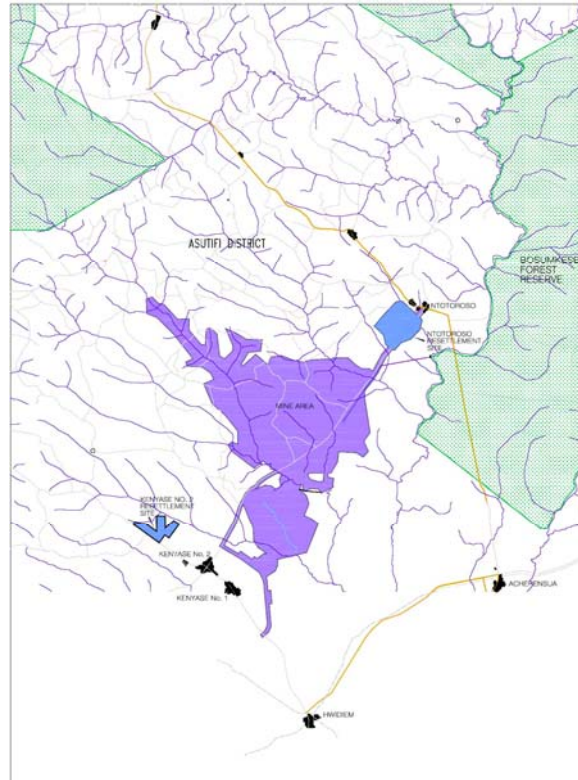


NEWMONT GHANA GOLD LIMITED

RESETTLEMENT ACTION PLAN [REV. 1] AHAFO SOUTH PROJECT



Prepared for:
Newmont Ghana Gold Limited
C825 / 26 Lagos Avenue
East Legon, Accra, GHANA

Prepared by:
planningAlliance
205-317 Adelaide St. W.
Toronto, CANADA

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NEWMONT GHANA GOLD LIMITED RESETTLEMENT ACTION PLAN – AHAFO SOUTH PROJECT

SUMMARY

Introduction

Newmont Ghana Gold Limited (the Company) proposes to construct and operate an open pit gold mine (the Ahafo South Project) in the Asutifi District, Brong-Ahafo Region, Ghana. The Project is located 300 kilometers northwest of Ghana's capital city Accra (**Figure I**).

The Ahafo Project was formalized on 19 December 2003 with the signing of a foreign investment agreement between Newmont and the Government of Ghana. The Project mining lease covers 536.56 square kilometers. By year-end 2003, the Company had identified probable reserves of 7.63 million ounces (@ US\$ 325 / ounce).

The Company will develop the Ahafo Project in two phases: Ahafo South (Phase One) and Ahafo North (Phase Two). The Ahafo South Project involves mining and processing ore in the southern portion of the lease area. The total Mine Area of the Ahafo South Project is 2,992 hectares.

The Project is scheduled to take 25 months. Construction began in April 2004 and will end with process plant commissioning in May 2006. The estimated capital expenditure is US\$ 450 million. Life of mine will be some 20 years.

An Environmental Impact Statement for the Project was submitted to the Ghana Environmental Protection Agency in September 2004.

Eight hundred and twenty three households (5,185 people) will lose both residential buildings and cropped fields in the Mine Area. In addition, 878 households (4,390 people) will be economically displaced through the loss of cropped fields located in the Mine Area. The total number of impacted households is 1,701 households (9,575 people).

This Resettlement Action Plan (RAP) describes the policies, procedures and rates developed jointly by the Company and impacted people to guide the compensation and resettlement of persons, households and communities that are displaced by the Ahafo South Project.

This RAP also serves as a Resettlement Policy Framework for the Ahafo North Project and any future expansions areas associated with the Ahafo South Project. All resettlement and compensation activities associated with the Ahafo North Project will be negotiated on the basis of the principles, policies, procedures and rates set out within this Resettlement Action Plan. The scope of displacement expected from the Ahafo North Project is of similar magnitude to that occurring in Ahafo South.

At this time, all people known to be affected by the Project are included in this RAP. Any new substantial expansion areas (i.e., affecting ten or more households) will be covered in a new addendum to this RAP.

Institutional and Legal Framework

The President of Ghana exercises executive authority under provisions of the Constitution. The Cabinet, made up of the President, Vice-President, and Ministers, assists the President in the determination of the government's general policy. A popularly elected 200-member unicameral parliament exercises legislative power and exercises oversight of ministries, departments and agencies.

Ghana has ten administrative Regions. The project is located in Brong-Ahafo Region. The Brong-Ahafo Regional Coordinating Council links the national government and the district / municipal / metropolitan assemblies. It is comprised of chief executives and members of district / municipal / metropolitan assemblies, along with two representatives from the House of Chiefs, the Regional Minister and Regional Deputy Minister.

Brong-Ahafo Region has 13 administrative districts. The entire Project falls within Asutifi District. Asutifi District Assembly is the highest administrative and political authority in the district. The District Assembly has 70% elected members and 30% government appointees. It is headed by the District Chief Executive, who is appointed by the President with the approval of two-thirds of the District Assembly. It exercises deliberative, legislative and executive functions, and is responsible for development through preparation and management of district development plans. The Executive Committee of the District Assembly is headed by the District Chief Executive. Sub-district government consists of urban / town / area / zonal councils and unit committees.

Traditional authorities possess deep institutional relevance, particularly in rural areas. They play a particularly important role in land allocation and management. The Project falls within the Ashanti Kingdom, the seat of which is Kumasi. The Ashanti King, Otumfuo Osei-Tutu II, recognizes a number of Paramount Chiefs, each of whom administers a Stool. Within Asutifi District, Kenyase 1 and Kenyase 2 have Paramount Chiefs. There are also Divisional, or Autonomous Chiefs within the District, in Ntotoroso, Gyedu and Wamahinso.

In Brong-Ahafo Region, people typically have as their primary residence a family home, which serves as the social and residential center of an extended family. The residents normally number some ten or more persons. Each extended family is typically composed of individuals from more than one related nuclear family, or household.

In rural areas near the Project, the extended family residences are termed "krom" in Akan languages and "village" in local English. In this document, such rural residences are termed "rural homesteads," recognizing that a typical homestead is the home of more than one household. In urban areas near the Project, these extended family residences are termed "efihya." In this document, such urban residences are termed "urban homesteads," also recognizing that a typical homestead contains more than one household.

Residents of urban homesteads possess farm fields in the surrounding rural areas. Sometimes, such persons also have farm houses ("akuraa") which they use seasonally and from time-to-time, for storage, to rest during the heat of midday, or for extended periods of "camping" at the farm. These farm houses

are typically used by individuals of a nuclear family, or household. The residents, or habitual users, normally number about five persons.

The legal and institutional context of resettlement in Ghana is complex. As in many parts of Africa, dual customary and titled ownership exist. Regulatory oversight of private sector land acquisition and resettlement related to mining activities and actions is governed by the Constitution and two Acts:

- The 1992 Constitution of Ghana ensures the protection of private property and establishes requirements for resettlement in the event of displacement from State acquisition.
- The State Lands Act of 1962 mandates compensation rates and sets procedures for public land acquisitions.
- The Minerals and Mining Amendment Act of 1992 allocates all mineral rights to the State and requires adequate compensation for loss of assets on the surface of the land due to mineral operations. A new Bill focused on mineral rights will be before Parliament in the third quarter of 2005.

The Constitution of Ghana specifically requires resettlement (and not just cash compensation) where land is acquired in the public interest. The State Lands Act of 1962 provides that any person whose property is affected by a public project is entitled to compensation, and provides a mechanism by which people not satisfied with compensation may seek redress by notifying the Minister. The Land Valuation Board is the agency responsible for setting compensation rates for property affected by public projects, and the designated authority for settling dispute over property compensation in private sector projects.

The legal framework for mining in Ghana is the Minerals and Mining Law of 1986, as amended, and as modified by the provisions of the 1992 Constitution. In this framework, the State owns all minerals occurring in their natural state within Ghana's land and sea territory, and its exclusive economic zone. Exercise of any mineral right requires a license granted by the Minister for Mines, as the agent of the State for exercise of powers relating to minerals.

The Minerals and Mining Amendment Act of 1992 requires mineral right holders to affect as little as possible the interest of any lawful occupier of the land. A mineral right holder must compensate for any disturbance to the rights of owners or occupiers and for damage done to the surface of the land, buildings, works or improvements, or to livestock, crops or trees in the area of mineral operations. The Act requires that the amount of compensation, subject to the approval of the Land Valuation Board, be determined by agreement between the parties concerned. No Act provides for compensation for the land itself.

The Mining and Environmental Guidelines of 1994 provide further for resettlement:

Any pre-existing settlement located close to mining operations where the pre-existing inhabitant's public safety is at risk, or where the inhabitants are subjected to unreasonable nuisance, shall be resettled at a more distant site with at least an equal standard of accommodation and services at the cost of the company (pg 11).

Other legislation and regulations relevant to the resettlement process include those pertaining to environmental protection and assessment, and architecture and planning.

An Environmental Impact Assessment for projects has been a requirement in Ghana since 1989.

The physical planning of any area is governed by the Town and Country Planning Ordinance of 1945 (Cap 84) and the Local Government Act of 1993 (Act 462).

Land tenure in Ghana is governed by a web of common and customary law, from which have emerged the following categories of landholding:

- Customary ownership
- State ownership
- Customarily owned but state managed lands (vested lands).

Customary ownership occurs where the right to use or dispose of use-rights over land is governed by the customary laws of the land-owning community. Rules governing the acquisition and transmission of these rights vary from community to community, depending on social structure and traditional practice. Customary lands are managed by a custodian (a chief or a head of clan or family) together with a council of elders appointed in accord with the customary law of the land-owning community. Land ownership in Asutifi District is legally vested in the government; nevertheless, in practice, customary ownership dominates.

With regard to mining lease-related compensation, committees made up of traditional chiefs and local representatives are generally formed to conduct open negotiations with the holder of the lease.

Organization

The Company has assembled a large, experienced resettlement team of professionals, field and office workers, within the Ahafo Project Department of External Affairs, to prepare and implement this Resettlement Action Plan (**Figure 17**).

Team managers are senior Company employees and consultants tasked with overseeing preparation and implementation of land acquisition, compensation and resettlement. The Team includes four full-time on-site project managers, two senior managers based in Accra, and two Canada-based consultants.

The External Affairs Team is divided in five units:

- Land, structures, crop and household surveys
- Database and accounts
- Office management
- Planning and engineering
- Community relations and development

Many government agencies, at the district, regional and national levels, are involved in preparation and implementation of the Resettlement Action Plan. The role of these agencies includes:

- Participation as observers in resettlement negotiations
- Participation in the permitting and approvals process
- Post-handover services management in the resettlement villages.

A Resettlement Negotiation Committee has been established to negotiate fair and just compensation for Project-affected persons. The Resettlement Negotiation Committee consists of Project-affected persons / households, representatives of traditional leaders, representatives from government agencies, and representatives from Non-Governmental Organizations.

Baseline

The Project Area is located entirely within Asutifi District. The Asutifi district has an area of 1,500 km² and a population of about 80,000 (2000). The district population is rural. Only one of its towns (Kenyase 2) has over 5,000 inhabitants.

The Ministry of Local Government classifies Asutifi District as deprived, noting that living standards are low, public infrastructure stock inadequate, and economic development opportunities limited.

The Company, through Opportunities Industrialization Centers International (OICI), has undertaken a census and socio-economic survey of homesteads located in the Mine Area and households with farm fields in the Mine Area but that reside elsewhere. OICI and the Company survey results that characterize the demographic and socio-economic nature of the population residing in the Project Area include:

- 823 resident households and 878 non-resident households for a combined 9,575 persons residing or working land in the Project Area.
- Ethnic diversity is high, due to immigration over the past 50 years of persons seeking land to farm
- The population consists of farmers with limited income due to low output from small family farms.
- Non-farming sources of income are limited and 2/3 of adults have no employable skills other than farming.
- Access to land for farming is a main concern for Project-Affected Persons
- Level of education is low and a principle reason for a lack of income diversity other than farming and forestry.
- Women are a large part of the agricultural workforce, and generate the majority of non-farm income.
- Children between the ages of 0 and 18 comprise 53.5% of the population.
- Women or female spouses share in the decision-making on the disbursement of income from the sale of household crops and animals.
- Nearly 40% of household annual expenditure is for food and 12% for education.
- Many indices of life quality are low with limited access to basic facilities for potable water, sanitation, and health.

- HIV/AIDS level 3.4%.

The Company has retained a land survey company to do a cadastral survey of all farm fields in the Mine Area. The Company has then undertaken crop survey of all farm fields identified by the cadastral survey. Crop compensation teams recorded all crops by area and / or number in each field in the presence of the farmer and the chief farmer of the area.

The Company has retained a government-certified valuation firm to survey and value all structures located within the Mine Area. The valuer has recorded, wherever possible in the presence of the structure owner, structure construction details, occupancy, fittings, dimensions, age, condition, and ownership.

Within a few kilometers of the Project Area are five sizeable communities (Gyedu, Kenyase I and 2, and Nototoroso). Just outside or within the Mine Area are five small nucleated settlements (Dokyekrom, Kодиwohia, Kwakyekrom, Manushed, and Yawusukrom), and about 1,000 rural homesteads.

The sizeable communities are the seats of Paramount Chiefs or Divisional Chiefs. They serve as the major market towns of the District, provide access to urban infrastructure (e.g., electricity and water supply systems), and a variety of social facilities (e.g. schools and health centers). Kenyase is the district headquarters. Nucleated settlements are located on Local Distributors or single-lane tracks, serve as smaller market towns, and sometimes feature a small primary school (e.g. Dokyekrom, Kодиwohia, Kwakyekrom, and Yawusukrom). These settlements are surrounded by farmland worked by residents. Isolated rural homesteads are scattered more or less equidistantly, and are normally located within or immediately adjacent to the farmland worked by residents of that homestead.

Local custom clearly recognizes that a structure belongs to the person / household who built and beneficially occupies or uses it, rather than to the “owner” (landlord) of the land on which the structure rests. As a result, there are very few persons / households that do not own the structures in which they live. In the Mine Area, persons that do not own their own houses tend to be recent arrivals to the area who have not yet built their own structures.

The great majority of households practice fallow agro-forestry. Fallow land forms an integral part of the agricultural system. Fallows provide useful products, including building materials, fuel, food and medicine. Fallows allow soil to rebuild fertility lost during cultivation. Farmers clear their fallows after a number of years to re-initiate cultivation of food and cash crops. Farmers report that historically fallows used to be 15 years or more in duration, but today tend to be less than 5 years.

Land use rights vary between landlords and tenants. Generally, a landlord is a property holder who has exclusive rights to use or to dispose of use rights to land. Land use rights are typically acquired from traditional rulers and family heads or by inheritance, and are disposed otherwise by contacts for sharecropping or lease. A given householder may be a landlord of one farm field, a sharecropper on another and a caretaker on a third.

The Project Area has the following features and characteristics:

- Four schools
- No established health posts, clinics or hospitals

- No electricity
- 42% of residents having no formal education
- Homestead incomes are low with over 95% of Homesteads practicing subsistence and cash cropping on small holdings as primary livelihood activity
- Livelihood activities other than farming include trading, teaching and distilling
- One quarter of adults claim non farming skills
- Resident income is low from farming and non-farming sources e.g. petty trading, food processing, tailoring and sewing, rent of buildings and land, pensions, dividends from group investments and rent of farming equipment
- Malaria is the major disease comprising 45% of ill health reports
- Cash crops include cocoa, oil palm, teak, pineapples and citrus
- Food crops include cereals, legumes, plantain, yam, cocoyam, vegetables and cassava, and are produced for both consumption and sale.
- Poor food storage facilities and a lack of knowledge of post-harvest handling and processing
- Most Project Area homesteads keep livestock, especially poultry, sheep and goats
- Other physical assets include radios, mattresses / beds, bicycles, watch / clocks, and sewing machines
- Businesses include four Cocoa Marketing Board purchasing sheds and six corn-mills
- Three public roads plus single lane exploration tracks and foot / bicycle paths which link rural farm fields to homesteads and homesteads to the market towns of Ntotoroso, and Kenyase

Households own a variety of residential and non-residential structures. The majority of these structures are built using traditional methods and materials- rammed earth floors, wattle-and-daub walls, and plant-material roofs.

The Company estimates that there are 7,193 farm fields in the Mine Area, with a total area of 2,426 hectares, equivalent to 78% of the Mine Area. Farm fields average about 0.34 hectares in area. The Company understands fallowed land to be roughly divided into two categories: interior fallows and exterior fallows. Interior fallows are those areas of fallowed land located within an existing field, equivalent to on average about 19% of the total field area. Exterior fallows are those areas of fallow land located outside of existing fields. The majority of land which is not actively cropped in the Project Area is held as exterior fallows by Project-affected households. Therefore, the Mine Area can be understood to include the following:

- 2,426 hectares of cropped fields

- 1,965 hectares of actively cropped land
- 461 hectares of interior fallowed land
- 685 hectares of land which is not cropped.

Of the land which is not cropped, >95% is fallow, the remainder being settlement and roads.

In March 2003, when the Company accelerated public consultation on the Project, it became widely appreciated that the Company would compensate for structures and crops in the Mine Area. Since then, the Mine Area has been the focus of intensive speculation, specifically:

- Household living in the Mine Area (i.e., resident households) have built some new structures, established new farm fields, and planted higher-value crops
- Households living outside the Mine Area, but with fields within (i.e. non-resident households), have built many residential structures, established new farm fields and planted higher value crops in the Mine Area
- Persons previously without residential structures or fields in the Mine Area have moved to secure and exercise building and planting rights.

Crop and structure speculation has continued to the present, despite the fact that no entitlement to compensation exists for any structure built or crops planted in the Mine Area after an entitlement cut-off date.

Project Impacts

The Company has minimized the scope of physical and economic displacement associated with the Project through minimizing the size of Project components and the distances between them and restricting the Mine Area to a sparsely populated, rural area.

Impacted households comprise “resident” households and “non-resident” households. Resident households are those owning houses in the Mine Area that were built on or before 10 February 2004. The Company has identified 823 resident households, with a total population of 5,185 (~6.3 persons / household). These households live in rural homesteads scattered throughout the Footprint, with small clusters at Kodiwohia (117 households) and Kwakyekrom (89 households).

Each resident household possesses a set of completed structures, including residential and non-residential buildings. A large proportion of these structures were built solely to capture compensation. Many have never been lived in and the owners don't have any intention of living in them.

Resident households cultivate an average of 5 fields (totaling 1.7 hectares), for a total area of 1,399 hectares. They also possess fallowed landholdings.

Eight resident households run small businesses: six operate corn mills and two kiosks.

There are also a number of Gari makers and Akpeteshie distillers. These are household operations and are easily moved.

Resident households can be divided into two general groups:

- Those for which their residence in the Mine Area is their primary residence
- Those for which their residence in the Mine Area is not their primary or sole residence.

Households in the first group number 399, and have a total population of 2,594 (6.5 persons / household). These households will move to one of two resettlement villages constructed by the Company. Households in the second group own an alternative residence elsewhere in the district or have already moved from their Mine Area residence to settle outside of the district. Such households number, 424 and have a total population of 2,586 (6.1 persons / household). These households are eligible for relocation compensation, if they so choose, subject to verification of their alternative residence by the Resettlement Negotiation Committee.

