LAND ACQUISITION PROCEDURES AND IMPLEMENTING RESPONSIBILITIES

LIST OF FIGURES

5 LAND ACQUISITION PROCEDURES AND IMPLEMENTING RESPONSIBILITIES

5.1 LAND AND ASSET ACQUISITION

5.1.1 Goals

The BTC project's overarching goal in relation to land and asset acquisition is to assist the project affected populations (PAPs) in restoring or enhancing their livelihoods in comparison to pre-project levels. Other specific goals include:

- Constructing the pipeline to avoid residential areas so that physical relocation of people is avoided;
- Site ancillary facilities to minimise acquisition of privately or publicly held productive land;
- Adopting design standards that minimise the need to impose land use restrictions on adjoining areas;
- Developing fair and transparent procedures for determining compensation for (i) temporary use of land and assets for construction purposes; (ii) permanent acquisition of land and assets; and (iii) restrictions on use of land that may be applied to areas adjoining the corridor;
- Acquiring land (or right to use land) through negotiated agreement, with the use of the power of eminent domain only as a last resort.
- Upon completion of construction, restoring land as best as possible to its original condition to permit landowners/users/lessees to resume most or all of their pre-project agricultural activities;
- Keeping affected people and communities fully informed about the project, the process that will be followed to acquire and compensate for land, and their related rights and avenues for redress.

5.1.2 Strategy and Procedures for Land Acquisition

BTC Co. will acquire land from private owners by purchasing land from owners and by compensating users (owners, tenants and squatters) for assets[1]. State-owned lands will be allocated to BTC and SCP by the government of Georgia, pursuant to their respective Host Government Agreements (HGAs). The details of the relevant arrangements in Georgia are discussed in Chapter 3.

The most important element in the process has been to determine the corridor alignment to avoid or minimize physical and economic displacement. It has also been important to obtain frequent feedback from the potentially affected communities, as well as central and local government. Finally, the process has also involved participation of civil society organizations to inform the affected people and to support the BTC Land Team in creating a mutually agreed inventory of affected assets.

The following summarizes the steps followed to reach determination of the final BTC pipeline corridor:

- Upon BTC Co.'s announcing a preferred pipeline route, obtaining permission from Georgian authorities to conduct a general survey of a 10km wide corridor of land encompassing the preferred pipeline route; special attention paid to avoid urban areas, dense settlements, known cultural heritage sites, and environmental resources;

- Narrowing the projected pipeline corridor down to 500 meters; informing local authorities of the geographic specifics of the 500 meter corridor;

- Detailed land survey of the 500 meter corridor, including identification of plot and registry information;

- Establishment of a geodesic GPS network containing all land use and ownership information;

- Specifically defining the requisite 44-meter wide construction corridor. [2]

- Conducting comprehensive inventory of assets (trees, standing structures, and crops etc.) on the plots within the 44-meter construction corridor;

- Identification of title and registry information and addresses for private land owners along the route;

- Completion of allocation procedures for State-owned land along the identified route;

- Preparation of valuation methodology for the land and immovable assets located on the 44-meter construction corridor

[1]

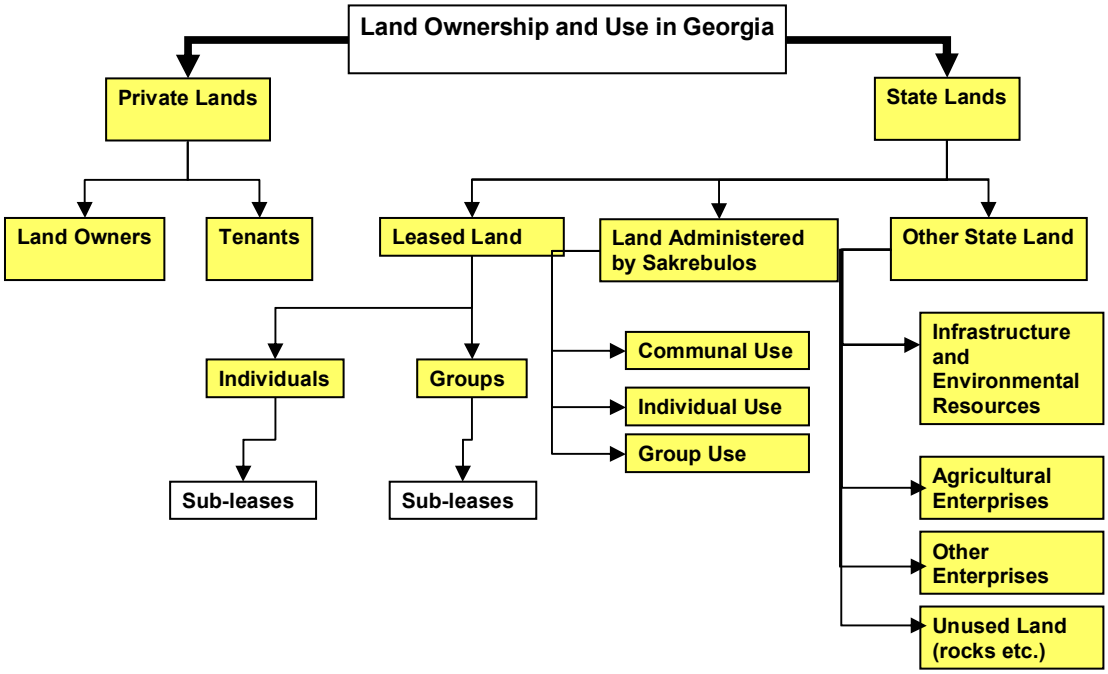
[2] All references in this RAP to a "44-meter construction corridor" assumes (i) SCP sanction, and (ii) that both BTC and SCP will be built within this corridor.

5.1.3 Types of Land to be Acquired

The land to be acquired includes both public and private lands. While private lands include privately owned land plots, public lands include three sub-categories:

- State land leased to private users through individual arrangements;
- State land administered by Sakrebulos (village councils) and used largely collectively by village communities; and
- State land that is in possession of state agencies and enterprises as well as those lands that are currently not in any use.

Figure 5.1 Land Ownership and Use



5.2 BTC LAND REQUIREMENTS

The project's land requirements are described in Chapter 2. BTC Co. will purchase all private land within the 44-meter corridor and the AGIs in the project areas directly from the landowners both for BTC and SCP. Subject to BTC Co. and SCP agreeing to a joint land acquisition programme, the 44-m corridor will be subdivided into two parallel and contiguous 22-meter corridors. BTC Co. will transfer one 22-meter corridor, and the SCP AGIs, to SCP. The government will provide State-owned land to the projects for project purposes in accordance with the HGAs. BTC Co. will compensate users of state land for property and lost income, but not for the land itself in line with provisions in the HGA.

BTC, acting on its own behalf and as implementor on behalf of the SCP project pursuant to the BTC/SCP cooperation agreement, will secure rights to land for the BTC and SCP project respectively. BTC will pay compensation in accordance with the principles and rates set forward in this RAP. In the event that SCP is not sanctioned within the three year construction period which is referred to in this RAP, the land will be reinstated and the previous owners and users of the land will be invited to resume their previous activities subject to restrictions (see

section 5.2.1). Should SCP subsequently be sanctioned and the activities disturbed again, all the then current owners and users would be compensated by BTC Co. in accordance with the principles outlined in this RAP and based on rates which would be updated to the then current market values. With respect to inter alia crop damage and the amounts associated therewith. BTC and SCO projects would settle this in accordance with the relevant cost allocation principles set forth between the projects.

5.2.1 Pipeline Construction and Protection Zones

Three pipeline protection zones[3] are required to maintain safety and protect the pipeline structure. The pipeline protection zones have been developed to meet international design codes and engineering best practice, as required by the HGAs, and apply to three different physical zones:

Zone 1 is four meters to either side of each pipeline. It is the most restrictive zone and prohibits building construction, tree planting, deep ploughing, and use of explosives and other specifically identified activities. As the pipelines are located within the 44-meter construction corridor owned or controlled by the projects, these restrictions will be automatically imposed on the land parcel at the end of the construction phase when the ex-landowner regains use of the land..

