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The Cost of the Iraq War: CRS, GAO, CBO, and DoD Estimates

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The Complexity of Costing the Iraq War

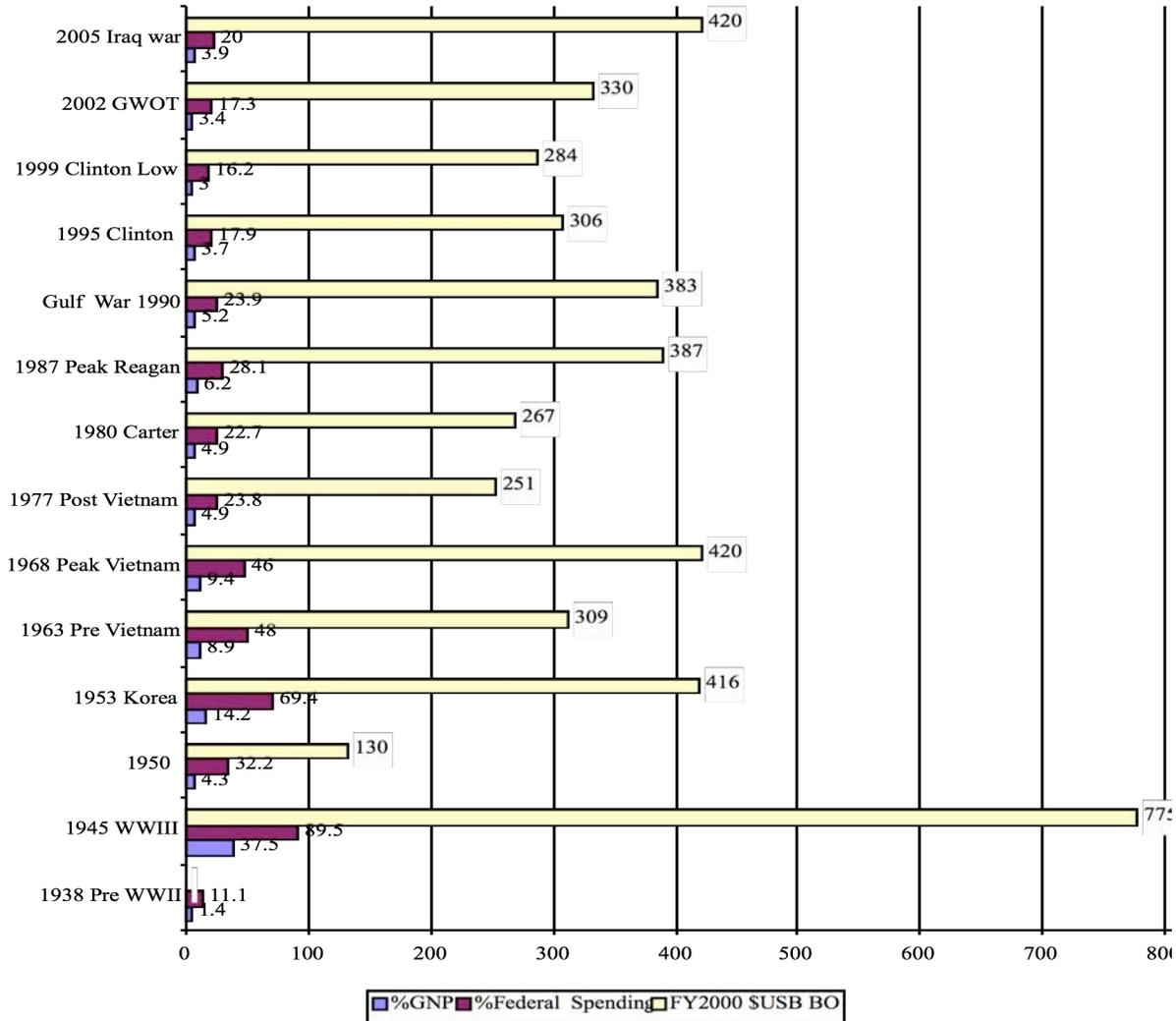
- **Many official sources do not break out the cost of the Iraq War from the cost of the Afghan War and GWOT;**
- **The Bush Administration has never presented any long-term plan or budget for the Iraq War, Afghan War, or GWOT. Its budget projections have tacitly assumed “victory” one year beyond its current budget request, and have never realistically budgeted for any conflict;**
- **The war fighting costs in the Department of Defense budget and FDYP became an incoherent mess under Rumsfeld and have not changed under Gates. Supplemental requests have replaced planning and budgeting and changed constantly in definition and content;**
- **The aid request is even worse, and provides virtually no meaningful data on how aid is actually planned and spent. It is almost impossible to trace the overall cash flow of aid from both State and Defense except in gross terms.**
- **Most future or “outyear” costs of the fighting are either not explicitly costed and projected, or involve undefined mixes of modernization and “reset” costs.**
- **Congressional agencies like the CBO, CRS, and GAO have provided more useful data, but often involve major in-house adjustments or “guesstimates” because no data are available from the Administration.**

The Cost of Previous Wars

Looking at the Cost of Past Wars

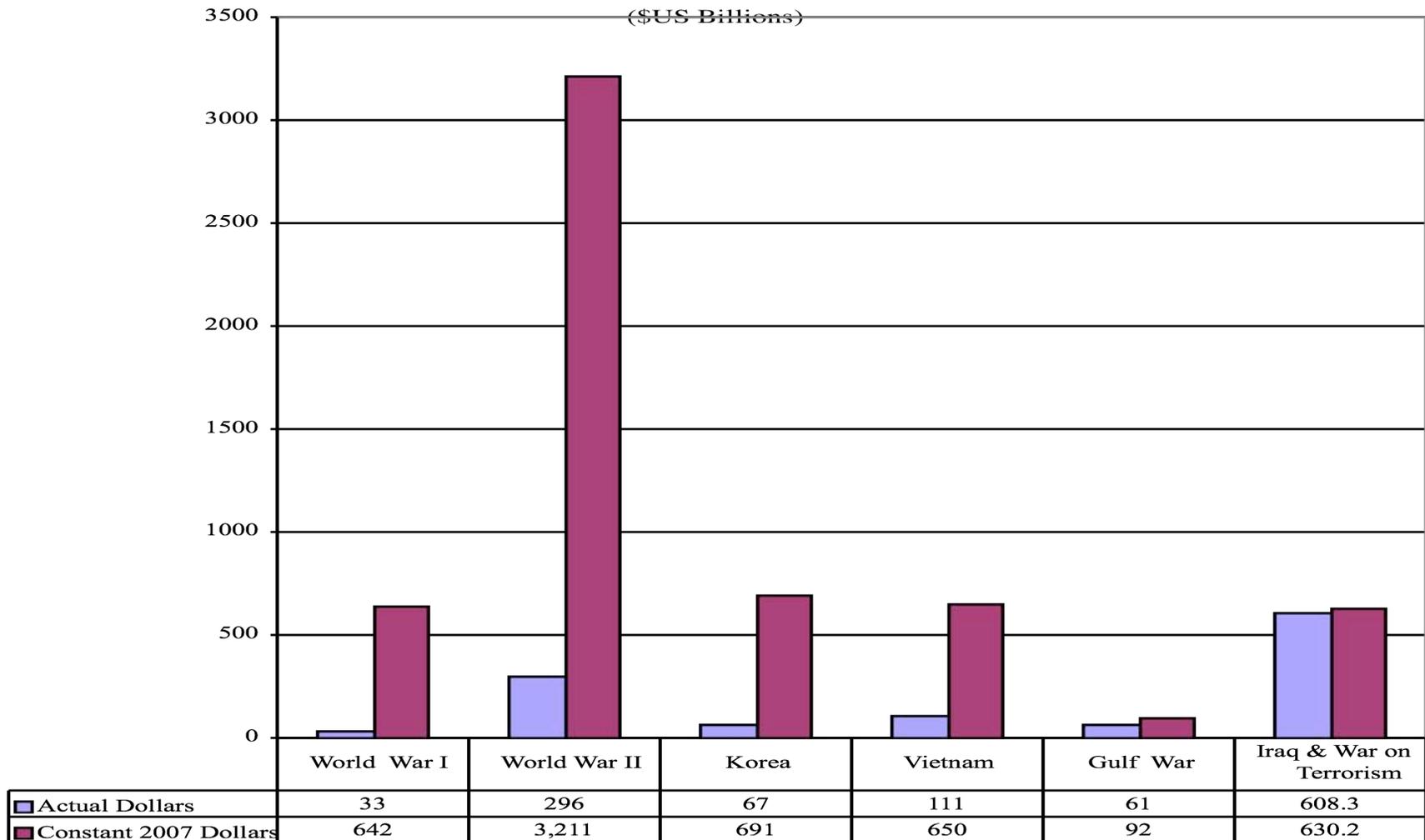
- **Conversions into meaningful constant dollars are extremely difficult;**
- **The US has never previously examined the opportunity costs of not going to war, or fighting differently;**
 - **Estimates of current opportunity costs cannot take into account the impact on future strategic problems and wars, and the opportunity cost of defeat.**
- **There is no real way to estimate the ultimate cost of the Iraq War, Afghan War, or GWOT;**
- **Even so, it is clear that the cost of the present Iraq War could easily reach a trillion dollars even in terms of the direct costs in constant FY2007 dollars shown in the following charts.**

The Cost of Previous Wars: Current Dollars



Source: Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2006, Washington, Department of Defense, April 2005, Table 7-2, and National Defense Budget Estimates for FY2007, March 2006, Table 7-2. Budget total is for entire national defense, not just the Department of Defense.

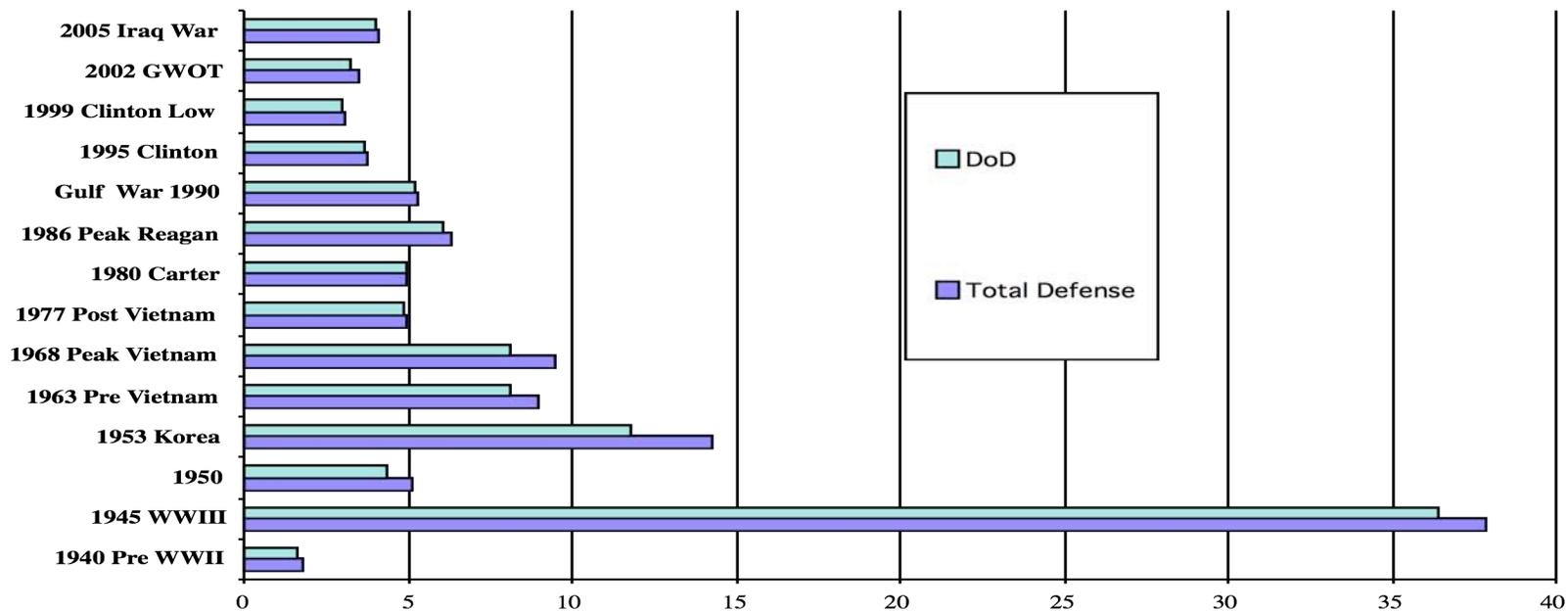
The Cost of Previous Wars: Constant Dollars



Source: Adapted by the author from data provided by the Congressional Research Service as quoted in *Defense News*, May 8, 2006, p. 3, and CRS estimates for the total cost of the Iraq War as of February 2008.

The Burden of Previous Wars

National Defense Spending as a Percent of GNP in Previous Conflicts and Crises (Total Federal Outlays)



	1940 Pre WWII	1945 WWII	1950	1953 Korea	1963 Pre Vietnam	1968 Peak Vietnam	1977 Post Vietnam	1980 Carter	1986 Peak Reagan	Gulf War 1990	1995 Clinton	1999 Clinton Low	2002 GWOT	2005 Iraq War
DoD	1.5	36.3	4.3	11.7	8	8	4.8	4.9	6	5.1	3.6	2.9	3.2	3.9
Total Defense	1.7	37.8	5	14.2	8.9	9.4	4.9	4.9	6.2	5.2	3.7	3	3.4	4

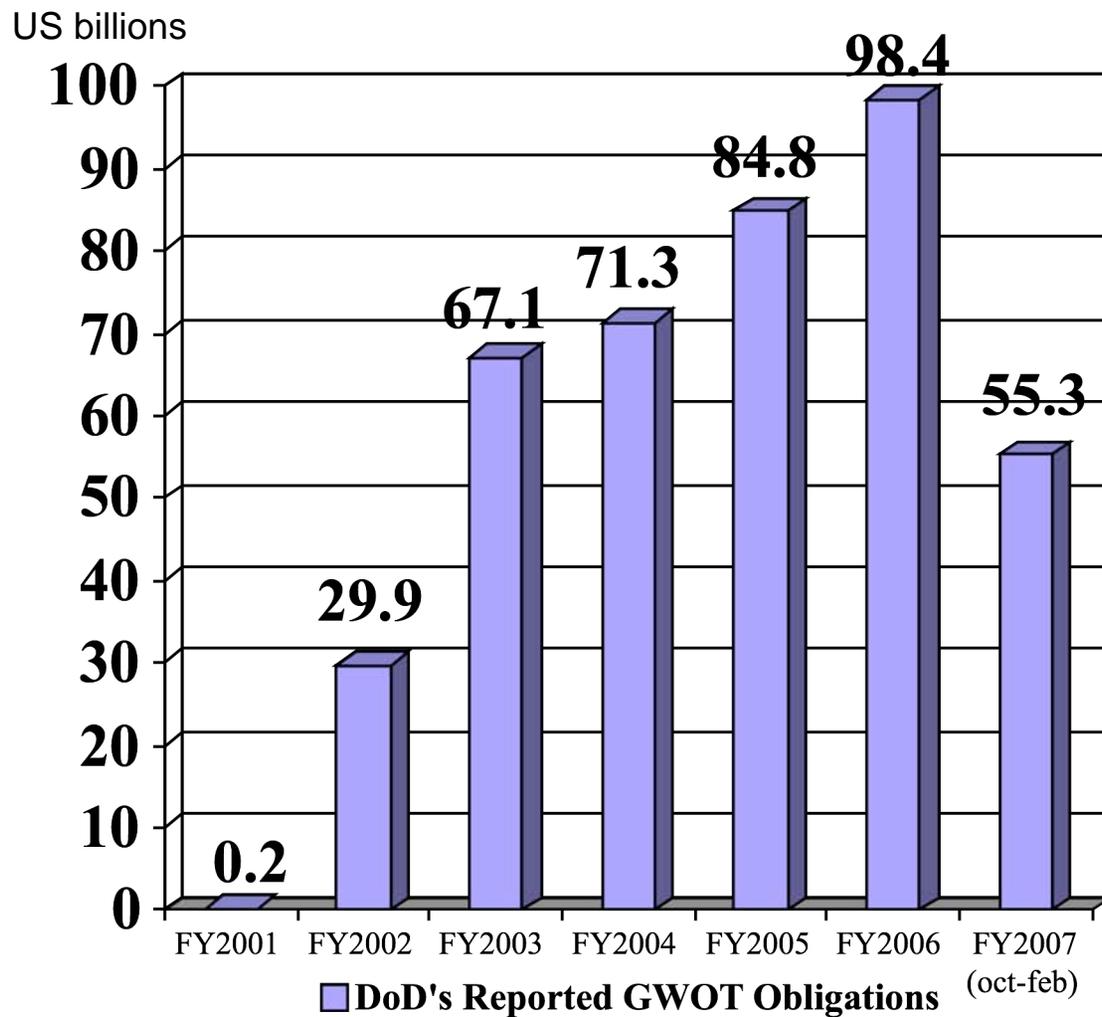
Source: Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2007, Washington, Department of Defense, March 2006, Table 7-7, pp. 216-217. Budget Total is for entire national defense, and not just Department of Defense.