Non-resident households are those households residing outside the Mine Area but that possess land, usage rights or businesses within the Mine Area. These households are economically displaced by the Project.

As a general rule, non-resident households do not possess any completed structures in the Mine Area. Non-resident households do possess a total of 122 structures (or sets of structures) that were partially constructed, or incomplete, as of the entitlement cut-off date and are eligible for compensation. These households also possess a total of about 350 structures (or sets of structures) that were constructed after the entitlement cut-off date, an indication of the strength of the speculative boom in the area. These structures are not eligible for compensation.

The Company has identified 878 non-resident households that possess farm fields in the Mine Area, with a total population of 4,390 (5.0 persons / household). These households live in nearby communities (Kenyase 1 and 2, Ntotoroso, Gyedu and Wamahinso) and in rural homesteads surrounding the Mine Area. These same households own the vast majority of incomplete structures and ineligible structures.

The non-resident households cultivate an average of 3 fields, for a total area of 888 hectares. They also possess fallow landholdings.

In summary, there are 1,701 impacted households, with a total population of 9,575 (~5.6 persons / household). These households:

- Own a total of 1,426 structures (or sets of structures), including 862 completed structures, 142 incomplete structures and 422 ineligible structures, in the Mine Area
- Own a total of eight businesses, comprising six corn mills and two kiosks, in the Mine Area
- Cultivate a total of 7,193 fields (~4 fields / household), with a total area of 2,426 hectares (1.4 hectares / household), in the Mine Area.

Public facilities in the Mine Area that will be physically displaced are four schools, four Cocoa Marketing Board sheds, two roads and a network of tracks and paths.

The Company is in the process of constructing resettlement villages on the outskirts of Kenyase 2 (Ola Resettlement Village) and Ntotoroso (Ntotoroso Resettlement Village) for the 399 resettling households. Of the 399,

- 312 households (2,028 persons) will move to the Ola Resettlement Village
- 87 households (566 persons) to the Ntotoroso Resettlement Village.

In 2004, Kenyase 2 was home to 1,770 households (8,321 people) and Ntotoroso to 557 households (2,952 people). The addition of resettling households represents roughly a 20% increase of households and 30% increase in population for Kenyase 2, and roughly a 15% increase of households and 20% increase in population for Ntotoroso. Despite the rapid growth anticipated by both communities, impacts are expected to be manageable. Both Ntotoroso and Kenyase 2 view their role as “host community” as a significant benefit. The traditional and political leadership of both communities specifically requested to host the resettlement villages because they see it as contributing to their economic development.

The Company has not yet estimated the cumulative impact of the Project on the population and housing stock of the host communities, or other district communities. It is clear, however, that a significant proportion of compensation paid to date is going into new building and building additions for family use and for rent.

Although the Company is making a great effort to lower in-migration by hiring locally and by bussing workers to and from the Project site, the changes in district communities are notable and a source of concern to the traditional and local government and many citizens because of the pressure on services, particularly sanitation.

Public Participation

The Company’s External Affairs Team engages with the community on a daily basis and consults on a broad range of issues with local traditional and political leadership, impacted people / households, youth, and the general public. In so doing, it has built trust and facilitated open information exchange among stakeholders.

It is not possible to negotiate the intricacies of compensation, resettlement and development with single individuals, one-on-one. As a result, the Company established a committee for negotiation: the Resettlement Negotiation Committee (RNC). A Community Liaison Committee (CLC) will replace the RNC on completion of the physical resettlement. The CLC will be the interlocutor on planning and implementing the Livelihood Enhancement and Community Empowerment Program (LEEP).

Company negotiations in the RNC have been complemented by consultation and disclosure activities, which preceded and have paralleled RNC negotiations.

Between March 2003 and initiation of the RNC in February 2004, the Company held 12 formal consultation meetings on the resettlement. These meetings served to:

- Provide information about the Project to stakeholders
- Respond to questions and record concerns

- Notify stakeholders that a collaborative negotiation process would be undertaken to develop compensation policies, procedures and rates and that they should elect representatives to participate on their behalf.

Community education meetings were open to the public. Focus group meetings targeted specific groups and organizations. The meetings provided residents with information ranging from resettlement negotiations to community development.

In larger community centers important messages on resettlement, compensation and negotiation were conveyed by puppeteers and a drumming troop. Compensation rates were discussed specifically, as were channels to express concern, the building moratorium, and the message that no compensation would be paid for speculative buildings.

The OICI team, in their tripartite role as socio-economic surveyors, household case workers, and community development planners, are integral to community outreach efforts. Immersed in the community since late 2003, they enjoy exceptional stakeholder access and serve an important intermediary function between the Company and the community.

Negotiations are the heart of public participation in resettlement planning and implementation. To lay the foundation for formal negotiations, the Company, in consultation with stakeholders, undertook the following:

- Discussed the Project, including anticipated impacts, with a broad cross-section of stakeholder groups
- Designated the former Inspector General of Police as Chairman of the Resettlement Negotiations Committee¹
- Identified a Company negotiating team,
- Mobilized Project-impacted people / households and traditional authorities to elect representatives to serve on the Resettlement Negotiation Committee
- Invited political leaders, government agencies and non-governmental organizations with a potential interest in the Project to participate as observers at Resettlement Negotiation Committee meetings.

In late 2003, the Company asked many of the stakeholder groups to elect representatives to participate in the Resettlement Negotiations Committee. Representatives were elected by acclamation during community gatherings and group meetings.

The first Resettlement Negotiation Committee meeting was held on 10 February 2004. By August 2005, the RNC had met 31 times.

The Resettlement Negotiation Committee includes representatives of traditional authorities, the district government, directly impacted persons / households in the Mine Area, and all land tenure categories (i.e., landlords, sharecroppers and caretakers).

¹ The former Inspector General is from Asutifi District and is extremely well-regarded.

RNC meetings have served as the primary vehicle for negotiating compensation principles, policies, procedures and rates. These meetings have also solidified a spirit of cooperation between the Company and the representatives of impacted people. This spirit has enabled the committee to resolve contentious resettlement issues, maintain focus on complex issues, solve problems, and assess individual complaints on a case-by-case basis.

Throughout these negotiations, information has been disclosed in transparent, culturally appropriate ways. A broad range of Project stakeholder expertise has been brought to bear on issue resolution and overall resettlement planning, fostering a broad sense of ownership in the process. Notably, in March 2004, the Resettlement Negotiation Committee established a Site Selection Committee (SSC). The SSC is not a final decision-making body but presents its findings to the Resettlement Negotiation Committee. The SSC has had four assignments from the RNC:

- Site selection for resettlement villages
- Review of resettlement house designs, plot and infrastructure layout
- Determination of eligibility for relocation, both the implementation of an overall policy and the approval or denial of applicant requests for relocation (cash payment) as opposed to resettlement (physical compensation)
- Management of speculation.

By 24 August 2005, the Site Selection Committee had met 59 times.

Key issues agreed in RNC negotiations have been:

- Adoption of an entitlement cut-off date
- Agreement of crop compensation rates
- Resettlement house design and room sizes
- Resettlement implementation.

The entitlement cut-off is a specific date (10 February 2004). The date establishes a deadline for entitlement to compensation in the Mine Area. Up to and including that date, structures and crops in the Mine Area are eligible for resettlement assistance and compensation. Structures and crops established in the Project Area after the entitlement cut-off date are not eligible for resettlement assistance and compensation.

In 2000, 2001 and 2003, the Company set crop compensation rates in consultation with an ad hoc multi-stakeholder negotiating body. The Company used the agreed rates to compensate farmers for any crop losses related to exploration. Annual adjustments to specific rates were negotiated on the basis of changes in local market crop prices and other economic conditions.

In January 2004, the Company renegotiated crop compensation rates with the same multi-stakeholder group of representatives as in previous years, and then presented these rates to the RNC for discussion in February. The RNC reviewed the rates and negotiated a further five percent across the board increase.

In November 2004, an issue of resettlement house room size arose at a Public Hearing held by the Environmental Protection Agency to discuss the draft Project Environmental Impact Statement. During negotiations, the RNC had agreed to room dimensions that conformed to the National Building Regulations (1988), and represented in most cases an increase in the room size relative to existing residential structures in the Project Area.

However, the concern firmly voiced at the Public Forum was that 90 square foot bedrooms would be too small, and that the second and subsequent bedroom areas should be larger than set forth in the National Building Regulations. The issue of room size was subsequently resolved by the Resettlement Negotiation Committee and the Company agreeing that all bedrooms in resettlement houses would be 120 square feet.

Initially, the Company expected that all information discussed in the RNC would be shared by representatives with their constituents. It soon became apparent, however, that contentious issues, especially the establishment of an entitlement cut-off date, were often not shared and explained. Representatives put personal limits on the amount of contentious news each was prepared to debate or even share with constituents. As a result, the task of informing and debating some issues devolved to Company External Affairs staff, OICI, and a Youth Task Force, working with individual or small groups of impacted persons / households, in the field and in the office, on a daily basis.

In addition to RNC and SSC meetings, formal disclosure of resettlement-related information to the general public, as well as Project-impacted persons and households, has included public hearings of the Environmental Protection Agency in 2000, 2001 and 2004 to present draft Project Environmental Impact Statements and to discuss community concerns, and formal meetings held with a broad range of stakeholder groups. As a next step in the public participation process, this RAP will be publicly released on the Web and in Hard Copy, locally and internationally.

Compensation

Project-affected persons, households, and communities are eligible for compensation if they have a legitimate interest² in immovable assets in the Mine Area. Within a household, the legitimate interest in immovable assets is usually held by a single member: the household head. In some instances, the legitimate interest is held jointly e.g. by the household head and his/her spouse or by other members of an extended family. When the household head dies, the Company insists that other household members get a court order that identifies the inheritor (s).

Immovable assets in place (e.g. crops planted or buildings constructed) as of the entitlement cut-off date established by the RNC are entitled to compensation. Immovable assets that were constructed or planted after the entitlement cut-off date are not eligible for compensation.

The Company will study and evaluate Project impact on land access and use of fallow land. The Company will facilitate acquisition of land, through established channels, by farmers who need replacement land.

² "Legitimate interest" is not synonymous with ownership. Even those Project-affected persons / households / communities with no recognizable legal right or claim to the assets they are occupying or using are considered eligible for resettlement assistance.

Under Ghanaian law and practice, the Company is not required to purchase required land, or to compensate for required land per se, unless that land is deeded. However, for resettling persons and households who are losing their residential land (i.e. homestead plots) within the Mine Area, the Company provides a residence replacement plot within a resettlement village. The plots provided are within the range of standard plot sizes in Ghana and dependent on the size of the replacement house.

For land occupied by government bodies, namely schools and Cocoa Marketing Board (CMB) sheds, Company compensation is in the form of replacement structures located on suitable land within the resettlement villages.

In summary, eligible immovable assets comprise crops, structures (residential structures and non-residential structures such as wells, fishponds, animal pens), school buildings, and business structures (Cocoa Marketing Board sheds, grain mills, kiosks) and government recognized roads, but not land per se.

The Company provides a broad range of appropriate and fair compensation and assistance for eligible impacts (**Table I8**). All of the provisions were negotiated in the RNC.

The Company has inventoried all eligible immovable assets located in the Mine Area as of the entitlement cut-off date, namely: crops, structures, access and businesses. Every cadastral survey of cropped land was verified by the responsible farmer and witnessed by a chief farmer or his / her designate. Every structure survey was verified by the responsible owner and a representative of the Resettlement Negotiation Committee.³

The inventory of immovable assets is the basis for compensation of Project-impacted persons / households. In conjunction with compensation rates, the inventory determines the compensation entitlement for each impacted person or household.

Resettlement

Owners of physically displaced residential structures in place by the entitlement cut-off date are eligible for resettlement. Resettlement is compensation in which owners are provided with a replacement residential structure and plot in a resettlement village.

By decision of the Resettlement Negotiation Committee, people currently living in the stool of Kenyase 2 will move to the Ola Resettlement Village, and those living in the stool of Ntotoroso will move to the Ntotoroso Resettlement Village. This decision enjoys widespread support. The Company has not encountered a single instance in which the decision has been contended.

Resettling house owners and their spouses select their own resettlement house in accordance with the following principles:

- Area-for-Area
- Kitchen-for-Kitchen
- Desired Layout

³ At times, the owner of ineligible buildings could not be identified, and this was noted by the representative of the Resettlement Negotiation Committee and the government licensed valuer.

Residential plots within the resettlement villages are allocated to resettling households by lottery. Families, neighbors and social networks can request to be kept together.

Resettlement houses with one, two or three bedrooms are assigned a 540 square meter plot. Resettlement houses with four to six bedrooms are assigned an 810 square meter plot. Resettlement houses with more than six bedrooms are custom-designed and provided an appropriate plot.

Resettling households are entitled to transportation from their original house to their resettlement house for themselves, plus one large truckload for their goods, salvaged materials and domestic animals. They get a mobilization allowance and a training allowance for attending a money management course.

The Company provides a 12-month housing rental allowance to resettling households who are impacted by the construction of infrastructure before their resettlement house has been built. The concept and rates for rental allowance were agreed in the RNC. This allowance is paid in a lump-sum to resettling households who are willing to be displaced before their resettlement house is ready. It is more than sufficient to provide acceptable rental housing in the area. The rental allowance is a popular concept and sum. A few households have taken the allowance and refused to move. A few households have refused to take the rental allowance because they refuse to move until their resettlement house is ready. The Company has not forced the issue in either circumstance.

In consultation with the RNC, the Company identified and evaluated eight alternative resettlement sites before selecting two- Ntotoroso Resettlement Village and Ola Resettlement Village. The Company planned the resettlement villages with consideration for existing levels of service/facilities in host communities, standards and guidelines of relevant Ghanaian government agencies, and estimated number of resettlers.

The Ntotoroso Resettlement Village site covers 161 hectares, and is located immediately south of the existing community of Ntotoroso. The subdivision plan includes 572 residential plots. The Ola Resettlement Village site covers 51 hectares, and is located to the west of the existing community. The subdivision plan includes 411 plots.

The Site Selection Committee, the Resettlement Negotiation Committee, the Asutifi District, the Brong-Ahafo Regional Town and Country Planning and other government regulating agencies have approved the final subdivision plans for both resettlement villages.

In consultation with district and regional Town and Country Planners and the Site Selection Committee, the Company has designed 37 resettlement house types that range in area from 250 square feet for the minimum house (1 bedroom + bathroom + KVIP latrine) to 1,350 square feet for the largest house designed thus far (6 bedrooms + bathroom + kitchen + KVIP latrine). All the resettlement house designs conform to or exceed Ghanaian minimum standards, as defined by the National Building Regulations All bedrooms are a minimum of 120 square feet. The houses are built with “modern materials,” namely: sandcrete blocks, aluzinc roofing sheets, wooden window louvers, screeded concrete floors, and plastered internal and external walls. Resettling households select their particular house type and color of exterior paint.

Schools excepting, there are no covered latrines or KVIP latrines in the Mine Area. In the interest of public health, all resettlement houses include a bathroom, an on-plot soakaway for sullage, and a KVIP latrine.

The Company has designed resettlement plots in consultation with district and regional Town and Country Planners and the Site Selection Committee. Objectives that guided resettlement plot design were: plots should be large enough for a kitchen garden and house extensions, and should conform to the typical size of rural homestead compounds and urban planning standards.

The Company, in consultation with regional and district Town and Country Planners and the Site Selection Committee, has designed resettlement village infrastructure to conform to Government of Ghana and international standards. The level of service adopted was based on: the level of service in the host communities, standards and guidelines of various Ghanaian government agencies, World Bank and other applicable international standards / guidelines. The level of service exceeds that available to rural homesteads and communities in the Mine Area.

Resettlement villages contain 8 meter and 11.3 meter wide single-carriageway gravel roads. Every house plot fronts on a road.

The water supply systems (boreholes equipped with electric submersible pumps, storage reservoirs, and communal standpipes within maximum walking distance of 125m) are designed to meet a per capita daily demand of 40 liters at the communal standpipes. The systems are designed to facilitate potential household connection.

The Kenyase Resettlement Village system is being integrated into the existing Kenyase 2 water supply system. The Ntotoroso Resettlement Village system is designed for future integration into the planned Ntotoroso Small Towns Water Supply System.

Refuse collection stations are provided at vantage points such that the walking distance does not exceed 200m.

The 34.5kV overhead power lines in the host communities of Kenyase 2 and Ntotoroso have been extended to the resettlement villages and stepped down to a 415V AC 3-phase overhead system. The low voltage electrical network extends throughout the villages. The systems are designed to facilitate potential household connection.

Once moved into their new houses, resettlers will be given title to their individual resettlement plot in the form of a Certificate of Occupation granted by the Lands Commission. This Certificate is tantamount to a 99-year lease, the maximum allowed under Ghanaian law for urban plots.

OICI Case officers will assist households, one-at-a-time, to understand the intricacies of living in a sandcrete block building with a KVIP latrine, in an organized settlement with rules and regulations that don't exist in the scattered rural homesteads currently occupied. Supportive visits will continue as necessary to ensure that households are re-established successfully. OICI Case Officers will be in the resettlement villages three days a week initially.

Relocation

Relocation is compensation in which building owners receive a lump-sum cash payment for their existing residential structures. Local political and traditional leaders prefer resettlement to relocation. This preference is shared by the Company, Resettlement Negotiation Committee and Government of Ghana. Therefore, on a case-by-case basis, every single request for Relocation goes first to the Site Selection

Committee and subsequently to the Resettlement Negotiation Committee for approval or rejection. To receive relocation, owners of eligible residential structures must either:

- own an acceptable alternative residence located outside the Mine Area, subject to verification by the Resettlement Negotiation Committee, or
- have moved from their Mine Area residence to settle outside of the district in an acceptable alternative residence, subject to verification by the Resettlement Negotiation Committee.

The cash payment for relocation is calculated as follows:

- residential structures - regardless of construction material, area of building footprint (by external dimensions), multiplied by the square foot replacement value of a sandcrete block structure,
- non-residential structures – replacement value of the structure, as determined by the registered professional valuer retained by the Company.

Allowances for relocating owners are for transportation, mobilization, and training.

Each relocating owner has the right to salvage any materials from his buildings. The Company provides ad hoc salvage assistance and salvaged materials transport when a move is urgent for Project work, or when a household is in particular need.

The Relocation package represents a significant benefit. The vast majority of houses are constructed with wattle-and-daub. Compensation at the replacement value of a sandcrete block structure represents a 100% premium.

As of 18 August 2005, 296 households had received Relocation payment of an expected total of 424.

Livelihoods and Community Development

The Company has defined livelihood initiatives (to help impacted persons and households re-establish their livelihoods or create new ones), and community development initiatives targeting the wider district.

The Company is committed to employing local people to ensure maximum local economic benefits from the Project. To this end, it has introduced a proactive local recruitment policy, with a complementary skills training program.

The Company has contracted a number of bus owners to implement an extensive bus service between lease area communities and the mine site, thereby allowing workers to live “at home” while working on the Site. This service has the added benefit of reducing in-migration to the district significantly, and of providing business to local enterprises.

The Company has retained OICI to deliver money management and micro-enterprise development training courses for Project-affected households. The course is designed to help impacted households apply compensation payments appropriately in support of sustainable livelihoods. OICI reports >1,200 persons have participated in this course to date.

The OICI census and socio-economic surveys are the basis for a Livelihood Enhancement and Community Empowerment Program (LEEP).