Zone 2 is 15 meters to either side of each pipeline. It prohibits construction of habitable buildings in this area, effectively creating a 58-meter wide corridor where such a restriction will apply. This zone allows normal agricultural activities to continue. Compensation will be paid to landowners and users who, due to these restrictions, suffer losses.

Zone 3: This is a much broader zone, comprising five hundred meters to either side of each pipeline where the project wishes to be consulted regarding development applications to ensure minimal risk to the pipeline and resultant risk to surrounding communities. This zone is related to SCP and was established following a Quantitative Risk Assessment that was carried out to understand the nature of risks. The QRA resulted in the recommendation to consider sensitive developments, such as schools or hospitals, on an individual basis so that the design factor relative to the population density is taken into consideration. The pipeline has been routed and designed taking urban and industrial development into consideration. As such, applications to build or develop in certain areas may be allowed, depending entirely on the location of the development and on the kind of development being proposed. There are no restrictions on individual landowners in this zone. Rather, the zone relates to how the Government will meet its obligations to protect the pipelines, as outlined in the HGAs.

See Chapter 6 for detailed discussion of restriction zones.

5.2.2 Route Adjustments

It is possible that in the event of an unforeseen, significant archaeological discovery, or where the project encounters a landowner who does not wish to sell to the project, that localised adjustment to the pipeline route may be necessary. In such cases, any additional land will be purchased using the procedures and compensation framework described in this RAP. Any land that has been previously purchased but then is left surplus to requirements due to the route

[3] As the physical characteristics of oil and gas are different, the SCP gas pipeline and the BTC oil pipeline have different protection zones.

adjustment will be retained during the construction phase, but owners will be allowed to resume cultivation on it thereafter.

5.2.3 Other Temporary Land Requirements

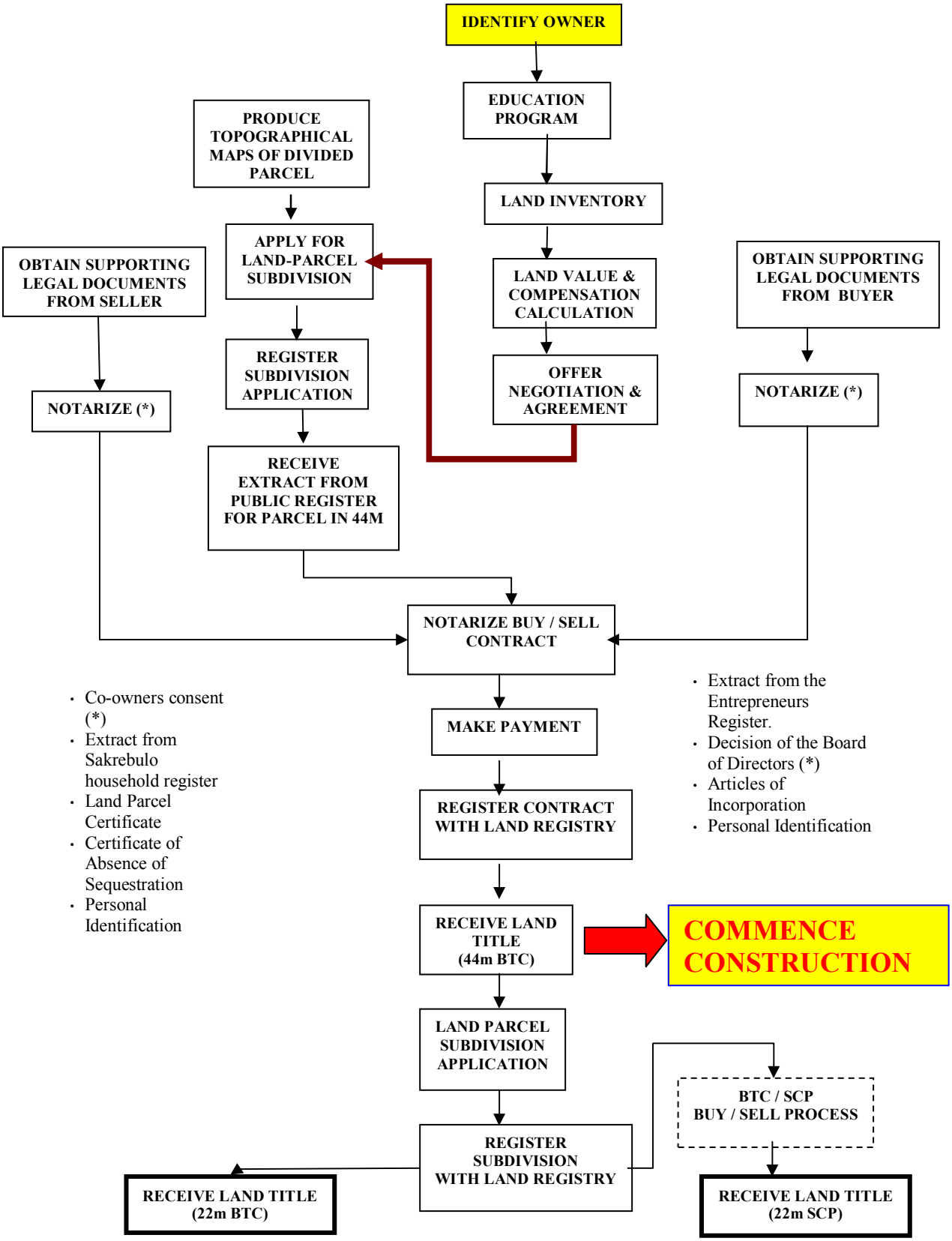
BTC Co. will not buy land required for temporary construction and work areas or for temporary access roads. The identification of temporary land for these activities is the responsibility of the construction contractor, who will also acquire the rights to temporary land. BTC Co. will assist and audit compliance with the RAP (Chapter 6, Section 6.19).

5.3 ACQUISITION OF PRIVATE LAND AND ASSETS

BTC Co. will acquire a 44-meter corridor for both the BTC and SCP projects and impose use restrictions on an additional 14-meter corridor (7 meters on each side of the 44-meter area), or for a total width of 58 metres. The construction contractors will obtain temporary lands (camps, pipe yards) and BTC Co. will audit compliance with the RAP. Ex-landowners will not have access to the lands and assets within the 44-meter corridor during construction, although there will be various crossing points on the ROW to allow reasonable access to sub-divided lands**.**

BTC Co. will allow ex-landowners to use their former land, free of any charge, at the end of the construction phase, subject to restrictions for safety such as the prohibition against constructing buildings and planting trees. The legal mechanisms to achieve this have not yet been finalized. Figure 5.2 summarizes the entire private land acquisition process.

Figure 5.2 Private Land Purchase Process in Georgia



Rights for Privately Owned Land Acquired by BTC

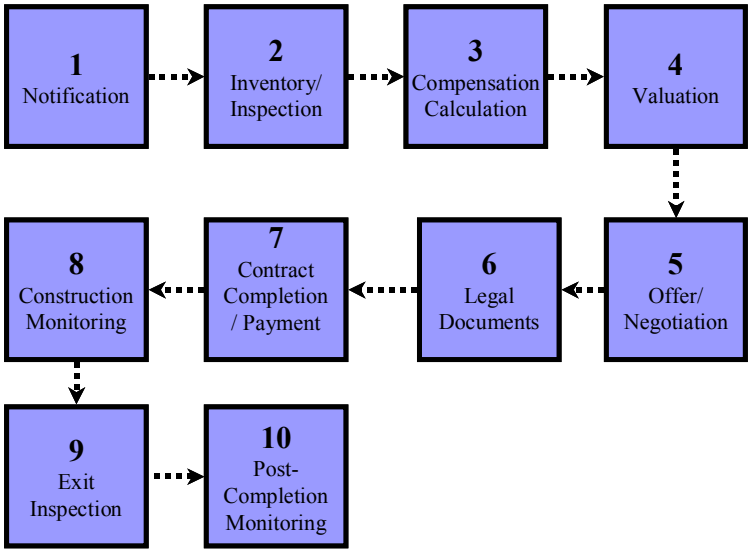
BTC Co. conducted an extensive legal review of the HGA and Georgian legislation to find the most effective mechanisms for obtaining the land rights required for building and operating the pipelines, while at the same time minimising impacts on directly affected landowners (Chapter 3). It was determined that the most effective mechanism available to BTC Co. is that of acquiring, initially, full ownership rights for the privately owned lands needed for construction of the pipelines. This involves advance full payment in cash for land and assets. However, the ex-owners will be allowed to resume, free of any charge, using the land for agricultural production after construction.

