

Chapter Seven

7 The Investment Budget

7.1 Compensation Cost

The total investment budget (Table 7 –2) for land acquisition and resettlement has been divided in to the following components (i) Cost for acquisition of land and structures, (ii) Resettlement and Relocations Cost (iii) Rehabilitation (income restoration) Cost, (iv) Resettlement Site development Cost, (v) Administrative Cost and Others (monitoring and evaluation). This cost is for the entire 128 km of STDP.

7.1.1 Determination of Land Compensation

The Divisional Secretaries as per legal procedures will pay the land acquisition cost to the APs as “compensation”. The land acquisition cost covers the legal cost to compensate the losses due to expropriation of properties. Compensation rates for land and others are established by the Valuation officers of the respective District through the approved procedures. Under STDP land prices so determined are current, reflective of replacement value. The “unit rate” for compensation has been prepared by LARD with the assistance of Divisional Secretariat in the Project areas.

7.1.2 Determination of Resettlement, Rehabilitation and Other Related Cost.

The RDA through LARD/RU will pay the resettlement, relocation, rehabilitation and other related cost to the APs as per procedures and modalities laid down in the Resettlement Implementation Plan (RIP). Cost for development of Resettlement Sites and ex-gratia payments on top of compensation for structures @ 25% will also be paid likewise. The rates of relocation allowances like (i) displacement support, (ii) rental support, (iii) shifting cost, (iv) temporary accommodation allowances, (v) temporary relocation shifting allowances and (vi) 25% ex gratia on top of compensation have been determined in such a way that the relocating APs can reestablish their standards of living while moving either to host villages or in designated resettlement sites. Provision has also been made for both individual as well as group relocation. Compensation for informal dwellers (both homestead and commercial structures) has been determined by LARD in consultation with the Divisional Secretariats and APs. The budget for income restoration programme have been calculated keeping in view the poorest of the poor APs have to be economically rehabilitated at least to the level of their pre project living standard.

Table 7.1 shows the Development cost for 1 acre of land in the resettlement site:

S.No	Description Items	Amount (Rs.)
1	Land 1 acre	480,000.00
2	Main electricity supply	100,000.00
3	House to house connection (from sub station)	100,000.00
4	Road construction Improve access road	250,000.00
	i) New road connection	250,000.00
5	Site improvement (cutting & Filling)	250,000.00
6	Water supply (7 wells)	150,000.00
7	Survey work and administrative cost	100,000.00
Sub Total for 1 acre of land		1,680,000.00
Cost of development resettlement sites – 170 acre (68.79H)		285,600,000.00
Total Cost		285,600,000.00

7.1.3 Administrative and Other Costs

A number of agencies are currently involved in the process of land acquisition and there will be some more for implementation of RIP. The administrative cost for (i) Survey and preparation of AT, (ii) preparation of IOL, (iii) cost of land Resettlement Committees (IRCs), (iv) Resettlement unit field staff and (v) local consultative group meetings etc. have been included in the estimate.

7.1.4 The Estimate

The total investment budget shown in Table 7.2 is notional subject to change in completion of land acquisition and during the process of implementation of RIP. The estimate of item 3 of table 7.2 may change with the changing option of the APs. The allocation for Temporary Accommodation may have to be adjusted at later stage. ROA will arrange fund for resettlement of 81HHs of Galle Access Road and 126 HHs of A4 & B5 Access Roads. The cost of 186 under passes has been included in the civil work contract. Given the current field situation this is the best possible estimate, which have been derived by obtaining information from different sources.

7.2 Financing Plan (all cost as of 20/02/2001)

The total investment budget for land acquisition and resettlement, rehabilitation is Rs.2861.50 million, which is equivalent to US\$ 29.80, million. Considering the total cost of STDP as US\$ 323 million, the land acquisition and resettlement cost is 9% of the project cost.

7.3 Source of Funding

The entire cost Rs.2861.50 million will be born by the GOSL. The allocation for current fiscal year is Rs. 800 million for land acquisition and resettlement. Out of Rs. 800 million, the allocation for land acquisition is Rs. 500 million and the balance Rs.300 million for payment of entitlements under RIP. This allocation can meet all the expenses related to activities mentioned in the implementation schedule in fig.9.1 & 9.2.

Resettlement Budget

S.No	Category	Unit			Unit Cost		Value		Total	
		Sq.ft.	Has.	Nos.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
1	Lands									
	Paddy		299.8808			450,000.00		134,946,360.00		
	Other Lands		645.6583			1,200,000.00		774,789,960.00		
	Livestock Farms			3		500,000.00		1,500,000.00		
	Sub total									911,236,320.00
2	Structures									
	Houses	901526.5				1,000.00		901,526,500.00		
	Other Buidings	8836.8				1,250.00		11,046,000.00		
	Commercial Prem	98829				4,000.00		395,316,000.00		
	Sub total									1,307,888,500.00
3	Common Amenities									
	Coop-Buildings			1		800,000.00		800,000.00		
	Library			1		1,000,000.00		1,000,000.00		
	Market Building			1		1,500,000.00		1,500,000.00		
	Cemeteries			5		500,000.00		2,500,000.00		
	Wells			2		50,000.00		100,000.00		
	Public Toilets			9		25,000.00		225,000.00		
	Sub total									6,125,000.00
4	Loss of Crops									
	Paddy		299.8808			15,000.00		4,498,212.00		
	Other Crops		396			15,000.00		5,940,000.00		
	Sub total									10,438,212.00
5	Income Restoration									59,165,700.00
6	Temperory Accomodation		25%1315=			50,000.00		16,450,000.00		
			329							
	Sub total									16,450,000.00
7	Shifting Allowance		1315			1,500.00		1,972,500.00		
	Sub total									1,972,500.00
8	Resettlemnt Sites									
	lot of Land		68.79			1,186,080.00		81,590,443.20		
	Cost of Land		68.79			2,594,854.00		178,500,006.66		
	Sub total									260,090,449.86
9	Monitoring							28,000,000.00		
	Sub total									28,000,000.00
	Total									2,601,366,681.86
10	Contingencies		10%							260,136,668.19
	Grand total									2,861,503,350.05