LEEP was defined by OICI and has been approved by the Company, as well as representatives of impacted people and communities, the RNC, the district and regional governments. The official LEEP launch took place on 15 February 2005.

LEEP is a sustainable livelihood enhancement and community development program, which focuses on economic growth, wealth creation, quality of life, and empowerment. The Program involves targeted assistance in the near-term for impacted households to ensure the establishment of sustainable livelihoods and in the longer-term for district communities to support improved quality of life and community empowerment.

Specifically, LEEP comprises a comprehensive 18-month strategy, action plan, timetable and budget. The Company considers this 18-month program as Phase One of a more long term sustainable development plan that will be implemented once Project operations start in 2006. Phase Two of LEEP will consist of community development programs and infrastructure actions in the areas of health, education and livelihood / capacity building.

The Company proposes to constitute a new committee called the Community Liaison Committee, which will have as one of its principle purposes the mobilization of human, material and financial resources, as well as technical expertise, from a broad coalition of participants for the implementation, monitoring and evaluation of LEEP.

Vulnerable Persons

The Fourth Ghana Living Standards Survey (GLSS 4) defines extremely poor as those whose living standard is not sufficient to meet their nutritional requirements, even if they devote their entire consumption budget to food. On a national basis, GLSS 4 identified the following groups as including the extremely poor, the vulnerable and the excluded:

- rural agricultural producers, especial migrant workers and sharecroppers
- children in difficult circumstances
- persons living with HIV/AIDS
- displaced communities, including communities affected by mining
- disadvantaged women, particularly single mothers
- the elderly
- physically challenged persons
- persons suffering from chronic debilitating disease
- drug addicts
- victims of abuse and harmful traditional practices
- unemployed, especially unskilled retrenched workers and the unemployed youth

By most measures of poverty in Ghana, Asutifi District and the Project Area are poor. In terms of nationally identified risks, the Project Area specifically has a high proportion of migrant food producers, is undergoing rapid change as a result of open pit mine construction, and has a high proportion of unskilled persons seeking employment (GLSS4).

International experience is that the dominant risks of involuntary resettlement in general are landlessness, joblessness, homelessness, economic setback, increased morbidity and mortality, food insecurity/malnutrition, social disorganization, loss of common property. Several risks are often realized simultaneously e.g. loss of land, employment, home, in a deteriorating social structure. This cascade tends to drive those already living close to the edge, over the edge.

Resettlement especially stresses persons and households that are:

- without adequate income or assets
- without sufficient family support, e.g. children, without adults for support, elderly persons, without working adults for support, single parents, especially single mothers;
- stigmatized due to gender, ethnicity, occupation, illness
- highly dependent due to age (the elderly and children), mental or physical disability.

Such persons and households are termed vulnerables. The most prominent categories of vulnerables in the Project Area are:

- Caretakers or sharecroppers with no buildings or fields of their own, or who are losing all the land they work.
- Poor female-headed-households without extended family support
- Elderly poor, especially those without extended family support

The Company is specifically identifying, registering, and tracking the vulnerable by means of:

- OICI socio-economic survey and case work on household composition, assets, source of income, and food security
- Community identified households receiving charity
- OICI and Department of External Affairs case work on each household being resettled
- District Department of Welfare and Social Services.

The Company has adopted a community based strategy for dealing with vulnerables. For each case, the Company consults with the household and as appropriate with the Site Selection Committee, traditional authorities, responsible landlords, neighbors, and extended family elders in order to craft a resolution.

Grievance Resolution

The Company is committed to addressing stakeholder questions, concerns, complaints and grievances regarding the resettlement.

In Asutifi District communication is not dependent on paper. About half of all adults are non-literate. Grievance resolution usually starts with the Company welcoming face-to-face discussion between persons with a complaint and External Affairs staff in the field and at the External Affairs office in Kenyase 2. Most concerns are handled quickly and easily. For complex issues, complainants are invited for a sit-down discussion with one or more responsible persons, typically in the presence of family members or “witnesses” of one sort and another. These grievances are logged on a form, which provides for tracking the process of resolution. For especially sensitive or potentially serious complaints, the responsible officer takes notes and sometimes writes a note for the record. Otherwise, there is no written record of these dense and very important interactions. Over 90% of queries, complaints and grievances are heard and resolved within these informal interactions. Agreement is “proved” by the complainant’s continued participation in the resettlement planning and implementation process and / or not taking the issue further.

If the informal process is not resolving an issue, complainants are urged to make their complaint in writing. Even non-literate persons do prepare letters using professional letter-writers. The External Affairs Team maintains a detailed record of each written complaint and responds to written grievances within a maximum of one month.

In more complex cases, the Team routinely seeks the advice, and, where appropriate, intervention, of traditional authorities and members of the Resettlement Negotiation Committee to help resolve disputes. Ghana’s is a “mediation” society, and the Company makes use of these and other mediators to help resolve disputes.

Impacted persons / households have the right under Ghanaian law to take their grievances for resolution into the court system, to the Commission on Human Rights and Administrative Justice and to the Department of Social Welfare. The External Affairs Team tracks such cases closely and suspends all compensation processing and payments pending resolution. Where feasible, the team invites the parties involved in the complaint / case to a sit-down meeting at the Project offices in Kenyase 2 to resolve differences.

The Company plans to institute a grievance documentation system which records on Excel spreadsheet, the origin, source, nature, follow-up action, and progress with resolution of all grievances.

Monitoring and Evaluating

Monitoring is meant to provide Project management, and directly affected persons with timely, concise, indicative information on whether compensation, resettlement and development investments are on track to achieve sustainable restoration and improvement in the welfare of the affected people, or that course adjustments are needed. In brief, monitoring answers the question: Are Project compensation, resettlement and development investments on time and having the intended effects?

Monitoring will be done by (a) internal monitoring by the Company as an integral part of Company management, and (b) external monitoring by Company appointed consultants, working with impacted communities. Monitoring will be based on indicators of change in:

- delivery of compensation,
- resolution of grievances,
- land access,

- increase or decrease in household assets,
- social stability, and
- health .

Monitoring will be linked to past surveys (baseline information) but will not use control areas.

External consultant impact monitoring will focus on the degree to which affected peoples' livelihoods, standard of living and general welfare are being restored or bettered as a result of the Project. Monitoring will be accomplished by survey of households, enterprises, and community institutions, especially traditional authorities, the local government, education and health services. The external monitor will survey and report annually. However, the monitor will bring emergent problems (e.g. substantial task short-falls, unintended negative consequences or trends) to the attention of Company management as they become apparent. Annual monitoring will continue for life of the mine. Each annual monitoring report will become a public document.

Evaluating will be done to determine:

- compliance of RAP implementation with the laws, regulations and applicable international best practice
- Resettlement impact on standard of living, with a focus on the “no worse-off if not better-off” objective

Evaluation will cover a number of key performance criteria, which will be identified by the Company in consultation with the Community Liaison Committee. These criteria will likely include access to employment and arable land, livelihood restoration and enterprise, health and nutrition, community cohesion, plus durability, maintenance costs and convenience of housing and infrastructure. Vulnerable persons will be put into specific focus, and the methods for assisting them will be assessed. The grievance management system will be evaluated.

Independent evaluation of implementation will take place in four stages:

- RAP final draft
- within one year after the first resettlements and relocations occur – this first evaluation will verify that compensation payments have been made as promised and have been properly processed
- two years after full completion of implementation
- five years after full completion of implementation.

The Evaluator will be an independent resettlement consultant, carefully chosen on the basis of hands on experience, no previous involvement in the Project, and proven ability to make useful recommendations.

Schedule and Budget

Resettlement implementation has paralleled negotiations. During negotiations, as points of agreement were reached, the Resettlement Negotiations Committee and the Company also agreed to proceed with implementation of specific civil works, specific area by specific area, along with their associated compensation and resettlement activities.

The Project construction schedule (i.e., the mine-building schedule) required:

- 17 months of overlap with resettlement planning – i.e., construction began on April 1, 2004, and resettlement planning will end on August 31, 2005, with commencement of the public disclosure period for this document
- 22 months of overlap with resettlement implementation – i.e., construction began on April 1, 2004, and resettlement implementation will end with the move of resettling households into their new houses and the handover of resettlement village management responsibility by January 31, 2006.

The resettlement planning and implementation schedule is presented in **Figure 18**. A detailed resettlement construction schedule is provided in **Figure 19**.

The Company began formal negotiations with the Resettlement Negotiation Committee on 10 February 2004, and began the first compensation activities in March 2004:

- Relocation compensation began 20 March 2004
- Crop compensation⁴ began 21 March 2004
- Payment of a rental allowance for temporary housing began 14 June 2004 and will end with the final move in October 2005
- The first permanent resettlement – i.e., occupation of the first resettlement houses – began 30 March 2005.

As of late August 2005, notable achievements included:

- 341 resettlement houses are built
- 229 households have received their resettlement houses
- Relocation payment to 296 households, with a total payment of US\$ 920,694
- Compensation payment for 6,907 fields, with total payment of US\$ 12,878,990
- Temporary rent allowance for 197 households, with a total payment of US\$ 90,643.

⁴ This date refers to crop compensation related to Project construction: crop compensation related to the exploration program began in the early 1990s.

The Company anticipates disclosing this Resettlement Action Plan locally in late August 2005 for a period of 120 days.

The total budget for preparation and implementation of this Resettlement Action Plan is as follows:

Crop Compensation	=	US\$ 13,414,945
Structure Compensation	=	US\$ 1,620,008
Resettlement Villages	=	US\$ 11,721,642
Related Programs	=	US\$ 18,794,600
Professional Fees	=	US\$ 5,452,680
Total Budget	=	US\$ 51,003,875

Total spent to date on resettlement and compensation net of consultant fees and the Company's direct costs is US\$ 24,414,913.

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PREAMBLE

This document constitutes the Resettlement Action Plan (RAP) for the Ahafo South Project in Ghana. It describes the results of an intensive resettlement planning exercise undertaken by Newmont Ghana Gold Limited, its consultants and Project stakeholders. It contains a record of the commitments, procedures, and actions being taken to resettle and compensate the people, households and communities impacted by the Project, consistent with the World Bank Group applicable policy on Involuntary Resettlement (Operational Directive 4.30) and in compliance with Ghanaian law.

This RAP has been prepared by planningAlliance, in close collaboration with Newmont Ghana Gold Limited (NGGL). The data presented in this RAP are current to mid August 2005 and reflect actual Project affected people, Project expenditure, and Project area at that date. Physical resettlement began on 30 March 2005.

Since March 2005, in addition to resettlement, NGGL has continued the public engagement process, revised crop compensation rates, and completed an independent RAP implementation review. The review was to ensure actions undertaken prior to RAP disclosure and completion of resettlement have been done properly. The review report will be disclosed publicly. NGGL is committed to independent evaluation of RAP implementation (Chapter 15).

This Resettlement Action Plan has been approved by Newmont Ghana Gold Limited's senior management, and will be disclosed to the public in late August 2005.

PROPONENT'S COMMITMENT

This Resettlement Action Plan has been prepared by independent consultants in close collaboration with Newmont Ghana Gold Limited. Newmont Ghana Gold Limited endorses the Resettlement Action Plan presented in this document, and commits to its complete and timely implementation.

TERMINOLOGY

Associated Facility: A facility that is not financed by IFC, but is essential to the construction or operation of an IFC financed project. IFC policy on involuntary resettlement may apply to resettlement induced by such facilities.

Asutifi District: The district within Brong-Ahafo Region that is directly affected by Project construction and operation, and prioritized by the Company for compensation, resettlement, and community development assistance.

Community: A group of individuals broader than the Household, who identify themselves as a common unit due to recognized social, religious, economic and traditional government ties or shared locality.

The Company: Newmont Ghana Gold Limited, a wholly owned Ghanaian subsidiary of Newmont Mining Corporation.

Compensation: Payment in cash or in kind for an asset or resource acquired or affected by the Project.

Economic Displacement: A loss of productive assets or usage rights or livelihood capacities because such assets / rights / capacities are located in the Project Area.

Entitlement: The compensation offered by this Resettlement Action Plan, including: financial compensation; the right to participate in livelihood enhancement programs; housing, house sites and infrastructure; transport and temporary housing allowances; and, other short term provisions required to move from one site to another.

Entitlement Cut-Off Date: Date agreed by the Resettlement Negotiation Committee (10 February 2004) that established a deadline for entitlement to compensation in the Mine Area. Up to and including that date, structures and crops in the Mine Area are eligible for resettlement assistance and compensation. Structures and crops established in the Mine Area after the cut-off date are not eligible for resettlement assistance and compensation.

External Affairs Team: The team within the Company responsible for the administration, design and implementation of the Resettlement Action Plan.

Homestead: A place of residence for one or more households, which includes a number of residential and non-residential structures, fruit trees, etc.

Household: A group of persons living together who share the same cooking and eating facilities, and form a basic socio-economic and decision making unit. One or more households often occupy a homestead.

Involuntary Resettlement: Resettlement is involuntary when it occurs without the informed consent of the displaced persons or if they give their consent without having the power to refuse resettlement.

Operational Directive 4.30: The World Bank Group Operational Directive on Involuntary Resettlement. OD 4.30 embodies the basic principles and procedures that underlie the World Bank Group approach to involuntary resettlement associated with its investment projects.

Physical Displacement: A loss of residential structures and related non-residential structures and physical assets because such structures / assets are located in the Mine Area.

Project: The Ahafo South Project to construct and operate an open pit gold mine within the Kenyase–Ntotoroso area. The Project represents Phase One of the overall Ahafo Project. Phase 2 will begin four years following construction of Phase One.

Mine Area: An area (2,992 hectares) subject to a change in use as a result of the construction and operation of the Project.

Project-Affected Household: All members of a household, whether related or not, operating as a single economic unit, who are affected by the Project.

Project-Affected Community: A community that is affected by the Project.

Project-Affected Person: Any person who, as a result of the Project, loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural, or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.

Relocation: A compensation process through which physically displaced households are provided with a one-time lump-sum compensation payment for their existing residential structures and move from the Mine Area.

Replacement Cost: The amount of cash compensation sufficient to replace lost assets and cover transaction costs, without taking into account depreciation or salvage value.

Resettlement: A compensation process through which physically displaced households are provided with replacement plots and residential structures at one of two designated resettlement villages in the district. Resettlement includes initiatives to restore and improve the living standards of those being resettled.

Resettlement Action Plan (RAP): The document in which a project proponent specifies the procedures it will follow and the actions it will take to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project.

Resettlement Assistance: Support provided to people who are physically displaced by a project. Assistance may include transportation, food, shelter, and social services that are provided to affected people during their resettlement. Assistance may also include cash allowances that compensate affected people for the inconvenience associated with resettlement and defray the expenses of a transition to a new locale, such as moving expenses and lost work days.

Stool: A chieftom, in which traditional leaders are responsible for land allocation, along with broader responsibilities of ensuring good order and spiritual continuity across generations.

Vulnerable: People who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.

CHAPTER I

INTRODUCTION

Newmont Ghana Gold Limited (the Company) proposes to construct and operate an open pit gold mine (the Ahafo South Project) in Asutifi District, Brong-Ahafo Region, Ghana. In doing so, the Company is committed to complying with Ghanaian law, the internal policies of its parent company, the Newmont Mining Corporation (Newmont), and international best practices.

This Chapter provides a description of the Ahafo South Project, summarizes the scope of this Resettlement Action Plan, describes Newmont's overall corporate philosophy relating to community impact management, and discusses resettlement planning and implementation.

I.1 Description of the Project

This section provides background information on the overall Ahafo Project and a detailed description of Phase One of project development: the Ahafo South Project. This Resettlement Action Plan focuses on the Ahafo South Project and refers to it as "the Project".

I.1.1 AHAFO PROJECT

The Ahafo Project is located 300 kilometers northwest of the capital city Accra, in the region of Brong-Ahafo, between the cities of Sunyani, the regional capital, and Kumasi, the second largest city in Ghana (**Figure I**).

The Ahafo Project lies within the Sefwi Volcanic Belt, one of six northeast-southwest trending volcanic belts in the Birimian System of western Ghana. Many of the largest gold mines in Ghana, including AngloGold Ashanti's Obuasi mine and Goldfields Ghana's Abooso mine also lie within the Birimian System.

Through the 1990s, mineral exploration rights for the Ahafo Project were held by two companies - Centenary Gold Company and Rank Mining Company. The Centenary Gold Company's project was called the Sefwi Belt Gold Project, and the Rank Mining Company's project was called the Ntotoroso Gold Project. In June 2001, following formation of a joint venture between the two companies and Normandy Mining Limited, the Government of Ghana granted Normandy Mining Limited the Sefwi Mining Lease and the Rank Mining Lease, providing mining and gold extraction rights for 30 years, to June 2031.

Newmont acquired Normandy Mining Limited, including the Sefwi Belt Gold Project and the Ntotoroso Gold Project, in February 2002, and coined the name Ahafo Project to encompass both. The Ahafo Project was formalized on 19 December 2003 with the signing of a foreign investment agreement between Newmont and the Government of Ghana.

To undertake the Ahafo Project, Newmont has organized two subsidiaries under the laws of Ghana:

- Newmont Ghana Gold Limited (the Company)
- Rank Mining Limited.

The Sefwi Mining Lease is held by the Company, whereas the Rank Mining Lease is held by Rank Mining Limited. The total mining lease area is 536.56 square kilometers.

Economic deposits of gold occur along a 47-kilometre strike within the Normandy and Rank Mining Leases. By year-end 2003, the Company had identified probable reserves of 7.63 million ounces (@ US\$ 325 / ounce).

The Company will develop the Ahafo Project in two phases: Ahafo South Project (Phase One) and Ahafo North Project (Phase Two).

The Volta River Authority (VRA) will supply power to the Ahafo Project. Construction of the VRA power line is considered an “associated facility” to development of Ahafo South Project. Forest Reserve and compensation issues associated with alignment of the power line are in compliance with World Bank Group policies. The Company and IFC have received a commitment from VRA that the line is being planned in accordance with World Bank Group Policies. Discussions with the VRA and the Ghanaian Forestry Commission indicate there would be no significant degradation of critical natural habitat in areas of forest reserve through which the power line passes. VRA will also implement a consultation program and Resettlement Action Plan covering compensation to people affected by the power line.

1.1.2 AHAFO SOUTH PROJECT

The Ahafo South Project involves mining and processing ore in the southern portion of the lease areas. Major features include:

- Open pits (three) to supply the plant with ore
- Waste dumps to dispose safely waste rock extracted from the open pits
- Plant to process ore and extract gold
- Tailings storage facility to dispose safely ore processing by-product
- Water storage facility to provide water to the plant (i.e., a reservoir)
- Sediment control dams (4) to catch stormwater run-off
- Bypass roads (two) – one around Kenyase (for safety) and one around the plant (for security)
- Administration and infrastructure including a senior staff housing village
- Settlement areas – two resettlement villages.

The total Mine Area of the Ahafo South Project is 3,111 hectares (**Table I**). The Mine Area includes appropriate buffer zones, which the Company has set in consultation with Ghanaian authorities for health and safety reasons, including a 500 meter buffer around each of the pits.

The construction of the Ahafo South Project is scheduled to take 25 months. Construction of advanced infrastructure began in April 2004 and will end with process plant commissioning in May 2006. The estimated capital expenditure is US\$ 450 million.

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The expected peak workforce for construction is 1,500, consisting of 300 expatriate staff, 600 skilled Ghanaian workers and 600 unskilled Ghanaian workers. The Company has been proactive in training and hiring local workers, and has set up a free bussing system, which allows workers to live at home (**Chapter II**).

