NEWMONT GHANA GOLD LIMITED

FINAL

AGRICULTURAL IMPROVEMENT AND LAND ACCESS PROGRAM AHAFO SOUTH PROJECT

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INTRODUCTION

The Brong-Ahafo Region is nationally recognized to be Ghana's "breadbasket". The Region supplies about 30 percent of the nation's food. Within Brong-Ahafo Region, Asutifi District stands out for the predominance of agriculture in its economy. About 75 percent of the District's employed population work in the agriculture sector.

In the past, agriculture growth in Asutifi District depended on expanding the number of fields under cultivation. In the last decade, land available for new farms has become increasingly scarce and the cost of access rights has risen. Future growth of the agricultural sector in Asutifi District must be based on more intensive farming, with increased inputs, crop diversification, and access to technical expertise and credit.

Baseline studies in 2004 indicated that 97 percent of the Project-affected people (PAP) identified agriculture as their primary livelihood. Since then, arable land acquired by Newmont Ghana Gold Ltd. (NGGL) to operate the Ahafo Project has rendered some farmer households landless, increased the price of access to arable land in the Project vicinity, and lowered overall agricultural production.

The Agricultural Improvement and Land Access Program is one of three NGGL initiatives in the Framework for Agricultural Improvement, a suite of programs designed to encourage the Asutifi District to realize agricultural productivity, total production, crop diversity, and market access that exceed pre-Project levels. The first program in the framework, under implementation since the first quarter of 2005 is the Agricultural Training Component of the Livelihoods Enhancement and Community Empowerment Program (LEEP). Since February 2005, approximately 500 farmers have participated in LEEP agricultural courses. The second program, the Ahafo Agro-business Growth Initiative (AAGI), begun in April 2006, will have an additional 1,000 farmers participating in high-impact agriculture and small business management training.

The main focus of the Agricultural Improvement and Land Access Program is to maintain or exceed pre-Project levels of crop productivity and ensure compensated farmers have access to land. The means to accomplish this are:

- Providing, free of charge, improved agricultural inputs, sufficient for two acres, for one crop season, to every person compensated by NGGL for cropped land in the Mine Take Area, and that has arable land of two or more acres; and
- Facilitating land access for every person compensated by NGGL for cropped land, and that, at
 present, does not have access to land for cropping, or has access to less than two acres of
 arable land. When persons obtain access to at least two acres of arable land, they become
 eligible for two acre input packages.

BACKGROUND

Involuntary resettlement may lead to impoverishment of affected households. International experience indicates that the main characteristics of resettlement-induced impoverishment are:

- Landlessness- loss of land assets, including common property;
- Joblessness- loss of workplaces and markets;
- Homelessness- loss of shelter;
- General economic set-back;
- Increased rates of crime, disease and mortality;

- Food insecurity and malnutrition; and
- Social disorganization.

Typically, with involuntary resettlements, landlessness is especially prominent, either alone or with correlated hazards such as loss of job, food insecurity and malnutrition.

Landlessness in the Project Area arises from a variety of sources:

- Direct taking of land for the purpose of mining;
- Crop compensation being applied to other than the acquisition of replacement land;
- Increased demand for land in the Project Area drives up land access price;
- Tenure arrangements between landowners and tenants are broken;
- Fallow land does not require compensation in Ghana mining law.

Individually and collectively, these sources restrict land access of Project-affected households, thereby increasing the likelihood of household unemployment, economic setback, food insecurity and malnutrition.

The total land take of the Ahafo South Project is 8,030 acres of which 4,854 acres, consisting of 7,641 individual fields, were cropped. A total of \$14,309,050 (US) was paid in crop compensation to some 3,000 individuals from approximately 1,700 households.

Understanding land access in the Project Area requires an overview of the complex land tenure system. One key point is that all land is owned. There is no commonage, or public land, in the Project Area. The prevailing tenure involves considerable tension between legislation and traditional practice, and within traditional practice between: neighboring Stools; a Stool and the extended families within that Stool; an extended family and individuals within that family.

In the Brong-Ahafo Region, all land is owned in one of three forms: State, Vested and Customary.

