



# **A WISER PEACE: AN ACTION STRATEGY FOR A POST-CONFLICT IRAQ**

## **Supplement III: Costs of Reconstructing Iraq<sup>\*</sup>**

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*A Wiser Peace: An Action Strategy for a Post-Conflict Iraq* can be found at <http://www.csis.org/isp/pcr/index.htm>. For further information, please contact Bathsheba Crocker at [scrocker@csis.org](mailto:scrocker@csis.org) or Daniel Werbel-Sanborn at [dwsanbor@csis.org](mailto:dwsanbor@csis.org).

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<sup>\*</sup> This supplement does not attempt to tabulate the total cost of any likely reconstruction effort in a post-conflict Iraq; rather, it focuses solely on the possible costs associated with the recommendations made in "A Wiser Peace". The projected costs for the reconstruction of Iraq contained herein are strictly illustrative.

**Introduction**

“A Wiser Peace: An Action Strategy for a Post-Conflict Iraq” offers ten recommended actions that United States policy makers and the United Nations should take before any conflict with Iraq starts in order to maximize potential for success in the post-conflict phase in Iraq. This supplement offers rough estimates of how much each “Wiser Peace” recommendation could cost and suggests ways of calculating the costs of additional reconstruction tasks. Though it is by no means a comprehensive budgeting of reconstruction in Iraq, it can serve as a guide for how some of those costs might be assessed.

The costs of post-conflict reconstruction in Iraq will of course depend on how a war in Iraq progresses, the situation on the ground following conflict, and how progressed the planning and preparation has been. Recent press reports indicate the Administration expects the conflict and its immediate aftermath to cost as much as \$95 billion, but this does not include the cost of intermediate and longer term reconstruction that may be even greater. To carry out the recommendations in “A Wiser Peace” over a two-year period could cost \$6.2 billion to \$7.9 billion, but this represents only a portion of costs that will be required. Uncertainty about the course, damage, and end result of conflict makes any precise projections premature, but planning and preparation must still be done. The costs suggested below are notional and are necessarily based on assumptions that will evolve as more becomes known. Nevertheless, it is clear that the Iraqi reconstruction will be expensive, and that a great deal of the financial burden could fall on the United States. Given the importance of adequate funding and preparation – and the necessity of having enough flexibility to react as events unfold on the ground – this supplement may err on the side of overestimating the cost of particular post-conflict tasks.

- ***Create a Transitional Security Force that is effectively prepared, mandated, and staffed to handle post-conflict civil security needs, including the need for constabulary forces.***

The costs associated with military action in Iraq can be only roughly estimated. While it is generally considered that the requirement for coalition forces will be less than that deployed in 1990-91, the cost of that conflict is instructive. According to the U. S. Government Accounting Office, the U.S. share of costs associated with Desert Storm totaled approximately \$80 billion.<sup>1</sup> U. S. allies and coalition partners paid about 80 percent of those costs.<sup>2</sup> Current projections range from \$40 billion to \$200 billion for the conflict, but do not include necessary post-conflict security tasks.

As preparations are made for a potential renewed conflict in Iraq, the establishment of a fiscal baseline, though built on assumptions, serves as a starting point for both detailed planning and subsequent execution. The Congressional Budget Office (CBO) has estimated the “incremental” costs – that is those costs not contained in the current Department of Defense budget submission – of potential conflict with Iraq. The CBO figures for a

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<sup>1</sup> This total does not include the costs of the post-Gulf War establishment of northern and southern “No Fly Zones” in Iraq.

<sup>2</sup> David Rosenbaum, *Bush and Pentagon Wrangle Over War Budget Request*, NEW YORK TIMES, February 26, 2003.

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250,000-person U. S. force are broken down into the categories of deployment (\$8.8 billion), combat (\$7.6 billion in the first month), and redeployment (\$4.8 billion). The CBO has also estimated the costs of a post-conflict occupation force of between 75,000 and 200,000 troops at \$1.4 billion to \$3.8 billion per month, factoring out to approximately \$220,000 per person per year. For the sake of argument, a 15,000-person transitional security force could be deployed to handle the non-combat tasks discussed in “A Wiser Peace” – to augment and oversee civil policing efforts at the provincial and local levels, work closely with the transitional administrator and his staff, and support the security requirement of humanitarian and emergency relief efforts. At \$220,000 per soldier per year, maintaining such a force for 18-24 months would cost in the range of **\$4.95 billion to \$6.6 billion**.

“A Wiser Peace” also calls for the development of a comprehensive plan for securing and eliminating weapons of mass destruction and highlights the need to plan and train for several other critical post-conflict security missions. The force construct for these additional missions are not as readily calculable, and some will only be determined by an on-the-ground assessment at the conclusion of conflict.