Table I: Ahafo South Project Area

PROJECT COMPONENT	AREA (Ha)
Awonsu Open Pit	244
Apensu Open Pit	336
Subika Open Pit and Waste Dump	400
Waste Rock Dump	254
Plant Site	241
Tailings Storage Facility	578
Water Storage Facility	371
Environmental Control Dams	236
Other (Roads, Senior Staff Housing)	227
Resettlement Villages	224
Total	3,111

The expected peak workforce for operations is approximately 570, comprising 40 expatriate staff, 180 skilled Ghanaian workers, and 350 unskilled Ghanaian workers. In addition to these direct employees, the Company also plans to hire approximately 350 contract service providers.

Two public documents contain more detail on the Ahafo South Project:

- Environmental Impact Statement for the Ntotoroso Gold Project, filed with the Environmental Protection Agency in December 2000 by Rank Mining Company
- Environmental Impact Statement for the Sefwi Belt Gold Project, filed with the Environmental Protection Agency in September 2000 by Centenary Gold Mining Company

The Company prepared an updated Environmental Impact Statement for the Project and submitted it to the Environmental Protection Agency in September 2004. This document combined and updated the Environmental Impact Statements filed by Centenary Gold Mining Company and Rank Mining Company. The Ghana Environmental Protection Agency (EPA) held a public meeting in November 2004 on the updated Environmental Impact Statement. The Company is currently revising this document to incorporate public and EPA comments, and plans to release it to the public in the third quarter of 2005.

In addition, the Company and Lycopodium Pty. Ltd. completed a Definitive Feasibility Study on the Project in December 2003. A copy of this document is available in Accra Company office.

The three open pits of the Ahafo South Project will feed the plant with ore for approximately four years, after which Phase 2 activities (i.e., the Ahafo North Project) will commence, with development of additional open pits to the northeast. The plant, tailings storage, and water reservoir will remain operational during Phase 2 construction and operation.

I.2 Scope of this Resettlement Action Plan

This document serves as:

- Resettlement Action Plan for the Ahafo South Project
- Resettlement Policy Framework for the Ahafo North Project and any future expansions areas associated with the Ahafo South Project.

I.2.1 PHASE I: AHAFO SOUTH PROJECT

This document serves as the Resettlement Action Plan for the Ahafo South Project, which has a total Mine Area of 3,111 hectares.

Construction of the Ahafo South Project will result in the physical and economic displacement of 823 households (5,185 people) living in the Mine Area, and the economic displacement of an additional 878 households (4,390 people) that possess farmland but not houses within the Mine Area. The total number of impacted households is 1701 households (9,575 people).

This RAP describes the policies, procedures, compensation rates, mitigation measures, and schedule developed jointly by the Company and impacted people to guide the compensation and resettlement of people, households and communities that are physically or economically displaced by the Ahafo South Project.

I.2.2 FUTURE PROJECT ACTIVITIES

This document also serves as a Resettlement Policy Framework for the Ahafo North Project and any future expansions areas associated with the Ahafo South Project.

All resettlement and compensation activities associated with the Ahafo North Project will be negotiated on the basis of the principles, policies, procedures and rates set out within this Resettlement Action Plan. Specifically, the Company anticipates refining the principles, policies, procedures and rates presented herein in negotiation with representatives of newly impacted people, traditional authorities, district and regional governments, and non-governmental organizations, and preparing a full-fledged Resettlement Action Plan to guide all resettlement and compensation activities associated with this future project.

A preliminary project assessment by the Company for Ahafo North has indicated that the scope of displacement will be of similar magnitude to that occurring in Ahafo South. Subsequently it is expected that the numbers of affected households requiring compensation, resettlement, or relocation will be similar to those contained in this RAP.

Similarly, resettlement and compensation associated with any new expansion areas for the Ahafo South Project will be negotiated on the basis of the principles, policies, procedures and rates set out within this Resettlement Action Plan.

At this time, all people affected by the Ahafo South Project are included in this RAP. Any new substantial expansion areas (i.e., affecting ten or more households) will be covered in a new addendum to this RAP.

I.3 Corporate Philosophy

This section outlines the Company commitment to the highest standards of community impact management.

I.3.1 SOCIAL LICENSE TO OPERATE

Newmont is committed to impacting positively the communities in which it operates. To that end, it has articulated a Social License to Operate:

'Social License' is the formal and informal approval a company needs from stakeholders to conduct its business. It requires a company to develop on-going, positive relationships with its stakeholders in order to obtain support from people likely to be affected by the company's activities, to operate in their community... Newmont defines its Social License to Operate as the acceptance and belief by society and, specifically, Newmont's local communities, in the value creation of (its) activities, such that the company is allowed to access and extract mineral resources.
(www.newmont.com, 2004)

Newmont has also formally adopted a social responsibility policy, as well as a set of accompanying guidelines (**Annex A**).

I.3.2 GLOBAL COMPACT

Newmont's commitment to socially responsible corporate citizenship is manifested in its subscription to the Global Compact, an international initiative led by the Secretary General of the United Nations, to support the creation of a sustainable and inclusive global economy.

The Global Compact brings together companies, UN agencies, labor and civil society in support of ten universal principles regarding human rights, labor, environment, and anti-corruption (see www.globalcompact.org).

I.3.3 MILLENNIUM DEVELOPMENT GOALS

Newmont subscribes to the Millennium Development Goals established by the United Nations General Assembly in 2000. These goals comprise a series of targets that all 195 United Nations member states have pledged to meet by 2015 (see www.un.org/millenniumgoals/).

I.3.4 APPLICATION TO PROJECT

Consistent with Newmont's overall corporate philosophy and subscription to the Global Compact, the Company seeks to position itself as a model corporate citizen in terms of its sensitivity to the social and environmental concerns of the communities in which it works. In doing so, the Company has undertaken to:

- Ensure fair and consistent recruitment practices, including recruitment of local skilled and unskilled labor to the greatest degree possible
- Improve the welfare of mine affected communities, including levels of health, education and infrastructure
- Operate on the basis of equal opportunity, regardless of race, gender, creed, color or religious orientation
- Maintain price stability and minimize inflationary impacts
- Provide compensation that result in minimal disruption to the community and supports re-establishment of lost livelihoods
- Undertake properly administered land transactions defined in consultation with stakeholders.

The Company seeks to assist Ghana in meeting the country's Millennium Development Goals.

Third party assessments of the Company's progress towards gaining and maintaining its Social License to Operate in Ghana have been favorable.⁵ The Company has, for example, been commended for its proactive stakeholder engagement activities, partnership building efforts, local recruitment and procurement policies, resettlement action planning, and initiatives for health and safety.

⁵ Newmont commissioned US based Associates for Global Change to conduct a comprehensive progress review of the Company's Social License to Operate in April 2004. As part of a larger Third Party Review conducted between January and March 2004, SRK also reviewed the Company's treatment of socio-economic issues.

CHAPTER 2

CURRENT STATUS OF RESETTLEMENT AND COMPENSATION

The Project – like every mining project – encompasses the following phases: exploration, construction, operation and closure. This chapter addresses compensation and resettlement of the exploration, construction and operation phases of the Project. It is these that result in long-term physical and economic displacement.

2.1 Exploration

Exploration activity has continued in the Project Area since the early 1990s. Four corporations (Centenary Gold Co., Rank Mining Co., Normandy Mining Ltd. and Newmont) have done exploration.

Centenary Gold Company and Rank Mining Company were the first mining companies in the Project Area. Their exploration programs were small in scale. Details of their compensation programs are unknown.

Normandy began exploration in 1999. Compensation records are available from that time. In 2000, Normandy undertook a concerted burst of exploration, whose positive results led to the formation of a joint venture with Centenary Gold Company and Rank Mining Company. The joint venture applied and received mining leases from the Government of Ghana in 2001.

In February 2002, Newmont acquired Normandy and continued exploration. Newmont exploration continues to the present.

Exploration involves the temporary use of land for:

- Access roads – as a rule, the Company minimizes the creation of access roads in order to minimize expense (i.e., crop compensation, bulldozer time, etc.). Minimizing construction of access roads has been particularly easy in the Project Area because of an extensive network of logging tracks. Where new access roads were created, they were 3 m wide and a few stretch for kilometers.
- Drill pads – the Company creates drill pads along access roads for drill rigs to collect ore samples. The drill pads are roughly 400 m² in area, and are linked to the access road via a short driveway. Depending on the depth of the hole, a rig occupies a pad for a few days to a few weeks.

The land take associated with access roads and drill pads is temporary. Following negotiation with the affected landholder and agreement on compensation entitlements, the Company strips and stores the topsoil, occupies the site for a limited period of time, and then fully rehabilitates the site: i.e., capping the drill hole, filling the sump, putting back the topsoil, and seeding if necessary. The landholder is then free to replant. Economic displacement is on the order of days or weeks, and is typically less than one month in duration.

While drill pads and their driveways are always rehabilitated, access roads are not if the local community views these roads as a significant benefit and requests that they be left open.

Exploration activities never resulted in physical displacement of households.

It is worth noting that mining companies are within their legal right to impact surface rights of landholders within their exploration or mining lease, and to negotiate appropriate compensation for their impacts.

Beginning in 1999, Normandy set crop compensation rates through consultation with a multi-stakeholder negotiating body, comprising representatives of traditional authorities, chief farmers, impacted farmers, the Land Valuation Board, and the Stool Lands Administration. The company used the agreed rates to compensate farmers for any crop losses related to exploration. Annual adjustments to specific rates were negotiated on the basis of changes in local crop price and other economic conditions. Upon acquisition of Normandy, the Company has continued this practice of annual negotiation.

Records of compensation paid since 2000 indicate the type of crop and amount compensated. **Annex B** contains Centenary's policy on crop, building and relocation compensation; a list of compensation paid in the Kenyase concession; and signed compensation agreements by farmers and witnesses.

In 2003, Newmont instituted a compensation system providing payment from local banks rather than direct cash payments. **Annex C** provides an example of compensation paid for one day in the month of May in 2003.

The Company/Newmont procedure for exploration crop compensation is as follows: once geologists define the exploration program for a given area, Project community workers contact the relevant Chief Farmer and individual landholders. Prior to any impact, the community worker presents the agreed crop compensation rates to each responsible farmer and, together with the farmer, inventories the crops to be impacted, and determines the compensation entitlement. The Chief Farmer for the area is normally present during this interaction. Agreement on appropriate entitlement usually precedes impact.

Wherever practical, the Company allowed crop owners to salvage (harvest or transplant) their crops in advance of their destruction. Farmers who replant after exploration compensation are eligible for further compensation if the same land is subsequently taken by the Project.

2.2 Construction

In December 2003, the Company Board of Directors decided to proceed with the construction and operation of the Project. As noted in Chapter One, construction of the Project requires a land take of 3,111 hectares. This land take – from the perspective of affected landholders – is effectively permanent (on the order of 20 years).

2.2.1 CONSULTATION AND NEGOTIATION

Consultation and Disclosure before 10 February 2004 - Company led consultation and disclosure commenced well ahead of negotiations in formal stakeholder meetings with community leaders and representatives; and as well as in daily, informal dialogue between Company compensation staff and Project-affected people. The objective has been to provide information, discuss anticipated impacts, and respond to concerns or questions. In 2000 and 2001 the Environmental Protection Agency held public hearings to present draft Project Environmental Impact Statements and hear community concerns.

Mobilization of the Resettlement Team– In anticipation of a favorable Board of Directors decision, the Company mobilized its External Affairs Team in November 2003.

Decision of Newmont Board of Directors – the Board of Directors approved construction of the Ahafo Project in December 2003 following conclusion of an Investment Agreement with the Government of Ghana.

Formation of a Resettlement Negotiations Committee – The Company facilitated the formation of a multi-stakeholder Resettlement Negotiation Committee (RNC), which includes representatives of Project-affected communities, traditional authorities, district and regional government, non-governmental organizations, and the Company.

The members were not appointed by the Company but in the fashion of the established socio-political structure, which includes institutions of modern government, traditional government, and community organization – such as town, neighborhood and youth meetings.

Initially, consultation meetings were held in towns and villages to explain the mandate of the RNC and the process involved in negotiation. Project-affected households were made aware they should choose representatives who would best communicate their position. After the consultation meetings, local authorities called a general election day for each specific region. On election day, residents met in a general assembly and were asked to nominate a representative present at the meeting. Nominees were then identified and people were asked to identify their preference in a head count. The nominee with a majority was selected as a representative.

After selection of representatives, the Company asked all Project-affected persons to confirm that their representatives were in fact genuine advocates of the views of their members. To do so, it issued Authorization for Representation Forms, which all members of each group signed and submitted to the Company (**Annex D**).

Negotiation -- The Company initiated negotiations with the RNC on 10 February 2004. Negotiation in the RNC is central to public participation in resettlement planning and implementation. Negotiation has entailed:

- intensive collaboration between members of the RNC
- prior, informed, free consent among representatives of all Project affected persons
- agreement on the principles, policies, procedures and rates for compensation and resettlement

RNC negotiations are pragmatic, flexible, directed towards problem solving, and focused on expected impacts or emergent issues. For example, at the onset of negotiations, speculative activity was increasing in intensity. The first order of business was to ensure legitimate Project-affected households and the Company would have a guaranteed, fair and adequate compensation process.

The RNC has two secretaries who prepare meeting Minutes. The Company circulates the Minutes and a proposed agenda for the next meeting. The Minutes sometimes have attachments e.g. a map of the Mine Area, agreed crop and structure rates (**Annex E**). From time-to-time, the Company has circulated a summary of agreements and milestones achieved for RNC representatives to review and present to constituents.

The RNC has one enduring Sub-Committee- the Site Selection Committee. The RNC created the Site Selection Committee to deliberate on alternative resettlement sites. Its remit was subsequently expanded to cover resettlement site infrastructure and housing, and then responsibility for determining eligibility for Relocation, case by case. From time to time, the RNC has appointed temporary subcommittees to investigate, deliberate and reported back on contentious issues: e.g.

- speculative crops in the Plant Site
- speculative building in the Kenyase Bypass
- speculative building in Subika
- speculative building in ECD2 (Awonsu).

Agreement on an Entitlement Cut-off Date – The concept of an entitlement cut-off date had been discussed in stakeholder meetings as early as 9 May 2003. In the last quarter of 2003 and especially after the Company's decision to implement the Project, many persons commenced planting crops and building structures, in the Mine Area, for the sole purpose of compensation. Given this speculative activity, the Company determined to establish a crop and building entitlement moratorium in order to cap speculation. Persons would be compensated for crops or buildings in the Footprint, on or before the entitlement cut-off date. Persons would not be compensated for crops or buildings placed on the land after the entitlement cut-off date. The RNC debated intensely on this issue. Although passed on the day it was proposed, debate on implications and clarifications continued for some weeks. At the inaugural meeting of 10 February 2004, the Company proposed 28 December 2003 as the entitlement cut-off. December 28, 2003 was the date of satellite imagery of the Mine Area (**Chapter 4**). At the following RNC meeting of 20 February 2004, the December date was rejected in favor of a contemporaneous date, namely 10 February 2004.

Consultation and Disclosure after 10 February 2004 – RNC Meetings were effectively public – crowds would gather outside the room and listen. RNC Representatives were encouraged to keep their constituents informed. Meetings were not held more frequently than once a week, so representatives had ample opportunity to consult broadly with their constituents. Initially, the Company expected that all RNC agreements and information would be shared by Resettlement Negotiation Committee representatives with their constituents. However, it soon became apparent that contentious issues, especially the establishment of an entitlement cut-off date, were often not shared and explained. Representatives put personal limits on the amount of contentious news each was prepared to debate or even share with constituents. As a result, the task of informing and debating some issues devolved to Company community relations staff, OICI, and members of the Youth Task Force, working with individual or small groups of impacted persons / households, in the field and in the office, on a daily basis.

Meanwhile, outside the RNC, formal meetings with a broad range of stakeholder groups continued. The Company also enhanced its grievance administration by: (a) increasing effort to resolve verbal and written complaints and grievances brought to the Kenyase office, (b) discussing grievances and even personal complaints in the RNC, (c) responding fully and openly to CHRAJ and more formal court proceedings (**Chapter 13**).

Agreement on Relocation Package – If owners of residential structures own a house outside the Mine Area, or have left the area permanently, they are eligible for relocation: i.e., compensation in which owners receive a lump-sum cash payment for their eligible residential structures and move to a house of their own choice. The RNC agreed the rules for relocation entitlement and the relocation package on 05 March 2004. The residence rate is based on the cost of replacement in sandcrete block multiplied by

the footprint area of the house. The rate for other eligible non-residential structures is the structure's true replacement rate. The RNC agreed allowances for mobilization, transportation and training (**Chapter 7**) plus salvage right as part of the Relocation Package.

Revision of Crop Compensation Rates – In January 2004, the Company agreed 2004 crop compensation rates with the established Crop Compensation Committee. On 26 March 2004, in response to pressure from RNC members who argued that the permanent land take associated with construction, necessitated higher compensation than the temporary land take of exploration, the Company agreed to a 5% mark-up on all rates initially agreed by the Crop Compensation Committee in February 2004. For some crops, the March 2004 rates reflected a large increase over the 2003 exploration rates e.g. the rate for a mature cocoa tree, jumped from Cedi 30,000 (USD \$3.26) to Cedi 63,000 (USD \$6.85).

Agreement on Temporary Housing Package – The RNC agreed a temporary housing package on 26 March 2004. The package is paid in a lump-sum to resettling households who are willing to be displaced before their resettlement house is ready. The package comprises a 12-month housing allowance, plus mobilization and transport allowances. The amount of the allowance is based on family size, numbers of rooms required and the rental market. It is more than sufficient to provide acceptable rental housing in the area. The Company provided the first temporary housing package on 20 May 2004.

Agreement on Resettlement Package – The RNC agreed the resettlement package on 9 December 2004. All owners of eligible residential structures in the Mine Area are eligible for resettlement. Resettlement is compensation in which owners are provided with a replacement sandcrete block residential structure in a resettlement village within the domain of their traditional authority. For non-residential structures and incomplete structures, resettling owners receive cash compensation calculated at the structures' replacement rate. Owners also receive a plot, mobilization allowance, transportation assistance, training in money management, and salvage rights to their Mine Area structures. Resettlement commenced 30 March 2005.

Farmland Access Strategy – During consultation and negotiation, replacement land for Project-affected sharecroppers and landowners has been a concern. The Company has worked with traditional leaders and communities to find a realistic strategy for affected sharecroppers and landowners to access replacement land. This work is not complete. A study is currently being prepared to progress this issue. The Company will monitor land acquisition in twice yearly surveys of landowners and sharecroppers. Land access problems relating to income loss and quality of life will also be assessed during the quarterly socio-economic survey by Opportunities Industrialization Centers International-OICI (**Chapter 15**).

Livelihood Enhancement and Empowerment Program (LEEP) – On 14-15 December 2004 and 24 January 2005, the Company and OICI held community consultation sessions on LEEP livelihood and community development initiatives (Chapter 11). LEEP has been planned in partnership with the Asutifi District Assembly, Brong-Ahafo Regional Government, non-governmental partners and local community representatives. LEEP commenced on 15 February 2005. LEEP Phase 1 is planned to run to June 2006. It is targeted to resettled and relocated households. LEEP Phase 2 will be one component of an overall sustainable development plan under preparation.