Costs Estimates in CY 2007

The Lessons of Previous Cost Estimates

- **Clear war would push the \$1 trillion level of direct costs last year.**
- **But, combining the cost of the Iraq War, Afghan War, and GWOT blurs the data, and makes it almost impossible to tie estimates to specific outcomes of the Iraq War.**
- **The uncertainty over how to estimate the cost of supplementals has made past projections and cost estimates of limited value even for coming fiscal year.**
- **CBO projections in FY2007 showed sharply dropping long-term outyear costs for Iraq War, but had to be based on guesstimate of real world military conditions.**
- **To have value, such projects must examine a range of cases:**
 - **Cost of quick withdrawal.**
 - **Costs of “victory” in 2008-2014 under different assumptions.**
 - **Costs of current level of US combat involvement through next Administration.**

GAO Estimate in CY2007 of Cost of DoD Part of Iraq and Afghan Wars and GWOT



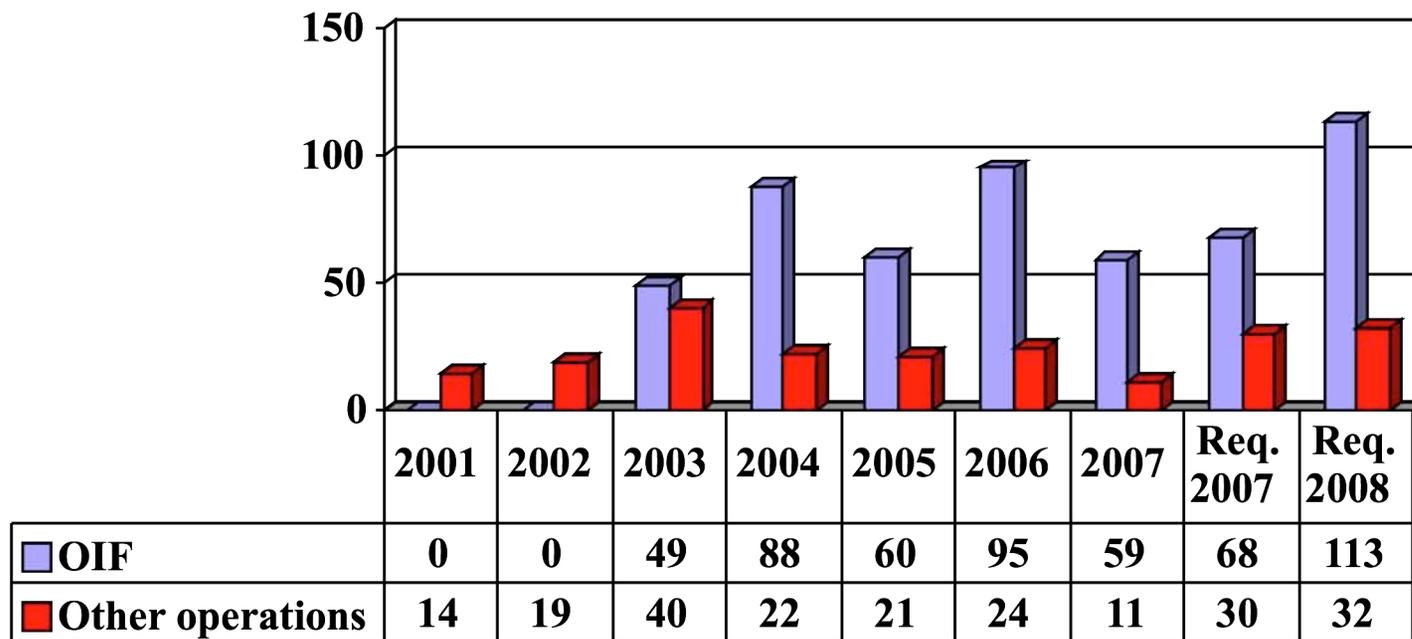
Source: GAO analysis of DOD data.

GAO—7-783R Global War on Terrorism, May 18, 2007

Note: Reported GWOT obligations include Operation Noble Eagle, Operation Enduring Freedom, and Operation Iraqi Freedom. Figures do not include about \$17.9 billion obligated in FY 2001-2003 that DOD did not include in its cost reports, or any obligations for classified activities. GAO has assessed the reliability of DOD's obligation data and found significant problems, such that they may not accurately reflect the true dollar value of GWOT obligations.

DoD requested \$93.4 billion in emergency supplemental for the remainder of FY 2007 and \$141.7 billion for GWOT funding in FY2008

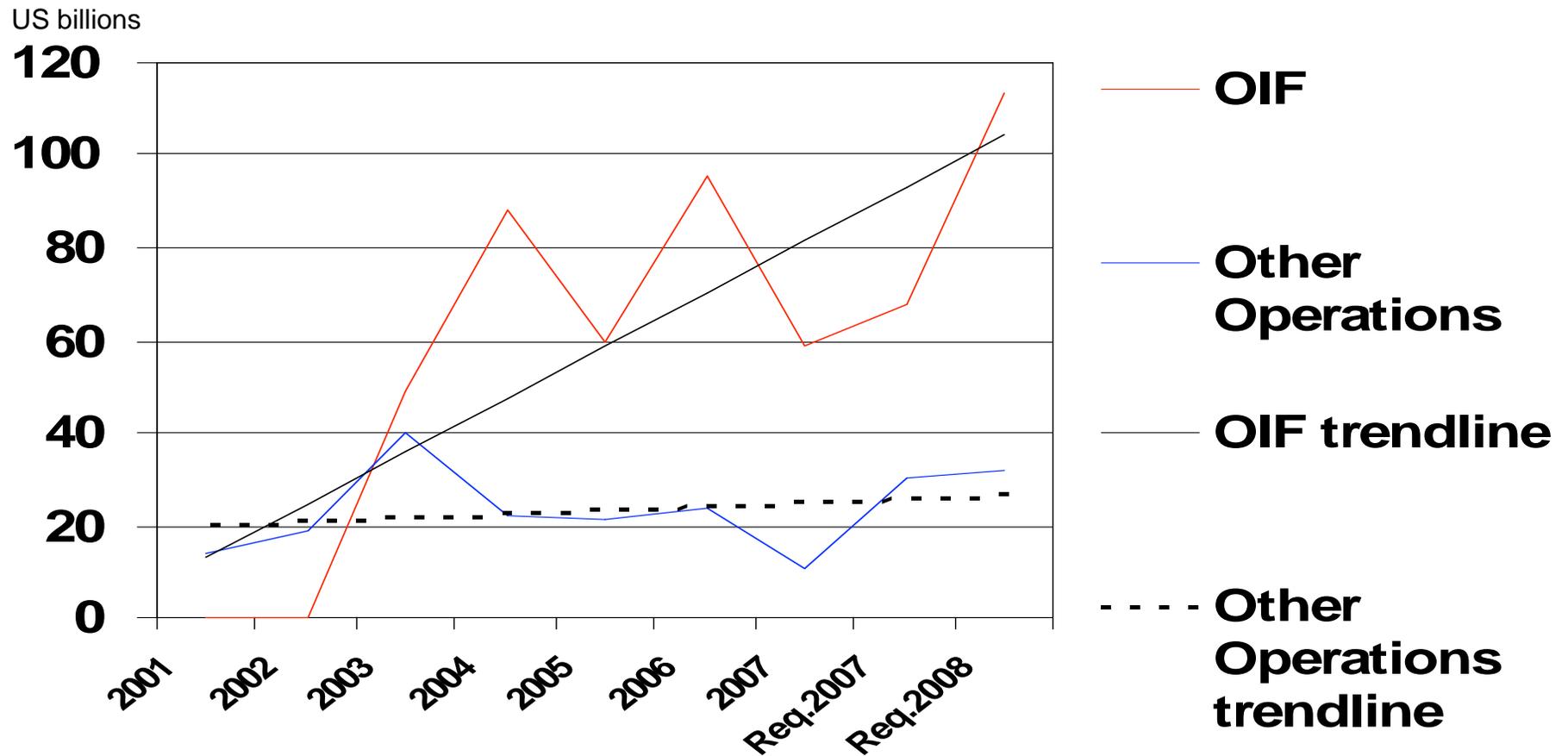
CBO's Estimate in CY2007 of GWOT Funding - OIF vs. Other Operations - 2001-2008



Total amount appropriated and requested between 2001-2008: \$746 billion (out of which \$532 billion for OIF and \$214 billion for other operations.)

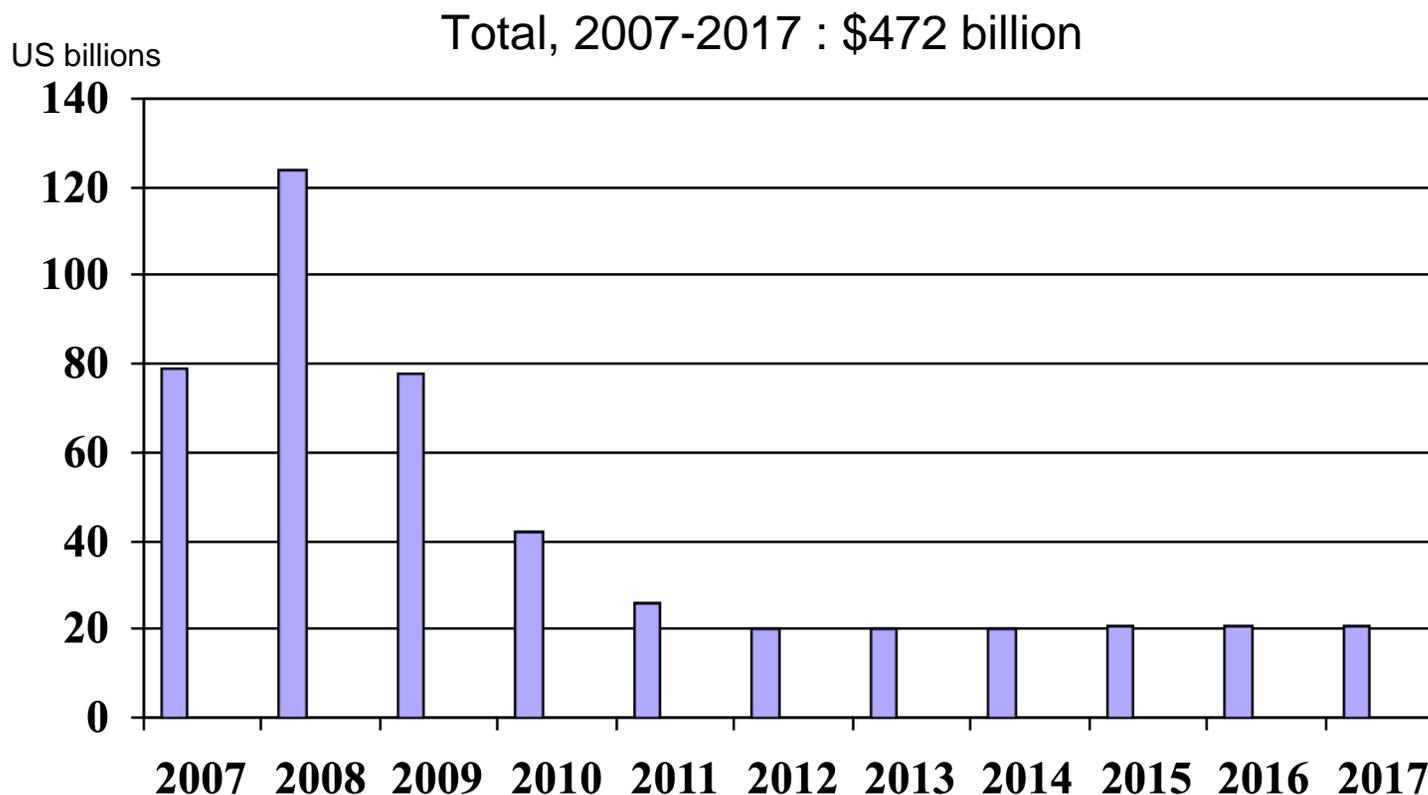
Source: Congressional Budget Office, Letter to Hon. Kent Conrad, February 7, 2007

CBO Estimate in CY2007 of Trend-line Costs for OIF vs. Other Operations: FY2001-FY2008



CBO's Estimate in FY2007 of Future Additional Costs of OIF, OEF, and GWOT: FY2007-FY2017

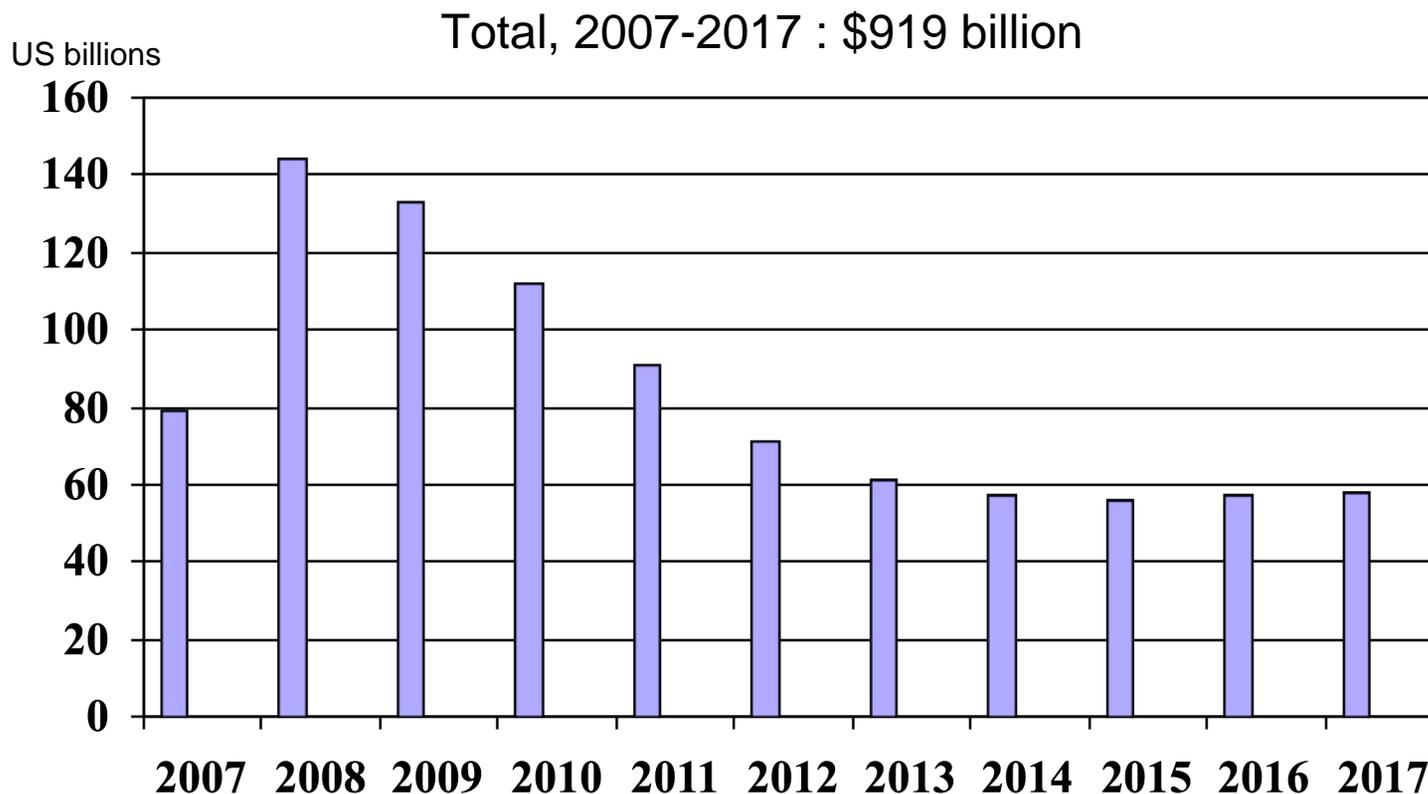
Scenario one: Assuming Deployed Troops are reduced to 30k by 2010



