

## **ANNEX A**

## **SOCIAL RESPONSIBILITY POLICY AND GUIDELINES<sup>1</sup>** **(NEWMONT MINING CORPORATION, OCTOBER 2003)**

### **SOCIAL RESPONSIBILITY POLICY**

Newmont is an international mining company, primarily producing gold. The company has active operations, explorations and projects in North and South America, Central Asia, Australasia, Europe, and West Africa.

Newmont's future is dependent on its ability to develop, operate and close mines consistent with our commitment to sustainable development, protection of human life, health, the environment, and to adding value to the communities in which we operate.

To realize these commitments, every Newmont operation will:

- Develop and use systems to identify and manage risks, and provide accurate information to support effective decision making;
- Train our people and provide the resources to meet our social responsibility objectives and targets;
- Respect the Universal Declaration of Human Rights in its business operations;
- Respect the social, economic and cultural rights of indigenous people;
- Adopt policies and standards and operating practices that ensure ongoing improvement;
- Wherever appropriate and feasible, set operating standards that exceed the requirements of the local law;
- Assess our performance against our policies and standards.
- Demand leadership in social responsibility from all our people;
- Seek to share our success by partnering with stakeholders in appropriate community development programs;
- Consult stakeholders in matters that affect them; and,
- Strive to communicate our performance in an accurate, transparent and timely manner.

We understand the actions and conduct of every Newmont employee and contractor are the basis on which our stakeholders will evaluate our commitment to achieving the highest standards of social responsibility.

Since environmental, health and safety issues can affect the communities where we operate, we will carry out our Social Responsibility Policy in conjunction with Newmont's Environmental and Health and Safety Policies.

### **Wayne W Murdy**

*Chairman & Chief Executive Officer*

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<sup>1</sup> This document is available online at [www.newmont.com](http://www.newmont.com).

## **SOCIAL RESPONSIBILITY GUIDELINES**

These guidelines are intended to explain and clarify each of the principles in Newmont's Social Responsibility Policy. Statements of principle are in bold with the explanation below.

### **1. Newmont's Operating Goals**

**Newmont's future is dependent on its ability to develop, operate and close mines in a manner consistent with our commitment to sustainable development, protection of human life, health, and the environment, and to adding value to the communities in which we operate.**

Along with standard business considerations and the Newmont values, our social responsibility commitments form an integral part of our operations.

We believe the principles of sustainable development encompass these widely recognized principles:

- The conservation and preservation of natural resources and of the environment;
- The equitable sharing of the benefits of economic activity; and
- The enhancement of the well-being of people.

In particular, we must make every effort to ensure we add value to host communities and that those communities believe they are better off as a result of Newmont operating in their area.

Our objective is to provide increased returns to our shareholders while creating value for our wider set of stakeholders through the fulfillment of our social responsibilities. We believe failure to fulfill those responsibilities could compromise our capacity to create value of any kind.

**We must develop and use systems to identify and manage risks, and provide accurate information to support effective decision making.**

Newmont has developed a unified approach to risk management, which utilizes team-based risk assessment for the identification of potential risks and opportunities, and the implementation of control measures. This approach ensures the Company has a reasonable level of confidence that risks are identified and adequately managed. We have also developed a set of corporate management and performance standards for community relations that prescribe the systems required for each Newmont operation to manage community-related risks.

**We must train our people and provide the resources needed to meet our objectives and targets.**

Newmont is committed to providing the training and resources needed to ensure that our people are able to meet the requirements of our social responsibility policy. Specific developmental programs are being provided to employees who have a role in the management of community relations will receive. All employees and contractors will receive the training and direction they need to ensure they understand our policy and how our business affects our external stakeholders.

Newmont's operational procedures make specific reference to training and resources to ensure our performance is consistent with these commitments.

### **2. The Standards We Adhere To**

**Newmont is committed to respecting the Universal Declaration of Human Rights in its business operations.**

Newmont makes every effort to operate its business in way that is consistent with and promotes the principles articulated in the Universal Declaration of Human Rights (UDHR). We will work toward achieving the ability to assure that we do not breach the principles underlying the UDHR and are not otherwise complicit in human rights abuses.

**Newmont respects the social, economic and cultural rights of indigenous people.**

We recognize that respect for fundamental human rights must include social, economic and cultural rights. Our extraction operations are frequently in the vicinity of indigenous communities, and we are sensitive to the impact our business has on them. We believe that success in our business is integrally linked to the capacity of local indigenous communities to develop and maintain sustainable livelihoods. We are committed to supporting and promoting the rights and cultures of these communities.

**We adopt policies, standards, and operating practices that ensure ongoing improvement.**

Newmont is a signatory to several documents that articulate specific standards governing our business operations. We are a signatory of the Publish What You Pay / EITI Statement of Principles and Agreed Actions, which recognizes the need to work with our industry counterparts and to cooperate with host governments to implement an effective framework for disclosure of payments we make in all countries where we operate. We have also signed the Voluntary Principles on Security and Human Rights, which sets forth guidelines for maintaining the safety and security of our operations within a framework that ensures respect for human rights.

The Company uses internationally recognized standards - such as the Global Reporting Initiative and the Institute of Social and Ethical Accountabilities standard on stakeholder engagement (AA 1000) – to guide the formation of its policies and standards. This information is used in reviewing the elements of our management system - policies, standards and operating practices - to help drive and deliver improved performance.

**Wherever appropriate and feasible, we set operating standards that exceed the requirements of local law.**

Newmont recognizes that laws differ greatly from country to country, and that the laws in some countries governing the environment, health and safety and similar issues are less rigorous than others. Because we believe that social expectations should be a key driver in the setting of standards, we endeavor wherever we can to set standards governing our operations that are the highest attainable, even where they exceed what local laws require.

**We assess our performance against our policies and standards.**

The regular monitoring of our performance is necessary for us to evaluate whether we are meeting our policies and standards. External auditors annually assess each operation. The auditors evaluate the effectiveness of each operation's management systems and their performance in managing key risks. An important element of these assessments are the interviews with local stakeholders, so that the Company is aware of how our local stakeholders think the operation is performing.

**3. Engaging our Stakeholders**

**We demand leadership from all our people.**

Newmont requires all its employees and contractors to take responsibility for working with our neighbors, and to know and understand that in all places and at all times we are all ambassadors for the Company.

**We seek to share our success by partnering with stakeholders in appropriate community development programs.**

Newmont seeks to maximize employment, training and business opportunities for our local stakeholders, using fair, open and transparent selection processes. We are committed to contributing to community projects that are identified using community need analysis. We will also proactively identify opportunities to leverage community development projects and empower other sectors through partnerships.

**We consult stakeholders in matters that affect them.**

Newmont makes every effort to know and understand the culture of the communities in which we operate and to engage with our local stakeholders so that we have a clear understanding of their needs and interests in relation to any matters that may affect them. We make every effort to incorporate the knowledge gained through engagement and consultation into the decision-making processes of our business.

**We strive to communicate our performance in an accurate, transparent and timely manner.**

We are committed to regularly communicating with our stakeholders on the important issues affecting our business using a range of methods, media and languages. Newmont annually produces social performance reports (Now and Beyond) for most of its operations, development projects and closure projects, as well as a corporate overview report. These reports focus on five key areas critical to the Company's operations, its future and its commitment to sustainable development: The environment, health and safety, our employees, the communities in which we operate, and our economic contribution.

**We understand that the actions and conduct of every Newmont employee and contractor are the basis on which our stakeholders will evaluate our commitment to achieving the highest standards of social responsibility.**

We understand that the Company's performance in the area of social responsibility will be judged on the basis of the actions and conduct of our employees and contractors. We have provided all our employees and contractors with tools – including policies, guidelines, standards, commitments and training – to ensure that their conduct is in all ways consistent with Newmont's values. We are always alert to opportunities to improve these tools, and welcome any comments or suggestions to that end.

**Since environmental, health and safety issues can affect the communities where we operate, we will carry out our Social Responsibility Policy in conjunction with Newmont's Environment and Health and Safety Policies.**

Issues of the environment, health and safety and community relations are integrally linked in terms of their impact on external stakeholders. Consequently, we recognize that the management of these three areas must be integrated to minimize adverse impact and maximize benefits.

## **ANNEX B**

# **CENTENARY GOLD MINING COMPANY LIMITED**

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## **COMPANY POLICY FOR CROP, BUILDING AND RELOCATION COMPENSATION**

The importance of compensation for people who, because of the proximity of their farms and/or buildings to areas needed for project development or because of public safety concerns, has been recognized by the company as an issue that requires established management practices. The company believes that effective administration this subject will result in the future profitability of both the company and the compensated people.

This policy is an extension of the Normandy Group Corporate Environmental Policy and addresses the issue of compensation which could not be specifically noted in a universal policy such as the Corporate Environmental Policy.

- Compensation is seen by the company as one of the most visible and tangible expressions of it's community relations responsibilities and therefore must be managed with concern and sensitivity.
- Compensation provided by the company for crops and/or buildings will be in such a form as to ensure parity, as a minimum, with the compensated person or group's original economic and social situation.
- Building compensation will be on a "house for house" basis and also take into account related issues such as availability of services and access.
- Crop compensation will be provided with additional assistance and advice from specialists in order to help recipients reinvest wisely in projects that should help to ensure their long term economic prosperity.
- Crop compensation prices will be established that are fair to both the company and recipient.
- The company will ensure that compensation exercises are conducted by experienced personnel familiar with both the actual assessment work as well as the associated issues.
- Documentation of compensation work will follow established procedures to ensure fairness and honesty towards all involved.

Surface mining is a temporary land use and, following an effective rehabilitation program, it is believed that various activities can be economically viable on reclaimed areas. This will require planning at the local level in order to establish economic activities that are acceptable and understood by local people in order to ensure long term sustainability. It is believed that this planning will eventually become the extension of a successful pre-mining compensation plan.

Managing Director  
Centenary Gold Mining Company Limited

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**CENTENARY GOLD MINING COMPANY LIMITED**  
**INTEROFFICE MEMORANDUM**

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**TO:** K. HUGHES  
**FROM:** P. DAWSON  
**DATE:** 02/24/00  
**SUBJECT:** CADASTRAL SURVEY

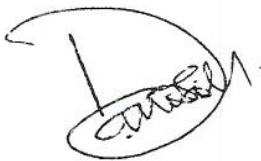
**CC:**

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The cadastral survey of Kenyase concession is completed. Attached is a copy of the maps, one with the topo the other without the topo.

The ID numbers shows the farm owner(s) and location on the concession. Only the main cash crops were surveyed, that is cocoa, cashew, oil palm, teak and orange. Efforts were made to count kola trees because they are not generally cropped as plantation.

Budgeted must be for subsistence crops such as cassava, coco-yam, plantain rice, garden-eggs, pepper etc. I suggest 40% of the total amount given allocated for that.

A handwritten signature in black ink, appearing to be 'P. Dawson', enclosed within a hand-drawn oval.





# Contract

for

## Compensation Related to Mining Activities

of

### Centenary Gold Mining Company Limited

This agreement is made on this \_\_\_\_\_ of \_\_\_\_\_ 19 \_\_\_\_ between Centenary Gold Mining Company Limited, registered address at 158 Maseru Road, East Legon, Accra and Private Mail Bag, Kotoka International Airport (the COMPANY), and \_\_\_\_\_ of \_\_\_\_\_ (the FARMER) whose photograph is attached Exhibit A.

#### Background

- 1.1 The COMPANY has acquired the right to mine from the Republic of Ghana.
- 1.2 The farmer recognizes the COMPANY's right to mine in this area.
- 1.3 That the mining activities have adversely affected the crops of the FARMER whose farm is located on the mining license.
- 1.4 That the farmer is the rightful owner of these destroyed crops (FARMER's signature or thumb print here).

#### Now it is Agreed as follow:

- 2.1 That the amount of money paid by the COMPANY to the FARMER is for compensation of crops destroyed by the COMPANY.
- 2.2 That the amount paid as compensation for crops destroyed by the COMPANY was calculated according to the schedule of rates Exhibit B and the amount destroyed Exhibit C (the inventory) on plot shown by Exhibit D. The calculation is shown by Exhibit E.
- 2.3 That the FARMER agrees with the quantity of crops destroyed as shown by Exhibit C (FARMER's signature or thumb print here).
- 2.4 That the agreed compensation will be paid on the \_\_\_\_\_ day of \_\_\_\_ 19 \_\_\_\_
- 2.5 That with the payment of the agreed compensation, the COMPANY's obligations to the FARMER are complete, and the FARMER shall have no further recourse to compensation for item covered by this agreement.
- 2.6 That the FARMER understands the terms and conditions of this agreement, and that these same terms and conditions have been explained to him in both English and his native language \_\_\_\_\_ by \_\_\_\_\_ (the name of the person who explained the conditions) and his relationship to the COMPANY \_\_\_\_\_
- 2.7 That all payments made by the COMPANY to the FARMER under this agreement shall be subject to the prior approval of the negotiated schedule of rates (or a recognized valuer subject to the PNDC law 153. valuer's name \_\_\_\_\_).

Signed on behalf of Centenary Gold  
Mining Company Limited

Signature and/thumb print  
of the farmer

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

Witnessed by:

Witnesses by:

\_\_\_\_\_




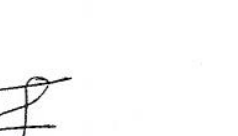

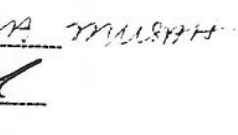
\_\_\_\_\_

**NEGOTIATION FOR NEW PRICES OF CROPS WITH  
CENTENARY GOLD MINING LIMITED  
AND YAMFO, SUSUANSO, TANOSO,  
ADROBAA, TECHIRE AND AFRISIPAKROM.**

[A] SIGNED; ON BEHALF OF CHIEF FARMERS

- 1, ADROBAA S.K. Meriah DATE 22/2/2000
- 2, TECHIRE M. A. U. U. U. DATE 23/2/2000
- 3, YAMFO [Signature] DATE 23/2/2000
- 4, SUSUANSO: [Signature] DATE 23/2/2000
- 5, AFRISIPAKROM: [Signature] DATE 23/2/2000
- 6, TANOSO: [Signature] DATE 23/2/2000

**(B) FARMERS REPRESENTATIVES**

- a, YAMFO [Signature]  R.  
T.  
P.
- b, SUSUANSO [Signature]  R.  
T.  
P.
- c, TANOSO [Signature]  R.  
T.  
P.
- d, TECHIRE [Signature]  R.  
T.  
P.
- e, ADROBAA [Signature]  R.  
T.  
P.
- f, AFRISIPAKROM [Signature]  R.  
T.  
P.

**(C) ASSEMBLYMAN**

- YAMFO Hon. Agatek SIGNED [Signature]
- SUSUANSO Agnes Menu SIGNED [Signature]
- TANOSO Agnes Menu SIGNED [Signature]
- TECHIRE M. A. U. U. U. SIGNED [Signature]
- ADROBAA Hon. Agatek SIGNED [Signature]
- AFRISIPAKROM Agnes Menu SIGNED [Signature]

WILLIAM FORSON - [Signature]  
22/02/2000  
SIGNED ON BEHALF OF THE COMPANY

**RANK MINING/CETENARY GOLD MINING CO. LTD.**

**NEGOTIATION WITH FARMERS - NTOTOROSO**

	BIG ₹	MEDIUM ₹	SMALL ₹	V. SMALL ₹	TOO SMALL ₹
1. COCOA (per tree)	14,000.00	10,500.00	8,200.00	3,000.00	
2. BANANA(AGRIC)(pre plant)	4,000.00	3,000.00	2,000.00	1,200.00	.
3. BANANA(LOCAL)(per plant)	3,000.00	2,250.00	1,500.00	1,200.00	
4. PLANTAIN(per plant)	5,000.00	3,750.00	2,500.00	625.00	
5. COCO-YAM(per plant)	750.00	550.00	400.00	250.00	
6. TEAK TREE(per tree)	25,000.00	9,000.00	5,000.00	2,500.00	
7. KOLA(per tree)	15,000.00	9,000.00	7,000.00	5,000.00	
8. ORANGE(per tree)	20,000.00	15,000.00	8,000.00	5,000.00	
9. OIL PALM(AGRIC)	20,000.00	15,000.00	8,000.00	5,000.00	
10. OIL PALM(LOCAL)	5,000.00	3,500.00	2,500.00	1,500.00	
11. PINEAPPLE(per plant)	4,000.00	2,700.00	2,350.00	700.00	
12. MAIZE(per plant)	500.00	375.00	250.00	125.00	
13. YAM(per plant)	3,000.00	1,200.00	960.00		
14. MANGO(per plant)	15,000.00	11,700.00	8,350.00	4,200.00	
15. PERPER	500.00				
16. CASSAVA	1,500.00	1,000.00	800.00	400.00	
17. GARDEN EGGS	<b>TO BE NEGOTIATED</b>				
18. TOMATOES					
19. ONION					

\* The above rates come into effect from 1/4/2000  
 \* It will be re-newed after one(1) year.