5.4 LAND ACQUISITION PROCEDURES

5.4.1 Compensation Process

The compensation process involves a number of valuation methodologies as a basis for providing compensation. In general, the compensation process includes the following steps that will occur sequentially in cases of successful negotiations: [4]

Figure 5.3 Steps in Compensation Process



Steps 1, 2, 3, and 4 have been completed. Step 5 started in November 2002. Steps 6 and 7 will take place between November and middle 2003. Steps 8, 9 and 10 will be completed parallel to the construction timeframe. The construction schedule is provided in Chapter 2. Post-completion monitoring will continue for up to three years after construction.

[4] In the case of unsuccessful negotiation there are two possible options: (i) re-route pipeline around the particular land plot, or (ii) expropriate the land parcel using the power of eminent domain.

Step 1: Notification

A local NGO, the Association for the Protection of Landowner Rights (APLR) has been assisting the project land acquisition team in apprising landowners and land users who may be affected by the project about their rights, compensation processes and construction specifics. APLR will continue to visit affected communities to provide landowners and users with information about their legal rights and provide advice on land-related issues throughout the land acquisition process.

APLR has already held notification meetings in affected villages as a prerequisite for conducting an assets survey (notifications/invitations to these meetings were printed and mailed). At the meetings, APLR conveyed general and specific information about the project to the audience. Audience members were informed of the likelihood that their land would be affected/acquired by the project; and, to facilitate understanding and explanations, aerial photos of the construction corridor were displayed, with individual land parcels and their affected portions clearly marked.

Step 2: Inventory and Pre-Entry Inspection

The purpose of the pre-entry inspection is to conduct an inventory of land and all other immovable assets. It is also to provide photographic evidence of the condition of the land pre-entry[5]. It is also the objective of the pre-entry inspection to confirm that the landowners and land users understand the processes and timeline associated with the construction of the pipeline, including the land and asset acquisition and the compensation procedures. No form of negotiation is to be carried out at this stage. Although tailored to each land parcel and situation, typically the participants of the inventory will include (i) a representative of the project land acquisition team acquisition team, (ii) the registered landowner or land user, (iii) a government official (local to the area), and often (iv) a representative of APLR.

Starting in July 2002, the team began visiting all potentially affected landowners and users whose land fell within the 44-meter construction corridor or at AGI sites. The team met with the landowners/users and any other parties invited by the landowner/user to carry out a detailed inventory and inspection of the land and assets on the affected parcels of land. The inventory agreement forms the basis for calculating the compensation offer. Landowners/users were contacted through the village Sakrebulo to arrange a date for the inventory/inspection. The inventory process for the 44-meter construction corridor is scheduled to be complete by the end of October 2002. Information from the 44 meter corridor inventory and aerial photography will be used to assess areas of real long-term restriction, such as orchards of building allotments. These will be field verified as needed.

Step 3: Compensation Calculation

Compensation will be calculated for land, crops and immovable assets, according to the type of impact. The compensation values will be calculated to equal the full replacement, including the cost of necessary transactions to replace assets and incomes, such as registration fees, court costs, etc.) of property. The fundamental goal is to ensure that people who are affected by the

[5] Specifically, this step will include both written and photographic documentation of the crop area and land borders. It covers types of crops, land irrigation infrastructure and its condition, any crop intensification measures taken by farmers. It also covers fencing around the land (its construction materials and position). The types, location and age of all trees situated on the land, the sources and channels of irrigation, the dimensions of affected channels and/or streams are noted. Also buildings and other man-made structures on the affected land parcels are listed.

acquisition of land are adequately compensated for their losses and that their livelihoods can be maintained during the construction period. An important consideration in the calculation of compensation is the level of impact of land acquisition on the affected parties. If such impacts are disproportionately high, it will be necessary to seek additional methods of compensation to achieve the stated goal.

Step 4: Valuation

BTC Co. has developed procedures for the valuation of property for temporary use and permanent land acquisition for both the BTC and SCP projects[6] (see sections 5.4.3 – 5.4.12 for description of valuation calculations). The project is making use of independent third party land appraisers to assist with determining fair compensation rates. Methods and formulas for calculating compensation are being disclosed through APLR meetings with landowners and users in attendance. All compensation rates and entitlements have been publicly disclosed. The floor price for all types of land is set at 20,400 GEL/ha; in other words, at a minimum, land owners will receive 20,400GEL/ha for their land.

BTC Co. has established the guidelines used to value losses and to enable compensation payments to be made to an individual or household affected by the BTC and SCP projects. A general principle adopted in the formulation of the compensation valuations is that, in accordance with World Bank/IFC guidelines, lost income and assets should be valued at their "replacement cost" and project affected populations (PAPs) should experience no net loss. "Replacement cost" is the cost of replacing assets and incomes, including the cost of transactions and, typically, is expected to be higher than the market values of the assets in question. Where valuations are made for land that is to be permanently acquired, this payment will form part of the purchase price of the property. Valuation methods are described in detail in Section 5.4.2 below.

Step 5: Offer / Negotiation

The registered landowner or land user will be informed of the compensation package being offered in writing (in the Georgian language and, if necessary, in the Russian language) at least seven days prior to the commencement of negotiations. Based on what was learned starting from early ESIA baseline studies (January 2001) and on advise from local NGOs active in land registration, documentation in Georgian and Russian languages is sufficient for all people in the project area, regardless of their ethnic backgrounds. The project is, however, exploring the need for offer letters to be produced in other languages. The purpose of the negotiation procedure is to explain and discuss the compensation offer and to try to reach a final agreement on an acceptable compensation package. Typically the participants of the negotiations will include a representative of the project land acquisition team, a member of APLR, and the affected person. The meeting will be held at the landowners or users home, or other mutually agreed location.

Negotiations will be confidential to the parties involved, although the registered landowner or land user may invite outside assistance, if required. Other independent bodies may also attend to witness proceedings, at the invitation of either the BTC Land Team or APLR and with the permission of the landowner or asset user. If an agreement is reached at this stage, the landowner/user will be given advice from APLR on how to obtain all the legal documentation they need to complete the transaction. The landowner will also be asked to designate his

[6] The land market in Georgia is still in its early stages of development, and expectations in the area where pipeline construction will be undertaken have already inflated land prices. Land values, calculated under a net income scenario, do not correspond to the expectations. In addition, a premium that takes into account other benefits from land, such as building rights, will need to be paid to owners.

preferred payment location, from a series of options. Payment will typically be made within one month, subject to the landowner obtaining the legal documentation required for land acquisition to be completed. If an agreement cannot be reached at this stage a second negotiation meeting will be arranged at a later date.

Typically the people present at the *second* negotiation meeting will be: a representative of the project land acquisition team; the registered landowner/user; a local government representative; a notary; and a representative of APLR. Negotiations will be confidential, but the landowner/user may invite outside advisors or other assistance if desired. Representatives of independent groups may also be present to witness the negotiation. All efforts will be made to reach a mutually acceptable agreement, but in situations where the negotiation cannot be settled at this stage a suitable document will be developed by the notary, which confirms that the project land acquisition team have negotiated in good faith. There will then be two options: 1) pipeline rerouting around the land parcel; or 2) the exercise of eminent domain with respect to the property in question.

