

## Bankrolling Iran

The World Bank's Largess Is Undermining the U.N. and the West

By Mark Kirk

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Both the [U.N. Security Council](#) and the [International Atomic Energy Agency](#) have found [Iran](#) in breach of its obligations under the nuclear Non-Proliferation Treaty. The IAEA reports that Iran ignored the Security Council's February deadline to stop enriching uranium and has even expanded its nuclear program.

As Iran's Atomic Energy Organization moves toward its announced goal of operating 50,000 uranium enrichment centrifuges in Natanz, the [World Bank](#) is funding nine government projects in Iran totaling \$1.35 billion -- one of which operates in Isfahan, where Iran's nuclear program is headquartered.

While the World Bank is part of the [U.N.](#) family, the bank's board is disconnected from the policies of key U.N. agencies -- especially the Security Council and the IAEA. The United States remains the top investor in the World Bank, contributing \$950 million in 2006 and \$940 million this year. In June the [House of Representatives](#) approved another \$950 million. Meanwhile, the bank will disburse \$220 million to Iran this year, with more than \$870 million in the pipeline for 2008, 2009 and 2010.

Presidents Carter, Reagan, Bush, Clinton and Bush all certified that Iran is a state sponsor of terrorism. The Treasury Department's Office of Terrorism and Financial Intelligence spends considerable effort locating Iranian assets to freeze.

Yet published World Bank documents reflect a worldview toward Iran that is backward, uneducated and outdated. All current projects in Iran are based on a 2001 Interim Assistance Strategy, in which the bank wrote:

"There is a relatively animated and active political competition in Iran through which people express their views, choice of society, economic aspirations and political representation. . . . Since the 1979 Revolution, Iran has given strong and special emphasis to human development, social protection, and 'social justice,' with significant progress to date."

[Freedom House](#), the global leader in assessing personal and political freedoms, had a different perspective in its 2006 Freedom in the World report:

"Iranians cannot change their government democratically. . . . Corruption is pervasive. . . . Freedom of expression is limited. . . . Religious freedom is limited. . . . Academic freedom in Iran is limited. . . . Although the constitution prohibits arbitrary arrest and detention, these practices are very common and increasingly routine."

The 2001 bank document notes that Iran has begun "an era of détente and greater openness to the outside world." The Security Council and the IAEA appear to disagree with that assessment.

One has to wonder why a country that exports 2.6 million barrels of oil a day needs World Bank development assistance. Iran's oil export revenue nearly doubled between 2003 and 2005, from \$23.7 billion to \$46.6 billion. That number grew to \$50 billion last year. Iran's real gross domestic product grew 4.8 percent in 2004 and 5.6 percent in 2005. Why does Iran need World Bank aid?

Furthermore, the bank's investment in Iran stands in stark contrast to its work in [Iraq](#). Iraq was a founding member of the World Bank in 1945, yet it took the bank 2 1/2 years after the fall of [Saddam Hussein](#) to approve one development project. To date, the board has approved only four projects, totaling \$399 million, for the new Iraqi government -- and little of that money has been spent.

The World Bank's board is not only disconnected from the Security Council's policies but is also at odds with the Iran policies of British Prime Minister [Gordon Brown](#), French President [Nicolas Sarkozy](#) and German Chancellor [Angela Merkel](#).

As the Treasury acts to dry up funding for [Tehran](#), the World Bank is providing support to the Iranian government through 2010. As President [Mahmoud Ahmadinejad](#) pledges the destruction of [Israel](#), funds [Hezbollah](#) and [Hamas](#), and defies Security Council resolutions, the bank's board will approve further Iran disbursements. U.S. law requires the American executive director at the bank to vote against any project for the Iranian government. However, since the United States has no veto power on the bank's board, this policy is largely symbolic. We need to do better.

This summer the bank has gotten a president who works well with allies -- former deputy secretary of state [Robert Zoellick](#). It would be prudent for Zoellick to realign the bank's policies with Security Council resolutions on Iran. As long as the Security Council condemns the actions of Ahmadinejad, the World Bank should suspend funding for his government.

Multilateral organizations represent the best and greatest potential for U.S. and allied diplomacy. The success of this diplomacy will be enhanced if the United Nations and World Bank work together, particularly on Iran.

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