SIGNED

WILLIAM-FORSON  
 COMPANY REPRESENTATIVE

*[Signature]*  
 22/2/00

[Signature]  
 CHIEF FARMER

22/2/00

[Signature]  
 FARMERS REPRESENTATIVE

*[Signature]*  
 22/2/00

ASSEMBLY MAN

ALEX AFIMIE

22/2/00

RANK MINING/CENTENARY GOLD MINING CO. LTD.

NEGOTIATION WITH FARMERS - *YAMFO*

	BIG ₹	MEDIUM ₹	SMALL ₹	V. SMALL ₹	TOO SMALL ₹
1. COCOA (per tree)	14,000.00	10,500.00	8,167.00	5,833.00	2,333.00
2. BANANA(AGRIC)(pre plant)	4,000.00	3,000.00	2,000.00	1,200.00	
3. BANANA(LOCAL)(per plant)	3,000.00	2,250.00	1,500.00	1,200.00	
4. PLANTAIN(per plant)	5,000.00	3,750.00	2,500.00	625.00	
5. COCO-YAM(per plant)	750.00	550.00	400.00	250.00	
6. TEAK TREE(per tree)	25,000.00	9,000.00	5,000.00	2,500.00	
7. KOLA(per tree)	15,000.00	9,000.00	7,000.00	5,000.00	
8. ORANGE(per tree)	20,000.00	15,000.00	8,000.00	5,000.00	
9. OIL PALM(AGRIC)	20,000.00	15,000.00	8,000.00	5,000.00	
10. OIL PALM(LOCAL)	5,000.00	3,500.00	2,500.00	1,500.00	
11. PINEAPPLE(per plant)	4,000.00	2,667.00	1,333.00	667.00	
12. MAIZE(per plant)	500.00	375.00	250.00	125.00	
13. YAM(per plant)	3,000.00	1,200.00	960.00		
14. MANGO(per plant)	15,000.00	11,667.00	8,333.00	4,167.00	
15. PERPER	500.00				
16. CASSAVA	1,500.00	1,000.00	800.00	400.00	
17. GARDEN EGGS	TO BE NEGOTIATED				
18. TOMATOES					
19. ONION					

- \* The above rates come into effect from 1/4/2000
- \* It will be re-newed after one(1) year.

SIGNED

*W*  
23/02/2000  
 COMPANY REPRESENTATIVE  
 WILLIAM - FORSON

*[Signature]*  
 CHIEF FARMER

*[Signature]*  
 FARMERS REPRESENTATIVE

## **ANNEX C**

**NEWMONT GHANA GOLD**  
**KENYASI SITE**  
**CROP COMPENSATION PAYMENT**

Farmers whose crops were destroyed during survey line cutting, drilling at Ntotroso,  
 Adrobaa and extra subenso

**Date: 25TH MAY 2003**

Item #	Name of Farmer	Village	Project Area	Receipt #	Total Amount
1	Mr Kofi Kontoh	NTOTROSO	ROAD SURVEY	61	100,000.00
2	Mad Felicia Manu	NTOTROSO	ROAD SURVEY	62	288,000.00
3	Mr Yaw	NTOTROSO	ROAD SURVEY	63	70,500.00
4	Mr A K Asare	NTOTROSO	ROAD SURVEY	64	39,000.00
5	Maame Mmaye	NTOTROSO	ROAD SURVEY	65	109,500.00
6	Mad Aku Boaheman	NTOTROSO	ROAD SURVEY	66	48,000.00
7	Mr Elijah Opoku	NTOTROSO	ROAD SURVEY	67	139,500.00
8	Papa Adaboh	NTOTROSO	ROAD SURVEY	68	144,000.00
9	Mad Abena Amankwaa	NTOTROSO	ROAD SURVEY	69	132,000.00
10	Mad Akua Serwaah	NTOTROSO	ROAD SURVEY	70	154,500.00
11	Mad Amankwaa Badu	NTOTROSO	ROAD SURVEY	71	158,000.00
12	Mr Salas Mensah	NTOTROSO	ROAD SURVEY	72	67,500.00
13	Mad Beatrice Abrafi	TERCHIRE	SUBENSO/EXTRA	73	1,151,000.00
14	Mr Kwame Frimpong	TERCHIRE	SUBENSO/EXTRA	74	300,000.00
15	Mr Akwasi Baffour	TERCHIRE	SUBENSO/EXTRA	75	1,120,589.00
16	Mr Joseph Nsiah	TERCHIRE	SUBENSO/EXTRA	76	425,051.00
17	Mr Martin Agyei	TERCHIRE	SUBENSO/EXTRA	77	797,656.00
18	Mame Donkor	TERCHIRE	SUBENSO/EXTRA	78	565,000.00
19	Mad Akosua Nyarko	TERCHIRE	SUBENSO/EXTRA	79	567,000.00
20	Opanin Agyei	NTOTROSO	ROAD SURVEY	80	789,000.00
21	Mr Salifu Issa	NTOTROSO	ROAD SURVEY	81	136,500.00
22	Mr Kwame Appiah	NTOTROSO	ROAD SURVEY	82	702,000.00
23	Mad A A Amponsa	NTOTROSO	ROAD SURVEY	83	72,000.00
24	Mr Kwaku Baffour	NTOTROSO	ROAD SURVEY	84	886,500.00
25	Mr Anthony Poku	NTOTROSO	ROAD SURVEY	85	420,000.00
26	Mr Abdulai Moro	NTOTROSO	ROAD SURVEY	86	894,000.00
27	Mad Yaa Amankwaa	NTOTROSO	ROAD SURVEY	87	544,000.00
28	Mad Afia Dufia	NTOTROSO	ROAD SURVEY	89	93,000.00
29	Op Kwame Berkoh	NTOTROSO	ROAD SURVEY	90	838,000.00
30	Mad Fowaa	TERCHIRE	DRILL SITE PREP	91	648,278.00
31	Mr. Adade Ernest	TERCHIRE	DRILL SITE PREP	92	27,930.00
32	Mr. Yaw Badu	TERCHIRE	DRILL SITE PREP	93	84,189.00
33	Mr. James Tetteh	TERCHIRE	DRILL SITE PREP	94	254,800.00
34	Mad. Rose Twumwaa	TERCHIRE	DRILL SITE PREP	95	88,950.00
35	Mr. Atta Yaw	TERCHIRE	DRILL SITE PREP	96	47,800.00
36	Yaa Donkor	TERCHIRE	DRILL SITE PREP	97	30,000.00
37	Mr. Amoako James	TERCHIRE	DRILL SITE PREP	98	74,369.00
38	Mad. Agartha Agyeiwaa	TERCHIRE	DRILL SITE PREP	99	416,550.00
39	Op. Kofi Kyei	ADROBAA	DRILL SITE PREP	100	2,143,000.00
40	Op Yaw Ababio	NTOTROSO	ROAD SURVEY	101	853,000.00
41	Mad Yaa Abrefa	NTOTROSO	ROAD SURVEY	102	1,133,700.00
42	Mad Akosua Agyeiwaa	NTOTROSO	ROAD SURVEY	103	774,000.00
43	Mad Akosua Anafoaa	NTOTROSO	ROAD SURVEY	104	475,000.00
44	Mr Kwame Agyemang	NTOTROSO	ROAD SURVEY	105	153,000.00
45	Mad Yaa Maanu	NTOTROSO	ROAD SURVEY	106	351,000.00
46	Mr Kofi Asare	NTOTROSO	ROAD SURVEY	107	402,000.00
47	Mr Amponsah Boadu	NTOTROSO	ROAD SURVEY	108	168,000.00
48	Mad Adwoa Serwaa	NTOTROSO	ROAD SURVEY	109	300,000.00
49	Mr Yaw Gyasi	NTOTROSO	ROAD SURVEY	110	120,000.00
50	Mad Amma Ampofowa	NTOTROSO	ROAD SURVEY	111	33,000.00
51	Sister Yaavi	NTOTROSO	ROAD SURVEY	112	255,500.00
52	Mad Akwa Hawah	NTOTROSO	ROAD SURVEY	113	183,000.00
53	Nana Kyei	NTOTROSO	ROAD SURVEY	114	222,000.00
54	Mad Agnes Aanane	NTOTROSO	ROAD SURVEY	115	296,000.00
55	Mr Kwame Amankwa	NTOTROSO	ROAD SURVEY	116	49,500.00
56	Mad Alice Amankwa	NTOTROSO	ROAD SURVEY	117	330,000.00
57	Mad Akosua Brefi	NTOTROSO	ROAD SURVEY	118	454,500.00
58	Mad Yaa Anane	NTOTROSO	ROAD SURVEY	119	835,000.00
59	Mr Opoku Eliger	NTOTROSO	ROAD SURVEY	120	156,000.00
60	Mad Akua Brago	NTOTROSO	ROAD SURVEY	121	160,000.00

61	Mr Kwabena Buabeng	NTOTROSO	ROAD SURVEY	122	346,000.00
62	R.v. Perter Asare	NTOTROSO	ROAD SURVEY	123	192,000.00
63	Mr Ali Daniel	NTOTROSO	ROAD SURVEY	124	366,000.00
64	Mr Kwadwo David	NTOTROSO	ROAD SURVEY	125	232,000.00
65	Mr K Dersmond	NTOTROSO	ROAD SURVEY	126	36,000.00
66	Mad. Mary Antwiwaa	NTOTROSO	ROAD SURVEY	127	129,000.00
67	Mad. Georgina Gyamfi	NTOTROSO	ROAD SURVEY	128	43,500.00
68	Mad. Janet Gyamfi	NTOTROSO	ROAD SURVEY	129	115,000.00
69	Mad. Akosua Pokua	NTOTROSO	ROAD SURVEY	130	66,000.00
70	Agya Azizu	NTOTROSO	ROAD SURVEY	131	400,500.00
71	Mame Mmaye	NTOTROSO	ROAD SURVEY	132	109,500.00
72	Karim Haruna	NTOTROSO	ROAD SURVEY	133	90,000.00
73	Mr. Agyemang Boachier	NTOTROSO	ROAD SURVEY	134	666,000.00
74	Mr. Kojo Kyei	NTOTROSO	ROAD SURVEY	135	493,500.00
75	Akwasi Adu-Asamoah	TERCHIRE		136	2,742,750.00
76	Mr. William Kusi	NTOTROSO	ROAD SURVEY	137	270,000.00
77	Mr. Asare Paul	NTOTROSO	ROAD SURVEY	138	373,500.00
78	Mr. Atta Oppong	NTOTROSO	ROAD SURVEY	139	894,000.00
79	Mr. Akwasi Ofori	NTOTROSO	ROAD SURVEY	140	216,000.00
80	Mr. Kofi Kyreme	NTOTROSO	ROAD SURVEY	141	1,062,000.00
81	Mad. Serwa Gyamfua	NTOTROSO	ROAD SURVEY	142	90,000.00
82	Mad. Amina Kuri	NTOTROSO	ROAD SURVEY	143	1,167,000.00
83	Nana Atuahene Acheampong	NTOTROSO	CHIEF FARMER	144	2,150,000.00
84	Mr. J. Y Manu	TERCHIRE	CHIEF FARMER	145	2,150,000.00
85	Mr. John Amankwa	KENYASI	CHIEF FARMER	146	3,224,000.00
86	Nana Kofi Amankwa	ADROBAA	CHIEF FARMER	147	2,150,000.00
<b>SUB TOTAL</b>					<b>43,046,112</b>
<b>1 % Bank Charges</b>					<b>430,461</b>
<b>Grand Total</b>					<b>43,476,573</b>

Approved By:

Should be paid through Tano Rural Bank Ltd.



## **ANNEX D**

**NEWMONT GHANA GOLD LTD.  
RESETTLEMENT/RELOCATION COMMITTEE**

**AUTHORIZATION**

1. NAMES OF CONSTITUENTS AUTHORIZING REPRESENTATIVES

Name(s)	Age	Address

**AUTHORIZATION**

**2.0 AUTHORIZATION FOR REPRESENTATION**

I/We hereby confirm the appointment of the following representatives (see Annexure 'B'—name(s) of representatives) of the Resettlement/Relocation Negotiating Committee ("the Committee") as my/our sole representatives in my name and on my/our behalf in all discussions, negotiations and decisions made with Newmont Ghana Gold Ltd. (NGGL) including but not limited to my/our possible resettlement or relocation from my current residence, crop compensation payments, replacement of infrastructure and all other matters that may come before the Committee . I/We shall abide by any agreements or decisions reached between NGGL and the Committee relating to the aforementioned issues and shall accept such agreements or decisions as final and binding.

**2.2 UNDERSTANDING AND ACCEPTANCE**

(1) This authorization has been fully interpreted and explained to me/us in the \_\_\_\_\_ Language. I/We understand, accept, and shall abide by the contents thereof.

(2) I/We have no objection to making this authorization and sign it freely and voluntarily.

**The signature/thumbprint of:**

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Name:** \_\_\_\_\_ .....

**Witnessed by:**

\_\_\_\_\_ **Position** \_\_\_\_\_ **Date:**.....

**ANNEXURE B**

**NAMES OF REPRESENTATIVES OF \_\_\_\_\_ (Name of the Village or Area of Representation)**

- 1.**
- 2.**
- 3.**
- 4.**
- 5.**

## **ANNEX E**

ATTENDANCE SHEET OF THE RNC MEETING HELD ON DECEMBER 9, 2004 AT  
THE ASUTIFI DISTRICT ASSEMBLY HALL KENYASI B/A

MEMBERS PRESENT:

1. Ernest Owusu Poku
2. Randy Barnes
3. Jim stinson
4. Jonathan Jenness
5. Hon. Michael Nsiah Adjapong
6. Emmanuel Ato Aubynn
7. Nana Appiah Kubi
8. Nana Kusi Appiah
9. Francis Adrah
10. Alex Agyare
11. Yaw Ohemeng
12. Kusi Anthony
13. Nana Kwaku Kwakye
14. Nicholas Osei Mensah
15. Issifu Dauda
16. Yaw Frimpong
17. Norbert Anane Nyarko
18. Eric Addae
19. Nana Owusu Ababio
20. Obeng Amoah
21. J K Asante
22. E K Assibey
23. Patrick Adu
24. A B Ibrahim
25. Kwadwo Korankye
26. Agyemang Boakye Emmanuel
27. Osei Akoto
28. Kojo Poku
29. Jordan Bilan
30. Nana Kontor Fofie
31. S B K Kyei
32. Stephen Baffoe
33. K M Fordjour
34. Shungu Sabeta
35. Abel Gill
36. Nana Adu K Ababio
37. Joseph Aryeh
38. Richard Akwasi Poku
39. Osei Akoto
40. Amponsah Maxwell
41. J B Ntim Adjei

STATUS:

Chairman  
Newmont  
Newmont  
Plan. All.  
D C E  
Newmont  
Gyaaschene K # 1  
Mawerehene Ntot.  
Kodiwohia  
Kodiwohia  
Manushed  
Kwakyekrom  
Kwakyekrom  
Kenyasi # 1  
Kodiwohia  
Kenyasi # 2  
Dormaa  
Bonaa  
Bonaa  
Yawusukrom  
Gyedu  
Tawiakrom  
Tawiakrom  
Net. NGO  
Social Welfare  
Stool Lands  
E P A  
Kenyasi # 2  
Plan. All.  
Kurotihene K # 2  
D C D  
Stratcomm  
M O F A  
P A  
P A  
Ntotroso  
Bonaa  
C E V  
E P A  
T & C P  
Interpreter