Step 6: Obtaining Legal Documents

Once agreement has been reached to acquire the land or compensate for losses, the seller (landowner) must organize a series of legal documents. First, the landowner has to legally subdivide the land parcel so as to permit the project land acquisition team to purchase the land portion that falls into the 44 meter corridor. Application for sub-division of a land parcel will typically be signed by the landowner and filed with the local land registry. APLR will facilitate and pay for (on behalf of the project land acquisition team) all costs associated with this documentation.

The second document required is the consent of the household to sell the land parcel, which is required where the household owns the land parcel, not a single individual. Normally, the respective land registry entry indicates whether the land plot is individually owned, so the head of the household jointly owning the land parcel will be required to obtain the consent of the other members of the household to sell the land parcel. Even where the land parcel is individually owned, the consent of the owner's spouse is nevertheless required. APLR will assist the landowner in obtaining the required notarised document and will pay all costs incurred (on behalf of BTC Co.) in implementing this act.

Upon completion of all documentation, the landowner will be contacted to receive confirmation of the time and place of closing the transaction and making payment. This will typically be within two weeks of the project being notified that the legal documents are in place.

Step 7: Contract Completion and Payment

Both contract completion and payment will happen simultaneously in the bank selected by the project to handle all land-related transactions. Owners and users will be notified of time and location by the project land acquisition team.

The land parcel will be purchased using a contract for land parcel purchase. This contract will be notarised, and all costs associated with this legal process will be paid by the project.

When the landowner has signed the contract and it is legally complete and notarised, payment will be made in either cash (Georgian Lari), or by bank transfer, as requested by the landowner. Payments made to legal entities will be made by bank transfer only. Landowners are being encouraged, by both the project land acquisition team and APLR, to use the bank transfer

system for security reasons. The landowner will be required to sign a receipt to confirm that payment in full has been received.

In the event that the landowner, at this stage, no longer wishes to sell the land for the agreed price, a further meeting will be held at a later date, in the presence of a notary. No negotiation will take place at the bank.

As noted, the issue of returning land use to original owners is still under study and alternative arrangements for making the land available for the use of ex-owners are being pursued.

Step 8: Construction Monitoring

A community liaison team will be established when the project moves into its construction phase. The team will consider all claims of hardship associated with the project. Where the team identifies land-based issues that were not addressed during the initial land acquisition, a suitable compensation package will be established, with the assistance of the BTC Land Team. The compensation package will be assessed using the procedure described here. Due to the variety of circumstances for which hardship payments may be sought, especially in cases where disproportionate impact is claimed, each claim will have to be considered individually, using the philosophy of fair compensation applied in an auditable and consistent manner. Where accidental damage is done to land and assets outside of the construction corridor, or where additional land is required for construction, this will be negotiated and will be undertaken based on the principles outlined in the RAP.

Step 9: Exit Inspection

The project land acquisition team and the construction contractors will carry out an exit inspection with the previous land owners/users of all land that was used during the construction period. The aim of this inspection is to ensure that the land has been left in a suitable state whereby previous agricultural activities may be resumed on the land, subject to certain safety restrictions. The inspection will also confirm that all items negotiated on the basis of reconstruction or replacement are present and satisfactory.

All defects to land and assets will be recorded on a suitable list by the previous landowner/user. Any compensation that is required following the inspection will be calculated according to the procedures described in the RAP, but current market values will be used at the time of the exit inspection.

During the exit inspection, landowners and users will be provided with the following information:

- Oral and written summaries of the restrictions on agricultural and other activities on the land, and

- Contact details of the team responsible for long-term monitoring of the project who will consider subsequent claims, e.g. poor crop performance.

Following the exit inspection and the settlement of all claims, a document will be signed by the previous landowner/user to confirm that s/he is satisfied with the condition of the land.

Step 10: Post Completion Monitoring

Monitoring of project impacts will continue for a reasonable period, about three years, after the construction of the pipelines is complete to evaluate the success of reinstatement. This will allow an opportunity for additional compensation claims, replacement or reconstruction activities, not previously foreseen, to be considered on an individual basis. The effectiveness of public consultation and participation activities, and the sustainability of income levels after the pipeline is complete will be monitored both during and after the construction process is complete. Further details of monitoring arrangements, including those for independent external monitoring and internal BTC Co monitoring are provided in Chapter 8.

5.4.2 Valuation Method

The principle in determining compensation rates and methods is the restoration and improvement of pre-project incomes and living standards[7]. Georgian legislation requires compensation payments to be in line with the following requirements:

- Payable for the entire land parcel, if the balance of remaining land is rendered useless (or uneconomic) to the user;
- Standing crops are valued based on 'incomplete production' i.e. the work / cost input to the crops, such as tilling, sowing, fertilizing, etc; and
- Damages to land being left idle are payable on the basis of lost annual profit (based on previous five years production and current market price).

The valuation of land, and also of crops, depends on whether land is being acquired permanently or temporarily. For permanent acquisition of land, the State Land Replacement Fee (SLRP) will be used since expert advisers have determined that this approach yields a higher value than other valuation methodologies that rely, for example, on market prices for land and capitalized net income from land.[8] For the reasons of simplicity and transparency, BTC Co. will compensate each registered landowner or land user for temporary acquisition based upon the gross market value of cultivated crops. The gross market value represents the contribution the crop makes to the land parcel's overall turnover and, by definition, includes all 'input' costs (labour, seed, fertilizer, insecticide, transport, transaction costs, taxes, etc.) as well as net profit. In addition to payment for the land, landowners will receive compensation at gross market rates for the annual crops present at the time of the inventory inspection.

[7] The IFC's Handbook for Preparing a Settlement Plan states that compensation for land, crops, trees and other fixed assets should be sufficient to enable affected people to restore their standard of living. It also states that it should include a subsistence allowance that provides support until the harvest of perennial crops and fruit trees.

[8] In the calculation of capitalized net income from land, landowners whose land allotments are not located in the larger corridor have been interviewed in 7 regions. Net annual cash flows are calculated based on crop type, operating expenses for each crop, and a risk premium for each crop. These are treated as an annuity and discounted using an appropriate capitalization rate. The details of these calculations and resulting spreadsheets are included in Annex 3.

5.4.3 Valuation of Annual Crops

Lessees will receive compensation for annual crops cultivated at the time of the pre-entry inspection plus lost income from the crops for the period that the BTC and SCP projects require their land for construction (typically three year's worth of crops in total), both calculated using gross market values. Gross market value was adopted for two reasons: (i) it makes full provision for owner or user inputs already expended (labour, seed, fertiliser, pesticides, etc) in the event that there is a crop in-ground at the time of entry and, (ii) in the case of lessees, it provides a premium to take into account cases where the farmer may plant a higher value crop as part of crop rotation, in seasons following entry.

This level of compensation is adequate as the lessee will receive gross market value payment for the period during construction, which includes payment for 'inputs' which are between 35-55 percent, yet no costs will be borne by the lessee.

Calculation of Valuation

The full market value is calculated using the established market rate for the crop, the average yield and the cultivated area.

$$C_{ac} = A_{crop} \times Y_{crop} \times P_{crop} \times n \quad \text{for each crop type}$$

where,

C_{ac}	Compensation due for annual crop (GEL)
A_{crop}	Standing area of the crop (Ha)
P_{crop}	Market price for the crop (GEL/kg)
Y_{crop}	Average yield for the crop (kg/Ha)
n	Affected harvests, typically three

Source Data

Average yield (y_{crop}). The Local Department of Agriculture for each district through which the pipelines will run, were asked to supply data on average yield per hectare for each type of crop. This data has been used to estimate the yield of the annual crop on each land parcel in a particular district. The data is presented on a village level basis and is split between irrigated and non-irrigated production. The land shall be deemed as irrigated if it is specified as irrigated in the land registry, or irrigation infrastructure is noted during the land inventory. Georgian law states that compensation must be given on the basis of each land parcel's *actual* production for the previous five years. Where the landowner / user can provide satisfactory documentary evidence to show that his production is in excess of the district norm, the landowner / user's figures will be used.

Area of crop (A_{crop}). The area of the crop would be as per the figure stated in the land inventory, as agreed between the BP Land Acquisition Team and the registered land owner / user during the inventory inspection.