- ***Establish an international transitional administration and name a transitional administrator.***

The International Transitional Administration (ITA) recommended in “A Wiser Peace” should have full executive, legislative, judicial, and financial authority, but at the same time should be streamlined, relying on existing Iraqi infrastructure and technocratic talent rather than importing an international cadre. Realistically however, the ITA is likely to include a large contingent of international personnel, both in the central ITA office and in the district offices in each of the 18 provinces. Though the number may go higher, 1,000 internationals is a reasonable starting point. The cost for each person will likely average \$100,000 per year. Support and expenses for the staff to cover travel, office space, communications, and myriad other costs may be as much as \$75,000 per person per year. Based on an approximate number of 1,000 international staff, the personnel and support costs of the interim transitional administration for two years will be roughly \$350 million. “A Wiser Peace” notes that the administration’s mandate must be robust and flexible. In order for this empowered administration to begin addressing Iraqis’ needs, each provincial administration office should have a discretionary fund of \$10 million per year as a rapid response tool to make sure that food distribution, water, sanitation, electricity, and schools can begin functioning as soon after conflict as possible. An appropriate two-year budget for the ITA would be **\$710 million**.

- ***Develop a national dialogue process and recruit a national dialogue coordinator.***

A national dialogue would maximize Iraqi input into the nature of their future state; open up a political process in Iraq; create an environment in which local talent and capacity can be developed and thrive; and encourage civil society development. The national dialogue coordinator and staff should collaborate with Iraqis from around the country in hosting meetings, interviews, and briefings. These activities will constitute the bulk the coordinator’s efforts and of the national dialogue’s cost. Additional costs associated with a national

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dialogue will include voter education sessions and materials and logistical and organizational support for a constitutional convention, among other missions. As a basis for comparison, the Loya Jirga in Afghanistan cost approximately \$25 million. The cost of doing business in Iraq will likely be significantly more than it was in Afghanistan, largely because there is no national tradition of a national dialogue process to take advantage of. For the sake of argument it is reasonable to assume that **\$50 million** would provide the national dialogue with the support it will require.

- ***Recruit a rapidly deployable justice team of international legal experts, judges, prosecutors, defense attorneys, corrections officers, and public information experts.***

Although there is a significant amount of human and physical judicial infrastructure that can be built on when re-constituting the Iraqi justice system, there will undoubtedly be gaps. It may be necessary for international officials to fill these positions temporarily until additional local talent can be harnessed. This recommendation assumes that international personnel will serve largely in an advisory capacity to help initiate rule of law culture in Iraq. Iraq's needs in this sector will become more apparent during the post-conflict period, but it is reasonable to assume that at least 100 international personnel will be needed over the first two years. The cost for each person will likely approach \$125,000 per year. Support and expenses covering travel, office space, communications, and myriad other costs may be an additional \$75,000 per person per year. At this rate, the cost of a justice team over two years would be \$40 million. Added to this will be the cost of employing Iraqi justice sector personnel, although planning beyond the two-year horizon must take into account that there will inevitably be a drop in wages when the new Iraqi government resumes full responsibility for civil employees. This may cause economic turmoil and must be considered in determining what to pay Iraqi personnel.

Part of the cost of reconstruction will be to encourage Iraqis to focus on their jobs, avoid corruption, and simply show up for work. Although the Iraqi government currently provides for many of its people's needs such as electricity, water, and a food ration, there are additional costs of living that many Iraqis cannot meet. For instance, the food ration distributed by the government does not satisfy the full dietary needs of the Iraqi people. Additional food to maintain basic nutritional levels costs 53 cents per day.<sup>3</sup> This, and other similar needs, suggests that a wage of \$125 per month would arguably be a comfortable living wage that would encourage professionalism. It will not be apparent until the post-conflict period how many Iraqi judges, prosecutors, defense attorneys, and corrections officers can be salvaged from the old regime, but 5,000 is a reasonable starting point. Employing these national personnel for \$125 per month over two years would cost \$15 million. Thus the estimated cost of international and Iraqi justice personnel to reconstruct the justice sector over two years will be roughly **\$55 million**.

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<sup>3</sup> *Food and Nutrition in Iraq*, United Nations Food and Agriculture Organization Report, September 13, 2000, at <http://www.fao.org/news/2000/000904-e.htm>.

- ***Identify and recruit international civilian police officers.***

Building on existing local capacity, international civilian police (CIVPOL) will most likely play the role of advisors, supplementing rather than replacing a sizable Iraqi civilian force. Positioned in stations in the 239 municipalities, they would aid in reconfiguring and retraining the Iraqi police, reconstituting Iraqi police academies, and the administrative decentralization of the police. It will not be apparent until the post-conflict period exactly how many CIVPOL officers will be needed to supplement and oversee the Iraqi force but a working model of 1,000 officers is reasonable. The international CIVPOL will arguably cost \$125,000 per person per year. Additional support and expenses would cost an additional \$75,000 per person per year. Over a two-year period the cost for 1,000 CIVPOL officers would be \$400 million. Added to this will be the cost of employing Iraqi police. As discussed above, there will inevitably be a drop in wages when a new Iraqi government assumes responsibility for paying salaries, almost certainly causing problems. A wage of \$75 per month would encourage professionalism but hopefully not create unreasonable expectations of the Iraqi government as it resumes responsibility over the police. Estimates of the size of the existing Iraqi civilian police force are 35,000-58,000. For the sake of argument, approximately 30,000 might be re-used after the necessary process of vetting and retraining. The cost of employing them over two years at \$75 per month would be \$54 million. Thus the cost of international and Iraqi civilian police over two years would be roughly **\$454 million**.