### IN ATTENDANCE

1. Kwame Kyeremeh
2. Richard Osei-Owusu
3. Richard Dei-Tutu

B N I  
Stratcomm  
Stratcomm

### MEMBERS ABSENT

1. Barima Twereku Ampem
2. Nana Atuahene Panin
3. Eric Addae
4. Nana Baah Siakwan
5. Kwaku Antwi
6. Hanna Asare
7. Nana ama Bonsu
8. Issifu Ayarba
9. Osei Tutu
10. A K Asare
11. Donkor Stephen
12. Owusu Amoateng
13. Thomas Addae
14. Afua Dufie
15. Emmanuel Gartoe
16. James Oteng
17. Ahinakwa Ofoli-Tibboh
18. Michael Obiri Obese
19. Kofi Adu-Gyamfi Kumaning

Ntotrosohene  
Gyedu  
Bonaa  
Ntotroso  
Kenyasi # 1  
Youth K # 1  
Kenyasi # 2  
Dokyikrom  
Dokyikrom  
Manushed  
Yawusukrom  
Yawusukrom  
Subri-Agya  
Dokyikrom  
Kwakyekrom  
Actionaid  
Land Valuat. B  
C A D  
Interpreter

MINUTES OF THE RNC MEETING HELD ON DECEMBER 9, 2004 AT THE  
ASUTIFI DISTRICT ASSEMBLY HALL KENYASI B/A

ITEM	ACTIVITY	ACTION BY
1.	<p><b>OPENING</b></p> <p>The meeting was declared opened by the chairman at exactly 11:27am after Mr. Nicholas Osei Mensah had said the opening prayer.</p> <p>The chairman in his opening remarks welcomed all the members back to the house and mentioned that in the last emergency meeting held by RNC, the company announced the changes in the room sizes of the Resettlement buildings. The announcement posed responsibility on the RNC representatives to inform their members and bring feedback at the next meeting. He said the business of the day is to hear feedback from the representatives after they had informed their members of the Newmont proposal to make all rooms 120 square feet. He then gave the floor to Newmont representatives to give their comments if any.</p> <p>On his part Mr. Randy Barnes indicated that in the last emergency meeting, the company charged the representatives to announce the changes in the room sizes to the people and bring feedback so the company is ready to hear from the representatives.</p> <p>The first representative to provide the feedback was Mr. Norbert Anane, He submitted that he toured three (3) communities including, Dormaa, Subari-Agya and Tutuka. In these communities he announced the new proposal offered by the company that is 120 sq ft for all bedroom sizes of which the people accepted in good faith. However, they wanted action on the new proposal. Thus, 'seeing is believing'.</p> <p>Mr. Nicholas Osei Mensah submitted that when the company met Nananom, Youth and Assembly members to inform them about the outcome of emergency meeting on the Newmont proposal for resettlement bed room sizes all of them accepted the offer but appealed to the company to add a kitchen to all houses that do not have a kitchen.</p> <p>(Note: the agreed policy is that if a house had a kitchen, a replacement kitchen would be provided by Newmont.)</p> <p>Nana Kusi Appaih, drew the attention of the house to the fact that the entire RNC agreed on the new proposal that is all bedrooms to be 120sq ft but the agenda contains 12feet 9inches x 9feet 5inches which is not clear to him and needs further explanation.</p> <p>Mr. Randy Barnes stated that all bedroom sizes would be a minimum</p>	



area of 120 sq ft. And this 120 sq ft would be a rectangular size with measurements that equal a minimum of 120 sq ft. The house designs were better suited to a bedroom size of 12 feet 9 inches x 9 feet 5 inches rather than say an exact size of 12 feet x 10 feet. The bedroom of 12 feet 9 inches x 9 feet 5 inches calculates to be 120.06 sq ft.

Mr. E.K Assiebey submitted that people of Tawiahkrom had agreed on the new proposal that is all bedrooms to be 120 sq ft but pleaded with the company to add a kitchen if the people did not have one.

Mr. Obeng Amoah submitted that after meeting with his people they all agreed with all bedrooms to be 120 sq ft. But were of the view that since they were aliens (strangers) who have just come to farm in the area but their lands have been taken away from them making them redundant so they prefer Relocation to Resettlement.

The chairman intervened and said that the issue of Relocation and Resettlement had already been dealt with so it should be left to rest.

Nana Owusu Ababio submitted that at their last emergency meeting the house unanimously agreed on the new proposal of all bedrooms to be 120 sq ft. However, they put forward a request for a kitchen to be supplied for all houses but the company's representatives promised of sending the appeal to the management. He wanted to know the position of the management on the request.

Mr. Randy Barnes intimated that the company is obliged to replace or compensate for all properties affected by the Company. He said that the company understood the provision of kitchen to be an appeal but looking at the company's coffers, it would not be possible to add kitchen to all resettlement houses. He stated that management had agreed long ago with the RNC to build kitchens for those who already had them. He mentioned that many facilities such as piped water, individual household KVIP and availability of electricity are being provided in excess to that which existed to improve the quality of life for people in the resettlement village. He said since some people wanted to see practical example on 120 sq ft bedroom sizes the company is doubling its efforts to complete some of the houses as soon as possible as model houses.

Nana Appiah Kubi appreciated the efforts of the company and pleaded that kitchen should be an add up to all resettlement houses to enhance the beauty of the village. He indicated that it would be sad and appalling to see people cooking in the rain therefore the company should reconsider its decision.

Nana Kontor Fofie intimated that every house has a power house which is the kitchen, he therefore pleaded with the company to add kitchen to all resettlement houses irrespective of the quality of the materials and the size. He appreciated the good things the company has done and those yet to be done.

Mr. Norbert Anane made reference to the Tumu Irrigation Dam at Navorongo in the Upper East Region where toilet, kitchen and bathrooms were provided for all settlers irrespective of whether they had them or not.

Mr. Randy Barnes mentioned that when the company heard the appeal it forwarded it to the top management and it was treated with all the seriousness it deserves. He said the company took so many factors into consideration such as the budget and also why those people did not have an existing kitchen. He said management has therefore decided that it can not provide kitchens to all houses but will work according to the agreed policy to provide kitchen for those who already had them.

On his part Mr. Ato Aubynn underscored the need to provide kitchen for the people but indicated that the appeal had come at the wrong time. He stated that at the beginning of RNC discussions, management wanted inputs for the planning of resettlement packages but little or no mention was made about kitchen for all the resettlement houses. He said if this appeal had come at the time the company was looking for inputs (packages) it might have been considered but now that the company had completed the planning and budget for the resettlement packages it unfortunately could not be adjusted. He said the construction of about 450 kitchens is a lot of money which can greatly distort the company's budget. Also some people converted their kitchen to bedrooms when the house was surveyed by the Company and it would not be fair to provide kitchen for them as well as those who maintained theirs.

Mr. S B K Kyei the District Co-ordinating Director (DCD) of the Asutifi District Assembly, pleaded with the company to soften its stand and not to take entrenched position if only the provision kitchen would help them to get social license from the people. He said even though the company's budget is tight, they can still solicit funds for the construction of kitchen. He stated that the company can accept in principle and do it later. He mentioned that as mining process goes on there would be other benefits that the company would enjoy example, timber logs and sand which proceeds could be used in this direction. He concluded that the provisions of kitchen are not immediate and could be phase two of the resettlement package.

Mr. Randy Barnes proposed to chairman for ten minutes adjournment to

allow for consultation among the representatives which the house agreed by the chairman.

The house reconvened at 12:45 p.m.

The chairman called on the representatives of the company to brief the house about its final decision on the provision of kitchen to all resettlement houses.

Mr. Randy Barnes stated that the company approaches every issue in transparent manner; he mentioned that in the last EPA public hearing a lot of concerns were expressed by some people and the company has done everything possible to address those concerns, the major amongst them was the concern of the smaller second and additional bedroom sizes of the resettlement houses and with the proposal that all bedrooms now be the size of the master bedroom at 120 sq ft this issue has been addressed. He indicated that the budget of the company is tight and for that matter after careful consideration the Company could not provide kitchen for all resettlement houses.

On the issue of the supplementary budget, Mr. Ato Aubynn stated that the increase in the bedroom sizes at the resettlement camps had consumed any supplementary budget. He stated that all the packages set for the resettlement houses were all agreed by the house and it was factored into the budget. He indicated that negotiation is all about fairness and transparency. He said the company even agreed to provide full kitchen for those who had their kitchens in skeleton form, he therefore pleaded with members to understand why the company had taken such a position on the kitchens.

Mr. Yaw Frimpong submitted that the legend that the farmer could leave for their children and great grand children is their cocoa farms which can last for over hundred years, but they are ready to abandon them for the mining process and so the management should reconsider their decision and provide kitchen for them as a form of disturbance compensation.

Nana Owusu Ababio was of the opinion that the company was cheating the farmers by not providing them with kitchen. He said the compensations paid them were woefully inadequate and also a house without a kitchen is not a house, therefore management should reconsider its decision and provide kitchen for them to make them live comfortable lives, other than that the farmers would advise themselves.

Nana Kontor Fofie appealed to the company to reconsider its decision and provide kitchen for the people. He said if they have to consult the

top management they should endeavor to do so. He advised the company not to destroy the materials during the expansion so that those materials could be used for the construction of the kitchen for the people. He concluded that the people could use communal labour to remove the blocks, iron rods and iron sheets which could also be used for the kitchen being asked for.

In his submission Mr. Kwadwo Korankye said there was a difference between a kitchen in the European context and that of the Africans, he therefore pleaded that a miniature (dwarf-walled) kitchen be provided by the company for the people to save the situation.

In his reaction, Mr. Jonathan Jennes intimated that when members of the house expressed their dissatisfaction about the second and subsequent bedroom sizes at the resettlement camp, the company upon second thought reconsidered its decision to make all bedroom sizes 120 sq ft.

He said just after the announcement of the bedroom sizes to the house they appealed for the inclusion of kitchen for all the households at the resettlement camp. He was now of the opinion that the house had turned the appeal to a demand and said it does not augur well for negotiations. He expressed surprise of the entrenched stand of the representatives.

The chairman in his contribution submitted that it was an appeal from the beginning that the house made that the company should add kitchen to all the houses that did not have a kitchen in their own old house but if the company had come out to say that its financial position could not allow them to provide the kitchen for all the houses it should be accepted in good faith and not for the house to turn an appeal to a demand.

Mr. J K Asante pleaded with the company to provide the kitchen in order to enhance the company and the community relationship. He submitted that during the fixing of crop rates the company indicated that its budget was tight it however exceeded it to pay for crop compensation that came up so the company should do likewise for the provision of kitchen to the people.

Mr. Akwasi Poku on his part said that the house was not demanding for kitchen as it is being portrayed, however in their villages they could set fire easily at any congenial place but this can not be done at the resettlement camp since it would mar the beauty of the place. He said if the individuals are also allowed to set fire indiscriminately there is the possibility that the whole place would be set ablaze. He concluded that if the NGGL representatives in the house can not take a decision on the matter they should forward it to their top management for consideration.

In reaction Mr. Ato Aubynn stated that there is difference between the payments of compensation on existing crops/structures, he therefore wondered how the company is being asked to provide and compensate for something that does not exist whilst some other people asked the company to covert their kitchen to bedrooms.

Mr Kwadwo Korankye stated that change is a hard thing to go by and considering the sacrifices that the farmers had made by moving from their villages to town where they may not get access to many things, the company should build the kitchen for the people as a form of compensation to the farmers. He concluded that when some members of the house visited Damang in the Western Region many people that they interacted with complained that they suffer a lot during the raining season since they do not have a kitchen but he was hopeful that the welfare of the people is paramount to the company and that they would provide the kitchen for them.

Nana Ama Bonsu referred to Mr. Emmanuel Ato Aubynn's assertion that during survey by the company some people converted their kitchen to bedrooms and explained that people living in cottages sometimes prepare fire in their bedrooms to cook whenever it threatens to rain. He said the company on seeing that might have considered such situation to be kitchen converted to bedrooms but they were the actual bedrooms.

Mr. Randy Barnes in his Submission indicated that the people should not create the impression that the company has not heard the appeal of the representatives and said that the company has reached the bottom line/limit where they can not provide kitchen for all the people. But rather the Company will continue to honor the agreement to provide a kitchen for those that had an existing kitchen.

Mr. Ato Aubynn in his contribution said that the resettlement packages being given by the company is an improvement on that of Damang. He said at Damang many of the people had kitchen but the company there did not provide them to the people. And that it also took the settlers 4 years before they got access to electricity. He therefore pleaded with the house to be fair and objective when making comparisons. He ended that the rational/justification behind the provision of kitchen should be the yardstick for negotiations.

Nan Owusu Ababio suggested that the house give them another chance to communicate the stand of the company with respect to the provision of kitchen and provide feedback at the next meeting of the house.

Nana Appiah Kubi also submitted that in order not for posterity to

accuse Nananom and the RNC the company should provide kitchen as a welfare component in addition to the resettlement packages.

Mr. Jonathan Jennes said that he felt there seems to be a misconception in the house about the kitchen issue and indicated that the company is going to stay with the people for a long time and that he does not think the non-provision of kitchen for every house is a final seal on the development projects to be provided by the company as and when it continues to mine gold.

The chairman brought the discussions on the kitchen to a close and said that since the company had indicated that their financial situation could not allow them to provide kitchen for all the households at the resettlement camp the house should respect/accept their position. He said as it was submitted by the company there would be more development projects for the communities.

OTHER MATTERS:

Mr. Nicholas Osei Mensah and Nana Kontor Fofie shared their sentiments as far as the company's employment procedures are concerned. They said Nananom were made to understand that people without qualification and skills would go through the labour pool but alleged that it has now been reversed. They cited CONSAR and SAFETECH as the contractors which have flouted the laid down procedure by employing people outside the pool. They said that SAFETECH has moved its training the training centre from Kenyasi # 1 to Hwidiem because of the dubious means they have adopted to recruit people from Hwidiem, Acherensua, Tapa and some other towns to the neglect of those whose lands have been taken by the company for mining. They furthered on to say that because most of the contractors reside in Hwidiem they have set the labour pool system aside by employing people from those areas. They concluded that those who get employment without recourse to the labour pool system always ridicule and tease people from the Mine Take Areas that they have been employed despite the fact that they did not allow the company to degrade their lands.

In his reaction Mr. Jonathan Jennes stated categorically that the employment procedure of the company on the labour pool system had not changed. He therefore called on the members of the house to report any contractor to the Company who they believe has flouted the system for investigation and necessary action to be taken.

Mr. Randy Barnes in his submission said that the company would need the assistance of Mr. Nicholas Osei Mensah and some other people to

meet with CONSAR Company for investigation and report back to the house. He however said that there is difference between skilled and unskilled labour which the people should take note of.

Mr. Ato Aubynn requested the house to nominate two people to join the company to investigate the issue so that the trust between the company and the community could be maintained. He added that the issue of skilled and semi-skilled labour is outside the labour pool system. He said that the quota for Hwidiem is known and that the allegation would be investigated.

The chairman on his part suggested that the investigation team should include representation of all the affected communities (Mine Take Areas). Mr. Nicholas Osei Mensah was directed to collate names of the representatives to enable the company to commence investigation into the allegations.

Mr. Yaw Frimpong recalled an issue between the company and some workers that was before the High Court in Sunyani which was withdrawn on condition that the affected workers be offered employment by the company after resolution but they have up to date not been employed.

Mr. Emmanuel Ato Aubynn in reply said Mr. Akwasi Gyima-Bota who is on leave would be the best person to comment on the issue so the issue should be suspended until he resumes work.

The chairman announced 16<sup>th</sup> December 2004 as the date for the Site Selection Committee (SSC) meeting.

Mr. Boakye Agyemang wanted to know when the SSC would visit "Apemsu" to ascertain the alleged extension of boundary by the company.

Mr. Emmanuel Ato Aubynn requested Mr. Yaw Frimpong to provide the names of the affected farmers to enable the SSC to visit the area for the necessary investigation to be conducted.

He promised that anytime that the names become available the SSC would visit the area for the issue to be resolved.