Source: Congressional Budget Office, Letter to Hon. Kent Conrad, February 7, 2007

CBO's Estimate in FY2007 of Future Additional Costs of OIF, OEF, and GWOT: FY2007-FY2017

Scenario two: Assuming Deployed Troops are reduced to 75k by 2013



Source: Congressional Budget Office, Letter to Hon. Kent Conrad, February 7, 2007

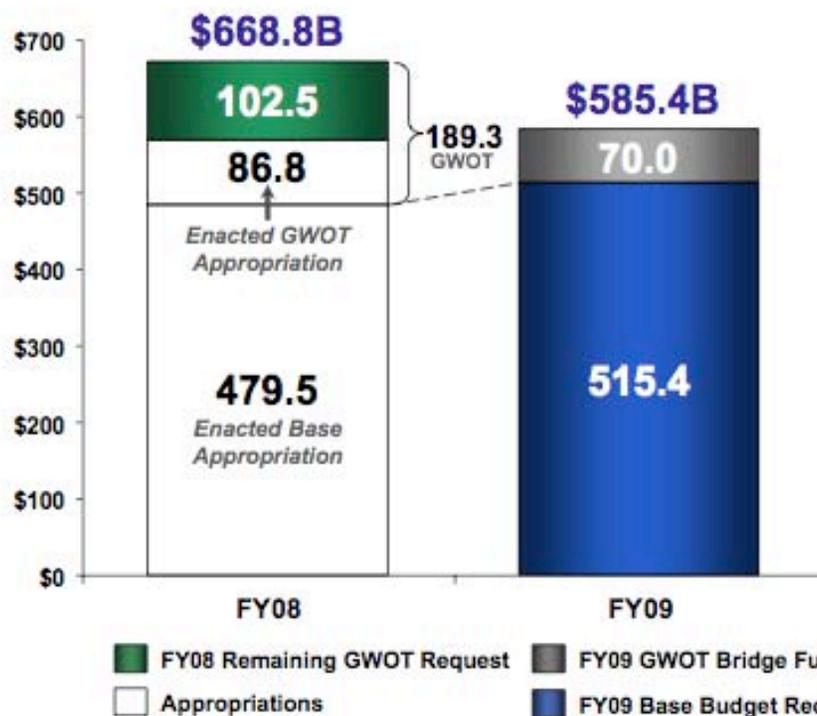
President's DoD Request for FY2008 and FY2009

The FY2008 and FY2009 Budget Requests Are a Hopeless Mess

- **The total cost for FY2008 is in limbo, awaiting the final outcome of decisions on the supplemental;**
- **It is impossible to track real world FY2008 program costs because of the gap over supplemental funding, and -- in any case -- the cost of Iraq cannot be distinguished from Afghanistan or GWOT, and there is no meaningful cost break out;**
- **FY2009 budget request is essentially a phony number, since the \$70 billion quoted for the supplemental request is far too low to be real. Gates has said in testimony that the real number could be \$170 billion-plus;**
- **There is no clear way to cost all civilian agency expenditures and add them to the Department of Defense request;**
- **The problem will be much worse if the Congress or Administration delay in deciding on the FY2009 request while leaving the full FY2008 budget levels open. The end result will be that there will be no clear plan, program, or budget for the Iraq War for two years; and,**
- **The problem is made worse by a growing number of Congressional and Administration restrictions on how the country team can spend the money. For example, deciding that State Department aid funds cannot be spent on the Sons of Iraq.**

President's Budget Request for FY2008 and FY2009

(Dollars in Billions)



Department Priorities

- Prevail in the War on Terror
- Increase Ground Capabilities
- Improve Force Readiness
- Develop Future Combat Capabilities
- Improve Quality of Life

Base budget increases by \$35.9B (7.5%) from FY 2008 to FY 2009

Source: FY 2009 DoD Budget Request; FY 2008 DoD Appropriations and GWOT Request

Numbers may not add due to rounding

Cost Estimates in CY 2008

Current Cost Estimates for the Iraq War: Pick A Cost, Any Cost

- **Some of the best work to date has been by Amy Belasco of the CRS. It attempts to combine the budget authority cost of the war for both the Department of Defense and Department of State.**
 - **The Iraq War totals \$608.3 billion for FY2001-FY2008 in the February 2008 estimate.**
 - **The Iraq War has cost 3.7 times the cost of the Afghan War to date.**
 - **But, the FY2008 estimates do not include a guesstimate for the ultimate cost of the supplemental request, whether deferred or current.**
- **The GAO has provided estimates in terms of obligations. The costs are much lower because they do not include the authorized future costs in the CRS estimate and they do not include FY2008.**
 - **The total cost of the war to DoD through FY2007 is shown as \$378.1 billion.**

CRS Estimate of Total Cost of War To US Through FY2008

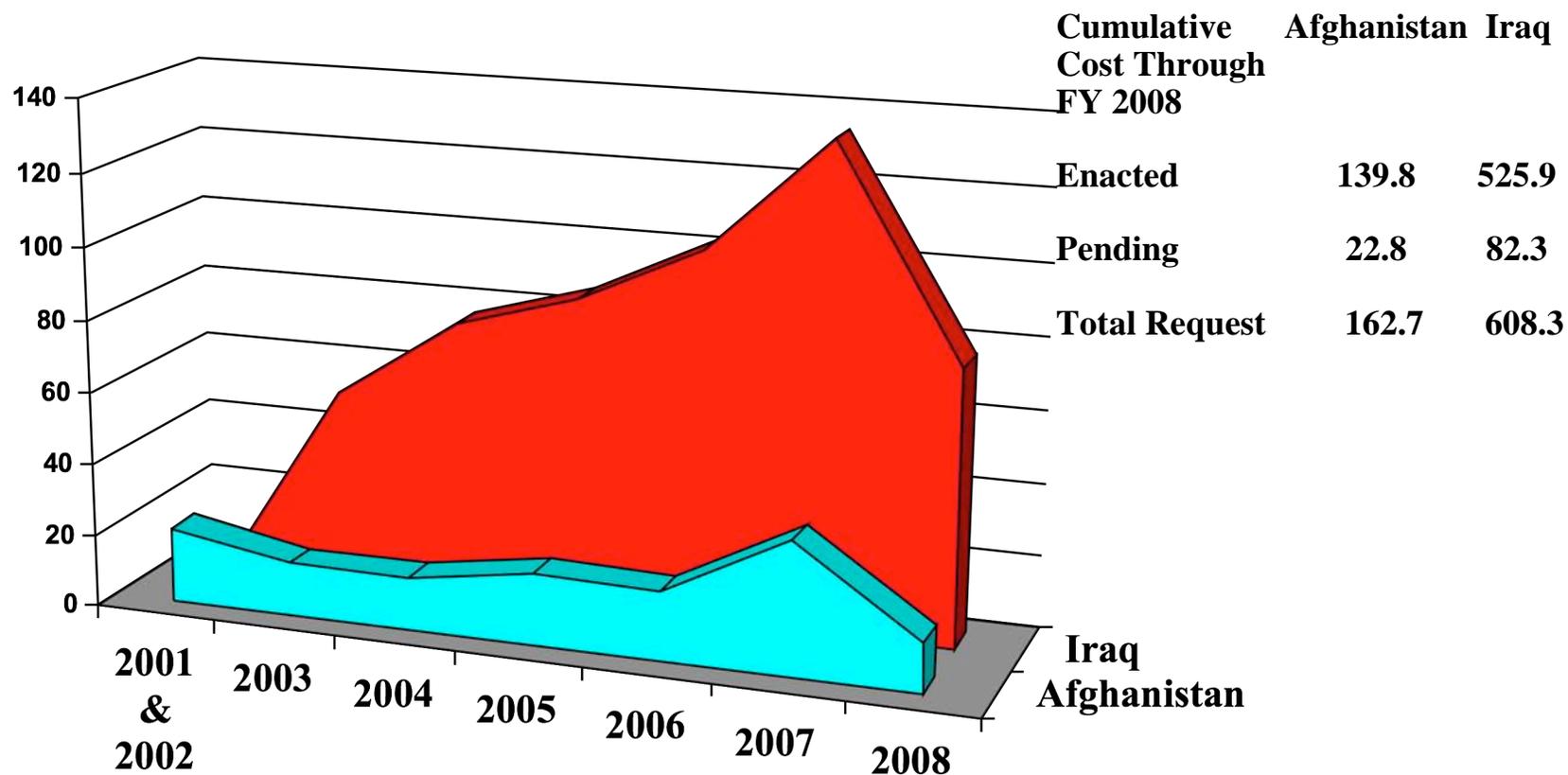
(CRS estimates in billions of budget authority)

By Operation and Funding Source	FY 01 & FY 02 ^a	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08 ^b	Cum. Enacted thru FY08 Consol.Ap props	Pending FY 08 Req. ^a	Cum: FY01-FY08 Req.
OPERATION IRAQI FREEDOM (OIF)^c										
Department of Defense	0	50.0	56.4	83.4	98.5	129.6	74.7	492.0	79.6	571.6
Foreign Aid and Diplomatic Ops ^d	0	3.0	19.5	2.0	3.2	3.2	0.9	31.7	2.5	34.2
VA medical ^e	0	0	0	0.2	0.4	0.9	0.7	2.2	0.0	2.2
Total: Iraq	0.0	53.0	75.9	85.5	102.0	133.6	76.4	525.9	82.3	608.3
OPERATION ENDURING FREEDOM (OEF)/Afghanistan and GWOT										
Department of Defense	20.0	14.0	12.4	17.2	17.9	34.9	12.6	128.9	21.7	150.6
Foreign Aid and Diplomatic Ops ^d	0.8	0.7	2.2	2.8	1.1	1.9	1.1	10.6	0.9	11.5
VA Medical ^e	0	0	0	0	0.0	0.1	0.2	0.3	0.0	0.3
Total: OEF	20.8	14.7	14.5	20.0	19.0	36.9	14.0	139.8	22.8	162.7

Does not include FY2009 supplementals or future costs. CRS report indicates that CBO Estimates that cost of next 10 years for both OIF and OEF would be \$570 billion more if troops fell to 30,000 by 2010, or \$1,055 billion if fell to 75,000 by 2013

CRS Estimate of US Cost of Afghan and Iraq Wars

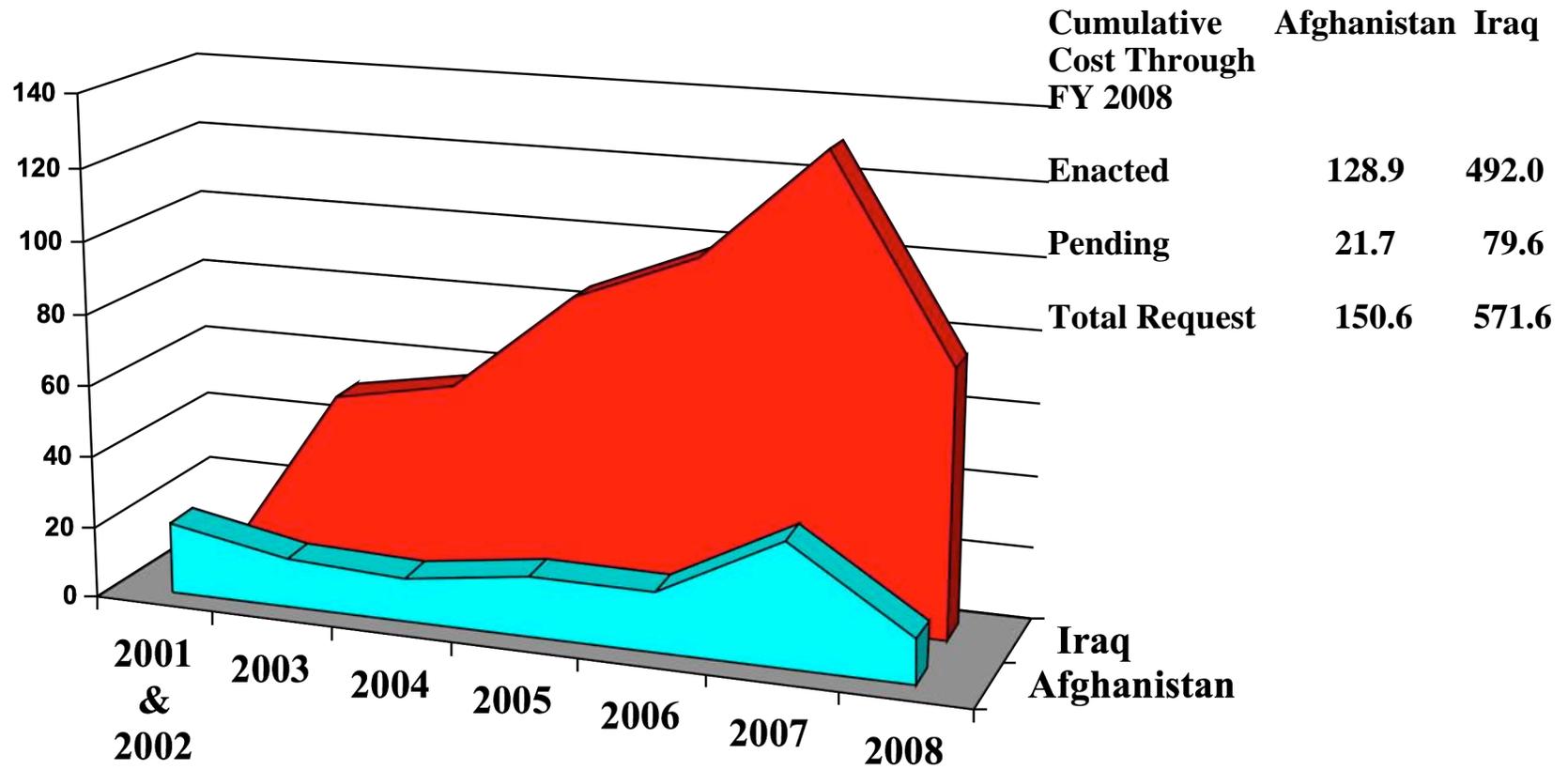
(In \$US Current Billions in Budget Authority)



	2001 & 2002	2003	2004	2005	2006	2007	2008
■ Afghanistan	20.8	14.7	14.5	20	19	36.9	14
■ Iraq	0	53	75.9	85.8	102	133.6	76.4

CRS Estimate of US DoD Cost of Afghan and Iraq Wars

(In \$US Current Billions in Budget Authority)