- ***Call for a debt restructuring meeting and push the United Nations Security Council to begin a review of past war-related claims against Iraq.***

Iraq must be freed from its overwhelming debt and claims burden so that its oil revenues can be used to help pay for reconstruction. A large multilateral debt restructuring conference to address this issue would require outlays for conference location, travel, and communication. Based on a review of similar large international conferences, such a debt restructuring conference will cost roughly **\$2 million**.

- ***Begin an immediate review of sanctions against Iraq and prepare necessary documentation to suspend or partially lift those sanctions.***

In order for an effective post-conflict humanitarian and reconstruction response in Iraq to be mobilized, the various UN and U.S. sanctions must be reviewed and altered or lifted. Such a review will draw mainly on officials within the U.S. Government and the United Nations, who will need to draw up and carry out a plan for the partial lifting of sanctions. Though the review of U.S. and UN sanctions are internal functions, the necessary coordination and communication between the two will have associated minimal costs, likely not to exceed **\$1 million**.

- ***Convene a donors' conference for Iraq.***

Funds will be needed right away for at least three critical objectives – to meet emergency humanitarian needs; to start up the international civilian mission; and to launch “quick start” reconstruction projects. The funds required for these missions will be considerable;

implementing only some of the recommendations laid out in “A Wiser Peace” alone could cost \$6.2 billion to \$7.9 billion. Furthermore, the bulk of reconstruction costs will be incurred in the intermediate and longer term. The first donors’ conference should solicit funds for the most immediate needs – to provide humanitarian relief, begin high impact reconstruction projects, and pay initial costs of the international presence in Iraq. The \$37 million that has been pledged to the United Nations for humanitarian needs so far is a start, but more will be needed.<sup>4</sup> The planning, hosting, and logistics of a donor conference may cost roughly **\$2 million**.

### **Calculating Other Likely Costs of the Reconstruction**

The post-conflict reconstruction of Iraq will include many additional responsibilities to those laid out in “A Wiser Peace”. Each additional task will of course carry its own price tag that requires a pragmatic and honest calculation. Below are two further examples of how such costs might be estimated.

The prospects for a secure and prosperous future Iraq will rely heavily on how well and how quickly the education system is rebuilt. The system has been disintegrating since the late 1980s, and with a majority of the country under twenty years old, reopening schools and hiring and training teachers will be a pressing post-conflict task. Population estimates are rough, but with roughly 5 million children age five to 14, and a further two million still of school age, there are approximately seven million children in need of schooling. Assuming a goal of a one to 20 student to teacher ratio, Iraq will need 150,000 teachers. Iraqi teachers are currently paid \$3-4 per month. Raising the wage to \$150 per year could keep teachers in the classroom without the need to work multiple other jobs. At this level, paying Iraq’s teachers would cost **\$22.5 million** per year. There are of course additional costs that must be included, such as training teachers, providing school supplies, and repairing school buildings. Iraqi Ministry of Education data suggests that 5,000 new school buildings are needed and that 70 percent of existing education structures are in need of repair.<sup>5</sup>

Another reconstruction challenge will be providing jobs for Iraq’s unemployed. Conventional wisdom suggests that Iraq has a large technocratic middle class that should be retained in their present jobs to drive Iraq forward. Currently, the state is by far the largest employer in Iraq, and government employees will need to continue to be paid in order to avoid massive disruption to the economy. Moreover, a far larger number of Iraqis will be unemployed. Failure to harness the unemployed will likewise undermine Iraq’s progress. The ranks of the unemployed will likely include a significant percentage of the 800,000 or so current internally displaced persons (IDPs) as well as refugees caused by the immediate war as well as prior conflicts. The number will swell by a further several hundred thousand with the parole of much of the Regular Army and of the security and intelligence services. These levels of unemployment present the risks of perpetuating widespread poverty and creating spoilers. Employing 800,000 people through a public works campaign at \$100 per year

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<sup>4</sup> The United Nations estimates a need for at least \$120 million. See Maggie Farley, *Grim Picture Seen for Iraqis*, L.A. TIMES, February 14, 2003.

<sup>5</sup> *Iraq Situation Analysis*, UNICEF Report, November 20, 2002, at <http://www.unicef.org/media/publications/iraqsitan2002complete.txt>.

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would cost **\$80 million** per year, which would be a relatively modest investment to minimize the risks large numbers of unemployed would otherwise pose to the reconstruction of Iraq.

Similar types of calculations will need to be done for a variety of post-conflict reconstruction missions; ensuring water supply, sewage and solid waste removal, health services, electricity, and public heating are only a few of the highly visible tasks awaiting the reconstruction effort. Planning and allocating resources ahead of time will help ensure that these everyday services are re-instituted quickly and effectively. In the end, addressing such tasks immediately may mean the difference in winning and securing the peace.

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