ANNOUNCEMENT:

Mr. Randy Barnes announced that the information reaching the company indicates that houses are still being built in the agreed, designated Mine Take Area after the setting of the moratorium on February 10, 2004 and that the company is investigating each house to ascertain if it was built after the moratorium date. Mr. Randy Barnes stated that any house or structure determined by the Company to have been built in the Mine Take area after the moratorium date of February 10, 2004 it would not be compensated for by the company.

All the NGGL Representatives on behalf of themselves and the Company wished members of the house a Merry Christmas and a Happy New Year.

The date for the next meeting was scheduled for January 14, 2005.

The meeting came to a close at exactly 2:20 p.m. with a prayer by Mr. Nicholas Osei Mensah.



ERNEST OWUSU POKU

(CHAIRMAN)

COMPILED BY:

GABRIEL ADU-BONSU .....

SIMON AMOAKO ANTWI .....

JOYCELYN ASARE .....



## **ANNEX F**

# Operational Directive

## Involuntary Resettlement

### Introduction

1. This directive describes Bank<sup>1</sup> policy and procedures on involuntary resettlement, as well as the conditions that borrowers are expected to meet in operations involving involuntary resettlement.<sup>2</sup> Planning and financing resettlement components or free-standing projects are an integral part of preparation for projects that cause involuntary displacement. Any operation that involves land acquisition or is screened as a Category A or B project for environmental assessment purposes<sup>3</sup> should be reviewed for potential resettlement requirements early in the project cycle (para. 20).

2. Development projects that displace people involuntarily<sup>4</sup> generally give rise to severe economic, social, and environmental problems: production systems are dismantled; productive assets and income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community structures and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished. Involuntary resettlement may cause

severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out.<sup>5</sup>

### Policy Objectives

3. The objective of the Bank's resettlement policy is to ensure that the population displaced by a project receives benefits from it. Involuntary resettlement is an integral part of project design and should be dealt with from the earliest stages of project preparation (para. 28), taking into account the following policy considerations:

- (a) Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs. For example, realignment of roads or reductions in dam height may significantly reduce resettlement needs.
- (b) Where displacement is unavoidable, resettlement plans should be developed. All involuntary resettlement should be conceived and executed as development programs, with resettlers provided sufficient investment resources and opportunities to share in project benefits. Displaced persons should be (i) compensated for their losses at full replacement cost prior to the actual move; (ii) assisted with the move and supported during the transition period in the resettlement site; and (iii) assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them. Particular attention should be paid to the needs of the poorest groups to be

<sup>1</sup>"Bank" includes IDA, and "loans" includes credits.

<sup>2</sup>See also Involuntary Resettlement in Development Projects, World Bank Technical Paper No. 80 (Washington, D.C.: The World Bank, 1988).

<sup>3</sup>OD 4.00, Annex A, Environmental Assessment, para. 18.

<sup>4</sup>Such projects may include construction or establishment of (a) dams, (b) new towns or ports, (c) housing and urban infrastructure, (d) mines, (e) large industrial plants, (f) railways or highways, (g) irrigation canals, and (h) national parks or protected areas. Refugees from natural disasters, war, or civil strife are also involuntary resettlers, but they are not discussed in this directive (see OD 8.50, Emergency Recovery Assistance).

<sup>5</sup>OD 4.00, Annex A, Environmental Assessment, para. 2, and Annex A3.

# Operational Directive

resettled.

- (c) Community participation in planning and implementing resettlement should be encouraged. Appropriate patterns of social organization should be established, and existing social and cultural institutions of resettlers and their hosts<sup>6</sup> should be supported and used to the greatest extent possible.
- (d) Resettlers should be integrated socially and economically into host communities so that adverse impacts on host communities are minimized. The best way of achieving this integration is for resettlement to be planned in areas benefiting from the project and through consultation with the future hosts.
- (e) Land, housing, infrastructure, and other compensation should be provided to the adversely affected population, indigenous groups,<sup>7</sup> ethnic minorities, and pastoralists who may have usufruct or customary rights to the land or other resources taken for the project. The absence of legal title to land by such groups should not be a bar to compensation.

## Resettlement Planning

4. Where large-scale<sup>8</sup> population displacement is unavoidable, a detailed resettlement plan, timetable, and budget are required. Resettlement plans should be

<sup>6</sup>Host communities are those receiving resettlers.

<sup>7</sup>See OMS 2.34, Tribal People in Bank-Financed Projects, to be reissued as OD 4.40, Tribal People.

<sup>8</sup>Where only a few people (e.g., less than 100-200 individuals) are to be relocated, appropriate compensation for assets, logistical support for moving, and a relocation grant may be the only requirements. However, the principles on which compensation is to be based are the same as for larger groups.

built around a development strategy and package aimed at improving or at least restoring the economic base for those relocated. Experience indicates that cash compensation alone is normally inadequate. Voluntary settlement may form part of a resettlement plan, provided measures to address the special circumstances of involuntary resettlers are included. Preference should be given to land-based resettlement strategies for people dislocated from agricultural settings. If suitable land is unavailable, nonland-based strategies built around opportunities for employment or self-employment may be used.

## Plan Content

5. The content and level of detail of resettlement plans, which will vary with circumstances, especially the magnitude of resettlement, it should normally include a statement of objectives and policies, an executive summary, and detailed provision for the following:

- (a) organizational responsibilities (para. 6);
- (b) community participation and integration with host populations (paras. 7-10);
- (c) socioeconomic survey (para. 11);
- (d) legal framework (para. 12);
- (e) alternative sites and selection (para. 13);
- (f) valuation of and compensation for lost assets (paras. 14-16);
- (g) land tenure, acquisition, and transfer (para. 17);
- (h) access to training, employment, and credit (para. 18);
- (i) shelter, infrastructure, and social services (para. 19);
- (j) environmental protection and management

# Operational Directive

(para. 20); and

- (k) implementation schedule, monitoring, and evaluation (paras. 21-22).

Cost estimates should be prepared for these activities, and they should be budgeted and scheduled in coordination with the physical works of the main investment project.

## Organizational Responsibilities

6. The responsibility for resettlement rests with the borrower. The organizational framework for managing resettlement must be developed during preparation and adequate resources provided to the responsible institutions. The organization responsible for resettlement should be strengthened when entities executing infrastructure or other sector-specific projects lack the experience and outlook needed to design and implement resettlement. One alternative is to create a special resettlement unit within the project entity; this can facilitate the involvement of other line agencies. Another is to entrust resettlement to the regional or town administration that knows the population and area, can mobilize local expertise, speaks the resettlers' language, and will ultimately be responsible for the integration of resettlers into the host population and area. There also may be considerable scope for involving nongovernmental organizations (NGOs) in planning, implementing, and monitoring resettlement.<sup>9</sup>

## Community Participation and Integration with Host Population

7. Most displaced people prefer to move as part of a preexisting community, neighborhood, or kinship group. The acceptability of a resettlement plan can be increased and the disruption caused by resettlement can be cushioned by moving people in groups, reducing dispersion, sustaining existing patterns of group organization, and retaining access to cultural

<sup>9</sup>See OD 14.70, Involving Nongovernmental Organizations in Bank-Supported Activities.

property<sup>10</sup> (temples, pilgrimage centers, etc.), if necessary, through the relocation of the property.

8. The involvement of involuntary resettlers and hosts in planning prior to the move is critical. Initial resistance to the idea of involuntary resettlement is to be expected. To obtain cooperation, participation, and feedback, the affected hosts and resettlers need to be systematically informed and consulted during preparation of the resettlement plan about their options and rights. They should also be able to choose from a number of acceptable resettlement alternatives. These steps can be taken directly or through formal and informal leaders and representatives. Experience has shown that local NGOs can often provide valuable assistance and ensure viable community participation. Moreover, institutionalized arrangements, such as regular meetings between project officials and communities, should be provided for resettlers and hosts to communicate their concerns about the resettlement program to project staff throughout planning and implementation.<sup>11</sup> Particular attention must be given to ensure that vulnerable groups such as indigenous people, ethnic minorities, the landless, and women are represented adequately in such arrangements.

9. The plan should address and mitigate

<sup>10</sup>See OPN 11.03, Management of Cultural Property in Bank-Financed Projects, to be reissued as OD 4.50, Cultural Property.

<sup>11</sup>Disputes of varying kinds may arise in the process of implementation of the agreed resettlement plan. These conflicts could take the form of appeals related to the compensation payable to affected persons, conflicts between the displaced persons and the host population, appeals to the agency charged with the implementation of the resettlement with regard to services promised, etc. It is therefore important to devise schemes for conflict resolution for all resettlement plans. Such schemes should, as far as possible, take into account existing procedures for settling disputes in the country or area concerned.

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resettlement's impact on host populations. Host communities and local governments should be informed and consulted. Any payment due the hosts for land or other assets provided to resettlers should be promptly rendered. Conflicts between hosts and resettlers may develop as increased demands are placed on land, water, forests, services, etc., or if the resettlers are provided services and housing superior to that of the hosts. Conditions and services in host communities should improve, or at least not deteriorate. Providing improved education, water, health, and production services to both groups fosters a better social climate for their integration. In the long run, the extra investment will help prevent conflicts and secure the project's aims.

10. Successful resettlement requires a timely transfer of responsibility from settlement agencies to the settlers themselves. Otherwise, a dependency relationship may arise, and agency resources may become tied up in a limited number of continually supervised schemes. Local leadership must be encouraged to assume responsibility for environmental management and infrastructure maintenance.

## Socioeconomic Survey

11. Resettlement plans should be based on recent information about the scale and impact of resettlement on the displaced population. In addition to describing standard household characteristics, socioeconomic surveys should describe (a) the magnitude of displacement; (b) information on the full resource base of the affected population, including income derived from informal sector and nonfarm activities, and from common property; (c) the extent to which groups will experience total or partial loss of assets; (d) public infrastructure and social services that will be affected; (e) formal and informal institutions (such as community organizations, ritual groups, etc.) that can assist with designing and implementing the resettlement programs; and (f) attitudes on resettlement options. Socioeconomic surveys, recording the names of affected families, should be conducted as early as

possible to prevent inflows of population ineligible for compensation.

## Legal Framework

12. A clear understanding of the legal issues involved in resettlement is needed to design a feasible resettlement plan. An analysis should be made to determine the nature of the legal framework for the resettlement envisaged, including (a) the scope of the power of eminent domain, the nature of compensation associated with it, both in terms of the valuation methodology and the timing of payment; (b) the legal and administrative procedures applicable, including the appeals process and the normal time frame for such procedures; (c) land titling and registration procedures; and (d) laws and regulations relating to the agencies responsible for implementing resettlement and those related to land compensation, consolidation, land use, environment, water use, and social welfare.

## Alternative Sites and Selection

13. The identification of several possible relocation sites and the demarcation of selected sites is a critical step for both rural and urban resettlement. For land-based resettlement, the new site's productive potential and locational advantages should be at least equivalent to those of the old site. The Bank encourages "land for land" approaches, providing replacement land at least equivalent to the lost land. For rural settlers, irrigation, land reclamation, tree crop development, intensification of production, and other innovations often can provide adequate production potential on limited amounts of land to resettle agriculturalists, even in countries with high population densities. In selecting sites, attention must be paid to the availability of sources of off-farm income (fishing, gathering forest products, seasonal wage employment) to complement farm income. For urban resettlers, the new site should ensure comparable access to employment, infrastructure, services, and production opportunities. For both rural and urban resettlement, the borrower needs to (a) develop institutional and technical arrangements for

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identifying and preparing relocation sites, e.g., pooling together small plots, wasteland reclamation, land leveling, and terracing; (b) draw up timetables and budgets for site preparation and transfer; (c) make legal arrangements for transferring titles to resettlers; and (d) consider, when necessary, a temporary freeze on land transactions within the relocation area to prevent land speculation. Though the Bank does not normally disburse against land acquisition, it can finance land improvement to accommodate resettlers.

## Valuation of and Compensation for Lost Assets

14. Valuation of lost assets should be made at their replacement cost. Compensation is facilitated by (a) paying special attention to the adequacy of the legal arrangements concerning land title, registration, and site occupation; (b) publicizing among people to be displaced the laws and regulations on valuation and compensation; (c) establishing criteria for determining the resettlement eligibility of affected households, e.g., households that have only partially lost their assets but are no longer economically viable should be entitled to full resettlement; and (d) developing mechanisms to prevent illegal encroachers and squatters, including an influx of nonresidents entering to take advantage of such benefits, from participating in the compensation arrangements, by an early recording of the numbers and names of affected populations entitled to compensation/rehabilitation.

15. Some types of loss, such as access to (a) public services; (b) customers and suppliers; and (c) fishing, grazing, or forest areas, cannot easily be evaluated or compensated for in monetary terms. Attempts must therefore be made to establish access to equivalent and culturally acceptable resources and earning opportunities.

16. Vulnerable groups at particular risk are indigenous people, the landless and semi-landless, and households headed by females who, though displaced, may not be protected through national land compensation legislation. The resettlement plan must

include land allocation or culturally acceptable alternative income-earning strategies to protect the livelihood of these people.

## Land Tenure, Acquisition, and Transfer

17. Resettlement plans should review the main land tenure and transfer systems, including common property and nontitle-based usufruct systems governed by locally recognized land allocation mechanisms. The objective is to treat customary and formal rights as equally as possible in devising compensation rules and procedures. The plan should address the issues raised by the different tenure systems found in a project area, including (a) the compensation eligibility of land-dependent populations; (b) the valuation procedures applicable to different tenure types; and (c) the grievance procedures available for disputes over land acquisition. Plans should contain provisions for conducting land surveys and regularizing land tenure in the earliest stages of project development. Planning should also anticipate the approximate time needed to acquire and transfer land.

## Access to Training, Employment, and Credit

18. Normally, general economic growth cannot be relied upon to protect the welfare of the project-affected population. Thus, alternative employment strategies are needed for nonagricultural displaced people, or where the land that can be made available is not sufficient to accommodate all the displaced farmers. The resettlement plan should, where feasible, exploit new economic activities made possible by the main investment requiring the displacement. Vocational training, employment counseling, transportation to jobs, employment in the main investment project or in resettlement activities, establishment of industries, incentives for firms to locate in the area, credit and extension for small businesses or reservoir aquaculture, and preference in public sector employment should all be considered where appropriate.

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## Shelter, Infrastructure, and Social Services

19. To ensure the economic and social viability of the relocated communities, adequate resources should be allocated to provide shelter, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health care centers).<sup>12</sup> Site development, engineering, and architectural designs should be prepared for shelter, infrastructure, and social services. Since community or self-built houses are often better accepted and more tailored to the resettlers' needs than contractor-built housing, provision of a building site with suitable infrastructure, model plans, building materials, technical assistance, and "construction allowances" (for income foregone while resettlers build their houses) is an option communities should be offered. Planning for shelter, infrastructure, and services should take into account population growth.

## Environmental Protection and Management

20. The screening process for an environmental assessment (EA) normally classifies projects involving involuntary resettlement as Category A.<sup>13</sup> The EA of the main investment requiring the resettlement should thus cover the potential environmental impacts of the resettlement. The resettlement plan must be developed in coordination with the EA and define the boundaries of the relocation area, and calculate incremental population

<sup>12</sup>Health care services, particularly for pregnant women, infants, and the elderly, may be important during and after relocation to prevent increases in morbidity and mortality due to malnutrition, the stress of being uprooted, and the usually increased risk of water-borne diseases.

<sup>13</sup>See OD 4.00, Annex A, Environmental Assessment, and Annex B, Environmental Policy for Dam and Reservoir Projects. The environmental implications of involuntary resettlement will be further discussed under para 6.0, "Special Issues in Environmental Assessment," in Environmental Assessment Sourcebook, (Washington, D.C.: The World Bank, to be issued).

density per land unit. In agricultural projects (involving, for example, relocation to the catchment surrounding a reservoir, or to a downstream command area), if the incoming resettled population is large in relation to the host population, such environmental issues as deforestation, overgrazing, soil erosion, sanitation, and pollution are likely to become serious and plans should either include appropriate mitigating measures, including training of oustees, or else should allow for alternative sites to be selected. Urban resettlement raises other density-related issues (e.g., transportation capacity, access to potable water, sanitation systems, health facilities, etc.). Constructive environmental management, provided through the EA's mitigation plan,<sup>14</sup> may provide good opportunities and benefits to resettlers and host populations alike (e.g., project-financed compensatory afforestation not only replaces the forests submerged by reservoirs but also offers gainful employment). If the likely consequences on the environment are unacceptable, alternative and/or additional relocation sites must be found.