Conclusion of Negotiations – The RNC concluded resettlement, compensation and relocation negotiations on 18 February 2005. The RNC will continue as the formal oversight body until the

conclusion of resettlement in the last quarter of 2005. Subsequently, the RNC will be reconstituted into a Community Liaison Committee with stakeholder representation from the entire Ahafo lease area.

2.2.2 IMPLEMENTATION

Relocation payments began on 20 May 2004, eleven weeks after agreement on the Relocation Package (5 March 2004). The first relocation arose from Phase I earthworks at the Plant Site. Relocating households own an alternative residence elsewhere in the district or have already moved from their Mine Area residence to settle outside of the district.

By mid August 2005, the Company had paid relocation to 296 households (population of 1806 @ 6.1 persons / household), out of a total of 424 expected.

Crop compensation payment resulting from Project construction began on 21 March 2004, using rates negotiated in January 2004. By mid August 2005, the Company had compensated 6,907 individual fields of an expected total of 7,193 fields in the Mine Area.

Payment of the temporary housing package due to Project construction began on 14 June 2004, two and a half months after agreement in the Resettlement Negotiation Committee

By mid August, the Company provided temporary housing packages to 197 households (total population of 1,281 @ 6.5 persons / household) out of an expected total of 199 households.

The first permanent resettlement (occupation of the first resettlement houses) began 30 March 2005. The Company expects to build a total of 399 resettlement houses in two resettlement villages, accommodating a total population of 2,594 persons.

Compensation cash payments are planned for completion by 1 November 2005. The last resettlement houses will be handed over by 15 October; the last resettlement buildings (cocoa sheds) will be handed over by 15 December 2005.

Miscellaneous Compensation

Businesses – Nine households run small permanent businesses in the Footprint: six operate corn mills, one a Cocoa Marketing Board shed, and two kiosks. The Company consulted and planned with the proprietors of these businesses. Seven did not anticipate loss of income due to the Project, and only requested the Company assist them by replacing their structures. In one case, a corn mill owner of Kwakyekrom will receive compensation for loss of business because his customers moved before his mill.

Other household businesses such as alcohol distillers, basket weavers, and gari-makers get normal resettlement or relocation assistance to help move distillery equipment and craft goods. Some distillers have cemented cooling pools. Others simply use 200 liter drums half full of water. In the case of cement cooling pools, the owners are compensated the replacement value of their structure.

In the case of the agency cocoa shed, the agent moved to an alternative building to conduct his business until a replacement cocoa shed is built. The Company pays rent for the alternative building.

Public Facilities – Public facilities in the Mine Area are four schools and four Cocoa Marketing Board sheds. The Cocoa Marketing Board sheds will be replaced by new structures in the resettlement villages. The schools will be replaced with new schools in the Ntotoroso and Ola resettlement villages.

Public Roads – Three public roads are impacted by the Project. The Kenyase to Ntotoroso Road has been rebuilt to a higher standard. The Kwakyekrom to Manushed Road will be entirely rebuilt on a new alignment. A bypass will be built around the section of the Dokyekrom Road to be occupied by the Mine.

2.2.3 JUST IN TIME DELIVERY OF COMPENSATION

To accommodate the schedule of Project construction and operation, and to meet the standard of international best practice, the External Affairs Team had to adopt a “just in time” approach to resettlement and compensation, in which negotiation, agreement and implementation of resettlement and compensation for specific impacts has preceded impacts, but completion of negotiations and public disclosure of the full RAP have not.

The reasons are:

- The scope of physical and economic displacement that became apparent in 2004 is larger than envisaged by the Environmental Impact Assessments of September and December 2000, and the definitive Feasibility Study of December 2003.
- The Company Board of Directors made its investment decision in December 2003 and identified July 2006 as the date of the first gold pour.
- Project construction schedule follows from the July 2006 target.
- Project construction schedule drives Project resettlement schedule.

Project construction schedule has required resettlement implementation to parallel negotiations. As major points of agreement were reached, the Resettlement Negotiation Committee gave the Company permission to proceed with implementation of agreed compensation and resettlement activities in agreed areas. The affected persons were aware of agreements reached and implementation go-aheads. Working with the Company and Project-affected persons / households, the Resettlement Negotiation Committee has overseen implementation of resettlement, to ensure that the agreed policies, procedures and rates are applied fairly.

Project-Affected Persons have been able vigorously to make their views known on the discussions, proposal and agreements reached at the negotiations, directly to the Company and to the Resettlement Negotiation Committee through their duly elected representatives

Accidental cases aside, Project-affected persons have not been impacted prior to agreement and delivery of compensation entitlements. All implementation activities have been done with the full knowledge and backing of the Resettlement Negotiation Committee. If a resident / household was slow in moving, or was refusing to move altogether, members of the community were asked to discuss with the resident / household their concerns. Members of the community are able to use community suasion to convince people to move. A minority of residents refused compensation based on grievances with the

resettlement or crop compensation package. Often, the dispute has been about the size of replacement structures or crops alleged as missed in compensation survey. In these instances, buildings were re-measured and crops re-surveyed and corrections made when required. If compensation is still refused, the Company continues to keep these cases open and work with the affected people and area authorities to resolve their problems.

The Project engages with all interested government institutions on a regular and frequent basis. These institutions, that include the central, regional and district governments and traditional authorities, are in broad support of the Project. The Project engages with individuals directly impacted by the Project on a daily and on-demand basis. These individuals are those physically and economically displaced by the Project, and those seeking employment. They speak on behalf of themselves, their households, their extended families, their neighborhoods, and their communities. They are eloquent. In the process of administering compensation, handling complaints, and training workers for inclusion in the labor pool, the Project interfaces with tens of such individuals on a daily basis. A strong impression of those interacting with the community on a daily basis is that affected individuals want prompt solution to their individual problems, but on balance want the Project to be a success. This support is not without misgivings and some fear, including a deep regret of the fact that the Project is not generating more employment for locals and is taking cropland. Expectation management is proving to be a key challenge for the Company.

As is evident in the minutes of the Resettlement Negotiation Committee, support for the Project is broad-based and firm, albeit negotiations are often intense. When the Company needs assistance in negotiating with specific stakeholders, help from the Resettlement Negotiation Committee, local government and traditional authorities indicates a deep well of support for the Project as-a-whole.

While the Company initiated these compensation and resettlement activities prior to the completion of negotiations and public disclosure of this Resettlement Action Plan, it should be noted that Project-affected persons were aware of:

- the negotiations process and the items addressed by the Resettlement Negotiation Committee
- how to make their views known directly to the Company or to the Resettlement Negotiations Committee through their duly elected representatives
- the agreements reached in the negotiations
- what go-aheads for implementation had been agreed in the RNC
- how to express concerns or grievances.

The Company anticipates public disclosure of this Resettlement Action Plan 29 August 2005.

CHAPTER 3

INSTITUTIONAL AND LEGAL FRAMEWORK

This Chapter provides an overview of the institutional and legal framework that has guided preparation and implementation of this Resettlement Action Plan. The framework informs every aspect of the resettlement exercise, from the identification of principles, to the construction and handover of the resettlement villages.

3.1 INSTITUTIONAL FRAMEWORK

3.1.1 NATIONAL GOVERNMENT

The President of Ghana, elected for a maximum of two four-year terms, heads the national government and is head of state. The President exercises executive authority under provisions of the Constitution, extending to the execution and maintenance of the Constitution and all laws made under or continued in force by the Constitution.

The Cabinet, made up of the President, Vice-President, and not less than ten and not more than nineteen Ministers of State, assists the President in the determination of the government's general policy.

A 200-member unicameral parliament, popularly elected every four years, exercises legislative power. The parliament enacts laws to ensure the good governance of the country, has right of approval for ministerial appointments, and exercises oversight of ministries, departments and agencies to ensure their effective management. Parliament controls and regulates the finances of the state through the passage of annual revenue and expenditure budgets.

The following ministries are involved in various aspects of compensation and resettlement, and in associated aspects of the Project:

- Ministry of Mines and Energy
 - Minerals Commission
 - Mines Department

- Ministry of Environment, Science and Technology
 - Environmental Protection Agency
 - Town and Country Planning Department

- Ministry of Lands and Forestry
 - Lands Commission
 - Land Valuation Board
 - Stool Lands Administration

- Ministry of Agriculture

- Ministry of Finance and Economic Planning
 - National Development Planning Commission
- Ministry of Local Government and Rural Development
- Ministry of Manpower Development and Social Welfare
- Ministry of Health.

In 1989, to enhance public participation in decision-making, the national government transferred many of its duties and resources to the local (i.e., district) level.

3.1.2 REGIONAL GOVERNMENT

Ghana has ten administrative regions, including Project-host Brong-Ahafo. The capital of Brong-Ahafo is Sunyani.

The Regional Coordinating Council links the national government and the district / municipal / metropolitan assemblies. It is comprised of chief executives and members of district / municipal / metropolitan assemblies, along with two representatives from the House of Chiefs, the Regional Minister and Regional Deputy Minister. The Regional Minister serves as the Chairman of the Council.

In Brong-Ahafo, the Council has the following administrative units:

- Regional Ministry of Energy and Mines
- Minerals Commission
- Mines Department
- Regional Ministry of Environment, Science and Technology
- Environmental Protection Agency
- Town and Country Planning Department
- Regional Ministry of Lands and Forestry
- Lands Commission
- Land Valuation Board
- Stool Lands Administration
- Regional Ministry of Local Government and Rural Development
- Regional Ministry of Manpower Development and Social Welfare
- District Labor Office
- Regional Ministry of Health.

3.1.3 DISTRICT GOVERNMENT

Brong-Ahafo has 13 administrative districts. The Project falls within Asutifi District. The twin towns of Kenyase 1 and Kenyase 2 together form the administrative capital and commercial center of Asutifi District.

The Asutifi District Assembly is the highest administrative and political authority in the district. The District Assembly has 70% elected members and 30% government appointees. It is headed by the

District Chief Executive, who is appointed by the President with the approval of two-thirds of the District Assembly. The District Assembly includes two Members of Parliament, a number of elected members, as well as government appointees. It exercises deliberative, legislative and executive functions, and is responsible for development through preparation and management of district development plans.

The Executive Committee of the District Assembly is headed by the District Chief Executive and has the following sub-committees:

- Social Service
- Economic Development Planning
- Works
- Justice and Security
- Finance and Administration.

The District Coordinating Director is the senior civil servant in the district. The District Coordinating Director heads the District Planning and Coordinating Unit and directs district planning efforts. A District Planning and Coordinating Unit Executive, consisting of selected technocrats from various departments, prepares plan proposals.

Administrative decentralization has provided for 12 district departments:

- Central Administration
- Education
- Health
- Disaster Prevention Management
- Agriculture
- Forestry
- Controller and Accountant General's
- Social Welfare and Community Development
- Physical Planning
- Works
- Industry and Trade
- Specialized Units (Births and Deaths, Statistical Information Service).

3.1.4 SUB-DISTRICT GOVERNMENT

Sub-district government consists of urban / town / area / zonal councils and unit committees. Urban / town / area / zonal councils are defined by population threshold:

- Urban council – 15,000
- Town council – 5,000
- Area council – 5,000
- Zonal council – 3,000.

Urban / town / area / zonal council functions are to:

- Enumerate and keep records on all ratable persons and property
- Assist any person authorized by the District Assembly to collect revenues
- Recommend to the District Assembly the naming of all streets and numbering of buildings
- Plant trees and prevent or control disaster and bushfires
- Organize annual stakeholder meetings to discuss development of the area.

Unit committees are the lowest level of government. A unit covers a population of 500-1,000 people in rural areas and 1,500 or so in urban areas. A unit committee comprises 10 elected members and not more than 5 members appointed by the District Chief Executive.

The functions of a unit committee are to:

- Supervise staff of the District Assembly assigned duties in the area
- Enumerate and keep records of all ratable persons and properties
- Assist any person assigned by urban / town / area / zonal councils to collect allocated and contracted revenues
- Mobilize members of the unit for the implementation of self help and development projects
- Monitor the implementation of self-help and development projects
- Take all lawful steps to abate any nuisance
- Liaise with the Registrar of Birth and Deaths for the registration of marriages, births, deaths
- Provide the focal point for discussion of local problems and make recommendations to the District Assembly through councils or take remedial action where necessary
- Organize communal and voluntary work with respect to sanitation
- Liaise with the National Commission for Civic Education to educate people on their rights and responsibilities, as well as on constitutional issues
- Make proposals to the District Assembly for levying and collection of rates for projects
- Perform such other functions delegated by the urban / town / area / zonal council or the District Assembly.

Unit committees are expected to interact regularly and widely within the unit area, with organized groups, non-governmental organizations and youth organizations, and to consult appropriately with adjacent unit committees. Unit committees are expected to communicate their decisions, problems, and ideas through their respective council to the District Assembly.

3.1.5 TRADITIONAL AUTHORITIES

Traditional authorities possess deep institutional relevance, particularly in rural areas where they continue to command considerable respect. These authorities play a particularly important role in land allocation and management.

The Project falls within the Ashanti Kingdom, the seat of which is Kumasi. The Ashanti King, Otumfuo Osei-Tutu II, recognizes a number of Paramount Chiefs, each of whom administers a stool. Within Asutifi District, Kenyase 1 and Kenyase 2 have Paramount Chiefs.

There are also Divisional, or Autonomous Chiefs within the District, in Ntotoroso, Gyedu and Wamahinso.

Paramount and divisional chiefs exert control over sub-chiefs, who represent major communities within their respective stools, and village chiefs, who represent smaller communities. At the community level, sub-chiefs or village chiefs, in consultation with elders, typically resolve disputes (**Figure 2**).

3.1.6 HOUSEHOLD ORGANIZATION

In Brong-Ahafo Region, people typically have as their primary residence a family home, which serves as the social and residential center of an extended family. The residents normally number some ten or more persons. Each extended family is typically composed of individuals from more than one related nuclear family, or household.

In rural areas near the Project, these extended family residences are termed “krom” in Akan languages and “village” in local English. In this document, such rural residences are termed “rural homesteads,” recognizing that a typical homestead is the home of more than one household. A single household may eat from a common pot or may combine food supply, preparation, and consumption with co-resident households within the homestead.

In urban areas near the Project, these extended family residences are termed “efihya.” In this document, such urban residences are termed “urban homesteads,” also recognizing that a typical homestead contains more than one household. As with rural homesteads, a single household may eat from a common pot or may combine food supply, preparation, and consumption with co-resident households within the homestead.

Residents of urban homesteads will often possess farm fields in the surrounding rural areas. Sometimes, such persons also have farm houses (“akuraa”), which they use seasonally and from time-to-time, for storage, to rest during the heat of midday, or for extended periods of “camping” at the farm. These farm houses are typically used by individuals of a nuclear family, or household. The residents, or habitual users, normally number about five persons.

3.2 Legal Framework

The legal and institutional context of resettlement in Ghana is complex. As in many parts of Africa, dual customary and titled ownership exist. The State has attempted to curtail customary ownership and regulate land administration by legislation, resulting in an often conflicting legal landscape. Recent

attempts in the form of a World Bank sponsored Land Administration Project are attempting to clarify land administration policy through legal harmonization.

Regulatory oversight of private sector land acquisition and resettlement related to mining activities and actions is governed by the Constitution and two Acts:

- The 1992 Constitution of Ghana, ensures the protection of private property and establishes requirements for resettlement in the event of displacement from State acquisition.
- The State Lands Act of 1962 mandates compensation rates and sets procedures for public land acquisitions.
- The Minerals and Mining Amendment Act of 1992 allocates all mineral rights to the State and requires adequate compensation for loss of assets on the surface of the land due to mineral operations. A new Bill focused on mineral rights will be before Parliament in the third quarter of 2005.

Public sector land takes are governed by a number of post-independence laws that authorize the State to take land by eminent domain. State agencies oversee various land policies relating to land take, resettlement and compensation. The main agency involved in this Project is the Land Valuation Board (LVB), which oversees compensation regulations stemming from the State Lands Act of 1962.

The Constitution of Ghana specifically requires resettlement (and not just cash compensation) where land is acquired in the public interest.

3.2.1 CONSTITUTION OF GHANA

The Fourth Republican Constitution (1992) recognizes the right to private property and to protection by the State of property. Article 18 (1) states that:

1. *Every person has the right to own property either alone or in association with others.*
2. *No person shall be subjected to interference with the privacy of his home, property, correspondence or communication except in accordance with law and as may be necessary in a free and democratic society for public safety or the economic well-being of the country, for the protection of the rights or freedoms of others.*

Article 20 protects Ghanaians from arbitrary expropriation of property:

1. *No property of any description, or interest in or right over any property shall be compulsorily taken possession of or acquired by the State unless the following conditions are satisfied:*
 - i. *the taking of possession or acquisition is necessary in the interest of defense, public safety public under, public morality, public health, town and country planning*
 - ii. *the necessity for the acquisition is clearly stated and is such as to provide reasonable justification for causing any hardship that may result to any person who has interest in or right over the property.*
2. *Compulsory acquisition of property by the State shall only be made under a law, which makes provision for:*
 - a. *the prompt payment of fair and adequate compensation*

Figure 2: Traditional Council Kenyase 1



blank

- b. a right of access to the High Court by any person who has an interest in or right over the property whether direct or on appeal from any other authority, for the determination of his interest or right and the amount of compensation to which he is entitled.*
- 3. Where a compulsory acquisition or possession of land affected by the State in accordance with clause (1) of this article involves displacement of any inhabitants, the State shall resettle the displaced inhabitants on suitable alternative land with due regard for their economic well-being and social and cultural values.*
- 4. Nothing in this article shall be construed as affecting the operation of any general law so far as it provides for the taking of possession or acquisition of property*
 - a. by way of vesting or administration of trust property, enemy property or the property of persons adjudged or otherwise declared bankrupt or insolvent, persons of unsound mind, deceased persons or bodies corporate or un-incorporated in the course of being wound up*
 - b. in the execution of a judgment or order of a court*
 - c. by reason of its being in a dangerous state or injurious to the health of human being, animals or plants*
 - d. in consequence of any law with respect to the limitation of actions*
 - e. for so long as may be necessary for the carrying out of work on any land for the purpose of the provision of public facilities or utilities, except that where any damage results from any such work there shall be paid appropriate compensation.*
- 5. Any property compulsorily taken possession of or acquired in the public interest or for a public purpose shall be used only in the public interest or for the public purpose for which it was acquired.*
- 6. Where the property is not used in the public interest or for the purpose for which it was acquired, the owner of the property immediately before the compulsory acquisition, shall be given the first option for acquiring the property and shall, on such re-acquisition refund the whole or part of the compensation paid to him as provided for by law or such other amount as is commensurate with the value of the property at the same time of the re-acquisition.*

3.2.2 STATE LANDS ACT

Section 6(1) of the State Lands Act of 1962 provides that any person whose property is affected by a public project is entitled to compensation, and provides a mechanism by which people not satisfied with compensation may seek redress by notifying the Minister, who refers the case to a tribunal made up of three persons appointed by the President. Notwithstanding the existence of these legal safeguards, according to the World Bank, records indicate that in the past the government has defaulted in most cases and failed to pay full compensation or provide assistance for the resettlement of displaced persons.⁶ The Land Valuation Board is the agency responsible for setting compensation rates for property affected by public projects, and the designated authority for settling dispute over property compensation in private sector projects (see **Section 3.4.4**).