Crop price (P_{crop}). The BP Land Acquisition Team have been carrying out regular market surveys of the both the regional and Tbilisi markets to establish a reasonable rate for each crop. The price used to calculate the compensation is the highest market price, at the time of the year the crop is normally harvested. This will give the benefit to the farmer, assuming that s/he normally transports his/her harvest to get the most attractive price.

Period of land usage (n). Where the project is purchasing the land, the landowner will be compensated for the standing crops inventoried during the pre-entry inspection, so n=1. Where the project is not purchasing the land, but only impacting the land user (lessee) for a temporary period, the project will compensate for the number of harvests during the construction period. At AGI sites where the land owner / user will be permanently excluded from their land the land user / owner will be compensated for the standing crops inventoried during the pre-entry inspection, so n=1. The total compensation for AGI land will be assessed once the availability of replacement land from the state is known and will be considered on a case-by-case basis.

5.4.4 Valuation of Perennial Plants and Trees

The formulation of compensation for annual crops as described above also applies to perennial crops. However, Georgian law states that for fruit-yielding perennial plants estimation is to be provided according to their balance value; in other words, for that stage before the fruit tree reaches fertility. This is understood to mean that the value of the tree is that of its current production over the number of years before a replacement tree could reach fertility.

BTC Co. has established compensation for perennial crops from previous production figures on the basis of the gross market value of fruit, rather than net profit derived. The yield from a particular type of perennial plant / tree is largely dependent upon age. Therefore, an exact assessment of the age and type of the tree will be made during the pre-entry inspection. Where the Land Acquisition Team cannot determine and agree upon the age of the tree with the landowner or land user, the agricultural expert retained by the project land acquisition team will perform a survey to determine an accurate age.

Compensation will be based on the following factors:

1. Loss of production while the land is used for construction purposes.

2. Loss of production while the tree / plant reaches the same level of maturity.

Where the landowner or land user produces a finished product from his crop, such as wine, the land parcel will be assessed as an on-going business. For existing trees that fall within the 44-meter construction zone and need to be removed in accordance with rules governing restrictions, compensation will be paid based on the capitalized net income of the tree for the lifetime of the project's duration.

Calculation

$\mathbf{C_{pl}} = \mathbf{C_{construct}} + \mathbf{C_{maturity}}$ *for each tree*
$\mathbf{C_{construct}} = Y_{mat} \times P_{tree} \times n_{con}$
$\mathbf{C_{maturity}} = Y_{mat}$[9] $\times P_{tree} \times n_{mature}$

where,
C_{pl} Compensation due for perennial plants (GEL)
Y_{mat} Yield of the perennial at full maturity (kg/plant)
P_{tree} Gross Market Price of the perennial crop (GEL/kg)[10]
n_{con} Number of years required for construction (typically n_{con}=3 for temporary usage n_{con}=0 where land is purchase outright)
n_{mature} Number of years required for the affected perennial to reach same level of maturity as affected tree.

Source Data

Perennial yield at full maturity (Y_{mat}). The Research Centre of Vine Growing and Wine Making of the Department of Agriculture was given an assignment by the project to develop data for time taken for each perennial to reach maturity and average yields from perennial plants.

Perennial produce price (P_{tree}). The BTC Land Acquisition Team have been carrying out regular market surveys of the both the regional and Tbilisi markets to establish a reasonable rate for each crop. The price used to calculate the compensation is the highest market price, at the time of the year the crop is normally harvested. This will give the benefit to the farmer, assuming that s/he normally transports his/her harvest to get the most attractive price.

Period of land usage (n_{con}). For land where the project is purchasing the land outright, $n_{con} = 0$. Where the land user is only being temporarily excluded (lessee) n_{con} = number of crop cycles during project temporary use, which will generally be three.

Perennial maturity period (n_{mature}). Number of years required for the affected perennial to reach same level of maturity as affected tree. The yield from perennials tends to increase to a peak at full maturity and then tail off in old age. Where the perennial in question has yet to reach full maturity, n_{mature} will simply be the age of the tree. Where the tree in question is post full maturity, n_{mature} shall be the age at which the tree first reaches full maturity.

[9] Compensation is based on the mature yield for of the tree, shrub or vine for the full re-establishment period, even though, as the replacement plant matures its yield will incrementally increase till full yield is achieved. The income from fruit production in the re-establishment period is a bonus for the affected owner or lessee.

[10] Gross Market Value covers input costs, so is assumed to cover the cost of a replacement sapling, labour inputs, fertiliser, pesticides, pruning and weeding in the period until the tree reaches full production.

5.4.5 Valuation of Livestock

It is not envisaged that impacts to livestock will be serious. The following measures will be taken to mitigate any loss:

- The main livestock movement corridors will be identified and crossings incorporated into the construction corridor at appropriate locations. This should eradicate any problems with respect to access to water, seasonal pastures, etc.

- The construction corridor is to be adequately fenced (where required), to prevent livestock from straying into open trenches, or encountering machinery.

- The community liaison team will identify beekeepers within 300 meters of the construction corridor so as to relocate the bees.

Livestock related hardship claims / accidental losses resulting from contractor/ construction activities (traffic accidents, falling into unprotected trenches etc.) will be identified by the community liaison team and assessed by the project land acquisition team on a case-by- case basis. The philosophy of replacement cost will be adopted when assessing claims.

5.4.6 Valuation of Pastures

There are large areas of pastureland affected by the project. However, due to the relatively small percentage of overall land that would be taken up for both permanent and temporary project use, the overall impact on income would be very small, if any, for most but not all people. However, to ensure that no losses are incurred, BTC Co. will pay compensation to registered landowners and land users, using one harvest of hay per year for 3 years as the basis for payment, for the land that is taken. In addition, in order to compensate those people who use Sakrebulo-managed communal land for which there are no formal leases, a RAP fund would provide community compensation, as appropriate. Some 80 semi-structured interviews with local authorities demonstrated that they are satisfied with proposed compensation for acquired community lands, including those leased as hayfield. The lessees are compensated for 3 years of hay harvest. The Sakrebulos are compensated based on the revenue they charge. Additional APLR consultations since June 2002 in affected communities, aiming at this specific issue, also find the RAP proposals satisfactory.

The calculation method used to determine the value of this is the same as the method for calculating compensation for annual crops discussed above.

5.4.7 Valuation of Immovable Assets and Infrastructure

Compensation payments for structures will be at the higher of full replacement cost, exclusive of depreciation and inclusive of all fees (construction permits, etc.) and labour costs, and the market value. The pipeline has been routed to avoid major structures. For the two abandoned industrial warehouses on the route, a third party assessor will be used to determine compensation.

Following negotiations with the registered landowner or land user, if preference is given to cash compensation for loss of non-moveable assets rather than replacement / reconstruction, BTC Co. will pay compensation in keeping with IFC / World Bank Guidelines.

During the pre-entry inspection/ inventory process, full construction details, including dimensions and materials of the non-moveable asset, will be recorded and agreed upon with the registered land owner / user. An estimate for the asset will be calculated and agreed upon with the landowner during the negotiations process.

The project land acquisition team has carried out a local survey to determine the costs of commonly used building materials. A composite labour rate has also been estimated, again using local market rates.

5.4.8 Valuation of Timber Trees

The value of non-productive trees is based upon their timber value. The majority of non-productive trees along the pipeline route will be in State-owned forests. Where privately owned timber is encountered, the gross market price for timber will be used. For all AGIs and the 44-meter construction corridor, the owners will be restricted from replanting timber trees. The associated income losses will be reflected in the 44-meter purchase prices.

During the pre-entry inspection, the volume of non-productive trees will be estimated by the project land acquisition team and agreed upon with the registered landowner or land user. Measurements will be taken where trees are easily and safely accessible. Visual inspection will be made in estimating the measurement of higher branches. The timber values used for privately owned timber are the market prices on timber as approved by the Ministry of Economy, Industry and Trade.

