’s public break with the Asad regime in Syria,³⁸ while one claimed that Iran had initially lowered payments to Hamas around a year before the outbreak of Syria’s civil conflict.³⁹ Nevertheless, some reports indicated that Hamas’s military capacities had still been augmented through Iranian technological assistance and training (that had been provided either directly or via Lebanese Hezbollah).⁴⁰

- A number of media reports citing various governments’ officials in 2015 indicated that Iran may have resumed its financial sponsorship of Hamas, with the reports claiming that the IRGC-QF has

³³ U.S. Department of Defense, Annual Unclassified Report on Military Power of Iran, Required by Section 1245 of the FY2010 National Defense Authorization Act (P.L. 111-84), April 2010.

³⁴ U.S. Department of Defense, Annual Unclassified Report on Military Power of Iran, Required by Section 1245 of the FY2010 National Defense Authorization Act (P.L. 111-84), April 2010.

³⁵ Hamas won Palestinian legislative elections in 2006 and took nominal control of the Palestinian Authority government as a result, then forcibly took over the Gaza Strip in June 2007.

³⁶ Robert Tait, “Iran cuts Hamas funding over Syria,” *Telegraph*, May 31, 2013.

³⁷ Ibid; Jay Solomon, “U.S., Israel Fear Pickup in Iranian Support of Hamas,” *wsj.com*, July 30, 2014; Harriet Sherwood, “Hamas rules out military support for Iran in any war with Israel,” *theguardian.com*, March 6, 2012.

³⁸ Tait, op. cit.; Solomon, op. cit.

³⁹ Sherwood, op. cit.

⁴⁰ See, e.g., Ronen Bergman, “How Hamas Beat Israel in Gaza,” *New York Times*, August 10, 2014.

provided “tens of millions of dollars” to Hamas’s military wing (the Izz al Din al Qassam Brigades) in recent months for various purposes, including the rebuilding of tunnels damaged in the 2014 Israel-Gaza conflict, the replenishment of rockets, and the salaries of Qassam Brigades personnel.⁴¹

⁴¹ Con Coughlin, “Iran ‘is Intensifying Efforts to Support Hamas in Gaza,’” *telegraph.co.uk*, April 4, 2015; Con Coughlin, “Iran Rekindles Relations with Hamas,” *Wall Street Journal*, April 22, 2015.