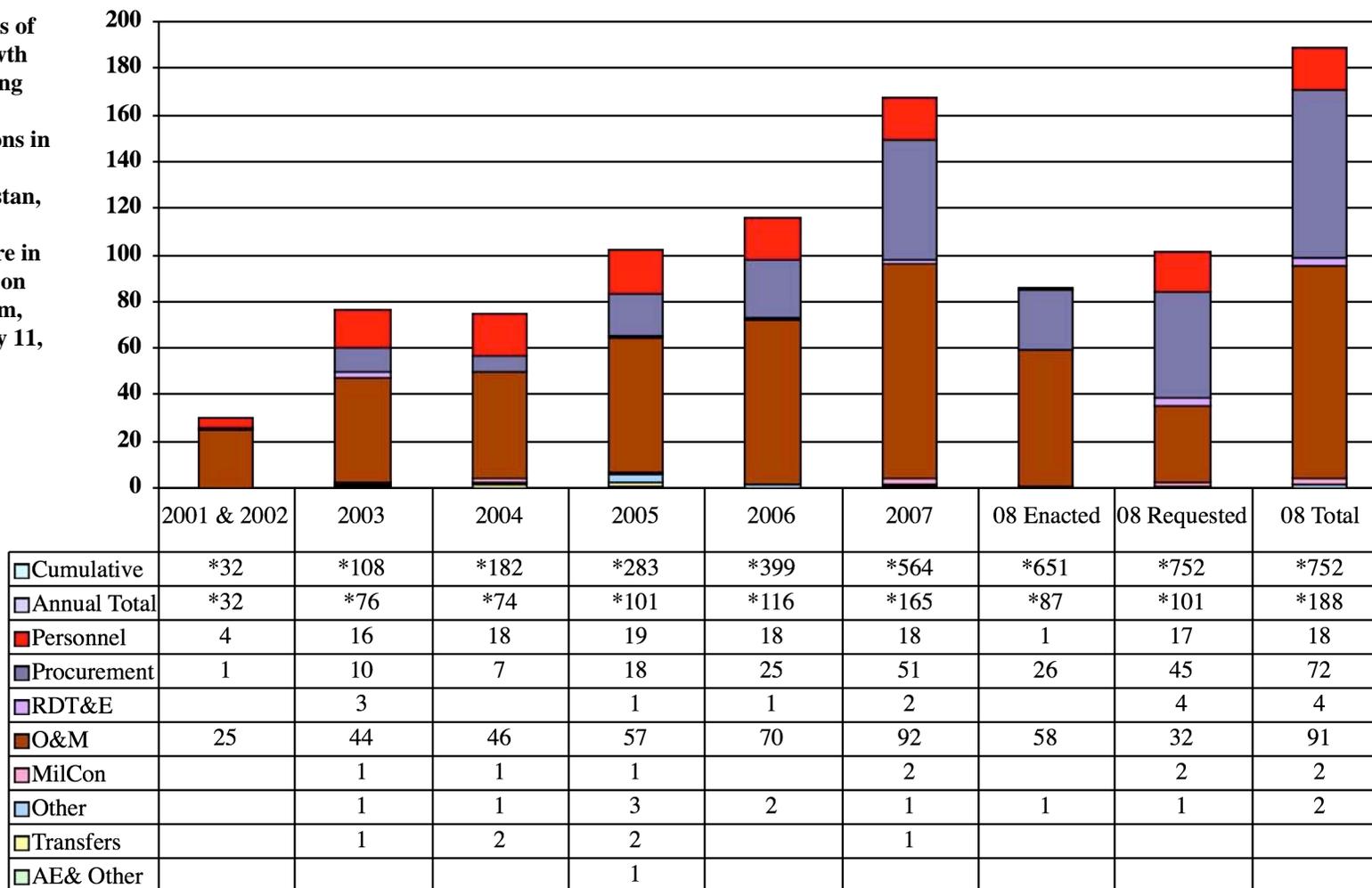


	2001 & 2002	2003	2004	2005	2006	2007	2008
Afghanistan	20	14	12.4	17.2	17	34.9	12.6
Iraq	0	50	56.4	84.3	98.5	129.6	74.7

CBO Estimate of Cost of Defense Activity in Afghan and Iraq Wars, and GWOT, by Category

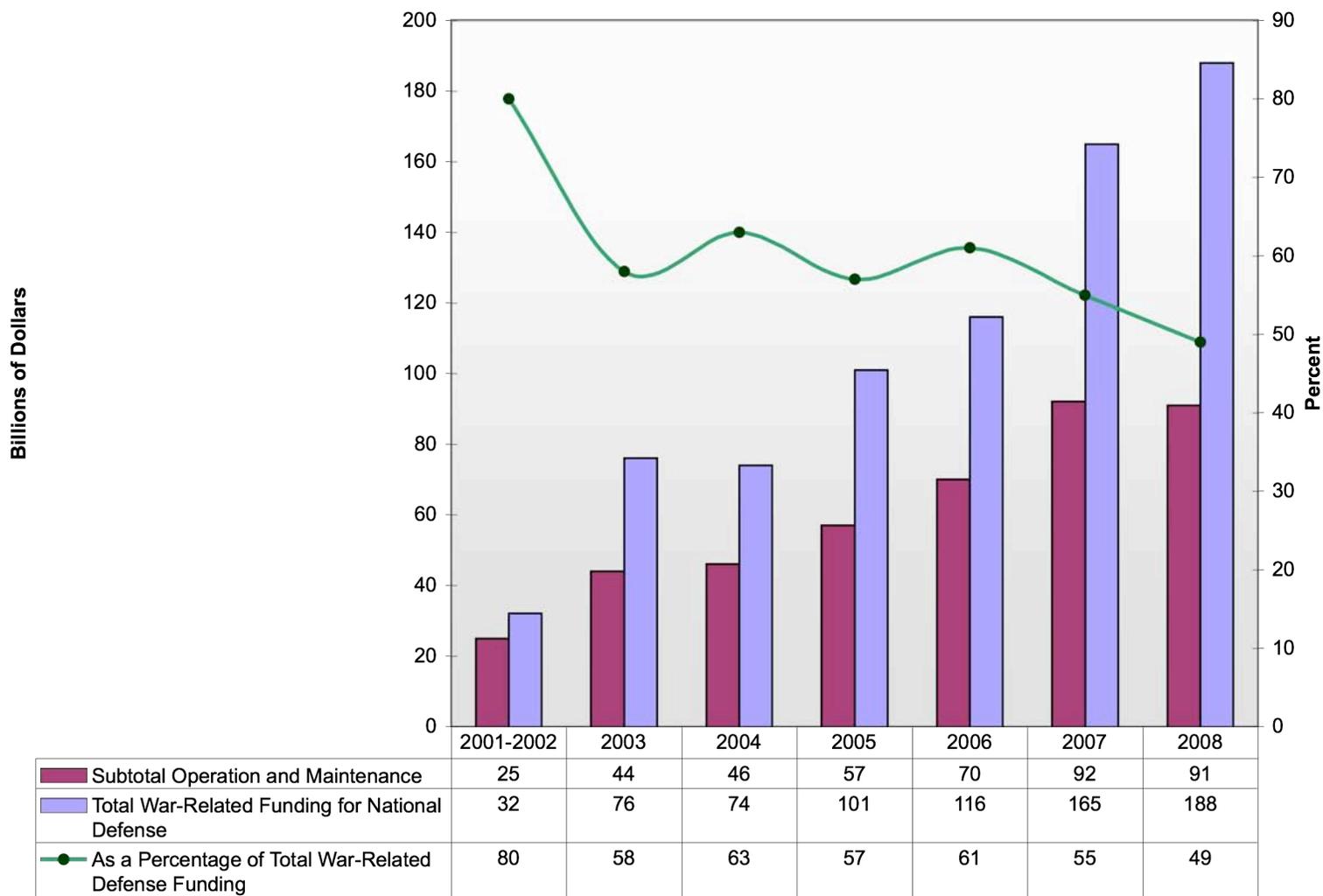
(In Appropriations of \$US Current Billions by Fiscal year)

Source: CBO, "Analysis of the Growth in /funding for Operations in Iraq, Afghanistan, and Elsewhere in the War on Terrorism, February 11, 2008.



CBO Estimate of Operations and Maintenance Cost of Emergency and Supplemental Appropriations for Afghan and Iraq Wars, and GWOT, (In \$US Current Billions by Fiscal year)

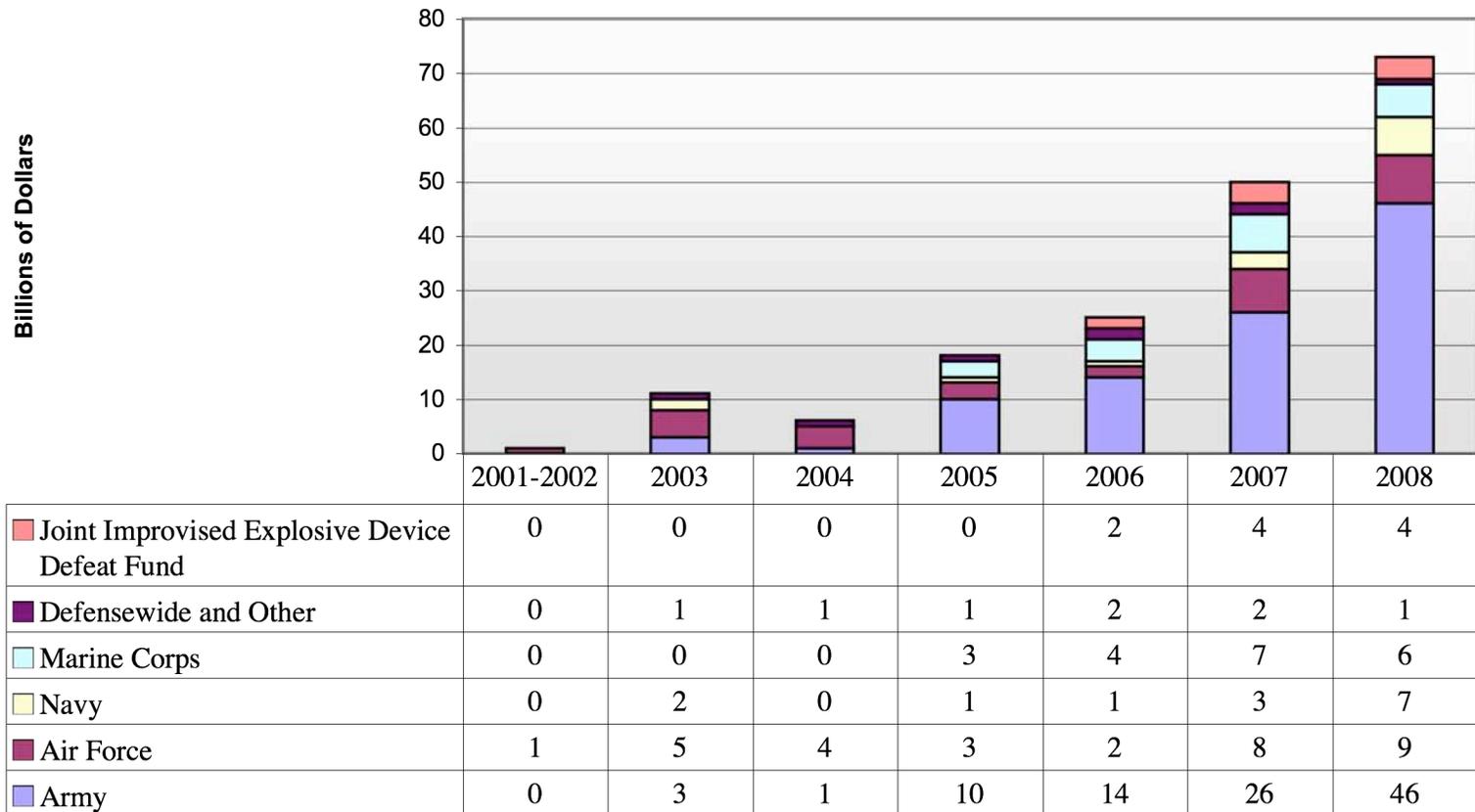
Source: CBO, "Analysis of the Growth in /funding for Operations in Iraq, Afghanistan, and Elsewhere in the War on Terrorism, February 11, 2008.



CBO Estimate of Procurement Cost of Emergency and Supplemental Appropriations for Afghan and Iraq Wars, and GWOT

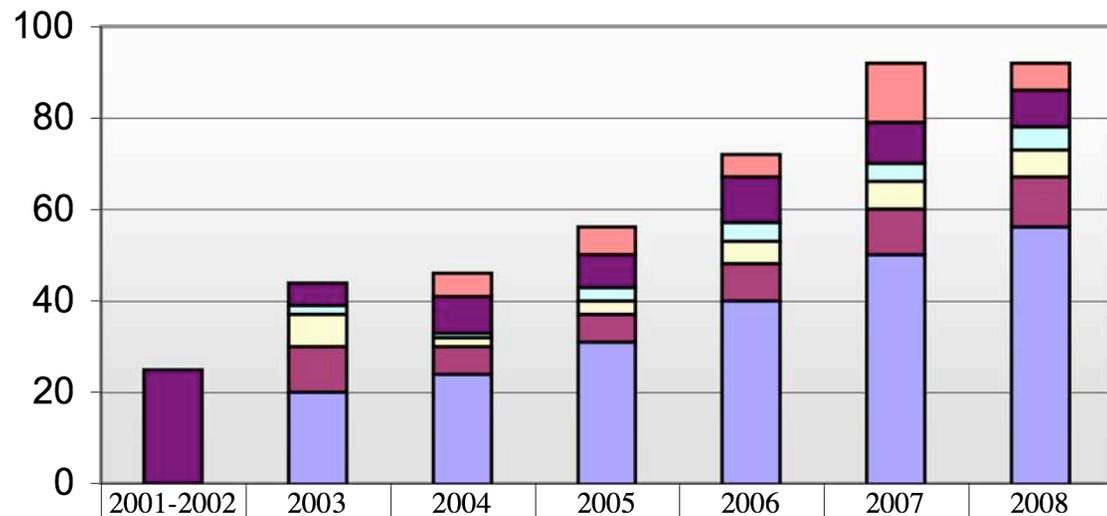
(In \$US Current Billions by Fiscal year)

Source: CBO, "Analysis of the Growth in /funding for Operations in Iraq, Afghanistan, and Elsewhere in the War on Terrorism, February 11, 2008.



CBO Estimate of Supplemental and Emergency War Appropriations for Operation and Maintenance by Branches

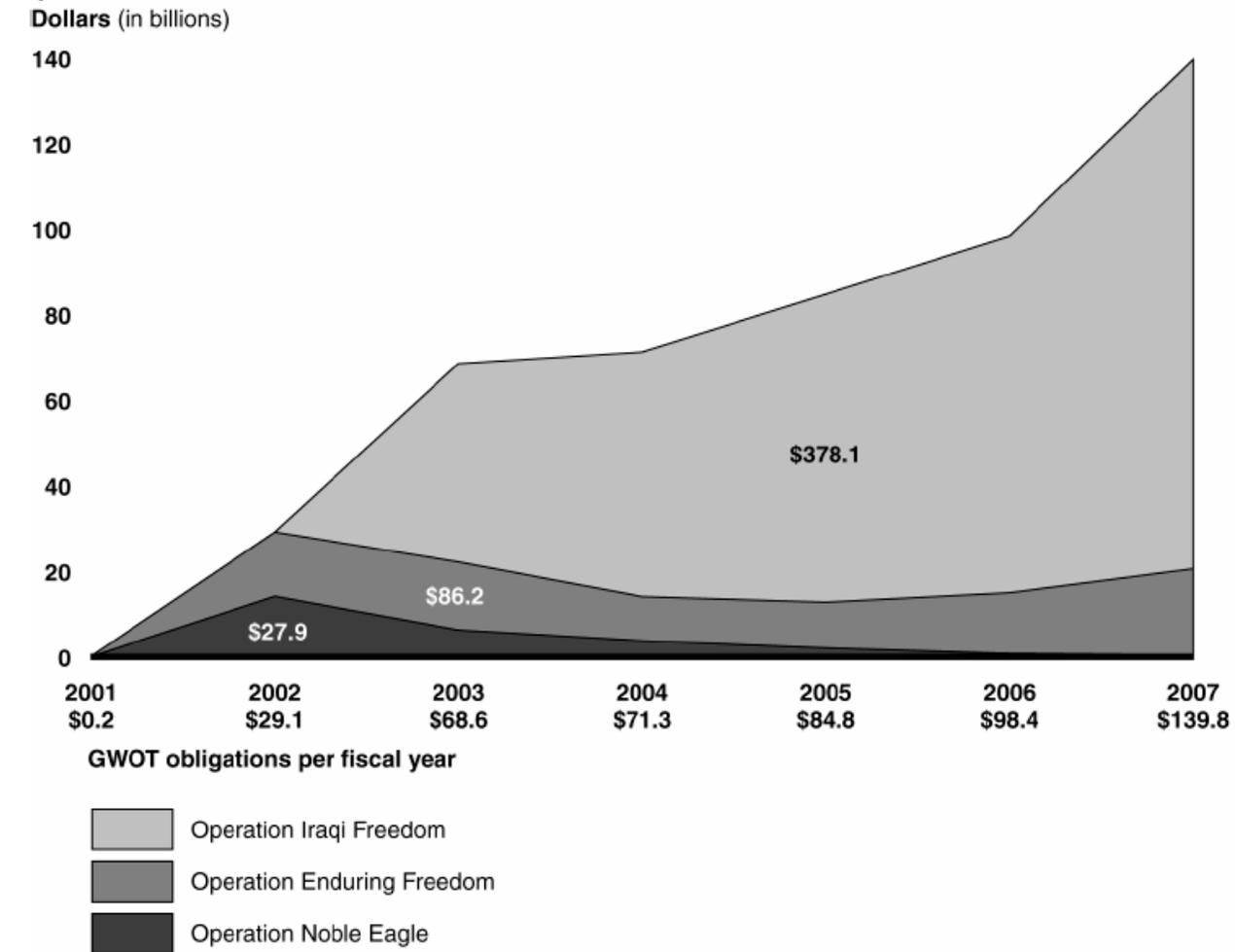
Source: CBO, "Analysis of the Growth in Funding for Operations in Iraq, Afghanistan, and Elsewhere in the War on Terrorism," February 11, 2008.