State Land

State land has been acquired by government under eminent domain. The principal legislation is the State Lands Act of 1962 (Act 125). Allodial rights are vested in government, which can dispose of the land to state institutions or private individuals and organizations, by way of lease, certificate of allocation/occupation, and license. Such disposed lands are scattered throughout Ghana. The boundaries of each have been cadastral surveyed, mapped, and registered.

Vested Land

Vested land is owned by a Stool, but managed by the state on behalf of the land owning stool. The legal right to sell, lease, manage, and collect rent have been taken from the customary landowner by the application of specific laws on that land and vested in the state. The landowner retains an equitable interest in the land (i.e., the right to benefit from the land). This category of land is managed in the same manner as State land. Unlike State land, however, the boundaries are not cadastral surveyed and land parcels are usually much larger in area. Land ownership in Asutifi District and in the Project Area is legally vested in the government. Nevertheless, in practice, customary ownership dominates.

Customary Ownership

As all land in Ghana is "owned" and as state and vested lands are formally documented, all other land for which formal documentation does not exist can be considered customarily held. Customary ownership occurs where the right to use or dispose of use-rights over land is governed by the customary laws of the land-owning community, based purely on recognition by the community of the legitimacy of the holding. Rules governing the acquisition and transmission of these rights vary by community, depending on social structure and traditional practice. These rules are not normally documented, but are generally understood by community members.

Customary land is managed by a custodian (chief, or a head of clan, or extended family) together with a council of elders appointed in accordance with the customary law of the land-owning community. All grants of land rights by the custodian require the concurrence of at least two of the principal elders for the grant to be valid.

Individual cropped fields and plantations tend to be 'owned' by an individual that normally has right to undisturbed occupation for purposes of farming and sale of crops, but not for sale of the land parcel, without the concurrence of a higher level of 'owner'.

Land Use Rights

Farmers acquire access to land through ownership or tenancy. Land use rights are negotiated under private agreements between landowners and tenants. Landowners are property holders with exclusive rights to use and sometimes, to dispose of use rights to land. Land use rights are typically acquired from traditional rulers and family heads, or by inheritance, and are disposed otherwise by sale or to tenants. Two types of tenants occur in the Project area: sharecroppers and caretakers.

Sharecropping is a specific type of land tenancy that is common in Asutifi District. Within the Mine Take Area per se, more than half of resident households are sharecroppers. In sharecropping, the landlord of a parcel of land extends farming privileges to someone for an agreed period of time. Crops produced are divided between the landlord and the farmer on agreed principles. There are two basic types of sharecroppers. In a tree crop land tenancy growing cocoa or oil palm for example, the field is divided between landlord and the sharecropper at the end of an agreed period (usually five years), generally into two equal shares (*Abunu* system). As part of the agreement, the sharecropper is responsible for acquiring and planting the agreed tree crop. Prior to division of land into two, sharecroppers have use of all food crops harvested and generally do not share proceeds generated from sale of food crops.

In a food crop land tenancy growing crops such as maize and cassava, the agreement is usually renewed on a yearly basis. Crop production is, in most instances, divided between the landlord and the sharecropper on a I (sharecropper) to I (landlord) basis, and there is no division of the field, although terms may vary by agreement (*Abusa* system). In all cases, an agreement is typically signed in the presence of one or more witnesses.

A caretaker, in contrast, is someone that has been employed by either a landlord or sharecropper to care for a particular field (e.g., a cocoa plantation). The caretaker usually resides on or near the field, and in exchange for cultivating the field, receives a share of the proceeds from the sale of crops, typically a one-third share.

The three tenure types do not connote mutually exclusive groups. A given household may be a landlord of one field, a sharecropper on another and caretaker of a third. Across tenure types (i.e., landowners,

sharecroppers, and caretakers), all of a farmer's crops may have been in areas now used by the Project. After payment of crop compensation by NGGL to acquire surface rights for land use by the Project, farmers would no longer have access to that land.

For a full description of the legal basis for acquisition of surface rights and payment of crop compensation for mining activities, refer to NGGL's Ahafo South Resettlement Action Plan (August, 2005).