## Implementation Schedule, Monitoring, and Evaluation

21. The timing of resettlement should be coordinated with the implementation of the main investment component of the project requiring the resettlement. All resettlement plans should include an implementation schedule for each activity covering initial baseline and preparation, actual relocation, and post-relocation economic and social activities. The plan should include a target date when the expected benefits to resettlers and hosts would be achieved.

22. Arrangements for monitoring implementation of resettlement and evaluating its impact should be developed by the borrower during project preparation and used during supervision.<sup>15</sup> Monitoring provides both a warning system for project managers and a channel for the resettlers to make known their needs

<sup>14</sup>See Annex A1, para. 2, in OD 4.00, Annex A, Environmental Assessment.

<sup>15</sup>See OD 10.70, Project Monitoring and Evaluation.

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and their reactions to resettlement execution. Monitoring and evaluation units should be adequately funded and staffed by specialists in resettlement. In-house monitoring by the implementing agency may need to be supplemented by independent monitors to ensure complete and objective information. Annual and midterm reviews are desirable for large-scale resettlement. The borrower should be required to continue impact evaluation for a reasonable period after all resettlement and related development activities have been completed. The borrower should also be required to inform the Bank about the findings.

## Bank Role and Project Options

23. The Bank supports borrowers' efforts through (a) assistance in designing and assessing resettlement policy, strategies, laws, regulations, and specific plans; (b) financing technical assistance to strengthen the capacity of agencies responsible for resettlement; and (c) direct financing of the investment costs of resettlement. The Bank may sometimes finance resettlement even though it has not financed the main investment that made displacement and resettlement necessary (para. 26).

24. The task manager (TM) should inform the borrower of the Bank's resettlement policy. Starting early in the project cycle, the TM with the support of Bank operational, research, and legal staff should assess government policies, experiences, institutions, and the legal framework covering resettlement. In particular, the TM needs to ensure that involuntary resettlement is avoided or minimized, that laws and regulations concerning displaced people provide compensation sufficient to replace all lost assets, and that displaced persons are assisted to improve, or at least restore, their former living standards, income earning capacity, and production levels.

25. The adequacy of the resettlement plan should be reviewed by appropriate social, technical, and legal experts. Resettlement specialists should visit the possible resettlement sites and review their suitability. In the case of large-scale relocation, such experts

should be included in independent technical or environmental review boards.<sup>16</sup>

26. Bank financing of resettlement can be provided as follows: (a) As a component of the main investment project causing displacement and requiring resettlement. (b) If large enough, as a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the investment project that causes the displacement. The latter may better focus country and Bank attention on the effective resolution of resettlement issues. (c) As a sector investment loan.<sup>17</sup> Where the specific resettlement needs of each subproject are not known in advance, the borrower would need to agree to resettlement policies, planning principles, institutional arrangements, and design criteria that meet Bank policy and requirements as a condition of the loan. An estimate should be provided of total population to be displaced and overall resettlement costs, as well as an evaluation of proposed resettlement sites. Subprojects in sector investment loans should be screened by the implementing agency to ensure consistency with this directive, and approved individually by the Bank. For countries with a series of operations requiring resettlement, efforts to improve the policy, institutional, and legal framework for resettlement should form part of the Bank's ongoing country and sector dialogue with the government. These efforts should be appropriately reflected in economic and sector work and in country strategy papers and briefs.

## Processing and Documentation

27. The Regional Vice President (RVP) should be kept informed of major resettlement issues, and his guidance sought where necessary. The Regional Environment Division (RED), the Legal Department (LEG), and settlement specialists in Sector Policy and

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<sup>16</sup>See OD 4.00, Annex B, Environmental Policy for Dam and Reservoir Projects.

<sup>17</sup>See OD 1.00, Bank Goals and Instruments, and OD 8.20, Sector Investment and Maintenance Loans, both to be issued.



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Research (PRS) should be consulted or included as necessary in peer reviews on involuntary resettlement issues throughout the project cycle.

## Identification

28. The possibility of involuntary resettlement should be determined as early as possible and described in all project documents. The TM should (a) briefly summarize in the Initial Executive Project Summary (Initial EPS)<sup>18</sup> the magnitude, strategy, and timing of the resettlement; (b) inform borrowers of the Bank's resettlement policy; (c) review past borrower experience with similar operations; (d) invite agencies responsible for resettlement to discuss their policies, plans, and institutional, consultative, and legal arrangements for resettlement; and (e) where appropriate, ensure that technical assistance is provided early to borrowers. Such assistance should include the use of project preparation facility (PPF) resources<sup>19</sup> for planning resettlement and building institutional capacity.

## Preparation

29. During project preparation, the feasibility of resettlement must be established, a strategy agreed upon, the resettlement plan drafted, and budget estimates prepared.<sup>20</sup> The full costs of resettlement should be identified and included in the total cost of the main investment project, regardless of financing

<sup>18</sup>See Circular Op 87/03, Procedures for Processing Investment Loans and Credits, filed as OMS 2.00, to be reissued as OD 9.00, Processing and Documentation for Investment Lending.

<sup>19</sup>See OMS 2.15, Project Preparation Facility, to be reissued as OD 8.00, Project Preparation Facility and Special Project Preparation Facility.

<sup>20</sup>Detailed guidelines for preparing and appraising resettlement plans are provided in Involuntary Resettlement in Development Projects, World Bank Technical Paper No. 80, Annex 1 (Washington, D.C.: The World Bank, 1988). Pro forma cost tables and guidelines for economic and financial analysis are provided in Annex 2.

source. The costs of resettlement should also be treated as a charge against the economic benefits of the investment project that causes the relocation. Any net benefits to resettlers (as compared to the "without project" circumstances) should be added to the benefit stream of the main investment. While the resettlement component or free-standing project need not be economically viable on its own, it should be the least cost approach consistent with the policies laid out above.

## Appraisal and Negotiation

30. Submission to the Bank of a time-bound resettlement plan and budget that conforms to Bank policy is a condition of initiating appraisal for projects involving resettlement, except for sector investment loans as discussed in para. 26. All final EPSs should confirm that this requirement has been met. The appraisal mission should ascertain (a) the extent that involuntary resettlement and human hardship will be minimized and whether borrowers can manage the process; (b) the adequacy of the plan, including the timetable and budget for resettlement and compensation; (c) the soundness of the economic and financial analysis; (d) the availability and adequacy of sites and funding for all resettlement activities; (e) the feasibility of the implementation arrangements; and (f) the extent of involvement of beneficiaries. At negotiations, the borrower and the Bank should agree on the resettlement plan. The resettlement plan and the borrower's obligation to carry it out should be reflected in the legal documents. Other necessary resettlement-related actions must be covenanted. The Staff Appraisal Report and the Memorandum and Recommendation of the President should summarize the plan and state that it meets Bank policy requirements.

## Implementation and Supervision

31. Resettlement components should be supervised throughout implementation.<sup>21</sup> Supervision that is

<sup>21</sup>See OD 13.05, Project Supervision, particularly paras. 44-47.

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sporadic or left until late in implementation invariably jeopardizes the success of resettlement. Bank supervision missions should be staffed with the requisite social, economic, and technical expertise. Annual reviews of large-scale resettlement and in-depth Bank reviews of midterm progress are highly desirable. These reviews should be planned from the outset to allow the Bank and the borrower to make necessary adjustments in project implementation. Complete recovery from resettlement can be protracted and can often make it necessary to continue Bank supervision until well after populations have been relocated, sometimes even after a project has been closed.

## Ex Post Evaluation

32. The project completion report<sup>22</sup> submitted to the Operations Evaluation Department should evaluate resettlement and its impact on the standards of living of the resettlers and the host population.

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<sup>22</sup>See the OPNSV memorandum, Guidelines for Preparing Project Completion Reports, June 7, 1989, and OMS 3.58, General Guidelines for Preparing Project Completion Reports, which are to be combined and reissued as OD 13.55, Project Completion Reports.

## **ANNEX G**

## THE EQUATOR PRINCIPLES

### **An Industry Approach for Financial Institutions in Determining, Assessing and Managing Environmental and Social Risk in Project Financing**

#### **Preamble**

Project financing plays an important role in financing development throughout the world. In providing financing, particularly in emerging markets, project financiers often encounter environmental and social policy issues. We recognize that our role as financiers affords us significant opportunities to promote responsible environmental stewardship and socially responsible development.

In adopting these principles, we seek to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices.

We believe that adoption of and adherence to these principles offers significant benefits to ourselves, our customers and other stakeholders. These principles will foster our ability to document and manage our risk exposures to environmental and social matters associated with the projects we finance, thereby allowing us to engage proactively with our stakeholders on environmental and social policy issues. Adherence to these principles will allow us to work with our customers in their management of environmental and social policy issues relating to their investments in the emerging markets.

These principles are intended to serve as a common baseline and framework for the implementation of our individual, internal environmental and social procedures and standards for our project financing activities across all industry sectors globally.

In adopting these principles, we undertake to review carefully all proposals for which our customers request project financing. We will not provide loans directly to projects where the borrower will not or is unable to comply with our environmental and social policies and processes.

#### **Statement of Principles**

*We will only provide loans directly to projects in the following circumstances:*

1. We have categorized the risk of a project in accordance with internal guidelines based upon the environmental and social screening criteria of the IFC as described in the attachment to these Principles (Exhibit I).
2. For all Category A and Category B projects, the borrower has completed an Environmental Assessment (EA), the preparation of which is consistent with the outcome of our categorization process and addresses to our satisfaction key environmental and social issues identified during the categorization process.
3. In the context of the business of the project, as applicable, the EA report has addressed:
  - a) assessment of the baseline environmental and social conditions
  - b) requirements under host country laws and regulations, applicable international treaties and agreements
  - c) sustainable development and use of renewable natural resources
  - d) protection of human health, cultural properties, and biodiversity, including endangered species and sensitive ecosystems
  - e) use of dangerous substances
  - f) major hazards
  - g) occupational health and safety
  - h) fire prevention and life safety
  - i) socioeconomic impacts
  - j) land acquisition and land use
  - k) involuntary resettlement
  - l) impacts on indigenous peoples and communities

- m) cumulative impacts of existing projects, the proposed project, and anticipated future projects
- n) participation of affected parties in the design, review and implementation of the project
- o) consideration of feasible environmentally and socially preferable alternatives
- p) efficient production, delivery and use of energy
- q) pollution prevention and waste minimization, pollution controls (liquid effluents and air emissions) and solid and chemical waste management

Note: In each case, the EA will have addressed compliance with applicable host country laws, regulations and permits required by the project. Also, reference will have been made to the minimum standards applicable under the World Bank and IFC Pollution Prevention and Abatement Guidelines (Exhibit III) and, for projects located in low and middle income countries as defined by the World Bank Development Indicators Database (<http://www.worldbank.org/data/countryclass/classgroups.htm>), the EA will have further taken into account the then applicable IFC Safeguard Policies (Exhibit II). In each case, the EA will have addressed, to our satisfaction, the project's overall compliance with (or justified deviations from) the respective above-referenced Guidelines and Safeguard Policies.

4. For all Category A projects, and as considered appropriate for Category B projects, the borrower or third party expert has prepared an Environmental Management Plan (EMP) which draws on the conclusions of the EA. The EMP has addressed mitigation, action plans, monitoring, management of risk and schedules.

5. For all Category A projects and, as considered appropriate for Category B projects, we are satisfied that the borrower or third party expert has consulted, in a structured and culturally appropriate way, with project affected groups, including indigenous peoples and local NGOs. The EA, or a summary thereof, has been made available to the public for a reasonable minimum period in local language and in a culturally appropriate manner. The EA and the EMP will take account of such consultations, and for Category A Projects, will be subject to independent expert review.

6. The borrower has covenanted to:

- a) comply with the EMP in the construction and operation of the project
- b) provide regular reports, prepared by in-house staff or third party experts, on compliance with the EMP and
- c) where applicable, decommission the facilities in accordance with an agreed Decommissioning Plan.

7. As necessary, lenders have appointed an independent environmental expert to provide additional monitoring and reporting services.

8. In circumstances where a borrower is not in compliance with its environmental and social covenants, such that any debt financing would be in default, we will engage the borrower in its efforts to seek solutions to bring it back into compliance with its covenants.

9. These principles apply to projects with a total capital cost of \$50 million or more.

The adopting institutions view these principles as a framework for developing individual, internal practices and policies. As with all internal policies, these principles do not create any rights in, or liability to, any person, public or private. Banks are adopting and implementing these principles voluntarily and independently, without reliance on or recourse to IFC or the World Bank.

**Exhibit 1: Environmental and Social Screening Process**

Environmental screening of each proposed project shall be undertaken to determine the appropriate extent and type of EA. Proposed projects will be classified into one of three categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental and social impacts.

**Category A:** A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. A potential impact is considered “sensitive” if it may be irreversible (e.g., lead to loss of a major natural habitat) or affect vulnerable groups or ethnic minorities, involve involuntary displacement or resettlement, or affect significant cultural heritage sites. These impacts may affect an area broader than the sites or facilities subject to physical works. EA for a Category A project examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including, the “without project” situation), and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. A full environmental assessment is required which is normally an Environmental Impact Assessment (EIA).

**Category B:** A proposed project is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas — including wetlands, forests, grasslands, and other natural habitats—are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigatory measures can be designed more readily than for Category A projects. The scope of EA for a Category B project may vary from project to project, but it is narrower than that of Category A EA. Like Category A EA, it examines the project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.

**Category C:** A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further EA action is required for a Category C project.

**Exhibit 2: IFC Safeguard Policies**

As of 4 June 2003, the following is a list of IFC Safeguard Policies:

Environmental Assessment OP4.01 (October 1998)  
Natural Habitats OP4.04 (November 1998)  
Pest Management OP4.09 (November 1998)  
Forestry OP4.36 (November 1998)  
Safety of Dams OP4.37 (September 1996)  
Indigenous Peoples OD4.20 (September 1991)  
Involuntary Resettlement OP4.30 (June 1990)  
Cultural Property OPN11.03 (September 1986)  
Child and Forced Labor Policy Statement (March 1998)  
International Waterways OP 7.50 (November 1998)\*

\*Note: The principal requirements relate to the role of IFC as a multi-lateral agency and notification requirements between riparian states, which are generally outside the remit of private sector operators or funders. It is referenced for the sake of completeness. The substantive elements of good practice with respect to environmental and social aspects therein are fully covered by OP 4.01.

**Exhibit 3: World Bank and IFC Specific Guidelines**

As of 4 June 2003, IFC is using two sets of guidelines for its projects.

1. IFC is using all the environmental guidelines contained in the World Bank Pollution Prevention and Abatement Handbook (PPAH). This Handbook went into official use on July 1, 1998.
2. IFC is also using a series of environmental, health and safety guidelines that were written by IFC staff in 1991-1993 and for which there are no parallel guidelines in the Pollution Prevention and Abatement Handbook.

Ultimately new guidelines, incorporating the concepts of cleaner production and environmental management systems, will be written to replace this series of IFC guidelines. When completed these new guidelines will also be included in the Pollution Prevention and Abatement Handbook.

Where no sector specific guideline exists for a particular project then the World Bank General Environmental Guidelines and the IFC General Health and Safety Guideline will be applied, with modifications as necessary to suit the project.\*

The table below lists both the World Bank Guidelines and the IFC Guidelines.