	2001-2002	2003	2004	2005	2006	2007	2008
■ Iraq and Afghanistan Security Forces	0	0	5	6	5	13	6
■ Defensewide and Other	25	5	8	7	10	9	8
■ Marine Corps	0	2	1	3	4	4	5
■ Navy	0	7	2	3	5	6	6
■ Air Force	0	10	6	6	8	10	11
■ Army	0	20	24	31	40	50	56

GAO Estimate of Cost of War To DoD Through FY2007

Figure 2: DOD's Reported GWOT Obligations for Fiscal Years 2001 through 2007 by Operation



Source: GAO-08-423R, GWOT, January 30, 2008, p 5

Source: GAO analysis of DOD data.

The Cost of Winning

The Cost of “Winning”

- **Most future cost estimates assume either a constant level of war or a three to five year decline in spending as the US “wins.”**
- **The CBO has provided another estimate, which shows the steady-state cost of maintaining a US presence once the US has helped Iraq achieve a high degree of security and stability.**
- **The capital cost of the US maintaining a 55,000 manpower level in strategic overwatch and an advisory role is estimated to be \$4-8 billion. The annual cost is estimated to be \$10 billion.**
- **The capital cost of the US maintaining a 55,000 manpower level that both supports Iraqi forces in combat and provides an advisory role is estimated to be \$8 billion. The annual cost is estimated to be \$25 billion.**

Estimated Cost of a Long-Term US Presence in Iraq

(Billions of \$US 2008 dollars)

	Assuming Combat Operations ^a	Assuming Non- Combat Operations ^b
One-Time Costs ^c	4 to 8 ^d	8
Total Continuing Annual Costs	25	10 ^e

a. For this scenario, CBO assumed that the United States would maintain approximately 55,000 military personnel in Iraq, which would operate at a pace and conduct missions similar to those of units currently deployed there.

b. For this scenario, CBO assumed that the United States would maintain approximately 55,000 military personnel in Iraq whose operations would be consistent with those undertaken in a non-combat environment.

c. These costs would probably be incurred over a period of several years.

d. The long-term deployment of our heavy brigade combat teams (HBCTs) in Iraq might require the purchase of additional HBCT equipment sets. However, given the Army's current inventories of combat vehicles, purchasing four full sets of HBCT equipment might not be necessary. Therefore, CBO included a range of one-time procurement costs for this scenario. The high end of the range, \$8 billion represents the cost of four full HBCT sets, and \$4 billion represents the cost of buying roughly half that amount of equipment.

e. CBO's estimate assumes that U.S. forces stationed in Iraq would not be able to rely heavily on Iraq's civilian economy and infrastructure for support for the foreseeable future. Estimated costs could decline if Iraq's economy and infrastructure were to develop significantly overtime. For instance, the current incremental cost of stationing U.S. forces in South Korea is less than \$1 billion annually.

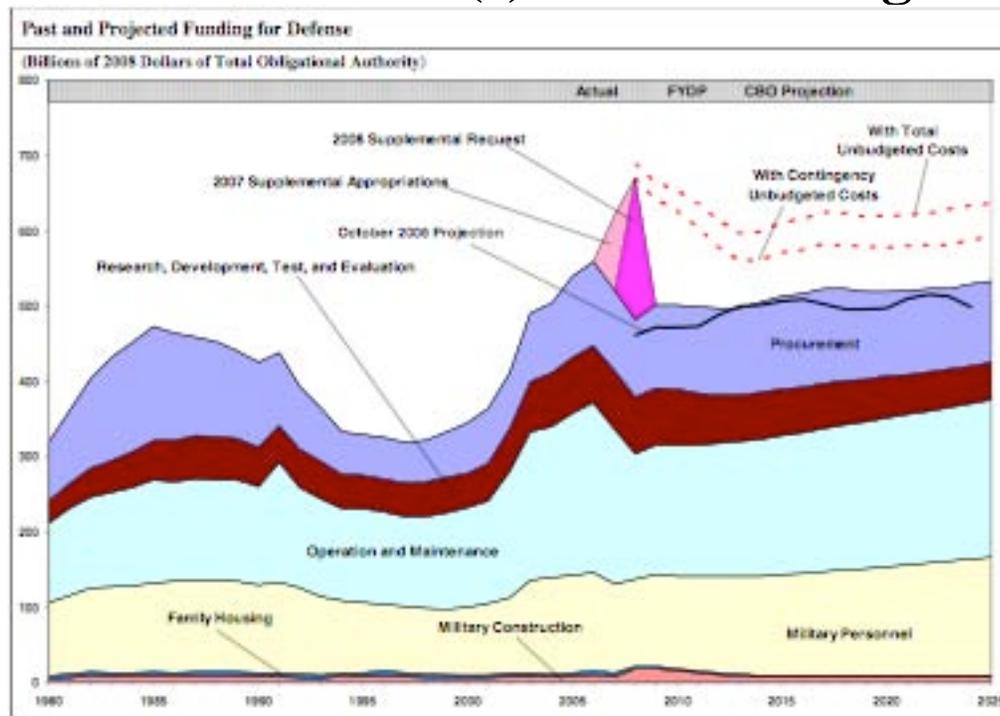
Source: Congressional Budget Office, "The Possible Costs to the US of Maintaining a Long-Term Military presence in Iraq," September 2007.

Current CBO Estimates of Defense Outyear Costs Through FY2025

The CBO does provide an Estimate of the Impact of Current Wars on the Entire Defense Budget Through FY2025

- The estimated baseline cost of the defense budget averages \$521 billion a year between FY2014 and FY2025 -- if deployed US combat personnel drop to about 35% of the present total by FY2025
 - The \$521 billion does not include supplementals but does raise the DoD level by 8% to correct for DoD undercosting.
- The real world cost, with supplementals and correcting for DoD undercosting of the budget would be about \$146 billion higher than DoD projects through FY2013, and would average about \$621 billion from FY2014-FY2025.
- The real world operating cost of US forces would be far, far higher than DoD budgets for.
- *But, even with these cost increases, the percent of GDP spent on defense would still continue to drop, reaching 2-3% by FY2025.*

CBO Projection of Impact of Annual Cost of War(s) on DoD Budget Through FY2025



If the program in the 2008 FYDP was carried out as currently envisioned, the demand for defense resources, excluding funding for contingencies, would average \$521 billion a year between 2014 and 2025, CBO projects for about 8 percent more than the 2008 request excluding emergency supplemental funding.

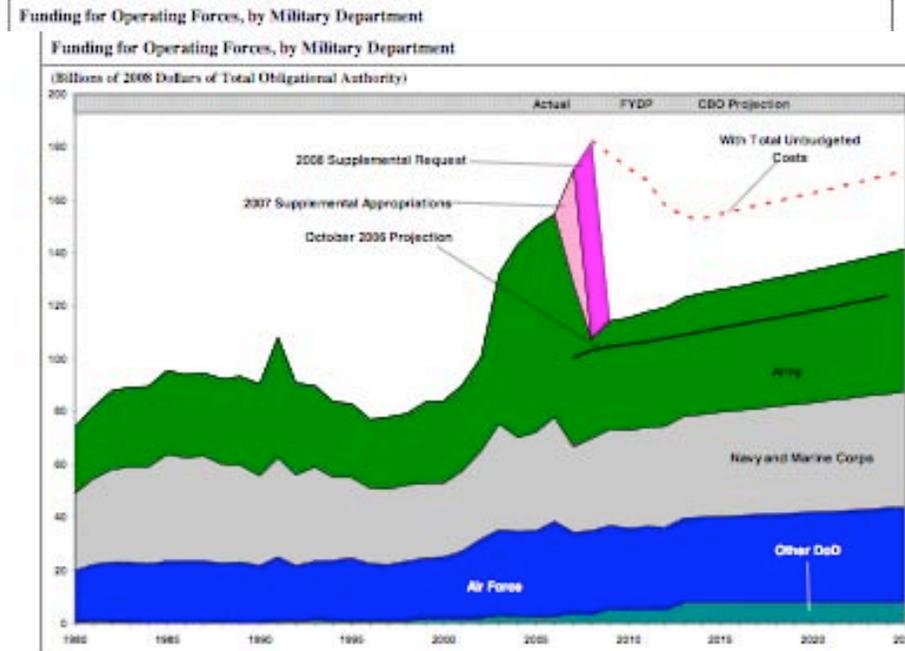
CBO made projections of potential unbudgeted costs (shown by the dashed red lines in the figure). CBO projects that resource demands including unbudgeted costs will average about \$146 billion a year through 2013 and about \$100 billion annually between 2014 and 2025. Those values are about 29 percent and 19 percent higher, respectively, than the amounts excluding those unbudgeted costs. Assumptions underlying the projections for unbudgeted costs include the following:

- Costs for weapons programs grow as they have since the Vietnam War; and

- The United States continues to conduct military operations overseas as part of the global war on terrorism (represented as with Contingency Unbudgeted Costs in the figure), albeit with levels of deployed personnel declining by 2014 to about 35 percent of current deployments.

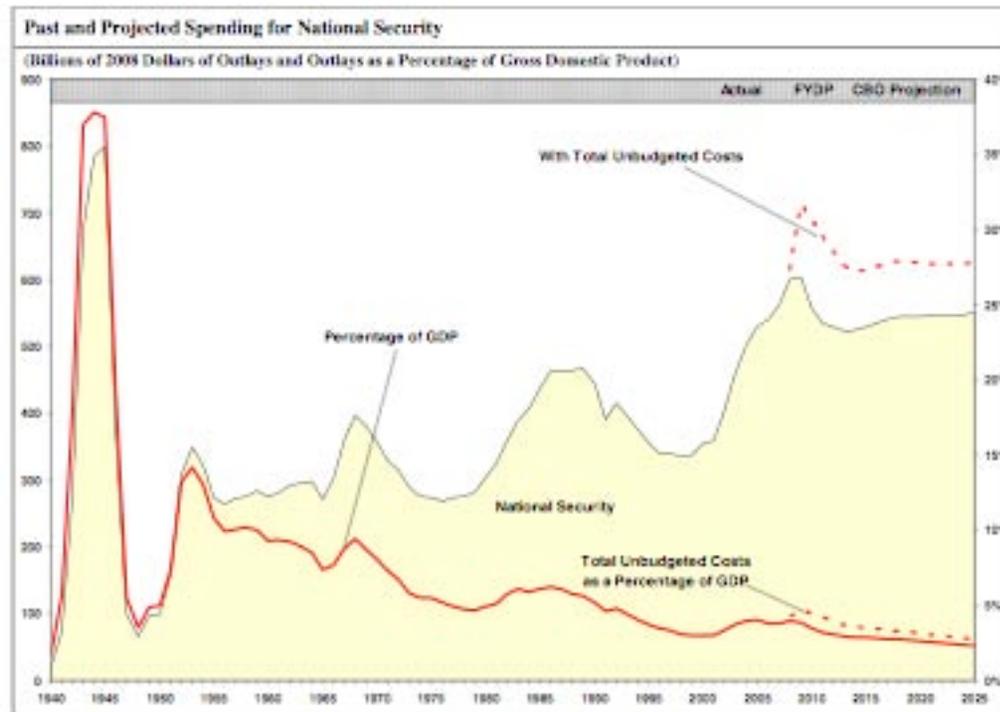
CBO, Long Term Implications of Current Defense Plans: detailed Update for FY2008, march 2008, <http://www.cbo.gov/publications/bysubject.cfm?cat=38>

CBO Projection of Operating Costs of US Forces Through FY2025



- The O&S subcategory "Operating Forces" pays for military and support units assigned to Combatant Commands.
- CBO projects that the Operating Forces category will experience \$6 billion of funding growth between 2013 and 2025, in addition to pay increases. That extra growth is attributable to the following sources:
 - Continuing long-term trends of rising O&M costs per active-duty service member in the Army and Marine Corps ground forces (see Figure 2-4a);
 - Increased O&M costs for aging weapon systems; and
 - New weapon systems that are more complex and have higher O&M costs than the systems they replace.
- In comparison with the 2007 FYDP, the 2008 FYDP shows an average increase in total Operating Forces funding of about 9 percent over the period spanning 2008 to 2013. That increase is largely the result of planned growth in the number of Army and Marine Corps personnel.

CBO Projection of Impact of Annual Cost of War(s) on GNP Through FY2025



- This chart displays historical and projected spending for DoD as well as for the other activities composing budget function 050, which contains funding for all of the government's activities related to national security. (CBO projects spending for national security activities funded outside DoD as a constant level of effort relative to spending for those activities in 2008.)
- Spending for national security reached peaks during the Korean and Vietnam wars, as well as during the so-called 'Reagan Build-Up' of the early 1980s. Spending for national security, including for operations in Iraq and Afghanistan, is currently about three-quarters of the peak in annual spending that occurred during World War II.
- Measured as a share of Gross Domestic Product (GDP), however, spending for national security has declined relatively steadily since the Korean War and, under CBO's projection, would continue to decline, reaching 2 percent to 3 percent of GDP by 2025.

Key Factors Driving Future War Costs

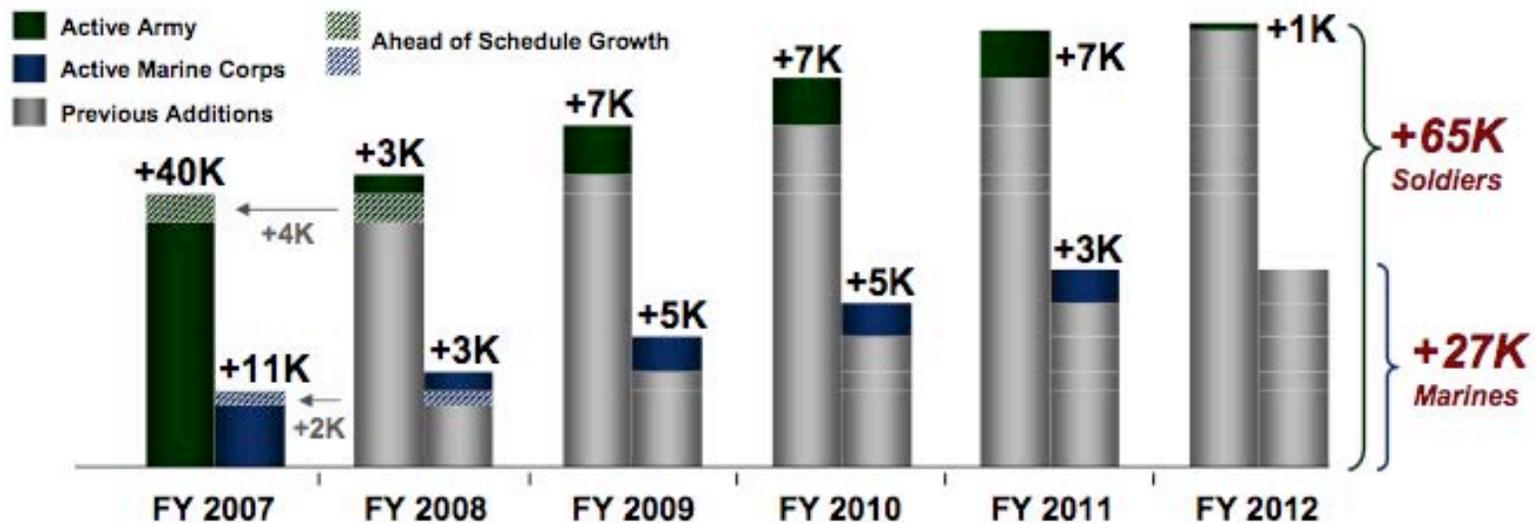
Key Factors Driving Future War-Related Costs

- Major increases are being made in ground forces with very uncertain mixes of modernization and “reset,” and allowances for transfers of equipment and supplies to Iraqi and Afghan forces.
- The CBO does not project the rise in military manpower costs per se, but does project that the future O&M costs of military manpower will rise sharply above the historical trend:
 - By approximately by 20% from FY2006-FY2025 if real-world unbudgeted costs are included .
- The CBO’s estimate of rising medical costs is stunning:
 - It has is projected to rise from a level of around \$290 billion a year since the start of the war to a level of over \$80 billion a year by FY2025.
 - But much of this is not war related, but rather the result of Congressional actions that have effectively raised the entitlement cost of of military medical care for the entire military.