AGRICULTURAL IMPROVEMENT AND LAND ACCESS PROGRAM

The goal of the Agricultural Improvement and Land Access Program is to reestablish or exceed pre-Project levels of crop productivity and ensure compensated farmers have access to land. In doing so, NGGL will offer agricultural assistance to all crop compensated farmers and facilitate access to land for compensated farmers without access to land. Agricultural assistance consists of a set of standard input packages from which the farmer selects a preferred package.

The Plan describes the organization, schedule, staff and funds required for:

- Identifying entitled applicants;
- Facilitating access to land;
- Providing agricultural inputs and training; and
- Monitoring program implementation.

Communications

NGGL has a comprehensive public consultation and disclosure program in place to address public concerns, provide information, and answer questions on all aspects of the Project. Stakeholders can access information on and/or register for the Agricultural Improvements and Land Access Program at the following locations:

- NGGL Information Centers in Kenyase No. 1 and No. 2 on Tuesdays and Thursdays;
- NGGL Information Centers in Ntotroso, Gyedu, and Wamahinso on Tuesdays and Fridays; and
- NGGL External Affairs Public Outreach Office in Kenyase Camp on Tuesdays and Thursdays.

In addition, NGGL will conduct information sessions via participation in community meetings and functions listed below:

- Resettlement sites:
- Traditional Authorities;
- Asutifi District Assembly;
- Youth associations;
- Farmers' groups;
- Religious groups;
- Non-governmental organizations; and
- Other community groups.

Other communication channels for informing stakeholders about the Program include:

• Local radio stations Nananom FM and Radio BAR;

- Leaflets and brochures; and
- Daily newspapers and other media.

Specific details of informing stakeholders about the Agricultural Improvement and Land Access Program are included in the Communication Plan contained in **Annex 1**.

Registration

The Program is being implemented in two phases to ensure an effective roll out. Phase I began in April 2006 with farmers that are resettled or are LEEP agricultural trainees, and have received crop compensation for fields within the Mine Take Area. Phase 2 begins in July and will process a larger portion of farmers that have received crop compensation for fields within the Mine Take Area.

Registration will consist of verifying crop compensation and land access status. Eligible farmers can be identified through crop compensation receipts and Project records. Land access records and data, however, are not readily available in the community or in the Project database creating a challenge for verifying land access claims. This challenge and the overall sensitivity of the community to land discussions have been evident from community consultations. Determining which farmers currently have access to land requires a combination of incentives and a culturally appropriate, community-based, land access assessment described in **Annex 2**.

Crop Compensation Verification

Program registration is occurring at NGGL information centers in surrounding communities. Crop compensation claims will be verified against NGGL records during the registration process. Proof of crop compensation (original Crop Compensation Receipt for any field compensated) will ensure applicants move quickly to the multi-stakeholder community committee assessment stage.

Land Access Claim Verification

Land access assessments will consider local knowledge of agricultural practices, customary land practices, and familial ownership. All registered farmers must demonstrate land access to a multistakeholder Land Allocation Review Committee (LARC) before receiving agricultural inputs. A Land Access Task Force will assist the LARC in assessing land access status and family land entitlement.

Food Security Verification

Once land access is verified, registered farmers will select an agricultural assistance package based on a preferred combination of food and cash crop inputs that form the basis of a business plan and subsequent agricultural training. The registered farmer's selection must meet basic food security criteria, namely demonstrating to the LARC that they have enough planted food crops to feed themselves and dependents over the next farming season. If food security cannot be demonstrated then the farmer will only receive food crop inputs. Registered farmers requiring land access are only eligible to receive food crop inputs.

Administration

Administration of the Program consists of a coordinated effort between NGGL, Traditional Authorities, Government, NGOs, and the Community. Information specific to each farmer's registration is logged in

the Database (Annex 3). Specific administration activities will be conducted by the various groups listed below.

Land Allocation Review Committee (LARC)

LARCs have been established in the Ntotoroso and Kenyase areas to ensure community participation and feedback in the assessment process. Each LARC is responsible for verifying land access status, recommending a land access facilitation stream, and approving appropriate agricultural assistance. Each LARC case assessment will be recorded in the Database (Annex 4).

