

## **COSTS AND BUDGETS**

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## **9 GEORGIA COSTS AND BUDGETS**

According to the World Bank/IFC guidelines, project sponsors must ensure that the costs of activities related to resettlement are carefully estimated and included in a detailed RAP budget. An accurate estimate of the costs of land acquisition and compensation is essential for adequate planning and implementation of the project activities and helps to determine the real cost of project design alternatives.

With regard to the Georgia BTC project, the RAP budget (Table 9.1) includes the estimated itemized costs of land acquisition by categories of impact, entitlement, transaction notarization costs, training, project management, and monitoring. The expenditures presented in the RAP budget are estimated for the construction period of the project (3 years) for the 44-meter corridor.

In addition, the RAP budget also includes a RAP Fund that will be used to ensure that the project's potential adverse impacts are taken into account and mitigated through non-cash compensations at the household and community levels. The RAP Fund will be used to mitigate impacts resulting from the loss of communally used State-owned lands, including cultivated lands, hayfields, pastures, and forests.

### **9.1 LAND ACQUISITION AND RESETTLEMENT BUDGET (44-METER CORRIDOR)<sup>1</sup>**

Budgets for project land acquisition and resettlement costs for the Georgia component of the pipeline and ancillary works are summarized in Table 9.1.

### **9.2 SOURCE OF FUNDS**

BTC Co. will provide the funds necessary for land acquisition, payment of compensation, and implementation of resettlement activities.

### **9.3 DISBURSEMENT RESPONSIBILITIES**

BTC Co.'s operator, BP, will be responsible for all disbursement of compensation monies. The "hand-to-hand" principle of direct payment by RAP to the project affected person will be adopted wherever feasible.

### **9.4 CONTINGENCY PROVISIONS**

A 5% contingency on land acquisition compensation is added to the budget.

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<sup>1</sup> This budget does not reflect the additional costs of having a 58-m corridor.

**Table 9.1 Budget for Land Acquisition and Resettlement Activities<sup>2</sup>**

Item	Budget (USD)	Comment	Amounts and Timing			Source of Funds	Channel of Disbursement
			Year 1	Year 2	Year 3		
<b>A. Compensation<sup>3</sup></b>							
Compensation for permanent privately owned land acquisition <sup>4</sup>	5,500,000	Based upon State Land Replacement Fee (land valuation) against land type defined by State.	5,500,000	-	-	BTC	LT/BP
Compensation for loss of crop production for land users on private and State lands (includes annual and perennial crops, as well as potential crop compensation on severed land)	2,200,000	Based upon average compensation rates and field survey of typical crops.	2,500,000	-	-	BTC	LT/BP
Compensation for lost structures & land attachments <sup>5</sup>	250,000	Estimate.	250,000	-	-	BTC	LT/BP
Compensation for forest trees (paid into BTC Community Investment Programme)	400,000	Estimate, based upon the compensation norms and typical orchard density.	400,000	-	-	BTC	LT/BP
Cash compensation to Sakrebulo	250,000	Based upon hay compensation rates for affected areas	250,000			BTC	LT/BP
Sub-Total for A	8,600,000						

<sup>2</sup> Budget items of temporary access compensation, agricultural land reinstatement cost, roads and infrastructure reinstatement costs, and other damages caused by the construction contractor are included in the construction budget.

<sup>3</sup> Payments for encumbrance are not included in this budget.

<sup>4</sup> Inclusive of all crops on private land that is acquired.

<sup>5</sup> If enterprises are affected during construction, their compensation is reflected in this line item as \$50,000.

RESETTLEMENT ACTION PLAN  
GEORGIA

Item	Budget (USD)	Comment	Amounts and Timing			Source of Funds	Channel of Disbursement
			Year 1	Year 2	Year 3		
<b>B. Land Transfer and Notarization Costs</b>							
Powers of attorney and all other transaction costs	60,000	Estimated	60,000	-	-	BTC	LT/BP
Land transfer costs	60,000	Based upon standard Land Registry Fees & number of transactions	60,000	-	-	BTC	LT/BP
Notarization fees	175,000	Based upon standard Notary Fees & number of transactions.	175,000	-	-	BTC	LT/BP
Sub-total for B	295,000						
<b>C. Monitoring and Evaluation</b>							
Three external expert panel member fees and travel (share of Georgia)	350,000	Estimate	90,000	90,000	90,000		
Sub-total for C	350,000						

RESETTLEMENT ACTION PLAN  
GEORGIA

Item	Budget (USD)	Comment	Amounts and Timing			Source of Funds	Channel of Disbursement
			Year 1	Year 2	Year 3		
<b>D. RAP Fund</b>							
Enterprises leasing land from state and for forest activities	150,000	Estimate	150,000			BTC	BP
Investment guidance to land owners who will lose all or disproportionately large amount of their land	150,000		125,000	25,000			
Investment guidance and inputs assistance to elderly people, especially women head of households	100,000		75,000	25,000			
Non-cash assistance (technical, inputs, etc) for income improvement or coverage of unexpected losses	100,000		75,000	25,000			
Coverage of Sakrebulo grazing fees (for communal users of State owned lands)	510,000	Estimate	170,000	170,000	170,000		
RAP Fund administration and implementation cost	90,000	Estimate	30,000	30,000	30,000	BTC	BP
Sub-total for D	1,100,000						
<b>E. Administration and Management</b>							
Staff salaries	Estimate based upon BTC Co. Environment and Social Department which will have a staff of 7-9 and an annual operating budget of approximately \$2.4 mn					BTC	BP
Office & administration						BTC	BP
Transportation						BTC	BP
Consulting						BTC	BP
<b>F. Contingency</b>							
5% of Items in A	430,000					BTC	BP
<b>Grand Total</b>	<b>10,775,000</b>						