Calculation

During the pre-entry inspection the volume of non-productive trees will be estimated by the BP Land Acquisition Team and agreed with the registered land owner / user. Measurements will be made where easily and safely accessible. Visual inspection will be used to estimate higher branches.

Source Data

The timber values were supplied to the project by the Department of Forestry. The figures used for privately owned timber are the market prices on timber as approved by the Ministry of Economy, Industry and Trade'

5.4.9 Valuation of Restrictions on Land Use

With the exception of AGI land, it is anticipated that, following construction and reinstatement, the previous landowners or land users will be allowed free access to the land with certain restrictions. These restrictions are required to ensure that the mechanical integrity of the pipeline is maintained and, except for certain tree-planting restrictions in the locality of the pipeline, are not expected to affect most agricultural activities common to Georgia. No additional compensation for these restrictions will be paid for the 44-meter area purchased from private landowners, given that the SLRF payable to these landowners for their land includes a large premium above the market value of land, and the fact that the free of charge return of land use, however encumbered, will be a net benefit of the ex-owners. For restrictions on other lands within the 58 meter restriction zone, a one-time compensation payment will be made for all economic loss caused by the restrictions (e.g. where they may impact the re-cultivation of previously established orchards or vineyards).

5.4.10 Valuation of Consequential Losses

The construction contractor is to take all reasonable precautions to ensure that pipeline construction has no adverse affects on the surrounding areas. The irrigation and drainage infrastructure will be maintained, and mitigating measures will be implemented if impact is unavoidable. If any damage to the irrigation infrastructure accidentally occurs, all parties affected will be compensated, and the infrastructure will be repaired to at least its pre-construction level. In cases where there is crop loss due to not being able to irrigate the land for any extended period of time, a case-by-case evaluation will be made and crop compensation will be paid to the affected party.

The construction contractor will be responsible for settling all accidental claims due to failure to maintain services / access across the construction corridor. The project land acquisition team and community liaison team will monitor claims and negotiations for the contractor.

5.4.11 Valuation of Severed Parcels of Land

As discussed in Chapter 6, the purchase of the 44-meter corridor will involve acquisition of a portion of a significant number of affected plots. Some plots may become "orphaned" or uneconomic to cultivate either for the duration of the construction or, in some cases, permanently. Similarly, access across the construction corridor may be unreasonably restricted. Thus, BTC Co. will pay compensation for the entire plot, or the orphaned area if the land cannot be economically utilized either permanently or for the duration of the construction[11]. This compensation will be based on the same compensation rates applicable to the area of the land parcel that is within the 44-meter construction corridor.

As BTC Co. intends to allow landowners access to the 44-meter-construction corridor land at the end of the construction phase, many of the small, severed parcels will be affected only for the duration of the construction program. BTC Co. will analyse land parcel sizes in the 500-meter corridor for all districts to determine the minimum land parcel size that has been created by the Government in each district. This will then be considered the smallest economic parcel size resulting from the State land privatisation process of 1992 – 1997. BTC Co. will then pay compensation for all severed parcels that are smaller than the minimum economic size.

5.4.12 Valuation of Non Agricultural Land – Housing Allotments

The pipeline route passes through an area in Rustavi where the land is classified as non-agricultural land. These land parcels have construction rights although no suitable infrastructure currently exists to support housing development, and no structures exist on the housing alloment land.

The project intends to pay a premium for housing allotments, above what is considered a reasonable value. The premium will be up to 15 percent above the value of neighbouring agricultural land to reflect the presence of building rights, although no building actually exist on the allotments. For small housing allotment plots. of less than 500 square meters, the projects will pay compensation for the entire plot, regardless of how much of the plot is actually

[11] As a result of the above land sub-divisions, some land will be severed from the original parcel by the 44-meter construction corridor. During construction, the construction contractor is obliged to maintain reasonable access to land for all land users. The BTC land team will monitor this activity. An appropriate level of compensation will be paid where access has been unreasonably restricted. Procedures for grievances and solution of disputes are explained in Chapter 7.

intersected by the 44 meter corridor. This is paid in recognition of the fact that pipeline restriction zones may impact the ability of some landowners to build dwellings or other structures on their land. As such, the project is effectively compensating for reduced marketability by purchasing the entire plot. The number of housing allotment plots affected is 61, 49 of which are smaller than 500 square meters and will be purchased in full[12]. Where the building restrictions extend outside the 44-meter construction corridor, significantly affecting any remaining housing allotments, compensation will be considered on a case-by-case basis.

5.4.13 Land Purchase Negotiation Process

BTC Co.'s Land Team will represent the project in terms of negotiating with affected people and carrying out inventories of affected crops and assets. The land team members have received training on the World Bank's involuntary resettlement policies. They are also familiar with techniques for consultation and negotiation with affected communities.

The BTC Land Team will remain the main point of contact for communities on property and land issues during construction. It will monitor and assist the construction contractor's pre-entry agreement procedure and final re-instatement sign-off with owners and users, and resolve outstanding issues.

During August-September 2002, BTC Co. designed and launched activities aimed at streamlining procedures for land purchase agreements with the families of absentee or deceased landowners. BTC legal specialists have conducted meetings and consultations with local notaries, public registrars in all affected districts along the 44-meter corridor, and with the Chairman of the Notary Chamber of Georgia.

BTC Co. has prepared a set of documents necessary for the land purchase and negotiation process including (i) Form of the Land Buy-and-Sell Notary Act, (ii) Form of Consent, (iii) Form of Receipt on Receiving the Amount for the Land Parcel, and (iv) Form of Offer. Other documents include (i) Form of Consent of Spouses, and (ii) Form of Consent of Other Family Members. Feedback and comments on these documents were solicited from the SDLM, GIOC, APLR, local notaries, and from the Notary Chamber of Georgia. These documents are available in Georgian and in Russian and will be made available to PAPs during the land acquisition process as explained in Section 5.4.1.

5.5 ELIGIBILITY FOR COMPENSATION

In determining eligibility for compensation, BTC Co. followed the OD 4.30 that notes that lack of legal title does not disqualify people from receiving resettlement assistance. Based on the findings of the census of PAP's and of the socio-economic survey discussed in Chapter 4, a compensation program has been formulated to address the needs of the PAPs.

5.5.1 Documentation of Land Ownership and Use

The Government of Georgia has completed a survey for the purpose of identifying all landowners and all land users of land parcels that have no identifiable registered landowner or land user. The Government is required to register these parties. The project has produced the land identification documentation and land parcels have been plotted on maps in the project's

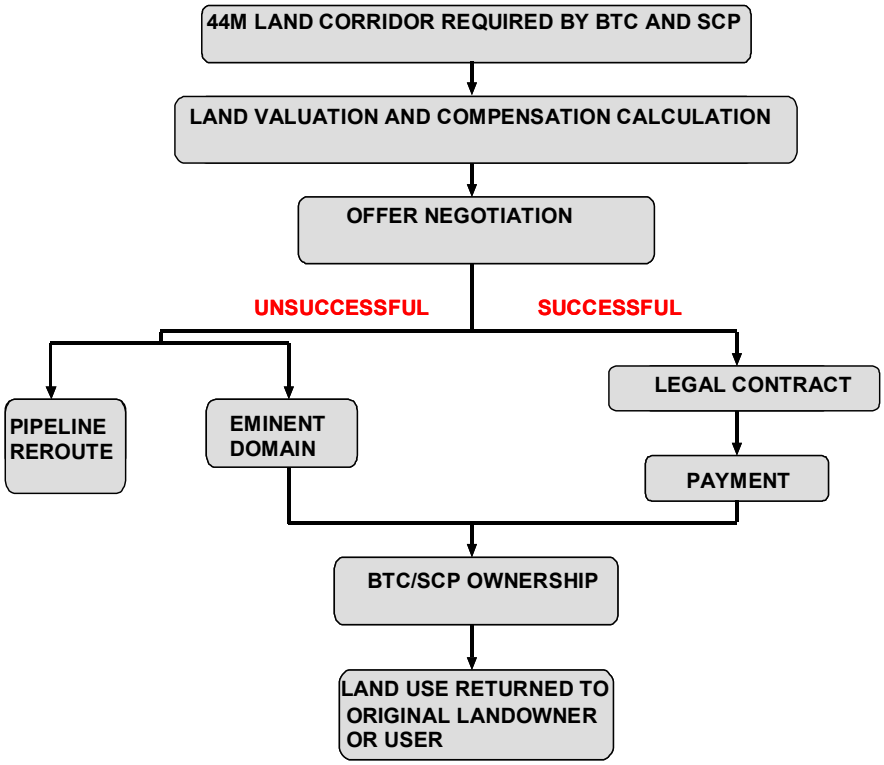
[12] Owners of the housing allotments report, via RAP surveys, to being very content with the level of compensation that they will receive.