Based on decisions of the LARC, NGGL will provide agricultural assistance and facilitate land access. The Committee Secretary and NGGL representative are responsible to ensure qualified farmers receive agricultural inputs. LARC composition and a description of functions appear in **Annex 5**.

Land Access Task Force

A Land Access Task Force is responsible for verifying location of land, classifying the land according to vegetation type, signing sharecropping agreements, and gathering information for identification of land access and tenure status. All information gathered by the Land Access Task Force is noted in a Field Verification Form (Annex 6) and entered into the Database. The Land Access Task Force is comprised of representatives from the Traditional Authority, Chief Farmer and NGGL. Land Access Task Force composition and functions appear in Annex 7.

Opportunities Industrialization Centers International (OICI)

OICI, assisted by the Ministry of Food and Agriculture (MOFA), will be responsible for implementation and oversight of agricultural improvement assistance and provide ongoing agricultural extension training. The main focus of training is to increase agricultural productivity, improve storage techniques and crop handling, and ensure proper money management. OICI is providing 10 Agricultural Officers to assist in providing inputs and agricultural training for registered farmers. Two Supervisor Program Officers will oversee the OICI Agricultural Officers and MOFA Extension Officers.

A main function of OICI will also be to educate and train farmers in developing an Agricultural Business Plan (Annex 8). Five Business Resource Officers will assist farmers in completing Agricultural Business Plans.

Ministry of Food and Agriculture (MOFA)

The Ministry of Food and Agriculture is a partner in the Program and provides agricultural extension services for various crops offered in the agricultural assistance packages. Ten MOFA Extension Officers will provide part-time services toward effective distribution of inputs and improved farming techniques.

NGGL Land Administration Office

A Land Administration Office established by NGGL will be responsible for land registration and monitoring of farmers once assessments are completed by the LARC. A Land Administration Officer, Assistant Land Administration Officer, and three Field Officers will be responsible for ensuring NGGL is kept abreast of registered farmers land status. The officers will be responsible for updating NGGL records and liaising with NGGL surveyors, Town and Country Planning, Traditional Authority Surveyors, LARC, and Land Access Task Force on land tenure, mapping information, input supply and

monitoring. The Land Administration Office will also be responsible for follow up and review of short-term land access tenures.

Agricultural Improvement Assistance

All compensated farmers have access to agricultural assistance. The Agricultural Improvement and Land Access Program offers business planning and a variety of agricultural assistance packages based on providing standard field inputs, extension services, and a choice between different crop packages. In addition to the agricultural assistance packages, compensated farmers will receive cash compensation.

The agricultural inputs will increase productivity of land through planting of certified crops and application of farm technologies over the near term. The agricultural training and extension services focus on improving agricultural techniques of farmers, which will improve the long term productivity of the area.

Agricultural inputs will be provided to registered farmers grouped according to geographic area. These areas will be based on demarcated zones used to facilitate agricultural improvement assistance delivery. A Community Development Officer working with a MOFA Extension Officer will be responsible for providing assistance in each zone. The Supervisor Program Officer is responsible for five Community Development Officers and five MOFA Extension Officers.

Program Overview/Business Plan

Prior to selection of a crop package, all compensated farmers attend training provided by OICI to review details of the Program and prepare a Preliminary Agricultural Business Plan (Annex 8), which will detail required inputs, anticipated returns, possible extension services and timeline for agricultural production from each assistance package. The Preliminary Business Plan includes an initial assessment of food security and current land use rights over cash crop farms. Once the Preliminary Business Plan and training is complete, and subject to LARC approval, NGGL will provide agricultural input packages for compensated farmers.

Using information collected in the Preliminary Business Plan and in the database in conjunction with OICI and MOFA training officers, the following criteria will be used to select preferred candidates for additional, intensive, business plan training (Annex 9):

- Candidate requires existing cash crop farm greater than 2 acres;
- Candidate must be less than 60 years of age; and
- Candidate must display interest in farming practices.