3.2.3 MINERALS AND MINING LAW

The legal framework for mining in Ghana is the Minerals and Mining Law of 1986, as amended by the Minerals and Mining Amendment Act of 1992, and modified by the provisions of the 1992 Constitution.

⁶ Resettlement Policy Framework, Ghana Land Administration Project, World Bank / Republic of Ghana Ministry of Lands and Forestry (2003).

In this framework, the State owns all minerals occurring in their natural state within Ghana's land and sea territory, and its exclusive economic zone. All minerals in Ghana are vested in the President in trust for the people of Ghana. Regardless of who owns the land in which minerals are situated, exercise of any mineral right requires a license granted by the Minister for Mines, as the agent of the State for exercise of powers relating to minerals.

Mineral rights include the rights to reconnoiter, prospect, and mine minerals. The Minister has defined powers to grant, transfer, amend, renew, and cancel mineral rights. The powers of the Minister must be exercised with the advice of the Minerals Commission. This commission has Constitutional authority to regulate and manage the utilization of mineral resources and to co-ordinate policies in relation to minerals.

The Minerals and Mining Amendment Act of 1992 requires mineral right holders to affect as little as possible the interest of any lawful occupier of the land. All mining leases state that the lease holder shall not hinder or prevent members of the local population from exercising certain customary rights and privileges such as hunting, gathering firewood for domestic purposes, collecting snails, grazing livestock, cultivating farms, and observing rites in respect of graves or other sacred areas. Lawful occupants retain these rights if use does not interfere with mining operations. Such occupants, however, must ask permission from the leaseholder to erect any building on leased land.

A mineral right holder must compensate for any disturbance to the rights of owners or occupiers and for damage done to the surface of the land, buildings, works or improvements, or to livestock, crops or trees in the area of mineral operations. The Act requires that the amount of compensation, subject to the approval of the Land Valuation Board, be determined by agreement between the parties concerned. In practice, this agreement involves a broad cross-section of stakeholders, including affected farmers, local traditional and political leaders. If an agreement cannot be reached, the Minister of Mines arbitrates. The Act does not provide for compensation for the land itself.

The Mining and Environmental Guidelines of 1994 provide further direction on compensation. These Guidelines require mining companies to pay compensation for damage to land, land uses and structures according to a schedule of compensation rates devised using Land Valuation Board rates as the minimum. In practice, however, these rates are only available if the Land Valuation Board is contracted to undertake the assessment.

The Mining and Environmental Guidelines also provide for resettlement:

Any pre-existing settlement located close to mining operations where the pre-existing inhabitant's public safety is at risk, or where the inhabitants are subjected to unreasonable nuisance, shall be resettled at a more distant site with at least an equal standard of accommodation and services at the cost of the company (pg 11).

The Minerals and Mining Law requires mining companies to explore and operate in an environmentally responsible manner. The Mining and Environmental Guidelines cover in detail the environmental assessment, management, and reporting requirements for new and operating mines.

In 2003, the national government drafted amendments to the Minerals and Mining Law on various issues, including compensation. The proposed amendments are with the Attorney General awaiting submission to Parliament.

The Minerals and Mining Law provides that all efforts should be made to settle disputes amicably. In the event of failure, arbitration becomes the dispute resolution mechanism. Arbitration may be in accordance with the rules for arbitration of the United Nations Commission on International Trade Law; or within the framework of any applicable bilateral or multilateral agreement on investment protection; or in accordance with any other international machinery for the settlement of investment disputes agreed to by the parties. In the event that none of the arbitration mechanisms is mutually satisfactory, the judicial process may be used.

3.3 Additional Legislation and Regulations

Other legislation and regulations relevant to the resettlement process include those pertaining to environmental protection and assessment, and architecture and planning.

3.3.1 ENVIRONMENTAL PROTECTION AND ASSESSMENT

An Environmental Impact Assessment for developments, projects or undertakings has been a requirement in Ghana since 1989. To secure an Environmental Permit allowing a project to proceed on environmental grounds, an Environmental Impact Statement must be submitted to the Environmental Protection Agency for review and approval.

In June 1995, the Environmental Protection Agency issued a new procedure for environmental impact assessments. The new procedure involves a phased assessment depending upon the nature, complexity and location of the undertaking (Ghana Environmental Impact Assessment Procedures, 1995). In June 1999, the revised procedure was passed by Parliament as Legislative Instrument 1652 – Environmental Assessment Regulations.

3.3.2 ARCHITECTURE AND PLANNING

The physical planning of any area is governed by the Town and Country Planning Ordinance of 1945 (Cap 84) and the Local Government Act of 1993 (Act 462).

When developing a resettlement village, district statutory planning authorities require the following:

- Identification and investigation of alternative sites for resettlement village construction
- Selection of a preferred site for resettlement village construction in consultation with the following:
 - Representatives of all government land development agencies, including the Town and Country Planning Department, Lands Commission and Survey Department
 - District Chief Executive and representative District Assembly Members
 - Impacted people / households and other selected stakeholders
- Chiefs in whose stool lands the Project is located
- Preparation of cadastral plans by qualified licensed surveyors and submission of those plans to the Survey Department for approval

- Submission of approved cadastral plans to the Lands Commission, accompanied by a letter of title search and a report on the site selection process
- Approval of the plans by the Lands Commission, assuming the land is free of any encroachment or encumbrances
- Further investigation of the site, including topographic and soil surveys
- Negotiation with relevant landlords for acquisition of a 50-year or 99-year lease of the site⁷
- Preparation of a draft physical development plan of the site, with reference to the *Planning Standards for All Settlements in Ghana (1988)*
- Presentation of the draft plan to local stakeholders, including impacted peoples / households for review, amendment and approval
- Submission of the agreed draft plan to the district statutory planning authority at the Town and Country Planning Department for review and confirmation that all planning standards have been met
- Publication of the planning scheme in national daily newspapers and invitation of comments and suggestions from the general public for a three-month period, followed by official approval by the Minister in charge of Town and Country Planning
- Preparation and submission of technical drawings (e.g., infrastructure, buildings, etc...) to the district statutory planning authority for review and confirmation that relevant building regulations, including the National Building Regulations, have been followed
- Submission of technical drawings to the General Body of the Statutory Planning Committee and Development for approval and issuance of Development and Building Permits
- Application for legal acquisition of the site or right of entry from the Lands Commission
- Approval from the District Education Oversight Committee for the construction of educational facilities in the Resettlement Villages
- Approval from the Forestry Commission to inventory of all economic trees in the Resettlement Sites and permission for concessionaires to fell all economic trees even beyond the quotas allotted to them
- Following Ministerial approval of the plan and receipt of all necessary development and building permits, commencement of construction
- Construction monitoring by building inspectors

⁷ In Ghana, land cannot be purchase, only rented or leased.

- Allocation of individual plots to resettlers, and submission of their names – together with letters of clearance from relevant Chiefs and other necessary paperwork – to the Lands Commission for formal land acquisition by resettlers
- Issuance of Certificates of Occupation by the Lands Commission to resettlers.

3.4 Land Tenure and Transactions

3.4.1 LAND TENURE IN GHANA

Land tenure in Ghana is governed by a web of common law and customary law, from which have emerged the following categories of landholdings:⁸

- Customary ownership
- State ownership
- Customarily owned but state managed lands (vested lands).

For each category, allodial title, equivalent to common law freehold, is the basis of all land rights. Allodial rights are vested in a stool, clan, family, earth priest or private person. Lesser interests, such as tenancies, licenses and pledges, emanate from allodial title.

Customary Ownership

Customary ownership occurs where the right to use or dispose of use-rights over land is governed by the customary laws of the land-owning community, based purely on recognition by the community of the legitimacy of the holding. Rules governing the acquisition and transmission of these rights vary from community to community, depending on social structure and traditional practice. These rules are not normally documented, but are generally understood by community members.

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

Land ownership in Asutifi District is legally vested in the government (see Vested Lands below). Nevertheless, in practice, customary ownership dominates.

State Lands

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

⁸ The following draws heavily from the aforementioned World Bank Resettlement Policy Framework.

Vested Lands

Vested lands are lands owned by a stool, but managed by the state on behalf of the land owning stool. The legal rights to sell, lease, manage, collect rent have been taken from the customary landowners by the application of specific laws on that land and vested in the state. The landowners retain an equitable interest in the land (i.e. the right to benefit from the land). This category of land is managed in the same way as State Lands. Unlike State Lands, however, the boundaries are not cadastral surveyed and the lands are usually much larger in area.

As all land in Ghana is “owned” and as state and vested lands are formally documented, all other land for which formal documentation does not exist can be considered customarily held.

3.4.2 LAND TENURE ISSUES

Customary practice of land allocation by traditional authorities results in the provision of land to a variety of users through a range of mechanisms. Sometimes, the same piece of land is allocated to two or more users. Such customary land use rights are sometimes enshrined in writing, but more often left to the memory of responsible persons.

The government has sought to formalize the process of land tenure, including the definition of land titling processes and the allocation of responsibility to a number of land administration institutions, including the Lands Commission, Land Title Registry, Survey Department, Land Valuation Board, Department of Town and Country Planning, and Office of the Administrator of Stool Land. Despite this effort, systematic mapping, registration and titling does not occur in much of Ghana. Moreover, the effort to codify customary practice has resulted in many disputes, much uncertainty, and ponderous dispute resolution.

Typical dispute resolution mechanisms are customary arbitration, application by chiefs of customary law, state courts and land administration institutions. Even when disputes are apparently resolved, the results are often ambiguous. Conflict between systems results in uncertainty, lack of authority, and enforcement.

Several attempts have and are being made to resolve these issues. Most notably, in 2003, the World Bank launched a five-year Land Administration Project implemented by Ghana’s Ministry of Lands and Forestry. Project objectives are to:

- Stimulate economic development
- Reduce poverty and promote social stability by improving security of land tenure
- Simplify the process for accessing land and make it fair, transparent and efficient
- Develop the land market and foster prudent land management.

The project specifically seeks to:

- Harmonize land policy and the legislative framework with customary law for sustainable land administration
- Undertake institutional reform and capacity building for improvement in the land administration system

- Establish an efficient, fair and transparent system of land titling, registration and valuation.

3.4.3 EXPROPRIATION

The colonial government introduced the doctrine of eminent domain. Eminent domain gives the government power to seize private property for public use, by proving that seizure will be in the best interest of the nation. The government has used the power to establish state farms, create Volta Lake, and implement many smaller infrastructure schemes.

Under eminent domain legislation and the Constitution, the government is required to pay compensation for improvements to land, but not for land itself or for associated inconvenience.

The practice commonly employed by mining companies, whose lease rights supersede those of local land users, is to provide one-off payments for surface rights.

3.4.4 COMPENSATION

The Land Valuation Board is the government agency in charge of setting compensation rates. The rates and formula for valuation are not publicly available. Although government typically relies on Land Valuation Board rates to determine compensation, the tendency in the private sector is to negotiate compensation rates directly with impacted persons. Doing so is particularly agreeable to impacted persons, as Land Valuation Board rates are widely believed to be artificially depressed. With regard to mining lease-related compensation, committees made up of traditional chiefs and local representatives are generally formed to conduct open negotiations with the holder of the lease. In these cases, the Land Valuation Board is sometimes called upon to settle disputes and to “sign-off” on agreed rates as meeting or exceeding Land Valuation Board standards.

3.5 International Best Practice

3.5.1 OPERATIONAL DIRECTIVE 4.30

International best practice for private sector-related resettlement is commonly defined by the June 1990 World Bank Operational Directive 4.30, (**Annex F**). This Operational Directive is applied around the world by private investors to govern involuntary resettlement associated with natural resource and infrastructure development. The Directive sets the benchmark against which such projects are gauged by international financial institutions, both private and multi-lateral. Operational Directive 4.30 is internationally acknowledged as one of the most comprehensive and efficient set of international standards with respect to the protection of the rights of affected people.

The key principles of this policy are:

- Physical and economic dislocation should be avoided or minimized where feasible.
- Unavoidable displacement should involve the preparation and implementation of a resettlement plan. All involuntary resettlement should be conceived and executed as development programs, with resettlers provided with 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 resettled.
- 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 should be supported and used to the greatest extent possible.
- Resettlers should be integrated socially and economically into host communities so that adverse impacts on host communities are minimized.
- Land, housing, infrastructure, and other compensation should be provided to the adversely affected population. The absence of legal title to land should not be a bar to compensation.

3.5.2 EQUATOR PRINCIPLES

The Equator Principles represent an approach by financial institutions to assess and manage environmental and social risk in project financing. The Principles (**Annex G**) were adopted in June 2003 by ten of the world's leading financial institutions. Some 29 financial institutions in 14 countries have adopted the Principles.

The Principles are meant to ensure that projects are socially responsible and have sound environmental management. Adopting institutions undertake not to loan to projects in which the borrower will not, or is unable to, comply with the environmental and social policies and processes outlined in the Principles. Compliance with host country legislation and relevant World Bank Safeguard Policies, including Operational Directive 4.30, for projects in middle and low-income countries such as Ghana is a pre-requisite. Public consultation and disclosure requirements are stipulated.

3.6 Internal Policies

Newmont has articulated a comprehensive Social Responsibility Policy, as well as a set of accompanying Guidelines, and is a member of the Global Compact. The Company's demonstrated commitment to meeting Ghanaian legislation and international best practice, as defined by Operational Directive 4.30, contributes to maintaining a Social License to Operate. The Company also seeks to help Ghana meet the country's Millennium Development Goals.

As indicated above, with specific regard to resettlement policy, the Company is committed to minimizing disruption to the community, sustaining existing and supporting re-establishment of lost livelihoods, and ensuring properly administered land transactions defined in consultation with stakeholders. Policies and programs have been put in place to ensure delivery of these commitments.

3.7 Comparison of Internal, National and International Practices

Where conflict exists, international practice dictates that project proponents demonstrate how they will “bridge the gap” between domestic requirements and international practice. Bridging the gap is at the core of this Resettlement Action Plan. **Table 2** displays the requirements of domestic regulations with the requirements set out by the World Bank Group for resettlement.

Table 2: Comparison of National and International Legal and Policy Requirements for Resettlement

Resettlement Topic	Ghanaian Legislation Requirement (Constitution and Minerals and Mining Act)	International Policy Requirement (OD 4.30)
Timing of compensation payment	Prompt	Prior to resettlement.
Calculation of compensation	Fair and adequate. The Act requires that the amount of compensation, subject to approval of the Land Valuation Board, be determined by agreement between the parties concerned.	Replacement value for lost assets.
Squatters	No provisions. Are deemed ineligible.	Provisions for lack of legal title or recognized land tenure in the form of resettlement assistance.
Resettlement	Displaced persons are to be resettled on suitable land with due regard for their economic well-being and social and cultural values.	Replacement land is to be at least equivalent to the productive potential and locational advantages of land held prior to resettlement
Resettlement Assistance	No provision	-Assistance with the move and support during the transition period at the resettlement site -Assistance with re-establishing access to lost resources (eg. customers, suppliers, forested areas).
Vulnerable Groups	No provision	-Must be accounted for in the consultation process -Land allocation or culturally acceptable income-earning strategies to protect the livelihood of these people.
Information and Consultation	Owner/occupier must be given one weeks notice of the intent to enter followed by 24 hrs notice before actual entry.	-Consultation process must be institutionalized through regular meetings between project officials and communities -Laws and regulation on compensation must be publicized among people to be displaced.
Grievances	If an agreement cannot be reached, the Minister of Mines arbitrates. Through the courts.	Recognized grievance mechanisms throughout the resettlement structure.

CHAPTER 4

BASELINE

This Chapter presents the Company's understanding of existing conditions in the Project Area. It comprises a summary of methods used, an overview of regional geography, and a detailed description of Asutifi District and the Mine Area.⁹

4.1 Methodology

The Company reviewed existing information and has undertaken a number of baseline studies to inform its understanding of baseline conditions. This section summarizes both the information available prior to the Project and the information collected by the Company.

4.1.1 INFORMATION AVAILABLE PRIOR TO THE PROJECT

Baseline information available prior to the commencement of the Project included:

- National Census (2000)
- Ghana Poverty Reduction Strategy Paper (2003)
- Fourth Ghana Living Standards Survey (1999)
- Brong-Ahafo Region Hand Book (n.d.)
- Asutifi District Medium Term Development Plan (2002-2004)
- Two socio-economic surveys undertaken by SGS Environment for Normandy in 1999 and 2000.

4.1.2 INFORMATION COLLECTED BY THE COMPANY

The Company has undertaken a census and socio-economic survey and an immoveable asset inventory. The data from these studies have been entered into a database for analysis (**Figure 3**), and used to both define baseline conditions and identify Project impacts and stakeholder groups. Consultation and disclosure activities have further refined the Company's understanding.

Census and Socio-Economic Survey

The Company retained Opportunities Industrialization Centers International (OICI)¹⁰ to undertake a census and socio-economic survey of each of the following groups:

- Homesteads located in the Mine Area
- Households with farm fields in the Mine Area but that reside elsewhere.

⁹ An introduction to Ghana is provided in **Annex H**.

¹⁰ OICI is a non-profit, nongovernmental organization headquartered in the United States of America. OICI affiliate OIC Ghana currently operates four centers in Ghana, in Tamale (Northern Region), Kumasi (Ashanti Region), Takoradi (Western Region) and Accra (Greater Accra Region). OICI Ghana's current portfolio of programs includes Mining for Sustainable Development, Vocational Skills for Life Training, Food Security Training and Outreach Services, Micro Credit and Income Improvement, Cooperative Development and Export Promotion, FarmServe Ghana, HIV/AIDS Prevention Care and Support, and Street Children and Orphans.

The objective of these studies was to provide a detailed socio-economic profile of Project stakeholders living inside the Mine Area, as well as those living outside the Mine Area but using the Mine Area for crop cultivation. The executive summaries of the reports are provided in **Annex I**.

Methodology

These studies employed qualitative and quantitative techniques:

- Quantitative methods – OICI administered a structured questionnaire to all heads of homestead located in the Mine Area and to all heads of households with farm fields located in the Mine Area but that reside elsewhere (**Annex J**).
- Qualitative methods – OICI also used a diverse range of participatory tools, including focus groups discussions, transect walk, mapping exercises, puppetry and drama, and key informant interviews to supplement the findings of the structured questionnaire.

The Livelihood Study included a census and socio-economic survey of households working in or resident in the Mine Area. The study was done in two phases. The first covered permanently established resident homesteads and the second non-resident households who farm in the Mine Area.

The survey data includes 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, and household food security; public health and safety issues, as well as general community development problems and priorities. Existing skill levels and gender issues in community daily and economic routines are also assessed.

Specific study questions on gender roles status and responsibility and women's status were asked to both male and female head of households. Qualitative methods included women's focus groups, women's workload calendars, children's work by gender, and priority matrix by gender and age. Women and children participated actively and contributed in all the data collection exercises.

The survey measured responses from both homesteads, and non-resident households in the Project Area. 35% of the resident and non-resident respondents were women, a significant response considering household heads are traditionally men.