GIS system. The accuracy of these maps has been confirmed during the land inventory process. Where errors were found, the areas have been re-surveyed, in agreement with all parties[13].

5.6 NEGOTIATION PROCESS

Figure 5.4 summarizes results of negotiations on acquisition of privately owned land:

Figure 5.4 Negotiation Process on Privately Owned Land



5.6.1 Successful Negotiations

BTC Co. has adopted the following approach to try to achieve successful negotiations in acquiring land and assets:

- By making an offer of the SLRF value for land, BTC Co. will be paying a significant premium above the normal market value for the land as well as the calculated capitalised net income from land. These high rates are fixed rates based on information recorded on the land parcel title. If a landowner does not accept the SLRF value for the land, then other options are described below.

[13] The confusion over ownership is compounded by the various categories of owners:
- Resident owner/owners
- Absentee owner/owners
- Resident/absentee owners
- Disputed ownership
- Unclear ownership
- Private owners who have more than one plot that will be affected by land acquisition.

- The offers for crop and property improvements may be subject to negotiations if the landowner can show that the inventory process has not properly considered their individual circumstances. The landowner will need to document special crop varieties, farming techniques or property improvements to justify different payment rates from those offered as part of the compensation payment.

5.6.2 Unsuccessful Negotiations – Pipeline Re-Route

If the negotiations are unsuccessful, BTC Co. will consider the pipeline re-route option if engineering design can avoid the affected land parcel completely. In this situation the landowner will no longer have the 44-meter construction corridor pass through his/her land parcel, and compensation will no longer be payable to that landowner. As indicated earlier, the project has identified a wider corridor of interest for intensive survey, although only 44-meters is needed for construction of both BTC and SCP pipelines. Hence BTC Co. retains certain flexibility to deviate around affected land parcels.

5.6.3 Unsuccessful Negotiations – Application of Eminent Domain

If negotiations remain unsuccessful and after BTC Co. has considered the route adjustment option (but has found it unsuitable), then BTC Co. will enter into the eminent domain process with that landowner. The HGA empowers BTC Co. to use eminent domain legislation to acquire land where required (Chapter 3). In such circumstances, the courts will assess whether BTC Co. has a valid case for gaining access to the land, and if so, the courts will grant BTC Co. rights to the land and set the level of compensation payable to the landowner.

New eminent domain legislation is being drafted. Within it is a provision for the developer to pay the landowner or user 50% of the compensation value, take occupation of the land and pay the remaining fee once the dispute has been resolved through the courts. This legislation has not yet been introduced to Parliament and is unlikely to be enacted into law during the project period. Even if the law were enacted, BTC would not take possession of the land unless the full, agreed amount of compensation had been paid.

5.7 ACQUISITION OF PUBLIC LAND

The acquisition of and compensation for public land can be divided into a number of categories:

- State-owned land that is leased directly to individual or corporate users;
- State-owned land that is used by people without leases (squatters);
- State-owned land used by the public at large (communal utilization);
- Other State-owned land.

5.7.1 State Owned Land Leased to Private Person

The Government will provide State-owned land to the projects for project purposes in accordance with the HGA between each of the BTC and SCP project entities and the Government of Georgia. Where State land required for the 44-meter construction corridor is subject to private lease, the projects will enter into a contractual agreement with lessees to suspend their lease for the duration of the construction in return for compensation. Upon submission of such contractual agreements by the projects, the government will temporarily

suspend such leases within the 44-meter construction corridor, for the duration of the construction period. Private lessees will not receive any compensation for land, but will be compensated for any other property loss or damage. Lessees will also be compensated for loss of income resulting from the suspension of their leases, in the amount of three years' crop value for leases not due to expire before the completion of the construction works, and proportionately less for leases that expire within three years.

Leases on State land required for AGI sites will be terminated. If any lease is due to expire before the physical completion of the AGI to be constructed on the land subject to the lease, the lessee will be paid lost gross turnover for the duration of the existing lease. If a lease extends beyond the date that an AGI is due to be physically completed then negotiations will take place and either replacement land (leased) or a cash equivalent will be offered.

5.7.2 State Owned Land that consist of natural resources such as rivers and infrastructure such as roads

As with State-owned leased land, BTC Co. will obtain from the Government of Georgia a construction right for a 44-meter pipeline construction corridor and AGI sites. BTC Co. will pay compensation to properly identified users who have no contractual or legal link to the land as well as any formal users who pay fees to the local land authority for use of the land (such as for grazing access to common land). As for natural resources or infrastructure, the project will avoid damage or repair the damages if any are caused.

5.7.3 State-Owned Land in Communal Use (Sakrebulo-managed)

Affected State-owned land in communal use will be compensated for on the basis of one harvest of hay per year in the affected area during the construction period (3 years). This payment will be made to the Sakrebulos. In addition, the RAP Fund will pay the grazing fees to each Sakrebulo for 3 years while community members will be exempt from making these payments. The amount of these fees will be determined based on the total budget of livestock grazing fees (regardless of whether they have been successfully collected in the past) from communities in the year preceding construction for each Sakrebulo. The payment will be made for 3 years, and during this time, community members will be exempt from making grazing payments to the Sakrebulo for their livestock. Even though the impacts on grazing lands are expected to be minimal, several other compensation alternatives will also be given to communities (Chapter 6, Section 6.7)

5.7.4 Compensation Offer for State-Owned Land Leased to Individuals

The private lease-of State-owned-agricultural-land market in Georgia is relatively new. All leases on the pipeline route are in the form of the standard State agricultural lease. The leases are for fixed terms and are subject to certain performance clauses. In contrast to the privately owned land parcels, most State-leased land involves large parcels, typically 100 ha or more.

BTC Co. will not be paying any type of capital payment (i.e. for the value of land itself) to a lessee. As the land is owned by the State, it will be granted to BTC Co. under the provisions of the HGAs. BTC Co. will separately value all current crop and immovable assets within the 44-meter construction corridor that are on leased land. BTC Co. will then pay to the tenants:

- A sum equivalent to the value of three years worth of crops[14] irrespective of where the current year's crop is in its growing cycle;

- For pasture lands, a sum equivalent to the value of 3 years of hay harvest for the area within the 44-meter corridor;

- A sum equivalent to the full replacement cost of all immovable assets, or their market value if higher.

5.8 ORGANIZATIONAL FRAMEWORK FOR LAND ACQUISITION

BTC Co. has established a Land Team to implement the land and asset acquisition and compensation plan. The Community Liaison Team is responsible for ensuring that mitigations as defined in the ESIA are effectively implemented in the field. The Land Team will retain responsibility for issues related to land and compensation. See Chapter 7 for more details. The organization of the Land Team is outlined below:

Land Team (LT) Manager

The LT Manager leads three of the project teams in Georgia including (i) the land team, (ii) the permitting team and (iii) the GIS group, and is responsible for approving compensation, land values and the use of eminent domain.

Assistant LT Manager

The Assistant LT Manager is responsible for developing procedures on land and asset valuation and compensation, and generating documentation to support the land and asset acquisition process and compensation offers. He is also responsible for quality control of compensation offers.

Land Coordinator

The Land Coordinator manages the land field teams. His primary responsibilities include carrying out land inventories and negotiations. He is also responsible for the coordination of payments.