Increase Ground Capabilities

+\$8.7B
FY08 - FY09

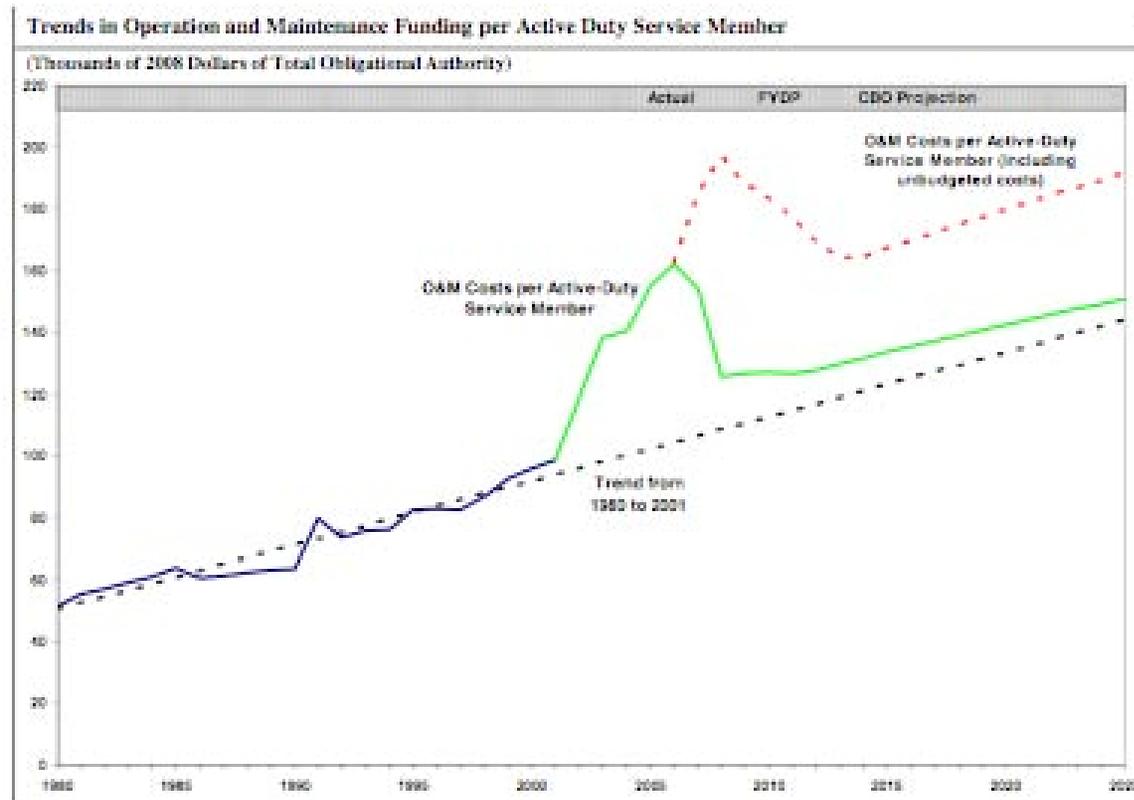
Army Active	42	Brigade Combat Teams (482.4K Soldiers)	➔	48	Brigade Combat Teams (547.4K Soldiers)
	12/12	Months Home Station / Months Deployed		24/12	Months Home Station / Months Deployed
Marine Corps Active	2.5	Marine Expeditionary Forces (175K Marines)	➔	3	Marine Expeditionary Forces (202K Marines)
	7/7	Months Home Station / Months Deployed		14/7	Months Home Station / Months Deployed



Source: FY 2009 DoD Budget Request; FY 2008 Budget; FY 2007 Supplemental

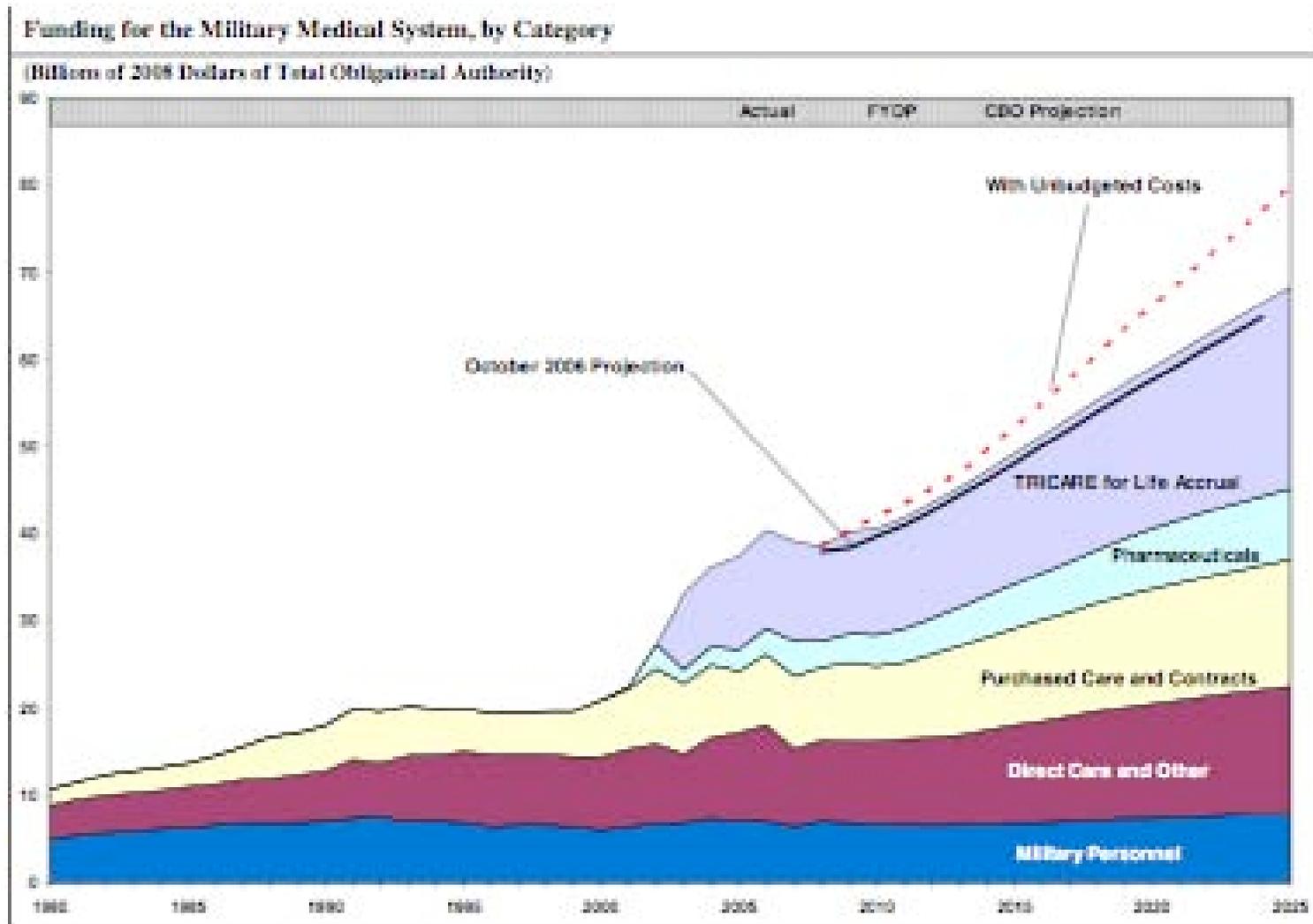
Numbers may not add due to rounding

CBO Projection of Operating Costs Per Soldier Through FY2025



- From 1980 to 2001, operation and maintenance costs grew steadily by an average of about \$2,000 per active-duty service member per year. Excluding potential unbudgeted costs, CBO projects a similar rate of O&M cost growth in the future.
- Since 2001, O&M costs per service member have grown more rapidly because of funding for operations in Iraq and Afghanistan. The FYDP and CBO's projection exclude future funding for those operations.

CBO Projection of Rising Military Medical Costs Through FY2025



CBO, Long Term Implications of Current Defense Plans: detailed Update for FY2008, march 2008, <http://www.cbo.gov/publications/bysubject.cfm?cat=38>

The Aid Mess

The Problem of Relating Future Aid Costs to Iraq's Ability to Finance its Own Security and Stability

- **Some \$113.9 billion in funds spent and pledged to date, \$47.5 billion US and \$50.6 billion Iraqi. (SIGIR)**
 - Massive waste and corruption.
 - No meaningful measures of success or effectiveness.
 - Program purpose and impact usually unclear.
 - Some 40% of US aid funds eventually spent on foreign labor and materials and outside Iraq.
 - No clear plan or funds to transfer programs to Iraqis.
- **Most of past of economic aid now obligated.**
- **Economic and military aid levels planned to drop sharply after FY2006. But no clear data for FY2008 onwards.**
 - US Army data indicate that if the FY2008 supplemental is not fully funded, it will have a major impact on Iraqi and Afghan force development.
- **There is no Bush Administration plan for the future.**
 - No way to know what role Iraqi spending is planned to have in reducing US aid and operating costs.

Total Reconstruction Funds Now = \$113.9 Billion

a. Includes August 11, 2004 transfer of \$86 million cash from the Central Bank of Iraq for CERP at the authorization of the Ministry of Finance.

b. In previous Quarterly Reports, SIGIR reported approximately \$20 billion in DFI cumulative deposits to fund Iraqi government operations and reconstruction programs. SIGIR has changed that number to only include reconstruction funding, which is approximately \$7 billion, according to GAO Report 05-876 (July 28, 2005, p. 2).

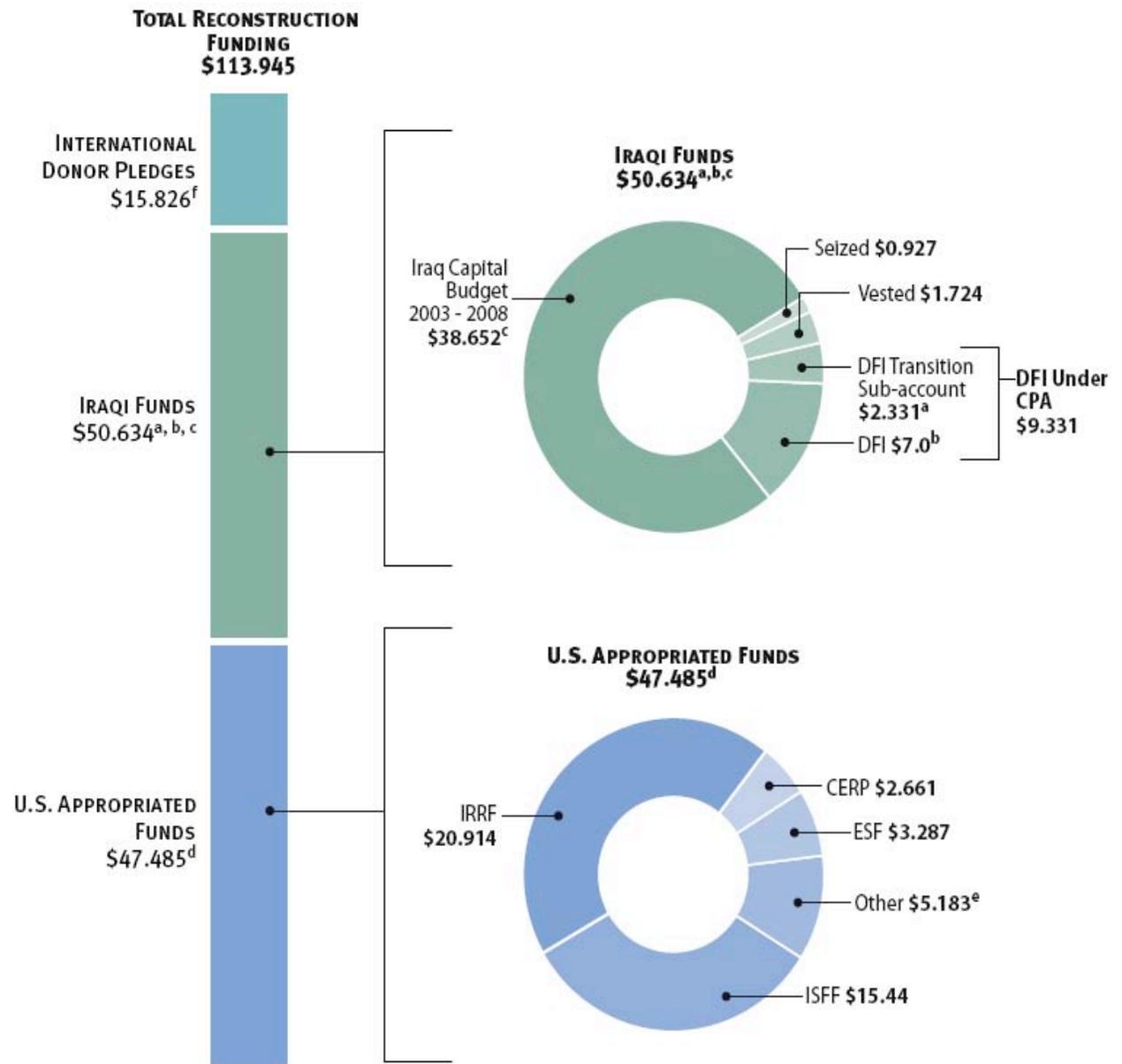
c. Table 2.1 includes a breakdown of Iraqi capital budget expenditures, CY 2003-2008.

d. Where Iraq-only appropriations are unavailable, SIGIR assigned 85% for Iraq based on historical trends.

e. May include humanitarian aid or other types of assistance.

f. NEA-I, response to SIGIR data call, January 4, 2008.

Note: This quarter, SIGIR changed methodology for reporting international donor pledges. Beginning with the January 2008 Quarterly and Semiannual Report to Congress, SIGIR will use the official U.S. government source — DoS:NEA-I — as the sources for pledge data. The dollar change from last quarter is due to the revised reporting method.



Source: SIGIR, Quarterly Report, January 30, 2008, p. 17.