**World Bank Guidelines (PPAH)**

1. Aluminum Manufacturing
2. Base Metal and Iron Ore Mining
3. Breweries
4. Cement Manufacturing
5. Chlor-Alkali Plants
6. Coal Mining and Production
7. Coke Manufacturing
8. Copper Smelting
9. Dairy Industry
10. Dye Manufacturing
11. Electronics Manufacturing
12. Electroplating Industry
13. Foundries
14. Fruit and Vegetable Processing
15. General Environmental Guidelines
16. Glass Manufacturing
17. Industrial Estates
18. Iron and Steel Manufacturing
19. Lead and Zinc Smelting
20. Meat Processing and Rendering
21. Mini Steel Mills
22. Mixed Fertilizer Plants
23. Monitoring
24. Nickel Smelting and Refining
25. Nitrogenous Fertilizer Plants
26. Oil and Gas Development (Onshore)
27. Pesticides Formulation
28. Pesticides Manufacturing
29. Petrochemicals Manufacturing
30. Petroleum Refining
31. Pharmaceutical Manufacturing
32. Phosphate Fertilizer Plants
33. Printing Industry
34. Pulp and Paper Mills
35. Sugar Manufacturing
36. Tanning and Leather Finishing



- 37. Textiles Industry
- 38. Thermal Power Guidelines for New Plants
- 39. Thermal Power Rehabilitation of Existing Plants
- 40. Vegetable Oil Processing
- 41. Wood Preserving Industry

IFC Guidelines

1. Airports
2. Ceramic Tile Manufacturing
3. Construction Materials Plants
4. Electric Power Transmission and Distribution
5. Fish Processing
6. Food and Beverage Processing
7. Forestry Operations: Logging
8. Gas Terminal Systems
9. General Health and Safety
10. Health Care
11. Geothermal Projects
12. Hazardous Materials Management
13. Hospitals
14. Office Buildings
15. Offshore Oil & Gas
16. Polychlorinated Biphenyls (PCBs)
17. Pesticide Handling and Application
18. Plantations
19. Port and Harbor Facilities
20. Rail Transit Systems
21. Roads and Highways
22. Telecommunications
23. Tourism and Hospitality Development
24. Wildland Manage
25. Wind Energy Conversion Systems
26. Wood Products Industries
27. Waste Management Facilities
28. Wastewater Reuse

\* Exception (the following are World Bank Guidelines not contained in the PPAH and currently in use)  
Mining and Milling - Underground  
Mining and Milling - Open Pi

## **ANNEX H**

## INTRODUCTION TO GHANA

### PHYSICAL GEOGRAPHY

Ghana lies on the Greenwich Meridian, a few degrees north of the Equator (see **Figure 1**). The country covers an area of 238,540 km<sup>2</sup>, making it comparable in size to Great Britain. It borders Togo to the east, Burkina Faso to the north, Ivory Coast to the west and the Gulf of Guinea to the south. From the southernmost point at Cape Three Points, the country extends to the north for 670 kilometers. Ghana's coastline stretches 539 kilometers.

The Precambrian rock system underling most of Ghana has largely eroded to a plain. The highest elevation (880 meters above sea level) is Mount Afadjato in the Akwapim-Togo Range.

Ghana consists of five regions. Low plains stretch across the southern part of the country. To their north lie three regions: the Ashanti Uplands, the Akwapim-Togo Range, and the Volta Basin. A fifth region, the high plains, lies in the northwest.

The country has a warm, humid climate, with mean monthly temperatures ranging between 26°C and 29°C. Variations in temperature, rainfall, and humidity are influenced by the movement of a dry tropical continental air mass, or *harmattan*, which blows from the northeast across the Sahara, and an opposing moist, tropical, maritime equatorial system.

### HUMAN GEOGRAPHY

The national population is approximately 21 million. The capital city Accra has a population just under 3 million. Kumasi, the second largest city, has a population of roughly 650,000.

The people of Ghana are classified into five major ethnic groups: Akan (44%), Moshi Dagomba (16%), Ewe (13%), Ga (8%), and Gurma (3%). Christians make up 63% of the population. Followers of traditional beliefs make up 21% and Moslems 16%.

English is the official language of Ghana. Widely spoken languages include Twi, Fanti, Ga, Ewe, and Dagbani.

In 1957, Ghana was the first country in Sub-Saharan Africa to gain independence. While it endured military rule for a period, the country has enjoyed uninterrupted democratic governance since 1992. With its comparatively stable political infrastructure and strong social capital, the country is atypical of the region.

Ghana's human development indicators are low but improving. Life expectancy at birth is 58, adult literacy is 73%, enrolment (combined primary, secondary and tertiary) is 46%, and Gross National Income per capita is US\$ 270. The country is considered one of the few countries in Africa capable of achieving some if not all of the Millennium Development Goals.

Notwithstanding this relative success, the country has endured serious macro-economic challenges in recent years. The 1999 trade shock, precipitated by collapse in the price of chief export commodities – gold and cocoa – and an escalation of petrol prices following government's decision to reduce fuel subsidies, led to a pronounced reversal in macro-economic performance. Ghana joined the Heavily Indebted Poor Country (HIPC) debt relief program in 2002.

Reform efforts have been implemented aggressively with some success: Gross Domestic Product growth reached 5.3% in 2003. The agricultural sector, comprising 35% of the Gross Domestic Product, is considered the strongest growth engine, with the nascent information, communication and technology sector also considered potentially important. Gold, cocoa and lumber remain the chief export earners.

The December 2004 national election was contested between incumbent John Agyekum Kufuor and a number of challengers, including John Atta Mills, a former Vice President and losing candidate in the 2000 election. Kufuor regained the Presidency in an uncontroversial election, providing evidence of the vibrancy of the democratic process in Ghana.

In January 2005, the newly elected government further reduced remaining fuel subsidies. Consumer fuel prices increased approximately 60% overnight.

## **ANNEX I**



**OPPORTUNITIES INDUSTRIALIZATION CENTERS INTERNATIONAL**  
Transforming hopelessness to hope through human resource development

## **DRAFT REPORT**

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### **LIVELIHOOD STUDY OF NON-RESIDENT FARMERS IN THE NEWMONT GHANA GOLD LIMITED (NGGL) BRONG AHAFO CONSESSION**

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**APRIL 2005**

*OICI contact*  
**Carla Denizard**  
**Country Representative**  
**Accra**

## **A. Summary of Results and Findings**

The Opportunities Industrialization Center International (OICI) has been tasked by Newmont Ghana Gold Limited to carry out a livelihoods survey of resident farmers at Kenyasi and Asutifi Districts of the Brong Ahafo Region. Newmont Ghana Gold Limited is about to start building a mine in the Brong Ahafo Region of Ghana; specifically in these two districts of the Region. This has implications for the livelihoods of the residents of the concession area. This kind of mining activity often required the relocation of the people living in the area that is to be directly affected by the mine and to ensure that the livelihoods of the people are secured. The purpose of the study is to guide the design of interventions meant to serve as alternative livelihood activities for these farmers and also to inform resettlement schemes. The present survey is a follow up to the first report and covers the activities of the group non-resident farmers, their outlook and expectations about Newmont's activities and the anticipated impact on their livelihoods.

The main analytical tool used in the analysis of data collected from the study area is descriptive statistics, which includes various frequencies, means, median and graphs among others. The results of the study focuses on indicators that will help understand the livelihoods of the people in the concession in order to help identify and implement interventions that will enhance livelihoods. These include socio-economic and demographic characteristics of respondents; income generating activities and skills of respondents; household production activities; household income and expenditure profiles; household asset holdings including land; access to credit; household food security; and public health and safety issues.



## **1. Population Profile**

The residents of the study area are mainly small-scale farmers. Farming is the main income generating activity of the people with few non-farm income generating opportunities. The level of education among the people in the study area is generally low. In terms of basic infrastructure and other facilities such as housing, water and sanitation, transportation and markets the quality of life of the people could be said to be fair. The communities depend directly on natural resources and have few alternative employment opportunities, probably due to the low levels of education and trained skills of respondents. In order to provide income security therefore it is important to promote education, especially higher level education and skill acquisition of people in the community.

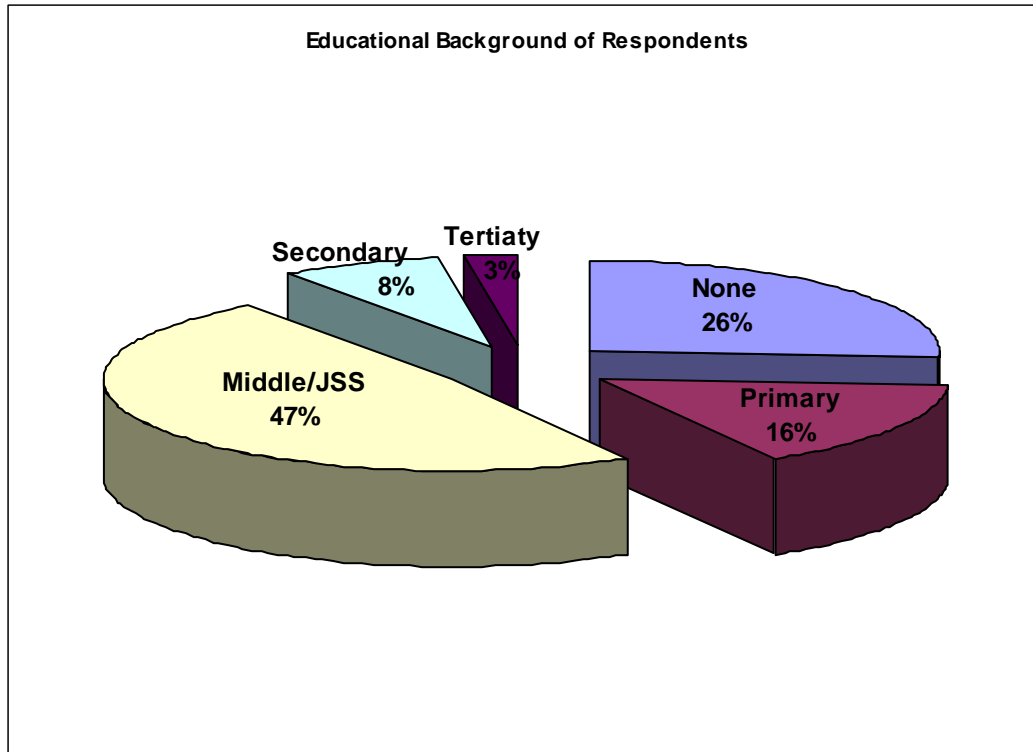
## **2. Household Characteristics**

A total of 647 respondents were surveyed and in all there were a total of about 3,704 members in all the households. The mean household size in the concession area was 5.7 persons. It is important to note that the mean household size of 5.7 is higher than both the national average and the average for the Brong Ahafo Region. The total number of males in the households surveyed was 1,793, representing an average of about 2.8 males per household. In the case of females, there were 1,911 in all, producing on the average 3 females per household.

About 56 percent of the respondents interviewed were male while 44 percent were female. Considering the fact that in traditional Ghanaian households males are considered heads, the 44 percent female respondents could be considered high.

### 3. Educational Background and Skill Acquisition

As evident in the figure below, as much as 26 percent of the household respondents surveyed in the current study had no formal education at all. Majority (63 percent) of the respondents that attained some level of education only have basic education, that is, primary and middle/JSS.



Only 8 percent of respondents attained up to secondary level of formal education while as low as 3 percent had some form of tertiary education.

About 61 percent of respondents had no employable skill apart from farming. Some of the respondents have skills such as driving, operating other mechanical equipment, electrical and electronic skills and carpentry among others. It is important to note that the skills of the respondents have little relevance to the operations of the mines.

#### **4. Origin of Respondents**

There are more natives at Kenyasi (60.8 percent of respondents) than non-natives (39.2 percent of respondents). However at Ntotroso the reverse is the case. The natives make up only 44.1 percent of the respondents while the non-natives make up 55.9 percent. It was evident from the survey that a high proportion (about 80 percent) of non-natives or settlers in the area came for the purpose of farming.

#### **5. Agriculture**

It is evident from the survey that agriculture is the main income generating activity of the population in the study area. About 93 percent of the surveyed respondents indicated agriculture as their main income generating activity. Only 2.2 percent of survey respondents generate income mainly from other activities apart from being hired farm hands, caretaker farmers, teachers or artisans. Cocoa, plantain, and roots and tubers are the common crops cultivated in the survey area.

Households also keep animals, which also serve as a diversified source of farm income. About 92 percent of respondents keep poultry while others keep other animals such as sheep, goat, pig and cattle, among others. Aside of poultry most respondents indicated that they keep their animals in a house, that is, they practice a form of intensive system of managing the farm animals.

About 57 percent of households have more than one farm. The mean number of farms a household cultivates is about two (2). About 43 percent of the households surveyed have only one farm and the maximum number of farms a household has is six (6) but this forms only about 0.5 percent of the surveyed population.

About 70 percent of the respondents do not have any skill or experience in any other area or field of employment. This situation suggests that most of the people are highly dependent on farming such that diversification in terms of skill and alternative employment is very minimal.

Farmers in the project area do not extensively do crop protection and storage activities. This has implications for food security. For instance, nearly 70 percent and 60 percent of households do not store fruits and roots/tubers respectively. Due to generally poor storage facilities households sell their crop output immediately after harvesting, which means that they often do not receive good prices for their output. The respondents sell their crop output mainly to finance expenditure on education, medical care and to purchase other food items that the households do not produce. Animals are also sold to finance expenditure of the household. The primary reason for the sale of animals appears to be for financing education and medical expenditure.

The survey revealed that women or female spouses are very important in decision-making regarding the disbursement of income from the sale of crops and animals by the households.

From the present survey More than 33 percent of households (194 households) engage in dry season farming. Some of the crops cultivated include cereals and grains, roots and tubers, legumes, vegetables and fruits. More than 44 percent of households who engage in dry season farming cultivate cereals and grains.

## **6. Non-farm Income Generating Activities and Household Expenditure**

It is evident that the most dominant non-farm activity is petty trading which is done by about 44 percent of all survey households that engage in non-farm income activities. Nearly 37 percent of households who indicated that they engage in some form of non-farm income activity are involved in jobs that earn them monthly salaries; mostly in the public and private formal sector.

From the survey data, annual average income from these non-farm income-generating activities is about three million, nine hundred thousand cedis (¢3,900,000). It is worth noting that in general female spouses contribute slightly more towards the generation of non-farm income as compared with the male spouses.

On the average a household spends over twenty-one million eight hundred thousand cedis (¢21,848,000) per annum. Aside from expenditure on food, on the average, education is the single largest annual expenditure item to households in the survey area. On the average households surveyed spend about two million six hundred and thirty-six thousand, seven hundred cedis (¢2,636,700) on education per year. This constitutes over 12 percent of households' average annual expenditure. It is common knowledge in Ghana that expenditure on food constitutes the largest proportion of household expenditure. Nearly 40 percent of households' annual expenditure is spent on food, according to the present survey.

The study revealed a very wide difference between reported household income and expenditure. Average annual non-farm income of the households surveyed was five million, three hundred thousand cedis (¢5,300,000) compared to average annual household expenditure of twenty-one million, eight hundred and forty-eight thousand cedis (¢21,848,000). It is however important to note that the major source of income for households in the surveyed area is farming and therefore it is expected that substantial income was generated from the sale of farm output (both crops and animals).

## **7. Ownership of Land, Household Assets and Consumer Durables**

About 63 percent of the respondents claim ownership or title of some land. About 89 percent of household respondents own between 1 to 10 hectares of land. Only about 7.4 percent of the households interviewed own between 11 to 20 hectares of land while 2.2 percent of households own between 21 to 30 hectares of land. In fact, over 68 percent of households according to the survey data own between 1 to 5 hectares of land.

The type of equipments or assets owned by households' surveyed show a degree of sophistication in the survey community. Over 82 percent of respondents owned radios while only 34 percent owned TV sets. This phenomenon further gives the community exposure, as they are able to assess information outside their immediate community.

## **8. Household Social Infrastructure**

Majority of households are either owner-occupiers or live in houses without paying rent. Accommodation therefore does not seem to be a major problem in the survey area.

About 72 percent of respondents indicated that firewood is their main source of energy for cooking. More than 26 percent of households use charcoal while the rest use gas (1.3 percent), kerosene (0.5percent), electricity (0.2 percent) and animal waste such as cow dung (0.2 percent). Most households use more than one energy source for cooking but the major source of energy for cooking is fuelwood and charcoal, which together constitute 98 percent of household energy use for cooking in the survey area.

The most common source of water for households in the survey area is public outdoor taps or boreholes. About 63 percent of the respondents (376 households) said that they obtain water from public out-door taps or boreholes.

The ventilated improved pit latrine is the most common toilet facility used by households in the surveyed area. More than 68 percent of the respondents (429 households) indicated that they use the ventilated improved pit.

From the survey transportation and market access is not considered a problem by the household. Majority (400) of the respondents do not use any means of transportation to get to market centres even though transportation is available due to the relatively short distance.