Land Teams

There are seven land teams responsible for carrying out land inventories, negotiations and payments under the guidance of the land co-coordinator in the field. Each team consists of two people, one of whom has previous experience in pipeline land acquisition in Georgia. The members of these teams have been assigned to specific districts and they have been working in these districts for 10 months; at this point they are very familiar with the villages, land arrangers, and residents.

[14] There is a knowledge gap concerning the activities of tenants on land that will be subject to land acquisition, and these will have to be confirmed. In addition, the determination of exact compensation will be subject to the construction schedule and anticipated delays.

Permitting Coordinator

The Permitting Coordinator is responsible for the scheduling and application of all company required permits and licenses for pre-construction, construction, commissioning and operations. He assists the construction contractor in obtaining all necessary permits and licenses for construction.

Permitting Engineer

The Permitting Engineer is responsible for the preparation of permit / license applications under the guidance of the Permitting Coordinator.

GIS Coordinator

The GIS[15] Coordinator is responsible for the production and scheduling of deliverables from the GIS system. He maintains the quality and registration of information in the GIS system and is responsible for carrying out upgrades to the system, as required.

GIS and PERCS operator

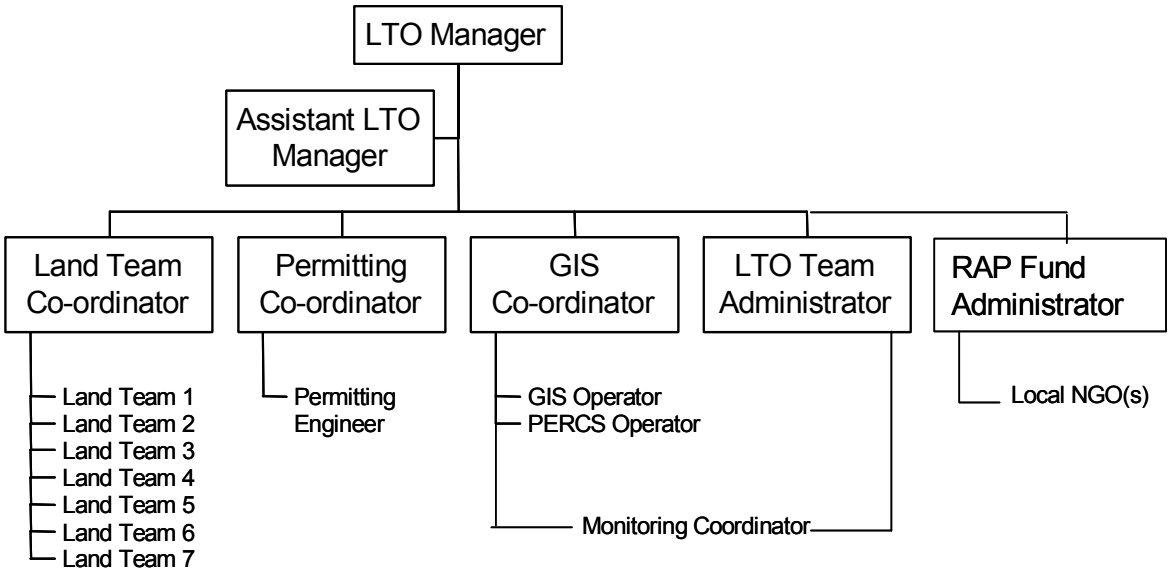
The GIS and PERCS[16] operator is responsible for producing project deliverables under the guidance of the GIS co-coordinator. This person is also responsible for the recording of all consultations with the PAPs in the PERCS system.

Land Team Administrator

This person is responsible for fulfilling the administration requirements of the Land Team, generally supporting the land team in the field and maintaining a good filing system of all field-generated documentation.

[15] GIS – Graphic Information System.
[16] PERCS – Property Engineering Reference and Consultations System.

Figure 5.5 Land Acquisition Team Organization



5.9 THE RAP FUND ORGANIZATION AND ACTIVITIES

5.9.1 Goal

A RAP Fund of $1.1 million has been set aside to provide support to vulnerable groups, including the elderly and elderly women heading households. The details of the budget are provided in Chapter 9.

The goal of the RAP Fund in Georgia will be to ensure that the project's potential adverse impacts are taken into account and mitigated through non-cash assistance. This will be particularly important for people who are disproportionately affected by loss of land.

5.9.2 Strategy

The RAP Fund in Georgia will be supplemental to individual compensation and entitlements that will be provided for purchasing the affected land. The Fund will:

- Provide non-cash assistance for income improvement for affected people;
- Focus on vulnerable people who constitute an important portion of the affected population; and
- Provide a reserve fund for unforeseen compensation requirements.

The project land acquisition team in Georgia will manage the Fund. Implementation of activities would likely be contracted out to an NGO. The activities could include provision of financial management advice for people who receive cash land payments, input assistance such as improved seeds or fertilizers, or service assistance such as technical agricultural advice.

5.9.3 Potential Activities to be financed

Investment guidance services*:* Local populations in Georgia have experienced numerous problems with a poorly functioning banking system in the country. International resettlement experience also shows that especially for the vulnerable people, there is the chance that the payments for land will be used up in a relatively short time and then, they would be left without any means for subsistence. As such, the RAP Fund could provide information and guidance to project-affected populations about managing their newly acquired money, including investment guidance services for those landowners who are not sure what to do with the money they receive from land acquisition. These could be in areas such as small-scale business development, tourism development, and agricultural help.

Assistance to Vulnerable People*:* A major function of the RAP Fund will be to provide a means of income enhancement for those households who are or will become vulnerable due to land acquisition. These households include those, especially elderly women owning land, who will be disproportionately affected by land acquisition. A separate needs assessment with such people, on a case-by-case basis, would help determine the nature of the assistance required. It is expected that this assistance will mostly be in-kind.

Improved seeds and other agricultural inputs*:* These could be provided to the affected parties, with the expectation that they will result in income improvement. It is expected that variations in land quality, differences in types of crops raised, and the agricultural skill levels of villagers could determine the need and request for a variety of agricultural inputs.

Technical assistance for agricultural extension*:* For those requesting it, the Fund could arrange for agricultural assistance and extension packages. These services could also focus on the reinstatement of agricultural land after the construction period is over and land is given back to its previous owners. In addition, given the existence of a large segment of household plots and their importance in providing a subsistence income for their owners, the Fund could provide assistance on various intensive agricultural methods that will be suitable to local conditions.

Unexpected Losses: The RAP has identified all types of owners and users who will be directly and indirectly affected by land acquisition. It is, however, possible that as construction proceeds, some groups may require more compensation than previously foreseen. These may include, but may not be limited to, workers of state enterprises whose lands may be affected by the project. In cases where undue hardship is experienced due to project effects, the Fund will be used to compensate for the losses. The evaluation of these will have to be made on a case-by-case basis.[17]

5.9.4 Timeframe

The RAP Fund needs to be expeditiously implemented in accordance with construction activities. As such, the initial activity of providing financial advice to affected people will be prior to or in conjunction with land negotiations and payments. Other possible RAP Fund elements will be defined during the land acquisition process as field knowledge of particular areas of concern grows. Additionally, the RAP Fund elements will use existing knowledge in Georgia in terms of the activities that can be financed. All RAP Fund activities are envisioned for completion during 2003 – 2004 as indicated in the relevant time-bound budget (Table 9.1).

[17] No impacts on operations of enterprises are expected. No infrastructure or buildings of these are impacted. No adverse employment effects are envisioned. Thus, if these funds will not be needed for mitigation reasons, they will be used as contingency for assistance to vulnerable groups.

5.10 INSTITUTIONAL ROLES AND RESPONSIBILITIES

The RAP Fund will be jointly managed by the Project Land Acquisition Team and the Environment and Social team. This is because the Environment and Social team will also manage the $5 million dollar project Community Investment Program. This will allow synergies to be realized, lessons learned and shared, and leveraging of activities through various financing mechanisms. The Community Liaison Team in the field will also play an important role in monitoring the RAP Fund activities. Documents that detail the CIP program are provided in Environmental and Social Impact Assessment (ESIA). See Chapter 6 for additional details.