Total US Aid Funds

U.S. SUPPORT FOR IRAQ RECONSTRUCTION (\$ BILLIONS)

U.S. FUND	APPROPRIATED	ALLOCATED	OBLIGATED	EXPENDED
IRRF 1	\$2.475	\$2.475	\$2.232	\$2.139
IRRF 2	18.439	18.306	17.823	16.706
IRRF Total	\$20.914	\$20.781	\$20.055	\$18.845
ISFF FY05	\$5.391	\$5.315	\$5.259	\$5.090
ISFF FY06	3.007	3.007	3.000	1.813
ISFF FY07	5.542	5.492	2.451	1.199
ISFF FY08	1.500	-	-	-
ISFF Total	\$15.440	\$13.814	\$10.698	\$8.102
ESF FY03	\$0.050	-	\$0.050	\$0.050
ESF FY06 Supplemental	1.485	1.485	1.186	0.527
ESF FY06, State	0.060	0.060	0.060	0.005
ESF FY07 Supplemental	1.554	1.554	0.986	0.020
ESF FY07, Continuing Resolutions	0.123	0.105	0.100	0.010
ESF FY08	0.015	-	-	-
ESF Total	\$3.287	\$3.205	\$2.383	\$0.612
CERP FY04	\$0.140	-	\$0.030	\$0.030
CERP FY05	0.718	-	0.733	0.621
CERP FY06	0.708	-	0.473	0.363
CERP FY07	0.725	-	0.787	0.430
CERP FY08	0.370	-	0.145	0.033
CERP Total	\$2.661	-	\$2.168	\$1.477
Other Funding	\$5.183	\$0.261	\$0.151	\$0.025
Total U.S. Appropriated	\$47.485	\$38.061	\$35.455	\$29.060

Source: SIGIR,
Quarterly Report,
January 30, 2008, p. 22

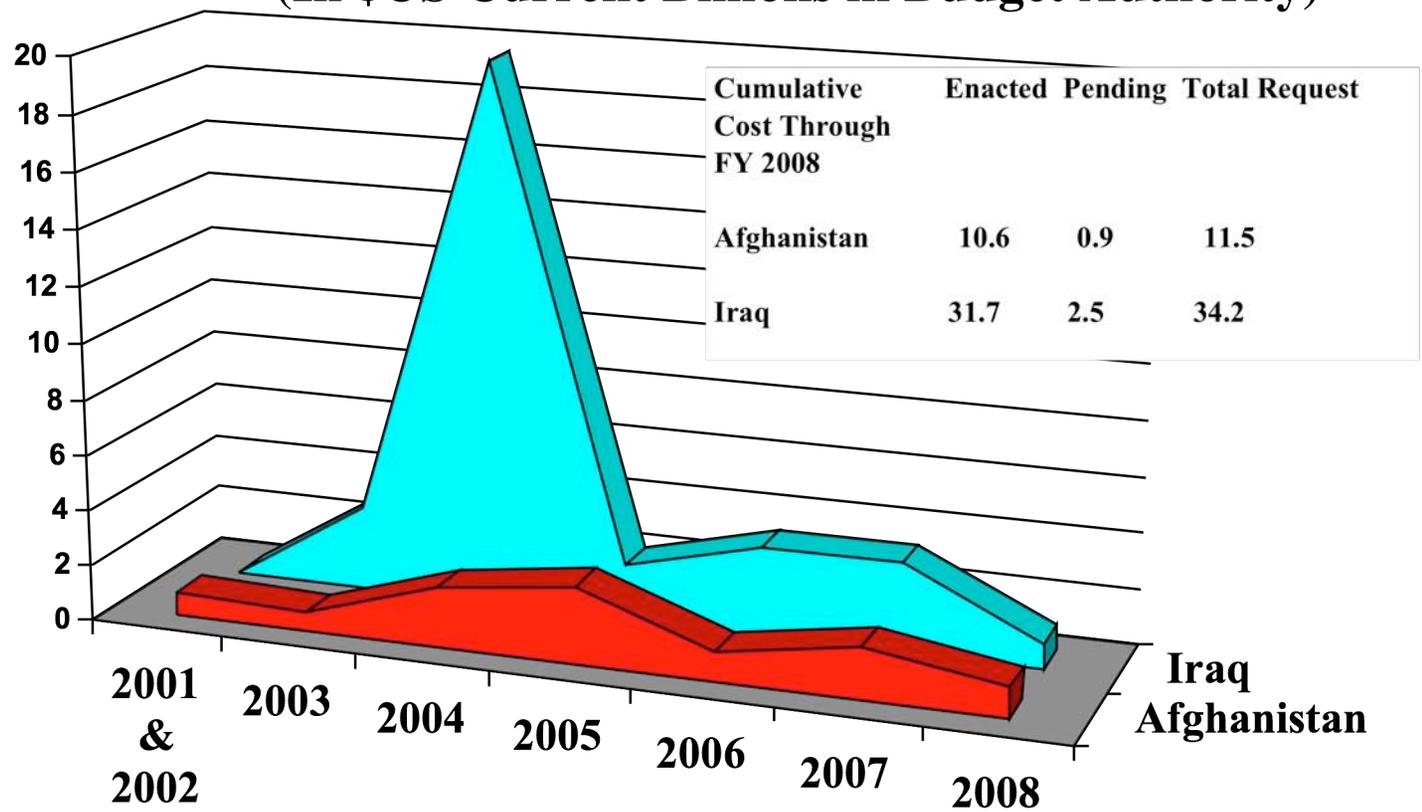
92% of US IRRF Aid Funds Now Disbursed

So:
Qu:
Jan

Sector			Committed			Obligated			Disbursed		
	Allocated	Un-allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law Enforcement	\$4,978	\$27	\$4,960	\$4,960	\$0	\$4,960	\$4,960	\$0	\$4,864	\$4,864	\$0
Justice, Public Safety and Civil Society	\$2,264	\$38	\$2,253	\$2,253	\$0	\$2,249	\$2,249	\$0	\$2,151	\$2,152	\$0
Electricity Sector	\$4,196	\$29	\$4,070	\$4,068	-\$2	\$4,052	\$4,050	-\$2	\$3,763	\$3,767	\$4
Oil Infrastructure	\$1,723	\$2	\$1,597	\$1,597	\$0	\$1,597	\$1,597	\$0	\$1,567	\$1,567	\$0
Water Resources and Sanitation	\$2,067	\$35	\$1,957	\$1,957	\$0	\$1,947	\$1,944	-\$3	\$1,775	\$1,777	\$2
Transportation and Communications	\$462	\$1	\$457	\$456	-\$1	\$451	\$450	-\$1	\$403	\$404	\$1
Roads, Bridges and Construction	\$327	\$6	\$318	\$318	\$0	\$318	\$318	\$0	\$245	\$245	\$0
Health Care	\$812	\$10	\$784	\$783	-\$1	\$776	\$776	\$0	\$720	\$720	\$0
Private Sector Development	\$821	\$2	\$821	\$821	\$0	\$821	\$821	\$0	\$806	\$811	\$6
Education, Refugees, Human Rights, Governance	\$436	\$0	\$423	\$423	\$0	\$423	\$423	\$0	\$395	\$395	\$0
Admin Expense (USAID, STATE)	\$213	\$0	\$210	\$210	\$0	\$210	\$210	\$0	\$210	\$210	\$0
Total	\$18,299	\$150	\$17,850	\$17,846	-\$4	\$17,803	\$17,797	-\$5	\$16,899	\$16,913	\$14
IRRF II Non-Construction	-	-	\$7,927	\$7,926	-\$1	\$7,906	\$7,906	\$0	\$7,675	\$7,682	\$7
IRRF II Construction	-	-	\$9,403	\$9,401	-\$2	\$9,377	\$9,372	-\$5	\$8,708	\$8,715	\$7
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$516	\$516	\$0
IRRF I Total	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,774	\$150	\$20,141	\$20,137	-\$4	\$20,035	\$20,030	-\$5	\$19,038	\$19,052	\$14

Source: US State Department, Iraq Weekly Status Report, March 5, 2008.

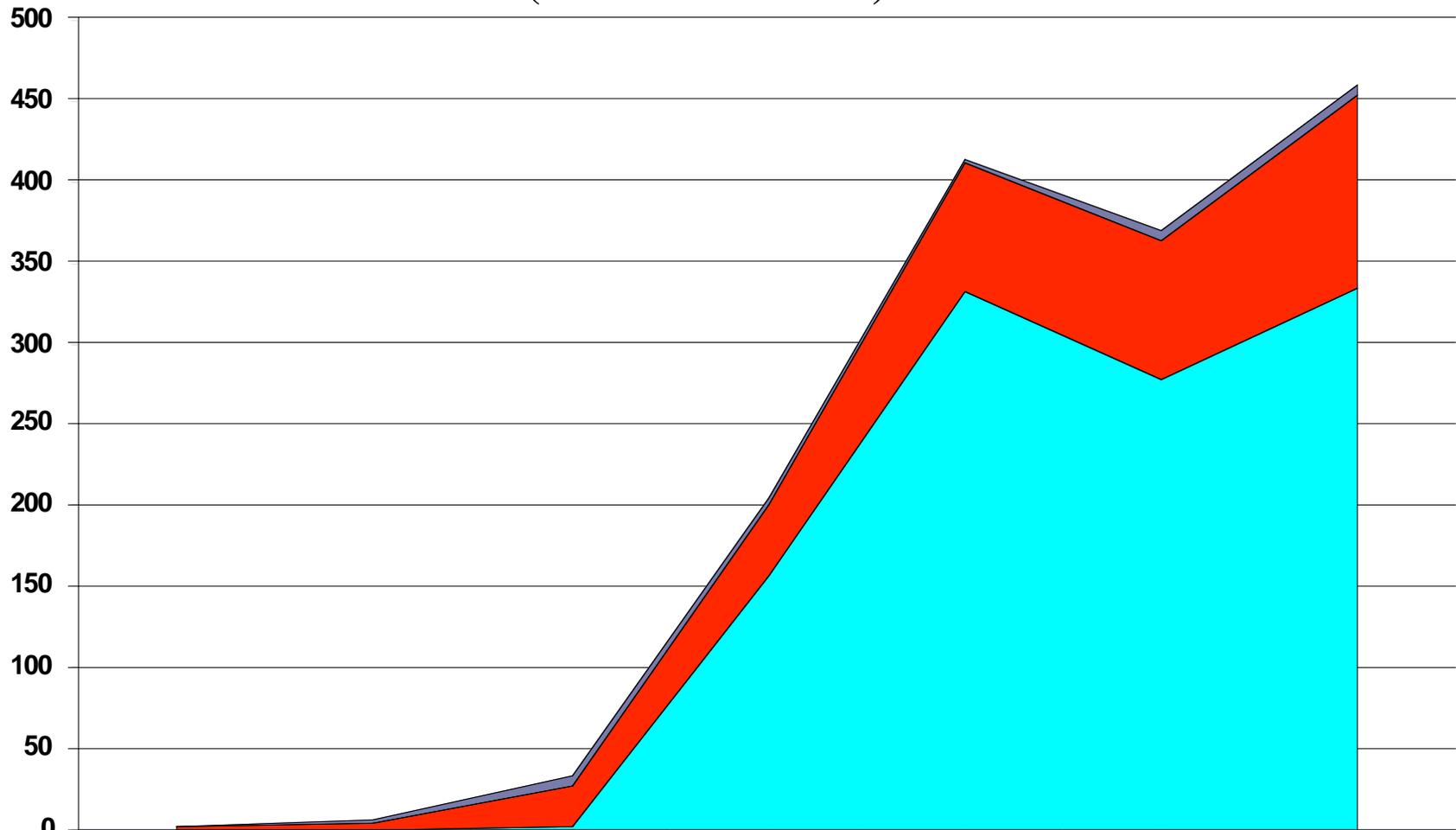
CRS Estimate of US Cost of Aid in Afghan and Iraq Wars (In \$US Current Billions in Budget Authority)



	2001 & 2002	2003	2004	2005	2006	2007	2008
■ Afghanistan	0.8	0.7	2.2	2.8	1.1	1.9	1.1
■ Iraq	0	3	19.5	2	3.2	3.2	0.9

Source: CRS RL-33110, February 8, 2008, pp. 11 & 13. Includes Foreign aid and diplomatic operations. Afghanistan includes GWOT. Iraq includes GWOT, UN, and other operations.

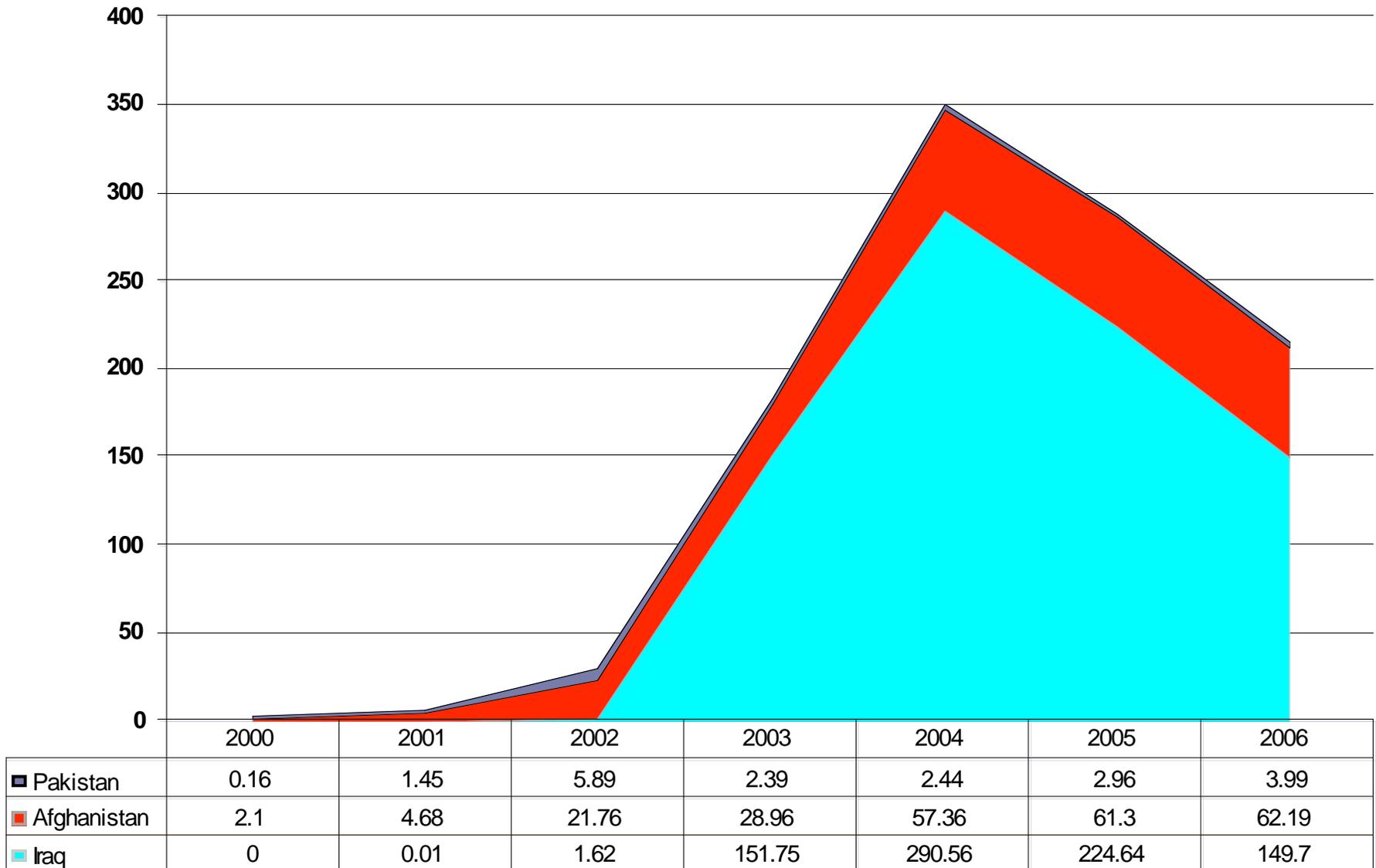
US Total Assistance Per Capita Per Year (Constant Dollars)



	2000	2001	2002	2003	2004	2005	2006
■ Pakistan	0.16	1.45	8.1	4.29	3.02	5	5.84
■ Afghanistan	2.1	4.68	25.02	43.59	78.68	86.79	120.32
■ Iraq	0.24	0.01	1.62	157.42	332.7	277.39	333.76