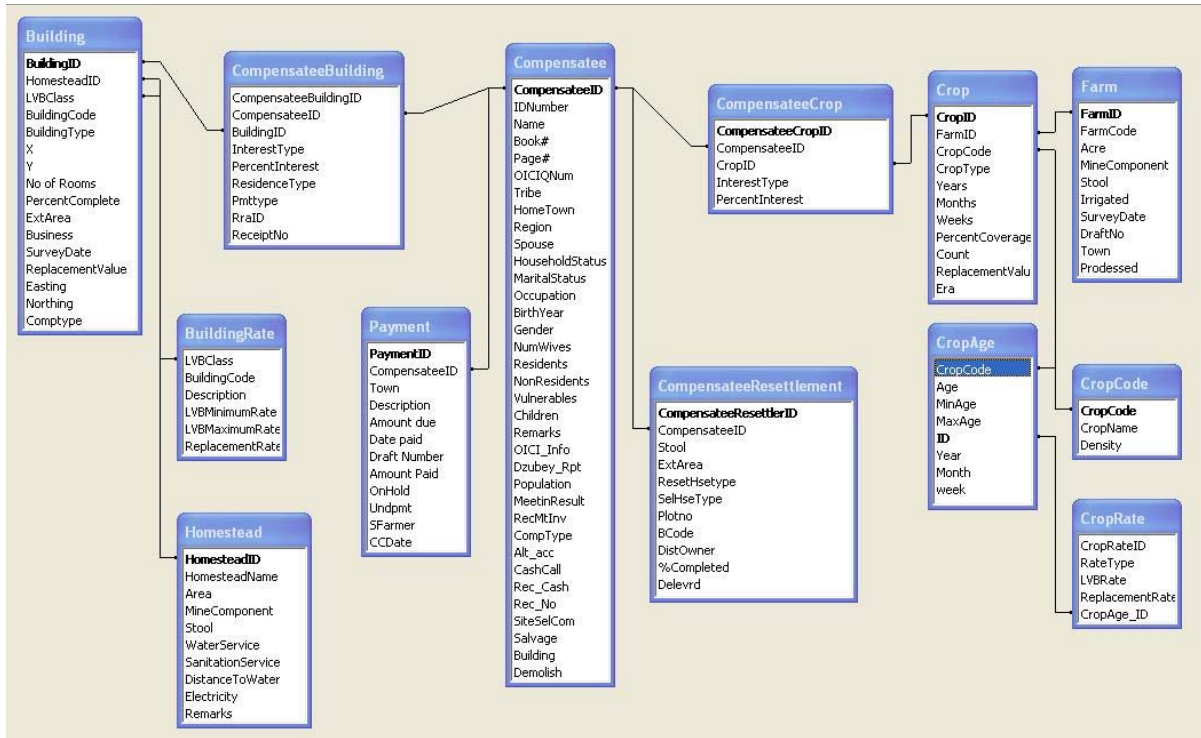
Collected data included key indicators that will provide baseline information to monitor impacts of the Project on Project Area livelihoods.

Inventory of Immoveable Assets

The Company performed a cadastral survey of all farm fields in the Mine Area. Teams demarcated farm fields in the presence of the farmer and recorded principal crops and the presence of any buildings.

The Company then undertook crop survey of all farm fields identified by the cadastral survey. Crop compensation teams recorded all crops by area and / or number in each field in the presence of the farmer and the chief farmer of the area. Each farmer signed-off on the record, by signature or thumbprint.

Figure 3: Project Database



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The Company purchased QuickBird satellite imagery covering 16,850 hectares of land surrounding and including the Mine Area. The Company retained SGS Environmental to delineate cropped and uncropped lands using the imagery, and to ground truth delineated units to establish their land use contexts.

The Company retained a government-certified valuation firm (Felix Dzubey and Company) to undertake a survey of all structures located within the Mine Area. Teams recorded, wherever possible in the presence of the structure owner, structure construction details, occupancy, fittings, dimensions, age, condition, and ownership. Each building survey team was accompanied by one or two representatives of the Resettlement Negotiation Committee, who confirmed owner identity and witnessed the survey.

4.2 Regional Geography

The Ahafo Project is located in Brong-Ahafo, the second largest region in Ghana with an area of 39,577,008 km². Brong-Ahafo has a tropical climate with temperatures averaging 24°C. It borders Northern Region to the north, Volta Region to the east, Eastern Region to the southeast, Ashanti and Western Regions to the south, and the Ivory Coast to the west (**Figure 1**).

The region is divided into 13 districts. Its 44 Paramount Chiefs and five Divisional Councils together comprise the Brong-Ahafo Regional House of Chiefs. The regional capital is Sunyani.

The region's population of 1.8 million is comprised primarily by Brongs and Ahafos of Akan descent. The major languages spoken are Brong and Twi. Seventy three percent of the economically active population live in rural areas.

There are 894 nursery schools / kindergartens in the region with total enrolment of 222,107. The region's 769 Junior Secondary and 60 Senior Secondary Schools have a total enrolment of approximately 90,000. Tertiary enrolment levels are under 2,000.

The region's six government hospitals and 10 Church-based hospitals are complemented by nine private clinics and numerous health centers and rural health posts.

The region has the second largest highway and the largest feeder road network in the country, with 1,894 kilometers of highways (37% of which are paved) and 5,358 kilometers of feeder roads. Sunyani has an airstrip, but there is no scheduled commercial air service to or within the region.

The telecommunication system is rudimentary but improving, with cellular telephone service spreading rapidly from a recent start in Sunyani.

Brong-Ahafo supplies on average 30% of the nation's food and is identified as Ghana's "breadbasket." An estimated 70% of the region's population is engaged in agriculture and related livelihoods. The main cultivated crops are maize, yam, cashew, cocoa, coffee, garden eggs, cassava and plantain. Goats, cattle and poultry are the main livestock.

Cottage industries in the region include palm oil, palm kernel oil, gari and earthenware production.

Sunyani is home to most of the region's business activity.

4.3 Asutifi District

The Project Area is located entirely within Asutifi District, approximately 40 km south of Sunyani (**Figure 4**). The district has an area of 1,500 km². Kenyase 1 and 2, which together form the district capital, are situated about 120 kilometers by tarmac road from Sunyani.

The district is bordered by Sunyani District to the north, Tano District to the northeast, Ahafo Ano North District and Atwima District to the southeast, Asunafo District to the southwest, and Dormaa District to the northwest.

The Ministry of Local Government classifies Asutifi District as deprived, noting that living standards are low, public infrastructure stock inadequate, and economic development opportunities limited. The district is directly impacted by Project construction and operation, and has been prioritized by the Company for development assistance.

This section provides an overview of baseline conditions in the district, including demography, social services, economy, infrastructure, household organization, and land.

4.3.1 DISTRICT DEMOGRAPHY

In 2000, Asutifi District had a population of some 80,000 people. The Company estimates that by 2004 this population had grown to approximately 89,000, assuming an annual growth rate of 2.8%.¹¹ However, given Company activities in the district, this estimate is likely low.

The district population is largely rural: the four largest communities accounted for roughly 16,500 people in 2004, less than 19% of the total district population. Only one of these communities (Kenyase 2) had a population over 5,000 inhabitants.

Population and housing figures for the four largest district communities, which are located around the Mine Area, appear in **Table 3**.

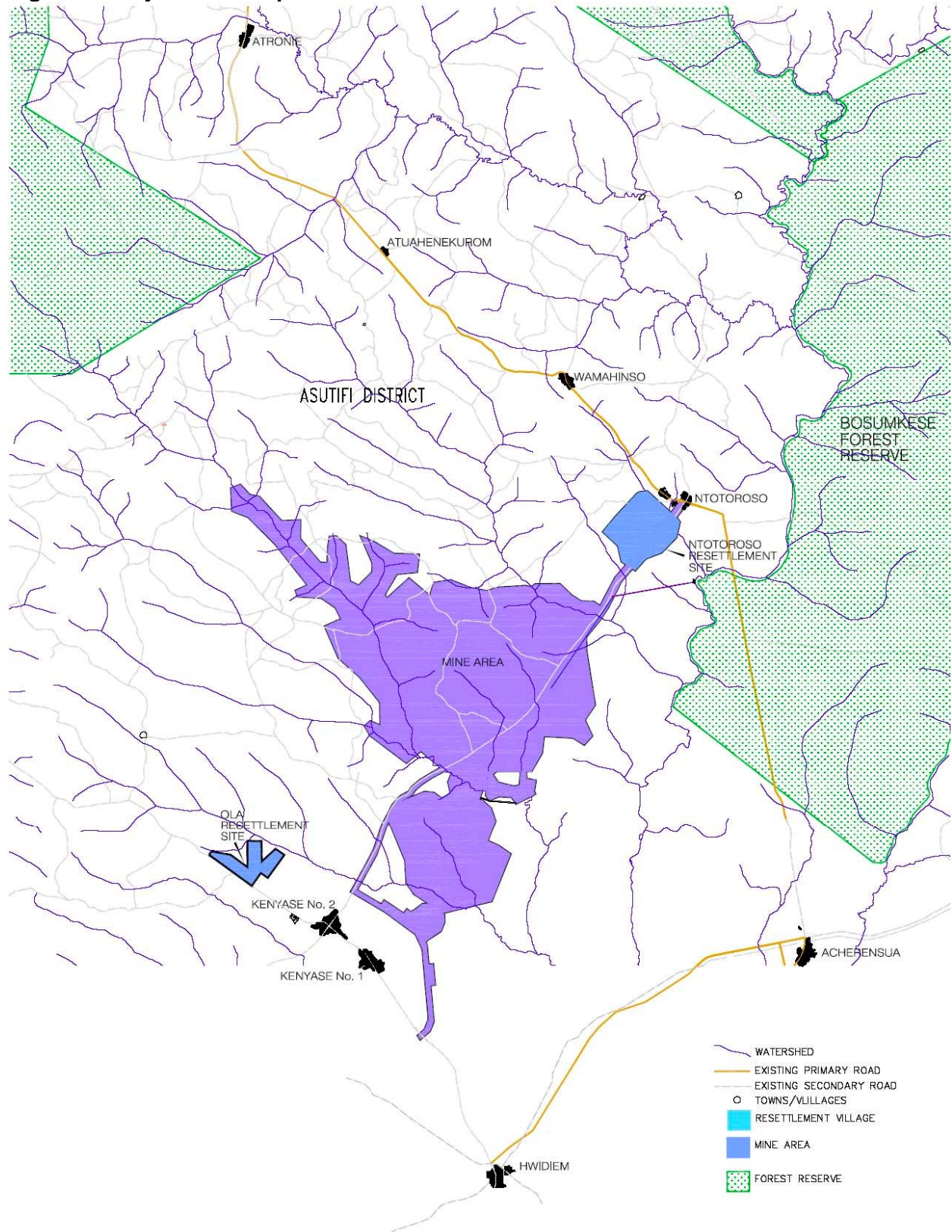
While the majority of district residents have historic origins elsewhere, most have lived in the area for generations and identify themselves with the area. The main ethnic groups in the district are the Ahafos, the Ashantis and the Bonos. Others include the Wangaras, Dagombas and Kuasasis from the north, and the Fantes and Ewes.

About 84% of residents are Christian. Moslems make up the preponderance of the balance. A relative few practice traditional religions to the exclusion of Christianity and Islam.

While there are ethnic and religious minorities, no caste system operates in the district and there is no prejudiced community. The prevailing systems of kinship, marriage, inheritance, and residence are principled but flexible and open to outsiders.

¹¹ The district grew at an average annual growth rate of 2.8% between 1984 and 2000.

Figure 4: Project Area Map



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Table 3: Population and Housing in Kenyase I / 2, Ntotoroso and Gyedu (2000, 2004 and 2010)

	KENYASE I	KENYASE 2	NTOTOROSO	GYEDU
Year: 2000*				
Population	3,599	7,451	2,643	1,186
No. of Homesteads	285	590	258	163
No. of Households	734	1,585	499	252
Pop. / Homesteads	12.6	12.6	10.2	7.3
Pop. / Household	4.9	4.7	5.3	4.7
Households / Homesteads	2.6	2.7	1.9	1.6
Year: 2004**				
Est. Population	4,019	8,321	2,952	1,325
Est. No. of Homesteads	318	659	288	182
Est. No. of Households	820	1,770	557	281
Year: 2010**				
Est. Population	4,743	9,821	3,484	1,564
Est. No. of Homesteads	375	778	340	215
Est. No. of Households	968	2,089	657	332

* based on 2000 Census.

** based on an assumed growth rate of 2.8% / yr, equivalent to the growth rate in Asutifi District from 1984 to 2000, and no significant structural changes.

4.3.2 DISTRICT SOCIAL SERVICES

This section outlines social services in the district, including education facilities, health facilities and community centers.

Education

Schools are considered adequate in the district: there are 41 kindergartens, as well as 81 primary, 48 junior secondary, and four senior secondary schools. Still, some 10% of the population has no formal education and the literacy rate is 55%. Just 5% of kindergarten and only 53% of senior secondary school teachers have teaching diplomas. The absence of adequate accommodation discourages qualified teachers from accepting positions at local schools and is a key educational constraint.

Poverty motivated truancy is a major educational constraint, as school-aged children participate in household income and subsistence activities instead of attending school.

Communities surrounding the Mine Area have a total of 42 schools (**Table 4**).

Table 4: Schools in Communities Surrounding the Mine Area

COMMUNITY	PRIMARY	JUNIOR SECONDARY	SENIOR SECONDARY	TECHNICAL / VOCATIONAL
Wamahinso	1	1	1	-
Gyedu	1	1	-	1
Ntotoroso	2	2	-	-
Kenyase 1	10	8	-	-
Kenyase 2	7	6	1	-
TOTAL	21	18	2	1

Health

The Asutifi District has one major health care facility: Hwidem's Roman Catholic Saint Elizabeth Hospital. The facility, with 30 beds, has only two doctors. The doctor / patient ratio in the district is 1:42,237, comparing unfavorably to the national average of 1:7,813.

The district has five health centers managed by the Ministry of Health, seven community clinics (only three of which are currently functional), three private maternity homes, three homeopathic clinics, and 60 trained midwives.

As in most of Ghana, malaria is the district's principal disease. It is also a leading cause of mortality, along with meningitis, tetanus, typhoid fever, diarrhea and hypertension.

Community Centers

Community centers surrounding the Mine Area appear in **Table 5**.

Table 5: Community Centers in Communities Surrounding the Mine Area

COMMUNITY	NUMBER OF CENTRES
Wamahinso	1
Gyedu	1
Ntotoroso	1
Kenyase 1	-
Kenyase 2	1
TOTAL*	4

4.3.3 DISTRICT ECONOMY

Poverty is widespread in the district and 50% of residents live below the poverty line. The average reported household monthly income is US\$ 22, with about 25% of households surviving on less than US\$ 11. Income inequity is stark, as the poorest 40% of households earn just 4% of district income (Asutifi District Medium Term Development Plan).

Seventy seven percent of the employed working-age population is involved in the agricultural sector. This compares to 71% regionally and 57% nationally. As further evidence of the agrarian focus of the district economy, 96% of those employed in other sectors identify agriculture as their secondary occupation.

The major food crops produced in the area are maize, cassava, plantain, cocoyam and rice. Cocoa is the primary cash crop, with oil palm, cola and cashew produced to a far lesser extent. The major vegetables grown include garden eggs, tomatoes, okra and pepper.

Fifty one percent of household expenditures are on food, surprisingly high given the predominance of agricultural involvement.

4.3.4 DISTRICT INFRASTRUCTURE

This section describes existing infrastructure in the district, including water supply systems, sanitation systems, solid waste management systems, household fuel systems, transportation networks and telecommunication networks.

Water Supply

The main sources of water for rural residents in the district are unprotected, hand-dug wells and surface water resources (e.g., streams and seasonal ponds). For urban homesteads, the main sources are protected wells, standpipes, boreholes and vendor trucks.

In all, 65% of the population draws water from unprotected, hand-dug wells.

Table 6 presents existing water supply facilities in communities surrounding the Mine Area. Wells, both protected and unprotected, and surface water resources are not included.

Table 6: Potable Water Supply Facilities in Communities Surrounding the Mine Area

COMMUNITY	STANDPIPES	BOREHOLE W/ HAND PUMP	SOLAR- POWERED BOREHOLE	REMARKS
Ntotoroso	-	5	1	3 boreholes not in use
Gyedu	-	3	-	1 borehole not in use
Wamahinso	-	2	-	Neither borehole functioning
Kenyase 1	10	1	-	
Kenyase 2	12	3	-	
TOTAL	22	14	1	

Sanitation

Rural residents typically use either open pit latrines or no formal toilet facilities at all. Relatively few use improved toilet facilities, such as Kumasi Ventilated Improved Pit (KVIP) latrines.

Table 7 presents the existing situation with regard to sanitation facilities in urban settings around the Mine Area.

Table 7: Sanitation Facilities in Communities Surrounding the Mine Area

COMMUNITY	EXISTING FACILITIES		CAPACITY	STATUS OF EXISTING FACILITIES
	KVIP LATRINES	WATER CLOSET		
Ntotoroso	3	-	12-seater	1 of 3 functioning latrines has a leaking roof and some broken cover slabs
Gyedu	1	-	10-seater	Facility in use
Wamahinso	1	-	12-seater	Facility in use
Kenyase 1	2	-	12-seater	Both in use, with leaking roofs and some broken cover slabs
Kenyase 2	4	1	12-seater 4-seater	All in use Under construction
TOTAL	11	1		

Solid Waste

Both urban and rural residents typically use shallow surface dumps for refuse disposal. These are abandoned once full.

Kenyase 2 and Ntotoroso have several communal dumps. No maintenance staff control the sites and no systematic burying or composting of the waste takes place.

Household Fuel

Rural residents in the district typically do not have access to electricity, and use wood fires, candles, kerosene or flashlights for lighting. Urban residents in Gyedu, Kenyase 1, Kenyase 2, Hwidiem, Ntotoroso and Wamahinso have access to electricity, but those in other communities do not.

The Northern Electricity Department of the Volta River Authority distributes power to Asutifi District. The existing main transmission line from Sunyani to Mim is presently installed at 34kV. The 34kV line in Kenyase 2 ends at the transformer that feeds the Company offices.

Almost all households in the district use firewood for cooking. A relative few also use charcoal.

Transportation

The Project is accessed from the south via a Primary Road between Kumasi and Sunyani, and a Primary Road from Tapa Junction to Hwidiem. Primary Roads are single carriageway, two lane, slurry sealed highways.

From Hwidiem, the Project is accessed from the West via a Secondary Road, which passes through Kenyase 1 to Kenyase 2. Secondary Roads are single carriageway, two lane, slurry sealed highways. As noted above, the Company office is located in Kenyase 2.

From Kenyase 2, the future processing plant is accessed to the North along a Local Distributor, which connects Kenyase 2 and Ntotoroso. Local Distributors are a single carriageway, two lane, laterite roads.

A network of local access roads exists within Kenyase 1, Kenyase 2 and Ntotoroso, as well as all other district communities.

Modes of transportation include – in order of frequency – walking, bicycle, taxi and private vehicle. Occasional buses use the local distributor between the towns of Kenyase 2 and Ntotoroso, most recently those retained by the Company to transport workers to and from the plant site.

Telecommunications

Telecommunication services are limited in the district. Government post offices and commercial telephone / postal agencies are located in Kenyase 1 / 2, but reliability is variable. Kenyase 1, Kenyase 2, and Ntotoroso use Sunyani or Kumasi telephone exchanges. Mobile phone coverage began in September 2004 and was upgraded with the addition of a second tower in November 2004.

4.3.5 DISTRICT HOUSEHOLD AND SETTLEMENT ORGANIZATION

Homesteads

As noted in **Chapter 4**, extended family residences predominate in the district. In rural areas, these residences are termed “rural homesteads” and sometimes contain more than one household. A single household may eat from a common pot, or may combine food supply, preparation, and consumption with co-resident households within the homestead.