Intensive business plan training will be provided to those selected candidates over 4 sessions of 4 hours each in groups of between 10 and 25. The four sessions will cover the following business plan training topics:

- Group formation and dynamics;
- Money and financial management training (Making Cents);
- Marketing; and
- Participatory budgeting.

Additional training is provided as part of the agricultural input packages as listed below.

Agricultural Inputs

The Agricultural Improvement component of the Program offers a range of assistance packages based on the provision of standard field inputs and extension services and a choice between different crop packages.

Field Inputs

All assistance packages include the following standard inputs for 2 acre parcels:

- Land clearing consisting of;
 - o Initial slashing, piling and burning; and
 - o Felling and stumping.
- Weeding by hand or herbicide;
- Fertilizer;
- Pesticide (if required);
- Storage assistance (if required); and
- Vegetable seeds.

All registered farmers will be offered assistance in the form of payment for clearing two acres of land. To initiate land clearance as soon as possible, the Program has a fixed set of rates for land clearing that will be provided to eligible farmers. Land clearance rates have been agreed to by the LARC (Annex 9) and are based on local labor market rates for various types of vegetative cover on the land including and limited to:

- Acheampong light at ¢300,000 cedis/acre;
- Acheampong heavy at ¢350,000 cedis/acre;
- Elephant grass light at ¢350,000 cedis/acre;
- Elephant grass heavy at ¢400,000 cedis/acre; and
- Forest Underbrush at ¢400,000 cedis/acre.

After registering, the Land Access Task Force will verify location and vegetative cover of the land and the farmer will receive the land clearance payment in accordance with the set rates.

Prior to registering, the farmer can take the risk that they are qualified for the program and can clear their land. The farmer will be reimbursed for clearance once registered and the standard of clearance and vegetative cover is verified by the Land Access Task Force.

Extension Services

Extension services vary according to input packages a farmer selects and that are included in the crop package business plan. Extension services generally consist of the following (refer to **Annex II** for a summary and overview of training topics):

- Field verification and planting preparation;
- Fertilizer application;
- Weed control/pest control;
- Post harvest handling;
- Marketing/Processing; and

• Storage training.

Crop Packages

The following crop packages are offered to compensated farmers according to preferred combinations of food and cash crops (Annex 11):

- Maize/plantain intercrop
- Maize/cassava intercrop
- Chili Pepper seeds
- Oil Palm
- Hybrid Cocoa
- Rice
- Citrus
- Cow Pea
- Soy Bean

Land Access Assistance

Compensated farmers that cannot demonstrate access to land will be offered options to encourage land access. Land access assistance options include:

- Traditional Land Access;
- Traditional Authority Land; and
- Mining Area Land Bank.

Traditional Land Access

All agricultural assistance packages include a Traditional Land Access Fee to assist farmers without land access that enter into sharecropping agreements. For crop compensated landowners, an equivalent amount to the Traditional Land Access Fee will be provided as a preferred cash crop. Incentives will be paid based on a set per acre fee up to two acres per farmer (¢750,000 cedis/acre).

All compensated farmers can use the Traditional Land Allocation Fee to enter acceptable sharecropping agreements for land located anywhere outside the Mine Take Area. Sharecroppers will negotiate land use rights with landowners. A Traditional Land Access Fee will be provided to those farmers that enter into a sharecropping agreement with the *Abunu* sharecropping system as the preferred agreement. Each sharecropping arrangement must be approved by the LARC. Copies of Program approved sharecropping agreements (**Annex 12**) will be available at points of registration.

The Program will provide a list of sharecroppers that require access to land to landowners with additional land. Each arrangement will be registered within NGGL's Land Administration Office.

Traditional Authority Land

The Traditional Authorities of Ntotoroso and Kenyase No. 2 identified respective stool lands appropriate for agricultural development. The Ntotoroso and Kenyase No. 2 Traditional Authority each signed a Memorandum of Understanding (MOU) with NGGL that provides land access in designated "Royal Lands" to all compensated farmers identified by NGGL as having no land access.