## **9. Health**

In general most households in the survey area appear to have access to some form of health facility. About 94 percent of households indicated that they consult the clinics or hospitals when they are ill. The average distance between households and medical attention is only about 25 meters with the maximum being 800 meters. It takes an average of 40 minutes for a respondent to get to the place where healthcare is sought. The majority of respondents however take less time (30 minutes or less).

Malaria is the most common disease among the population of the surveyed area. About 55 percent of the respondents that reported sickness or injury within a household during the last 4 weeks preceding the survey reported cases of malaria.

## **10. Access to Credit**

About 20 percent of surveyed respondents indicated that they had access to and obtained some form of credit. The two main forms of credit available and accessed by households are cash and input credit. About 90 percent of respondents who indicated that they had access to credit obtained it in the form of cash rather than input credit.

Respondents obtained credit from about 8 different sources including individuals (such as friends and family members), moneylenders, group savings and credit organizations, informal credit groups (for example 'susu' groups), NGOs, the District Assembly Poverty Alleviation Fund and rural banks. The most popular source of credit accessed by households according to the survey data is credit from the rural banks.

## **B. Conclusions**

From the results of the survey the following general conclusions are drawn:

1. Farming is the main occupation and income generating activity of the farmers of the survey area. This implies that farmland is an important factor of their production activities and thus any resettlement that does not make provision for farmland may adversely affect the livelihoods of the people in the survey area. Landholdings are small and fragmented and this holding do not favor large scale commercial agriculture. A large proportion of respondents do not access credit and this could be a further limitation to increasing production.
2. Despite the fact that farming is the main occupation of the people in the survey area, production of crops is dependent upon rainfall. Storage facilities are also not common and this situation implies that the households are both food and income insecure.
3. It is evident that the majority of the respondents do not have many alternative employable skills that will employ them in the mines. There is generally low level of education in the area. A very low proportion of the respondents have attained tertiary level education and this situation further aggravates their already limited alternative employment opportunities apart from farming.



4. The communities have fair access to social infrastructure including water, transportation, marketing facilities and fairly good access to healthcare.
5. Cash crop production, which is potentially higher income generating, is limited in the survey area. Most farmers engage in foodstuff production, which is often non-tradable within the area and thus may not generate substantial income from their production and sale.
6. Women are very prominent in both farm and non-farm income generating activities. They are more involved than male spouses in the generation of non-farm income for the households.

### **C. Recommendations**

Based of the findings and conclusions drawn from the study, the following recommendations are made:

1. There is the need to promote alternative livelihood strategies among the population in order to promote diversification of income sources and to reduce the over reliance on agriculture. It is evident from the study that the residents have very low levels of alternative skills that could enable them get employed in other income generating activities. It is therefore important that skill development and entrepreneurial training programmes and vocational skills programmes are developed to equip the population. Formal education, especially higher education should be promoted through education endowment funds, for instance, which could help the acquisition of other job opportunities.
2. With regard to agriculture, which is the main income and employment opportunity, there is the need for diversification in crop and livestock production. Farmers should be encouraged to undertake ventures such as snail farming, bee keeping, grass cutter rearing which could help augment

- income from their traditional crop production. Also, there is the need to develop small irrigation schemes such as rainwater harvesting to minimize the reliance on rain fed agriculture. Community storage facilities and infrastructure should also be developed to reduce post-harvest loses and to enable farmers take advantage of better prices all year round.
3. There is the need to encourage the production of cash crops and other non-traditional export crops since these are more likely to make the farmers more income secure.
  4. Since land is the major factor of production in the area it is important that part of the idle land that may have been acquired for mining be made available to farmers on short-term basis. An arrangement should be reached with the local authorities to make farmland available to farmers who are likely to be displaced by the mining activities.
  5. Agricultural credit and other input should be made available to farmers so that crop and livestock production could be done on a more intensive basis to promote productivity growth rather than on an extensive basis.
  6. It is important that Newmont gets more involved in community activities in order to make their operations relevant to the needs of the communities. For example, activities such as the sponsorship of brilliant but needy students to access secondary and tertiary education in order to improve relationship with the community.



**OPPORTUNITIES INDUSTRIALIZATION CENTERS INTERNATIONAL**  
Transforming hopelessness to hope through human resource development



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**SUMMARY FINAL REPORT**

**LIVELIHOOD STUDY OF RESIDENT FARMERS IN  
THE NEWMONT GHANA GOLD LIMITED (NGGL) BRONG AHAFO CONSESSION**

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**JULY 2004**

***OICI contact*  
Carla Denizard  
Country Representative  
Accra**

## SUMMARY

Newmont Ghana Gold Ltd. (NGGL) is undertaking mining activities in the Asutifi and Tano Districts of the Brong Ahafo Region of Ghana. These activities are expected to have major impacts on the inhabitants of the villages and cottages located within or near the concession. Newmont has, therefore, contracted the Opportunities Industrialization Centers International (OICI) Ghana to undertake a livelihood study as a basis to inform the design of a sustainable community development plan for the communities in the project area in order to mitigate possible negative impacts from resettlement and relocation and to overcome any disruptions to livelihood that may occur as a result of commencement of mining activities in a hitherto predominantly agricultural setting.

### **Livelihood Study Objectives:**

The study objectives include the following:

- Determine socio-economic and cultural (livelihood) profile of farm resident households to inform compensation and resettlement program including a gender analysis.
- Determine possible impacts of relocation and resettlement on different groups: women, children, and men (gender analysis).
- Assess the level of existing skills, knowledge and training needs to determine if and how community members can be employed in the mine.
- Determine community perceptions and feelings about resettlement/relocation and compensation.
- Determine priority needs of the population by gender and age to develop sustainable community development programs.

### **Summary of Results and Findings**

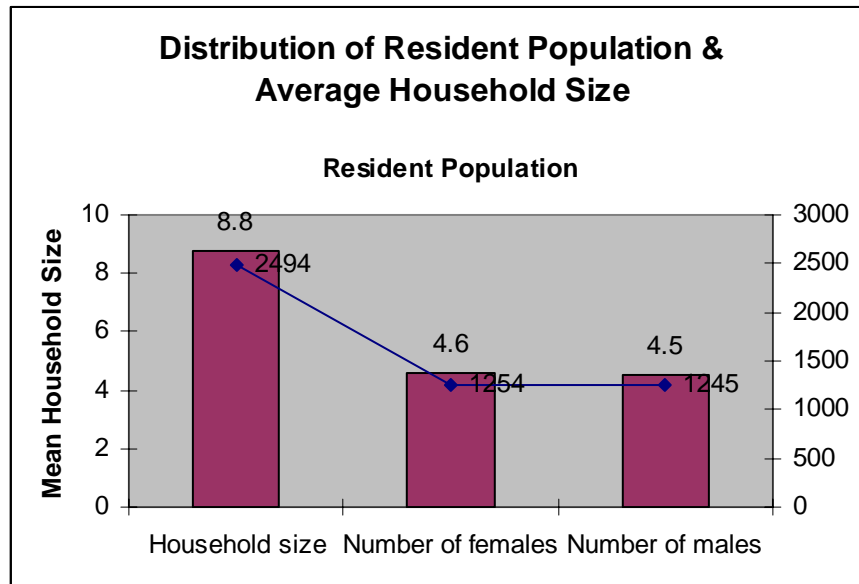
The data collated was analyzed using predominantly descriptive statistical tools including frequencies, mean, median, mode and histogram. The results of the study detail the living standards of the people and also some information on interaction between “assets” and “livelihood strategies and activities”, which will be used to design an alternative livelihood community development program for the communities in the project area.

### **1. Population Profile**

The populations residing in this concession area are in general poor subsistence farmers, with low incomes due to low production on small family farms, limited non-farm income generating opportunities, and low educational status. The welfare profile (quality of life indices) of the local villages is extremely low and some basic facilities such as potable water supply, sanitation and health facilities are not available. The communities, in general, are highly dependent on subsistence-farming, and exploitation of forestry products and only a few community members are directly employed or even “employable” by any industry and the mine due to the low level of skills available in the communities. There is, therefore, an urgent need to set the foundations for sustainable community development that will continue after mine closure to ensure that resettled and relocated populations and those in surrounding communities are not food insecure and impoverished by the start up of mining activities.

### **2. Household Characteristics**

The two hundred and eighty-four respondents (284) surveyed indicated that there are approximately 2,494 members in their household. The average household size within the concession area is 9 persons. The total number of females in the household surveyed is 1254, yielding an average number of 4.6 females per household. Comparatively, there were 1245 males in the surveyed area with an average of 4.5 per household. A household size of 9 is twice the average household size of 4.3<sup>1</sup> persons in Ghana.



Out of the total of 284 respondents interviewed, only 15% or 43 were females while 85% or 241 were males. The bias can be explained by the choice of household heads, who by Ghanaian cultural standards are de facto male positions, as the main respondent.

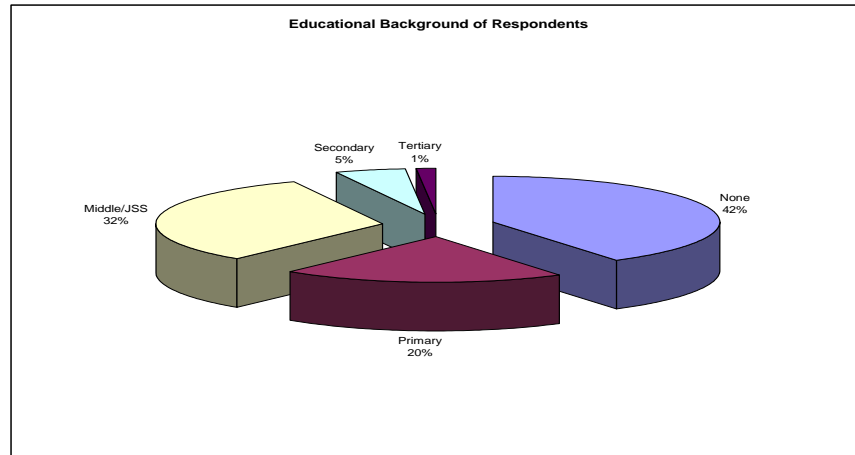
A sizeable proportion of respondents 65% are in the active production category. They fell within the range of 19-45years old, 41% of the respondents had no formal education. This means that large proportions of highly productive youth are engaged in farming activities and with less land to farm due to resettlement or relocation their vulnerability to food insecurity increases. Such youth are also more prone to the adoption of cash crop agriculture that may affect food crops production and hence food availability at household level. The large size of the households has implications for family food security in terms of available farm labor, degree to which innovations may be adopted or rejected and the family “eating force” and the land available for farming to produce enough food for consumption and sale.

**Child dependency and child labor** are twin problems that confront households in the concession, as approximately 53.5% of all household members are children of age 0-18 years.

### **3. Educational Background**

The pie chart below shows that about 42% of these respondents have no formal education while the remaining 59% have attained various levels of education ranging from primary through tertiary.

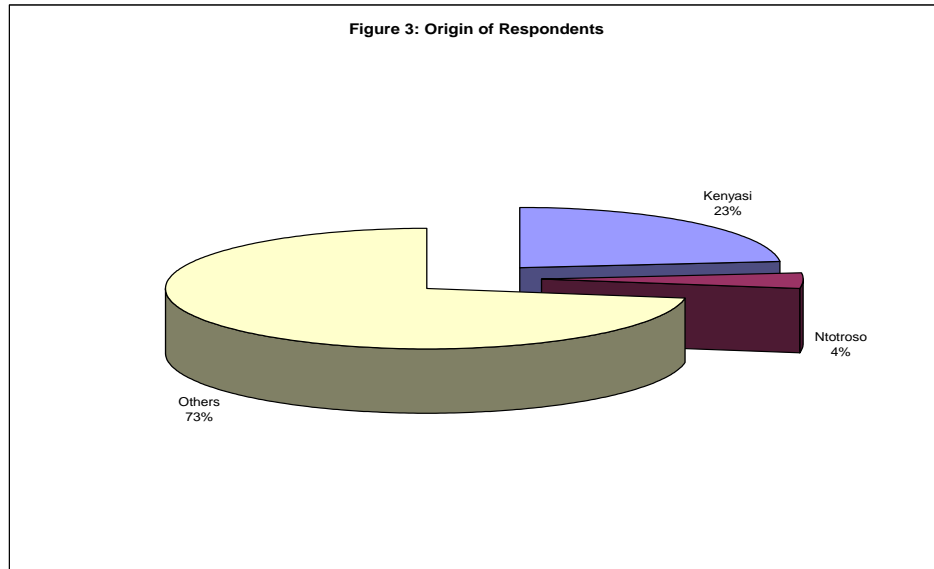
<sup>1</sup> Poverty Reduction Strategy Paper, Republic of Ghana, 2002



Resident farmers possess very **little or no skills** or competencies that could be of direct relevance to the mine. Some of the farmers indicate they have mechanical skills, driving skills, carpentry skills and limited ability to operate some equipment. But farmers with such skills may require re-training to be able to apply their skills. As for level of skills of resident farmers only 23% of the respondents indicated that they have one skill or another. The remaining 77% of respondents had no skills. Since 85% of the respondents were men, one can assume that the level of skills among the small group of 15% is even lower. The case of females is very disturbing since they form a large proportion of the population and the alleviation of poverty; food and nutrition insecurity is best tackled through formal and informal education of girls and women.

#### **4. Origin of Respondents**

A high proportion of migrants settled in the area purposely to farm. The actual indigenes (i.e. natives of Kenyasi and Ntotroso) represent only about 27% and well over 60% of the inhabitants are people from other parts of the country or outside Ghana who have come to settle in the area mainly for farming purposes. The major reason for settling in the area is farming.



The **migrant** populations have settled down for years they may be considered as natives. Approximately 67% of the migrants have settled in the project area for more than 25 years and any displacement arising from the mining operations should be expected to have the same impacts and influences on them just like the indigenes of the area.

### **5. Agriculture**

Farming is the main occupation of the people in the project area. About 97% of the respondents surveyed are engaged in farming as their main income generating activity. Only few are engaged in activities such as trading, teaching and distilling of akpeteshie (local alcohol drink).

The area has a high potential for agricultural production and related enterprises, but now **it** is restricted by inefficient farming practices, lack of tools and equipment, lack of critical inputs (such as improved seeds and fertilizers), poor soil fertility in some areas, and elephant grass invasion

Generally farmland in the project area is acquired from traditional rulers and/or family heads through sharecropping. This mode of acquisition of farmland is open to all categories of people in the project area. However, about 28% of the 284 respondents interviewed claimed they owned the farmland.

The **average size of land** owned by those who indicated that they own land is **13.07** hectares. However, the minimum land holding is 1 hectare and the maximum is 61 hectares.

The **number of farms per household** range from 1 to 5 or more with an average of 2 to 3 farms per household. Both cash crops and food crops are grown on the household farm. The **cash crops** include cocoa, oil palm, teak, pineapples and citrus while the food crops include cereals, legumes, plantain, cocoyam, vegetables and cassava. Regardless of the number of farms that the individual may have cocoa, roots and tubers particularly cassava, combined with cocoyam and plantain remain the dominant crops cultivated by most farmers.

With respect to husbandry practices most formers surveyed indicated that most of the time they use local seeds or planting materials. The yields of these local seeds or planting materials are known to be low and as such the farmers might not be realizing the full benefit of their efforts. Some farmers in concession use improved seeds or certified seeds to supplement the local seeds which constitute their principal planting material. The main sources of agricultural input supply including certified seeds are the market, stores and extension officers.

Respondents migrated with the aim to **cultivate cocoa** but it appears as the socio-economic conditions change, they shift from the cultivation of cocoa as their prime crop to other crops such as roots and tubers mainly cassava, plantain and cocoyam which play dual roles as cash and subsistence crops. Plantain and cocoyam are usually planted as a cover crop for the traditional cash crops such as cocoa, oil palm and citrus during the early years of their establishment. Cereals and legumes are also widely grown in the area. Another important emerging cash crop observed in the area is **pineapple**. **Teak** plantation is also becoming a popular long-term income source.

Low production is compounded by high post-harvest losses largely due to poor storage facilities and a lack of skill and knowledge of post-harvest handling and processing. Most farmers in the project area do not use any **crop protection method** to protect their crops against pests and insects attack. Those who use chemicals have inadequate knowledge of the use of agro chemicals and this poses a potential health hazards to the people.