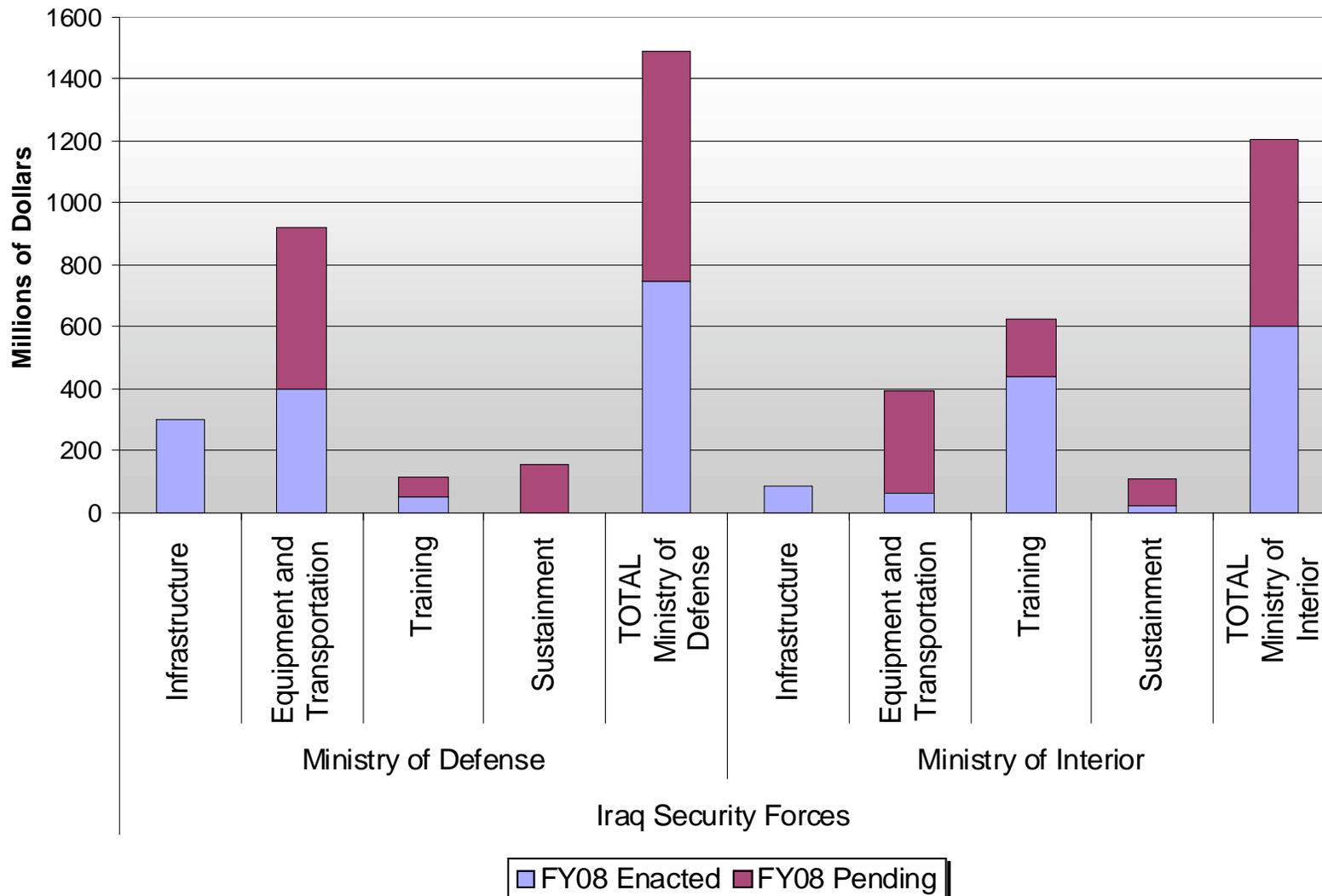
US Economic Assistance Per Capita Per Year

(Constant Dollars)



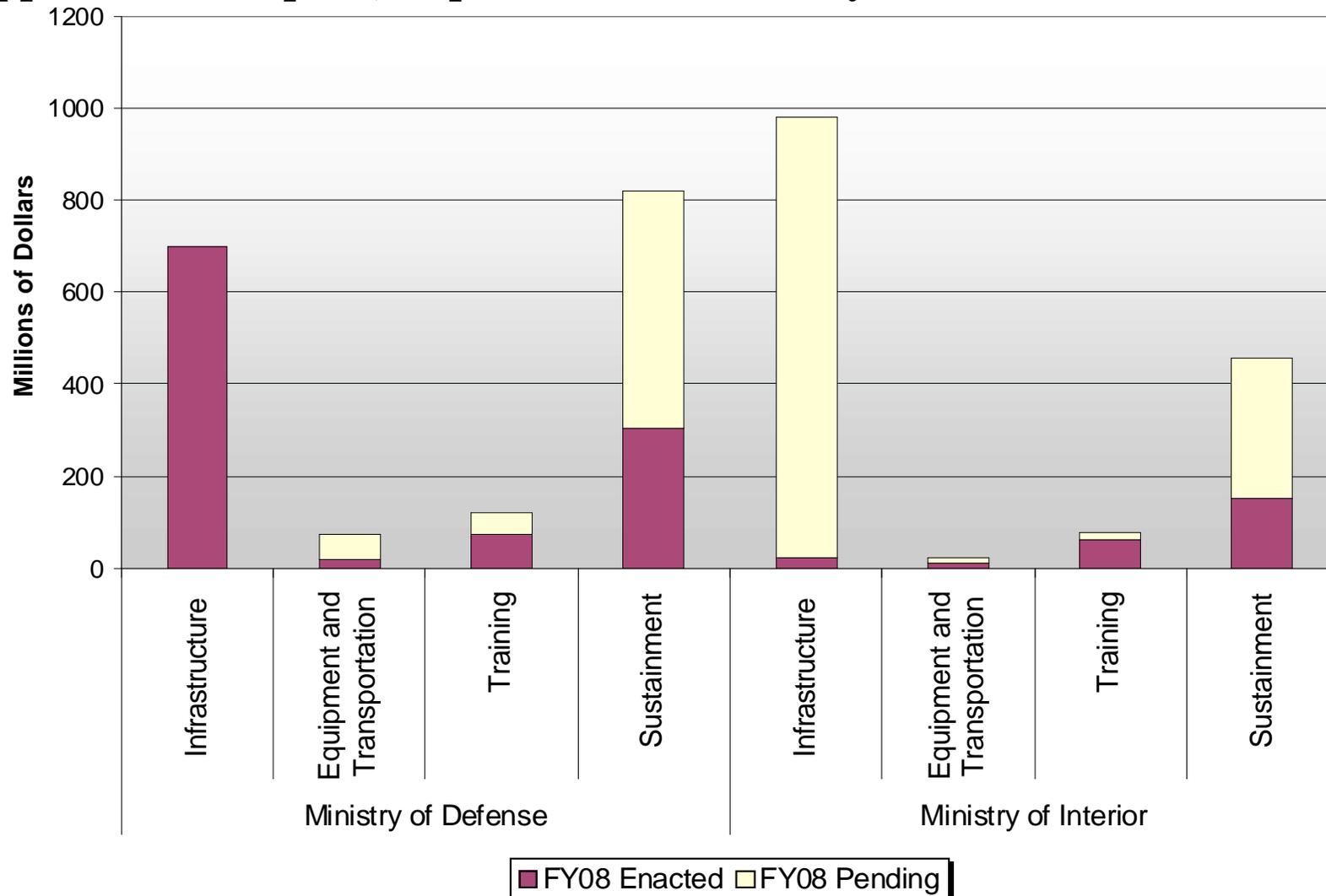
FY 2008 Iraqi Security Forces Fund

(Supplemental Request, Department of the Army)



FY 2008 Afghan Security Forces Fund

(Supplemental Request, Department of the Army)



The Potential Impact of Iraqi Spending

Iraq's Self-Funding Capability is a Key Issue

- **Rising oil export revenues give significant capital and ability to pay operating costs.**
 - Oil export revenues rose to \$31.3 billion in 2006 and \$41 billion in 2007.
- **Capital budgets have risen from \$609.5 million in CY2003 to \$13.4 billion in CY2008.**
- **But, Iraqi government has not spend much of its budget, and shows little ability to spend effectively or on a timely basis.**
- **The role Iraq should play in paying for war costs is a key future address that has not been publicly addressed.**

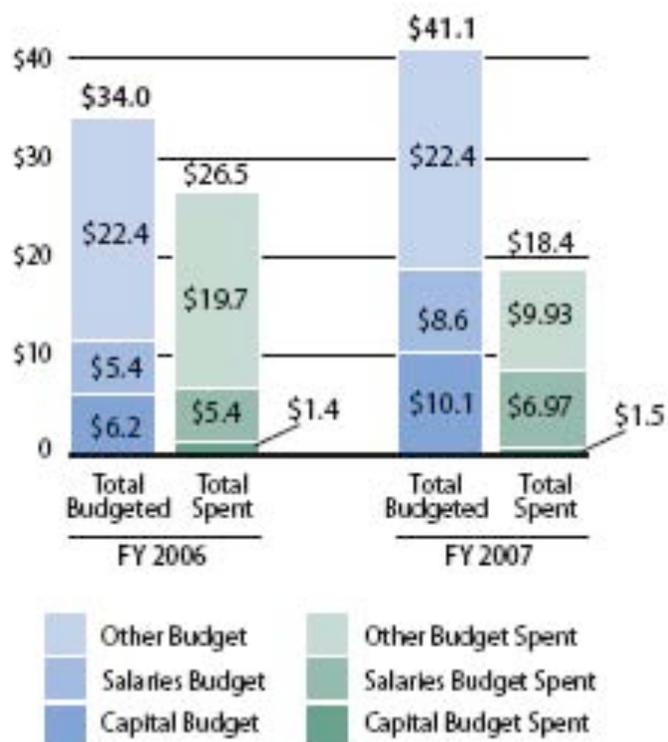
Uncertain Spending & Budget Sharing

Figure 2.37

BUDGET EXPENDITURE COMPARISON FOR 2006 AND 2007

\$ Billions

Source: Treasury, Response to SIGIR Data Call (1/4/2008)



Notes:

1. Numbers are affected by rounding.
2. 2007 expenditure data is reported for the period January through September 2007.

- Spend on salaries, central government operating costs, but not on capital development.

- At end 2007, had spent 71% of salary budget, 25% of capital budget.

- Total Capital budget for 2007 was \$10.1 billion, or 25% of total vs. 18% in 2006.

- But, \$6.4B of \$10.1 billion was for central government ministries, \$1.6 billion went to Kurdish region, and only \$2.1 billion went to other provinces.

- Central government ministries get 76% of total budget, Finance Ministry gets 34%.

Rising Iraqi Capital Budgets

IRAQI CAPITAL BUDGETS FOR RECONSTRUCTION, CY 2003-2008

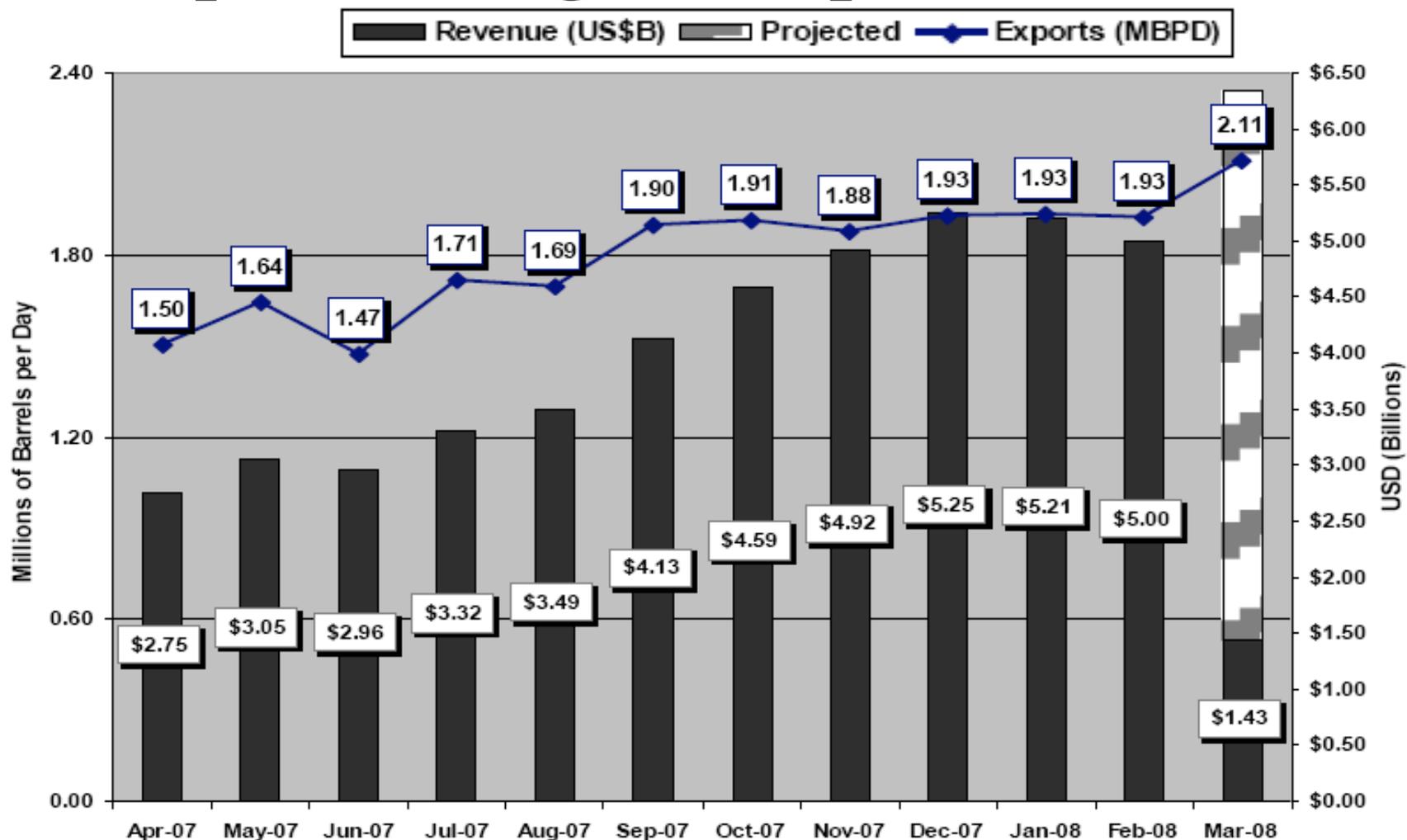
CALENDAR YEAR	IRAQ CAPITAL BUDGET (DINARS)	CONVERSION RATIO ^a	IRAQ CAPITAL BUDGET (\$ US)	DOCUMENT SOURCE(S)
2003	Not Provided in Dinars	NA	\$609,500,000	"Republic of Iraq: Budget Revenues and Expenses 2003," July-December
2004	5,114,323,000,000	1,500	\$3,409,548,667	"Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005"
2005	7,550,000,000,000	1,500	\$5,033,333,333	"Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005"
2006	9,272,000,000,000	1,500	\$6,181,333,333	"GOI 2006 Budget" (as approved by TNA and written into law December 2005); U.S. Treasury, response to SIGIR data call, 1/4/2008
2007	12,675,560,005,000	1,260	\$10,059,968,258	"GOI Budget 2008: Overview of Revenue and Expenditure, 2007-2008;" U.S. Treasury, response to SIGIR data call, 10/15/2007
2008	16,030,822,000,000	1,200	\$13,359,018,333	"GOI Budget 2008: Overview of Revenue and Expenditure, 2007-2008"
Total			\$38,652,701,925	

^aSource of dinar/\$US conversion ratio: U.S. Treasury, response to SIGIR, January 21, 2008.

TABLE 2.1

Source: SIGIR, Quarterly Report, January 30, 2008, p. 18.

Iraq's Growing Oil Export Wealth



- 2006 Revenue Estimate: \$31.3 Billion
- 2007 Revenue Estimate: \$41.0 Billion
- 2008 Revenue Estimate: \$11.6 Billion (ytd)

Source: UAS State Department, Iraq Weekly Status Report, March 5, 2008, p. 17 Copyright Anthony H. Cordesman, all rights reserved