According to the MOU, any registered farmer will be allocated a 2 acre parcel of Royal Land for a minimum of two years. Long-term land use arrangement must be negotiated according to standard sharecropping agreements with the Traditional Authority. The Traditional Authority can enter into a long term sharecropping agreement at any point with registered farmers. All tenure arrangements will be integrated into the Agricultural Business Plan.

To date, approximately 430 acres have been identified in the Kenyase No. 2 stool, 117 acres in Kenyase No. 1 stool, and about 130 acres in the Ntotoroso stool (Annex 13).

A cadastral survey of stool land areas has been completed by NGGL under supervision and approval of the Royal Surveyor. Any land under cultivation will undergo a crop survey and be removed from the total land available unless otherwise indicated by the Traditional Authority. Continuation of any current land uses in the Royal Land will be negotiated between the user and Traditional Authority.

Farmers must renegotiate short term arrangements at the end of two years and either:

- Enter into a long term sharecropping arrangement with Traditional Authority for continued use of Traditional Authority Land; or
- Verify alternative livelihood.

Allocation of Traditional Authority land will be according to availability of land as determined by NGGL and the Traditional Authority.

Mine Take Area Land Bank

The concept of a Land Bank was identified in the Ahafo South Project Resettlement Action Plan (August 2005) as a means of continuing access to cultivated land on a short-term (=< 2yrs) and carefully controlled basis for farmers with fields in specific areas located in the Mine Take Area. Project-affected people that may quality for Land Bank areas include compensated farmers with:

- Previously compensated fields located in areas identified by NGGL as land not critical to operations over the next two to five years; and
- No access to land outside the Mine Take Area and desire to continue farming fields located in the Mine Take Area while identifying farm land outside the Mine Take Area.

NGGL has identified at least 800 acres of land in the Mine Take Area, of which, 100 acres are available in Ntotoroso resettlement site (Annex 13).

LARC approval of a case for the Land Bank consists of:

- Farmers are actively, or recently (within one year), cropping fields in designated Land Bank areas:
- Farmers demonstrate no land outside Mining area; and
- Survey ensures location and function of the land in question.

Prior to delivery of agricultural inputs, the NGGL Land Administration Office will arrange a lease (Annex 14) for land that allows a farmer to continue harvesting crops and includes:

• Statement from farmer that they will actively search for land outside the Mining area; and

• Condition of use is that the land is for a temporary basis and that farmers will not be compensated in the event of a loss of crops due to Project activities.

Grievance Procedure

The Company is committed to facilitating expression by stakeholders of questions, concerns, complaints and grievances regarding the Agricultural Improvement and Land Access Program and

"... aims to engage, as much as possible, with its local communities to ensure interactions are relevant, conflicts are resolved quickly and to the mutual benefit of both parties and in such a way that stakeholders feel positive about their involvement with the Company." (www.newmont.com, 2004)

To meet its policy objectives, NGGL maintains both informal and formal grievance mechanisms. Any household or individual can lodge a grievance with the Company through regular channels as described in Chapter 13 of the Company's Ahafo South Project Resettlement Action Plan (August 2005).

MONITORING

Monitoring compensated farmers for food security and land access issues will be an integral component of the general resettlement monitoring framework. Monitoring will assess household crop types, food stores, livestock, and impacts of agricultural training. Monitoring is also designed to track Project-affected community land access trends.

The follow up Land Use Study, to begin in late 2006, will identify changes in land use since the initial survey conducted during 2003-2004. If the monitoring or studies indicate land access problems, the entire Program will be reviewed and evaluated.

The long term goal is to provide an opportunity for compensated farmers to transition into a broader AAGI Program with sustainable productivity improvements. NGGL will continue to monitor program effectiveness in achieving long term goals and make necessary program improvements and modifications to encourage those results.

EVALUATION

The Program has recently been implemented and is being well received and supported in the affected communities. Program evaluation will be done by an independent external expert. Quarterly evaluations will occur in 2006.

SCHEDULE

The Program is being implemented and the detailed schedule appears in **Annex 15**. Verification of land access and seasonality of cultivation will dictate the length of the Program.

BUDGET

Budget estimated for implementation of the Program is US\$ 4 million.