Farmers in the area practice mixed farming, that is, the simultaneous production of crops and rearing of livestock including poultry. Apart from crop farming the respondents also keep a **range of animals** on their farms. The most significant among them is poultry. Other farm animals include grass cutter, pigs and cattle. Almost all animals except grass cutters are maintain on free range.

There is no doubt that effective crop/livestock integration has great potential in alleviating food and nutrition insecurity as well as providing an income generating opportunity. Although the potential income from **livestock** serves the purpose of providing diverse needs, it is also true to say that much attention is not paid to livestock keeping. As a result, stocks fluctuate and a significant 36.6% of livestock owners indicate that their stocks at the time of the survey declined when compared with the previous year's holdings.

Most of the farmers in the project area, however, lack these technical services. Table 51 shows that 60% of the households have not received any technical assistance on their farms for the past three years. For the few who have received any form of technical assistance, Extension Services Department of the Ministry of Food and Agriculture (MoFA) is the main organization that provides the farmers in the project area with the technical assistance. Having no access to information and services and no credit were regarded as major impediments to good production and processing of agricultural/forestry produce.

Weak market linkages and poor supporting infrastructure such as credit facilities, irrigation systems, roads, public transportation, electricity, and communications networks further hamper agricultural development. Farmers also receive low farm gate prices,



selling farm production at harvest to meet immediate cash needs and to liquidate accumulated debt.

The farmers usually **sell** their crops to traders or individuals at Kenyasi/Ntotroso. Also itinerant traders from outside the district are significant in the marketing chain of farm output.

**Dry season farming** is not popular but can be used to augment household food shortage as well as supplementing household income. Dry season crops grown include vegetables, cereals and legumes.

#### **6. Housing & Social Infrastructure**

Many of the houses in the concession are structural defective and in a dilapidated state. The dwellings are generally of wattle and daub construction with rammed earth floors and thatched roofing.

Significantly, **fuel wood** is the main source of fuel used for cooking, indicating the over dependence on naturally occurring forest wood products in the district. Over 90% of the resident farmers use kerosene or paraffin for lighting.

There are no **public transport terminals** located within the concession. As a result, farmers have to travel some distance before accessing these facilities. However, resident farmers walk for less than one hour to access public facilities such as schools, hospitals/clinics and transportation located at Kenyasi.



## **7. Health**

*(OICI highly recommends that Newmont conduct health baseline study & KPC (Knowledge, Practice, Coverage survey of area in order to get more “quantitative” data on health status of the population).*

Access to health services and care, essential drugs, first aid is also constrained but primarily in the rural areas of the concession. There is also a very low level of health care service delivery through established health posts, clinics, or hospitals in the concession area. The health care facilities cannot adequately service the existing population size let alone a larger mining workforce. The closest and best hospital is about 60 km away in Sunyani. Some of the health problems include malaria, fever, and cough, measles, stomachache, skin irritation, pneumonia and diarrhea.

**Disposal of solid and liquid waste** is rather problematic whilst rivers, lakes, ponds and unprotected wells are the main **sources of water** in the project area. Sanitation facilities are also almost non-existent except for the few found in the small towns. This situation exposes the people to infections by water borne diseases and other health hazards. Data obtained from various sources indicate that most prevalent diseases appear to be water and sanitation related and are due to unhygienic personal and domestic practices.

**Malaria** is endemic among the residents of the concession. More than half, about 56% of the respondents reported sickness or injury within their households during the last 4

weeks period preceding the survey. Malaria is a water-related insect vector disease, diarrhea is water borne (fecal-oral) and skin diseases are also water associated. The incidence of upper respiratory tract infections is associated living conditions such as the inhalation of smoke from wood stoves in the humid environment. This has implication for productivity and health of family finance as considerable amount of time is spent at health care facilities.

**Access to clean potable water** year round in the concession as well as inadequate sanitation facilities are major problems for these communities. These improperly designed water and sanitation systems function as prime breeding grounds for mosquitoes, the primary carriers of malaria, which is one of the leading causes of death in Ghana, and in the Asutifi district. Poor water and sanitation facilities are also the cause of several water-borne and infectious diseases that account for the high morbidity and mortality in both adults and children in these communities

It is obvious that there is poor potable water coverage and acute water insecurity in the rural concession areas. The population influx into the small towns will also increase the pressure on already scarce water supplies. Expanding and increasing potable water coverage is a critical priority area that needs to be addressed immediately by the local government and Newmont.

This low level of medical care coverage and water and sanitation facilities serves to compound the already precarious health conditions. This has implication for productivity and health of family finances as considerable amount of time is wasted and money spent on health care.

### **8. Income and Other Assets**

Annual cash incomes of households are very low. If expenditure is used as a proxy for income then it is possible to conclude that the annual incomes of resident farmers range between ₵90,900.00 and ₵87,257,000.00 whilst the **average annual income** is **₵6,188,036.07**. If we make provision for savings the incomes may be slightly higher than expenditure estimates suggest.

The inhabitants' major expenditures are on food, education and health which demonstrate a high level of poverty as they spend their income on absolute basic needs. The main income source of these subsistence farmers is farm production and it showed that few of the respondents received income from handicrafts or processing farm produce. A lack of credit for farming had limited individual farmer's ability to improve their financial well being and provide adequately for their families.

Farm implements and farms houses constitute the main asset of respondents. However, the nature of houses and building materials used in construction made the quality of houses very unattractive. The number rooms in each house are however important since life is often organized around the number of rooms available to the household. The more rooms there are in the house the greater the chances of different generations in the family living within the same compound.

### **9. Non-Farm Income Generating Opportunities**

Off-farm job opportunities are virtually non-existent and many able-bodied persons cannot be gainfully employed in the mine without skills training. Farm households have few skills

and no opportunities currently in the district to get skills training, as there are few basic vocational schools in the area to generate supplemental non-farm income and employment. The start-up of mining operations will create the need for new goods and services to cater for the mine worker population and will afford alternative non-farm income generating opportunities for the population. But without the training and capacity building and skills in new business creation and marketing, the affected populations will not be able to take advantage and benefit from these opportunities.

Generally, respondents indicated that they have **limited sources of income** outside of farming. These include rent income from real estate, rent from land, pensions, and dividend from group investments and income from renting farm equipment. The number of respondents deriving income from the first three important sources is rather few, confirming the fact that the farmers in the project area have limited sources of income and depend on farming as their main source of livelihood.

### **10. Gender**

Women constitute a large part of the agricultural labor force. The ratio of male to female in the concession is almost 1:1. It has been demonstrated time and again that women, compared to men, have different needs and priorities that can be related to their more direct role in feeding the family and ensuring food security of the family. All proposed interventions and activities proposed in the community development program should, therefore, take into consideration the different gender needs so that targeting is explicit and does not subsume the priorities of women who form a large segment of the population.

### **11. Participation in Community Life**

Majority of respondents indicated that they belong to some identified **community groups** such as Farmers Associations, Religious groups, Cultural Troupes and Youth Development Associations. Membership of these groups helps build social capital and information with respect to best practice in many spheres of life. The groups may promote social activities or production as in farmers' associations. As a large number of resident farmers are migrants who may not have their extended family members close by group membership is an important livelihood (risk mitigating) strategy

### **12. HIV/AIDS and STI's**

The National HIV/AIDS prevalence rate in Ghana is 3.4%, still quite low compared to figures of neighboring countries, which range between 6%-10%, but it is expected to increase to 6.9% in 2009 based on the computer modeling of the 2000 HIV prevalence figures.<sup>1</sup> It is believed that over 200 new cases and 130 conversions to full-blown AIDS occur daily. There are regions in the country like the Eastern Region where prevalence levels are as high as those of neighboring countries. The Government of Ghana and local and international NGOs have focused resources primarily on HIV/AIDS prevention programs. In Ghana, there is no national or comprehensive program that provides food, shelter, clothing, schooling, psychosocial counseling and support for PLWHAs and OVCs. The Ghana AIDS Commission report and USAID Ghana's HIV/AIDS Strategic Plan both indicate that care and support services for PLWHAs and orphans are grossly inadequate and that the institutional capacity, training, resources, food, and cash to provide these services by the public and private sector are often non-existent

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<sup>1</sup> USAID Ghana, 2003, HIV/AIDS Country Strategy

The prevalence rate in the Brong Ahafo is increasing, however, mining communities in Ghana are notorious for higher rates of sexually transmitted diseases and AIDS which is linked to the activities of young male migrant galamsey and mine workers and an increase in prostitution in the area. Consequently, it is imperative that a comprehensive HIV/AIDS Prevention and Awareness program including the establishment of Voluntary Counseling and Testing Center as well as a Care and Support program be put in place for the mining communities in the Newmont concession.

### **13. Environmental security**

The environment is at risk not only by start up of surface mining activities, and all the devastation and risks associated with its such as disruption in bio-diversity, potential contamination of water sources but also due to the destructive farming practices, and inadequate natural resource management by farmer residents. Conservation practices such as tree planting, soil and water conservation, use of agro-forestry, cover crops, natural fertilization, and composting are limited. All these factors are leading to land and soil degradation and loss of bio-diversity, which threaten sustainable investments in development initiatives in the future if not intensified.

### **14. Priority Development Needs**

The problems that were indicated by the households of the affected communities during the surveys are given below. This preliminary needs identified were prioritized as part of the exercise to develop the community development plan for the affected areas. Although the priorities varied from one community to another, an aggregate data from all the sub enumeration areas reflected a consensus on the development priorities as below:

<b>First level priorities (High)</b>	<b>Second level priorities (Medium)</b>	<b>Third level priorities (Low)</b>
<ul style="list-style-type: none"> <li>- Potable water</li> <li>- Employable/self-employment skills.</li> <li>- Hospital / Clinic</li> </ul>	<ul style="list-style-type: none"> <li>- Electricity</li> <li>- Loans/ credit facilities</li> <li>- Good housing</li> </ul>	<ul style="list-style-type: none"> <li>- Community center</li> <li>- Toilet (KVIP)</li> <li>- Worship centers e.g. mosque, church,</li> <li>- Access roads</li> <li>- Police station</li> <li>- Market</li> <li>- Storage structures</li> <li>- School</li> <li>- Parks</li> </ul>

At most sessions women were particularly in favor of provision of potable water and health services and this reflects their traditional role of providing water to the household and ensuring the health of the family. Again, they favored provision of guesthouses and community centers apparently because of their concern for visitors and possibly an anticipation of opportunities for them to work at such facilities as work in the mine may be perceived as men's work. There are various important needs that were not mentioned by the people because they did not think they were important. Needs such as agricultural training, natural resource management and quality education, livestock improvement will

be introduced and discussed during verification time with the communities further down the road in the design of the community development plan.

### **15. Communities Perceptions: Mining, Relocation and Resettlement**

A lot of anxiety is expressed about being provided alternative land for farming activities. They even express anxiety about having to buy food if relocated as they currently feed from their farms. Most of these farmers have indicated that they cannot undertake any other economic venture. Consequently they anticipate compensation for their land in order to migrate to areas where they could obtain new land for farming. Residents are of the opinion that there is an abundant supply of land and that they are capable of securing alternative land to continue their farm business as long as they are adequately compensated for their crops and current land. This may abate the land use conflict envisaged. Consequently inhabitants of the project area suggest that if they are adequately compensated they should be able to migrate to continue their farm business elsewhere in the region if not in the same district.

The farmers' concept of adequate compensation includes compensation for land and not only payments for crops and landed property destroyed. However, the current laws relating to land do not permit compensation payment in respect of land but to usufructs and other lesser titleholders. All compensation for land is paid to the alodial in the form of royalties. As a result if part or all of the land belonging to a farmer is fallow (s) he may not receive any money in compensation for the land not cultivated. This situation poses a problem to those who have right to land by customary tenancy arrangement or leasehold interest. Indeed all titleholders other than the alodial titleholders are therefore disadvantaged. Most respondents regard this situation as gross injustices and may resist the acquisition of their lands in this way.

Other significant concerns are about children having to be exposed to a new way of life and difficulty in finding placement in schools for them.

### **General Conclusions and Recommendations:**

The general conclusions reached from the study are as follows:

1. Due to their high dependence on farming and agriculture related activities for food and income generation farm residents in the concession and particularly the women, specifically those in polygamous households with large number of children, and elderly adults are at high risk and vulnerable of facing food insecurity from resettlement and relocation if they don't have alternative farmland for food production or alternative income generating activities for cash to purchase food.
2. Due to low educational and skills, and lack of employable skills, even those who will receive large sums of cash compensation, will require training and capacity building in money and financial management as well as complementary skills training in micro-enterprise development so that their "new wealth" is invested in productive, income generating activities that can sustain them and their families. There is a high risk that compensation funds will be squandered through spend drift spending or poor, non yielding investments leaving these groups worse off and food insecure.
3. There is need to target the most vulnerable and high-risk groups that would could be most affected by resettlement and relocation. The study clearly indicates the need for

proper targeting of community development programs in terms of types of interventions as well as by gender and age in order to achieve and maximize impact within a short period of time.

4. While promoting food production for home consumption, there is also a need to promote cash crop production. Food security cannot be achieved without some degree of cash security. The study identified cocoa, maize, plantain, poultry and small ruminants as possible crop and livestock that could be further developed into high value income-generating activities. There is a need for proper targeting of crops and livestock to be promoted that will fit the farming systems of the communities.

5. Better access to health services, and water and sanitation coupled with education on key messages in health, nutrition and sanitation, training in prevention and treatment of diarrhea, malaria and other water-borne diseases and growth monitoring can promote improved community, maternal and child health.

### **Recommendations:**

In order to work towards sustainable development and thereby improve livelihoods of resident farmers on resettlement and relocation the following recommendations are suggested:

#### **1. Alternative Livelihood Strategies**

There is the need to identify and promote alternative livelihood strategies among the resident farmers based on available resources for basic income generating activities. Poultry, livestock keeping, grass cutter and snail farming are activities that may prove to be very good alternative livelihood activities in the district. Indeed Newmont may have to devote more time and resources to guard against or minimize the occurrence of incidents that may tend to adversely affect the livelihoods of the communities close to the mining operations. The design and implementation of interventions that will increase the capacities of the people to establish and operate individual or group income generating activities on a small to medium-scale will be a profitable way to improve the off-farm sources of income and reduce vulnerability.

#### **2. Social Investments and Skills Training**

In addition to the foregoing activities, Newmont in conjunction with local government authorities may have to think about creating opportunities for social investment and learning, for instance by providing places and facilities for teaching and learning skills in agriculture, art, craft and artisanship in the district to train and impart skills to young people.

There is a need for the establishment of a vocational training center that will provide specific training that might fulfill the labor needs of Newmont. Vocational training in welding, masonry, block making, carpentry, hospitality and kitchen services, dress making, office management and secretarial skills, auto mechanics, auto body works, computer skills, plumbing, graphic arts, electrical installation, and micro enterprise and business development among others. Specialty trades and skills that are needed in the mining sector may be added to this list of vocational skills

**3. Alternative Farmlands**

In the interest of farmers who think they are unable to practice any other trade apart from farming, it is recommended that the Newmont liaise with local government authorities and traditional rulers to secure land for distribution to this group to continue farming. Indeed Newmont may consider making idle parts of the concessions available for short-term farming, particularly to farmers to be displaced by mining and who are without alternative farmlands. This should be based on the understanding that beneficiaries would undertake to vacate such land when the company needs them.

**4. Agriculture Intensification**

To minimise land use conflict, which may arise as result of mining, the new face of agriculture should be that of intensive farming. Newmont can assist in this direction by collaborating with the Ministry of Food and Agriculture to provide technical advice. Poultry, livestock keeping, grass cutter and snail farming are also activities that may use very little land but with high income generating potential in the district that are not currently explored to the fullest.

**5. Stakeholder Engagement & Communication**

Newmont needs to be in regular touch with the communities to educate them continually on the company's operations, community relation policies and their relevance, to dispel the fears of communities about the harmful effects of mining and/or displacement. This will make for improved company-community relations. Newmont's education programme for the communities should be supplemented by the local government authorities educating the public on their rights, responsibilities, limitations, and channels of redress of grievances.