Rural homesteads typically constitute a brushed area that separates “living” space from “working” space (e.g., farms, plantations, etc.), and includes a number of structures, fruit and shade trees. Example rural homesteads appear in **Figure 5**.

In urban areas, extended family residences are termed “urban homesteads,” and also may contain more than one household. These homesteads include a variety of structures, fruit trees, etc. Example urban homesteads appear in **Figure 6**.

Homestead structures can be divided into residential structures and non-residential structures:

- Residential structures – bedrooms, living rooms, hallways, and verandas for shade
- Non-residential structures – all annexes, such as kitchens, bathrooms, latrines, wells, corn storage barns, chicken coops and livestock pens.

Local custom clearly recognizes that a structure belongs to the person / household who built and beneficially occupies or uses it, rather than to the “owner” (landlord) of the land on which the structure rests. As a result, there are very few persons / households that do not own the structures in which they live. In the Mine Area, persons that do not own their own houses tend to be recent arrivals to the area who have not yet built their own structures.

If only one household resides within a homestead, then that household normally owns all of the structures associated with that homestead. If two or more households reside within a homestead, then those households normally own different structures, which together make up the homestead.

Homesteads are typically organized around an interior courtyard. There are two principle types:

- Closed compound, with all individual rooms, kitchen and toilet / latrine under one roof, organized around a central, partially roofed courtyard
- Open compound, with rooms, kitchen and latrine in separate structures, organized around a central, open courtyard.

Settlement

In or within a few kilometers of the Mine Area are five sizeable communities (Gyedu, Kenyase I and 2, and Ntoroso), five nucleated settlements (Dokyekrom, Kodiwohia, Kwakyekrom, Manushed, and Yawusukrom), and about 1,000 rural homesteads.

The sizeable communities are located on Secondary Roads and/or Local Distributors, and are the seats of Paramount Chiefs or Divisional Chiefs. They serve as the major market towns of the District, provide access to urban infrastructure (e.g., electricity and water supply systems), and host a variety of social facilities (e.g. schools and health centers). Kenyase is the district headquarters. Location of these communities appears in **Figure 7** and satellite images of Ntotoroso, Kenyasi 1 and 2 appear in **Figures 8** and **9**. As is evident in Figures 8 and 9, these communities are surrounded by farmland of residents who “commute” to and from their holdings each day.

Nucleated settlements are located on Local Distributors or single-lane tracks, serve as smaller market towns, and sometimes feature a small primary school (e.g. Dokyekrom, Kodiwohia, Kyakyekrom, and Yawusukrom). The location of these settlements is shown in **Figure 7** and satellite images of Kodiwohia, and Kyakyekrom appears in **Figures 10** and **11**. Like the larger communities, these settlements are surrounded by farmland worked by residents.

Isolated rural homesteads are scattered more or less equidistantly from one another. These homesteads are described above, and are normally located within or immediately adjacent to the farmland worked by residents of that homestead. A satellite image of a rural homestead appears in **Figure 12**.

4.3.6 DISTRICT LAND

This section provides an overview of land cover, land use and land use rights within the district.

Land Cover

The district contains a repetitive mosaic of land cover composed of:

- Farmland – newly cultivated fields, mixed food crop fields and cocoa plantations
- Fallowed land – fallow thickets, secondary forests and elephant grass
- Urban areas – homestead plots, towns and villages, and roads.

One natural area – Bosumkese Forest Reserve – is located to the north of the Mine Area.

To better understand this mosaic, the Company undertook a study of land cover using satellite imagery with the overall goal of identifying compensation land. This study appears in **Annex K**.

Land Use

Land use in the district includes:

Farming – Farming households typically practice swidden-fallow agro-forestry, a sophisticated agricultural system that mimics natural forest cycles. The system begins with clearing and burning a fallow thicket or secondary forest. The newly opened field is planted with a mix of food and cash crops that mature at different rates. Typically, production begins with one or more years of mixed food crop production, including cassava and cocoyam, and then proceeds through a number of years of cash crop production, including pineapple and plantain. These cultivated fields contain a diverse range of crops (**Figures 13** and **14**). Farmers can “fallow” their fields, or part of a field, at any time, but often prefer to move into tree crop production, including cocoa, oil palm, citrus, and teak.

Figure 5: Example Rural Homesteads

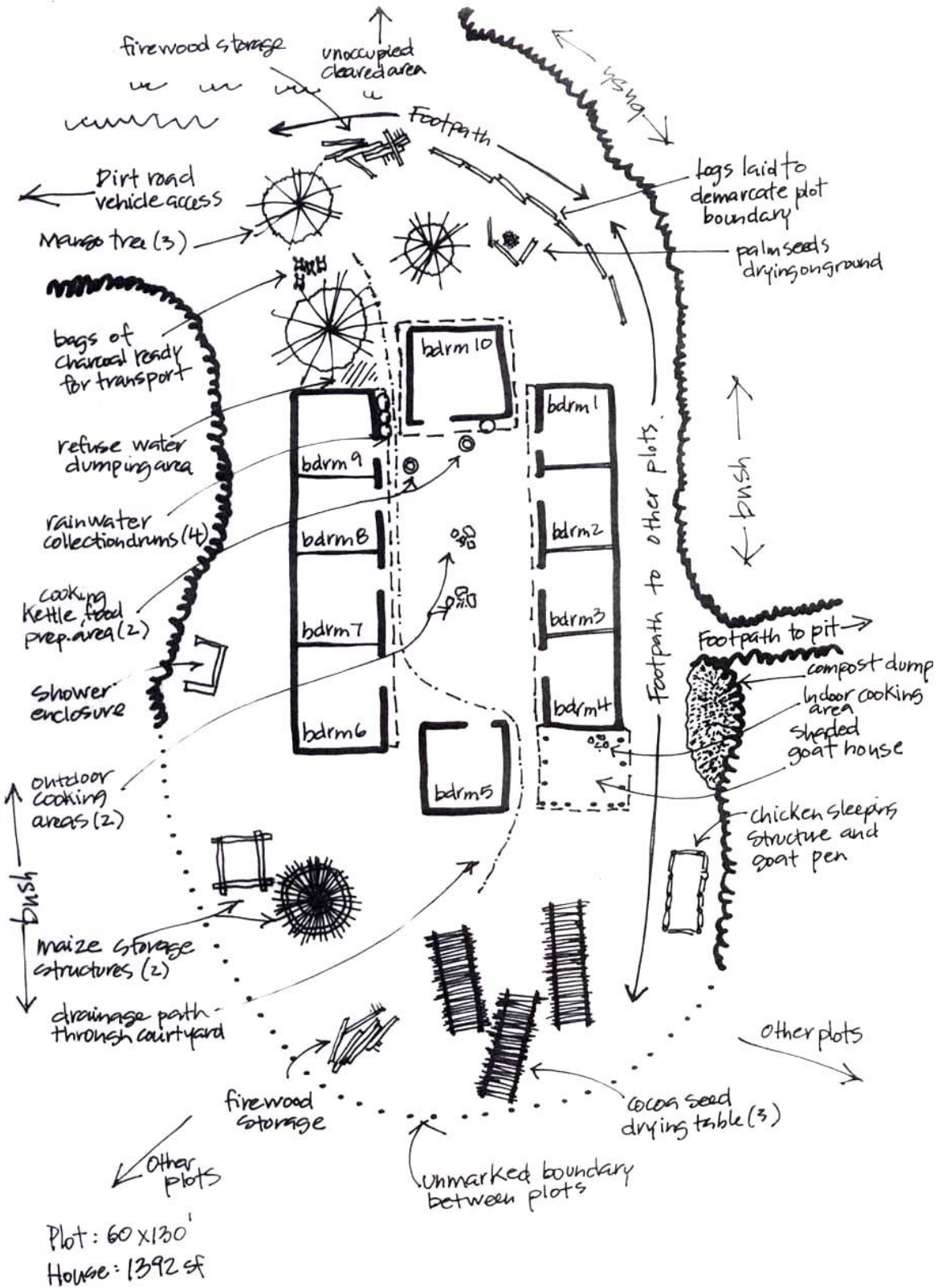


Figure 5: Example Rural Homesteads (cont.)

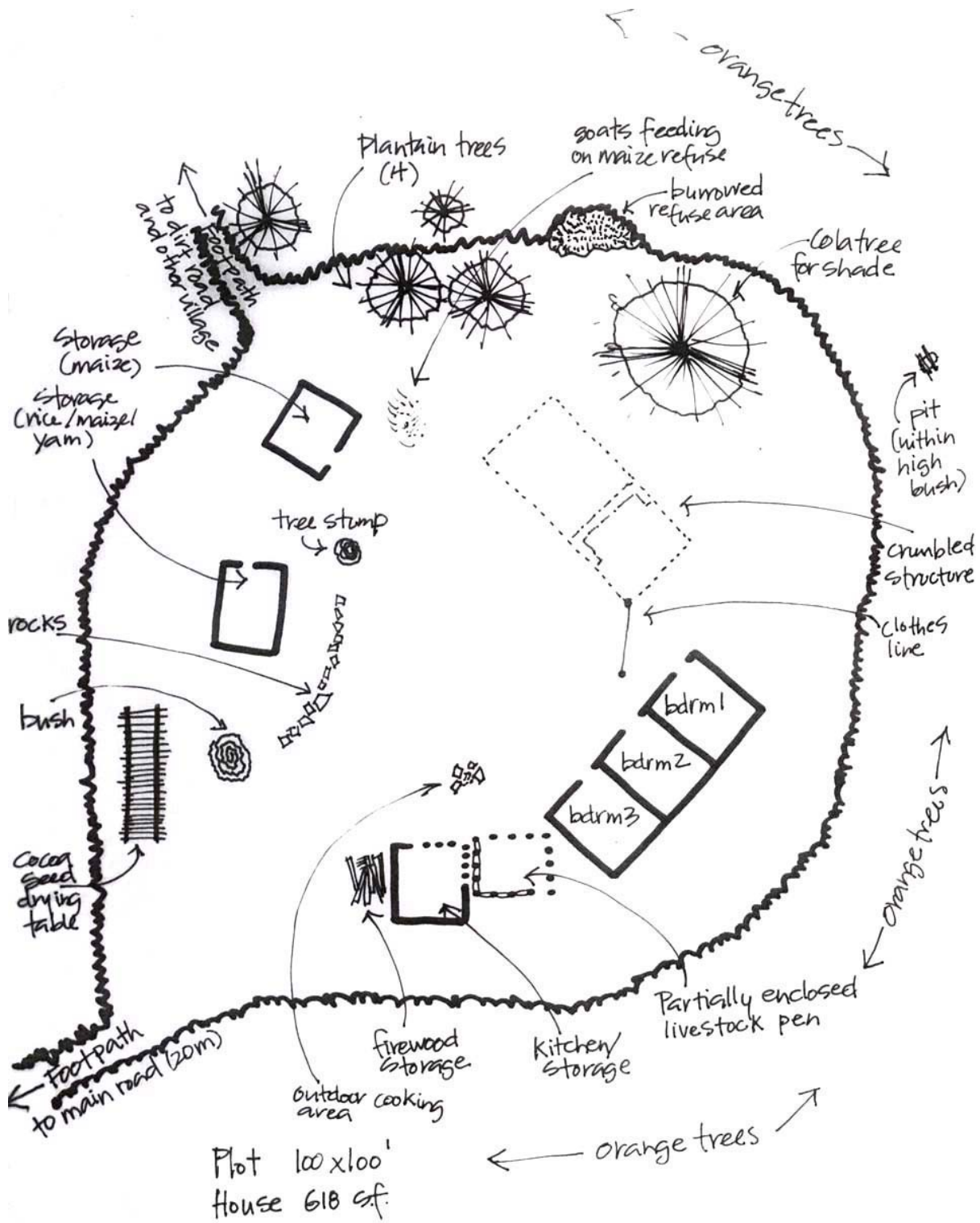


Figure 6: Example Urban Homesteads

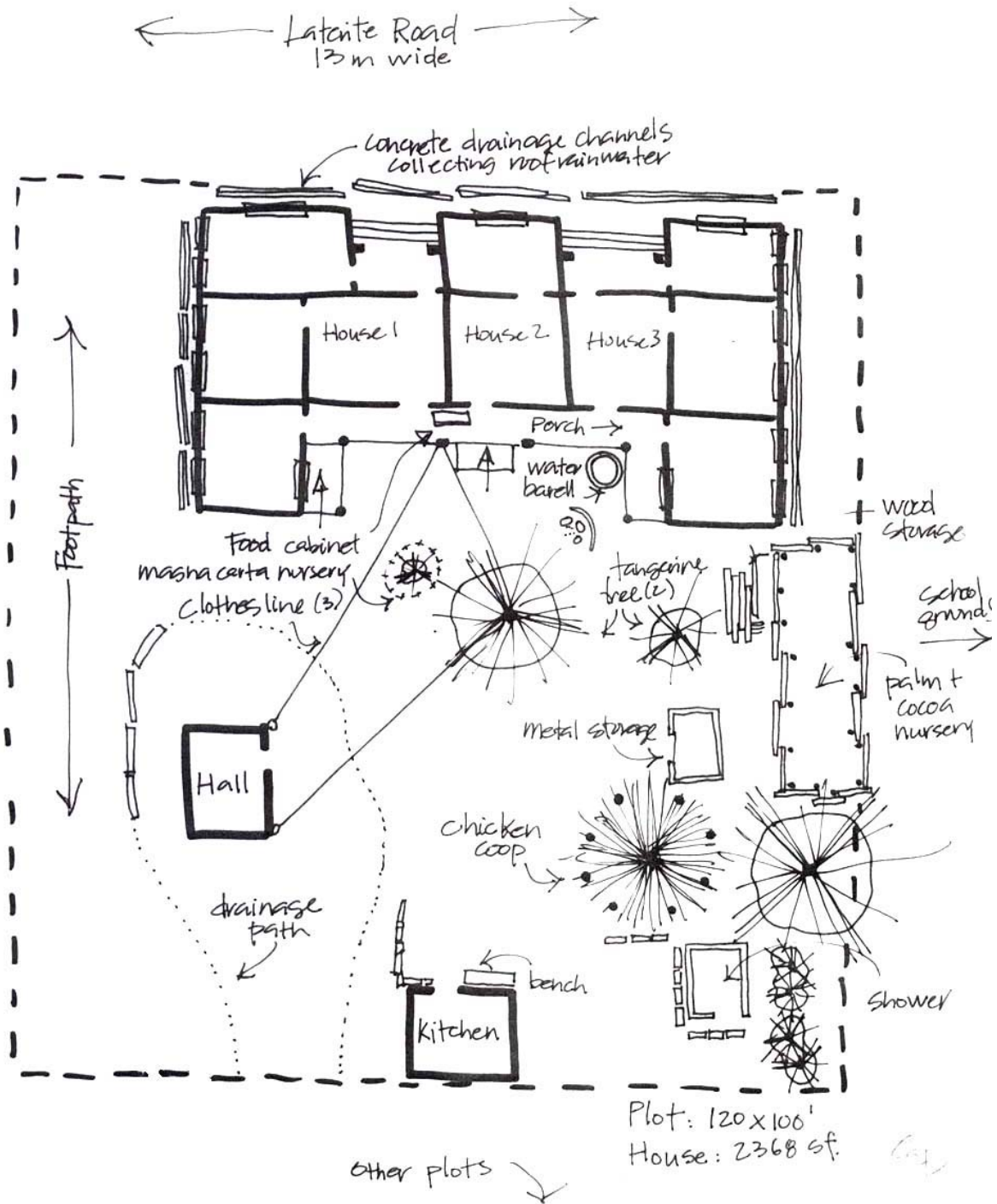
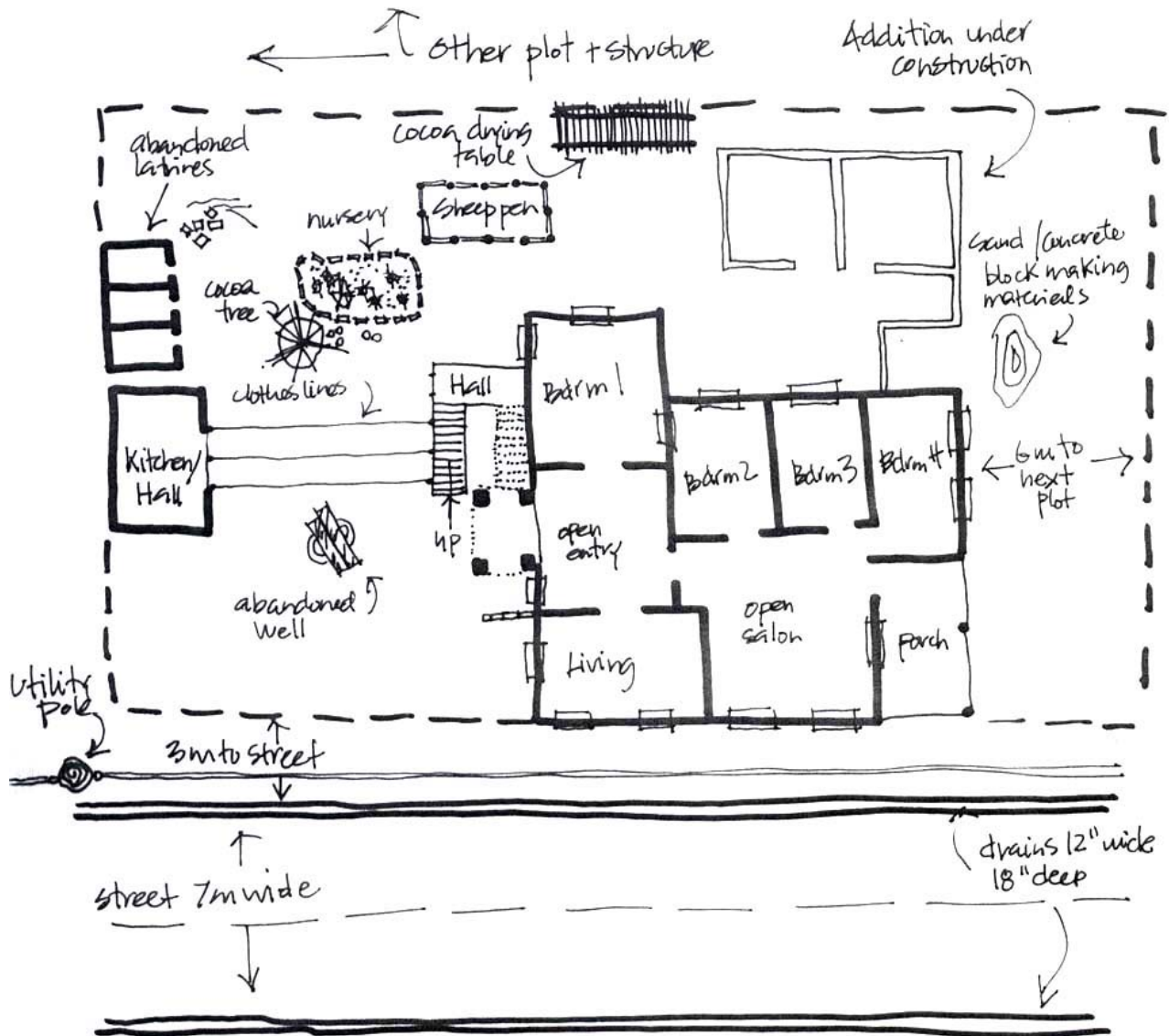
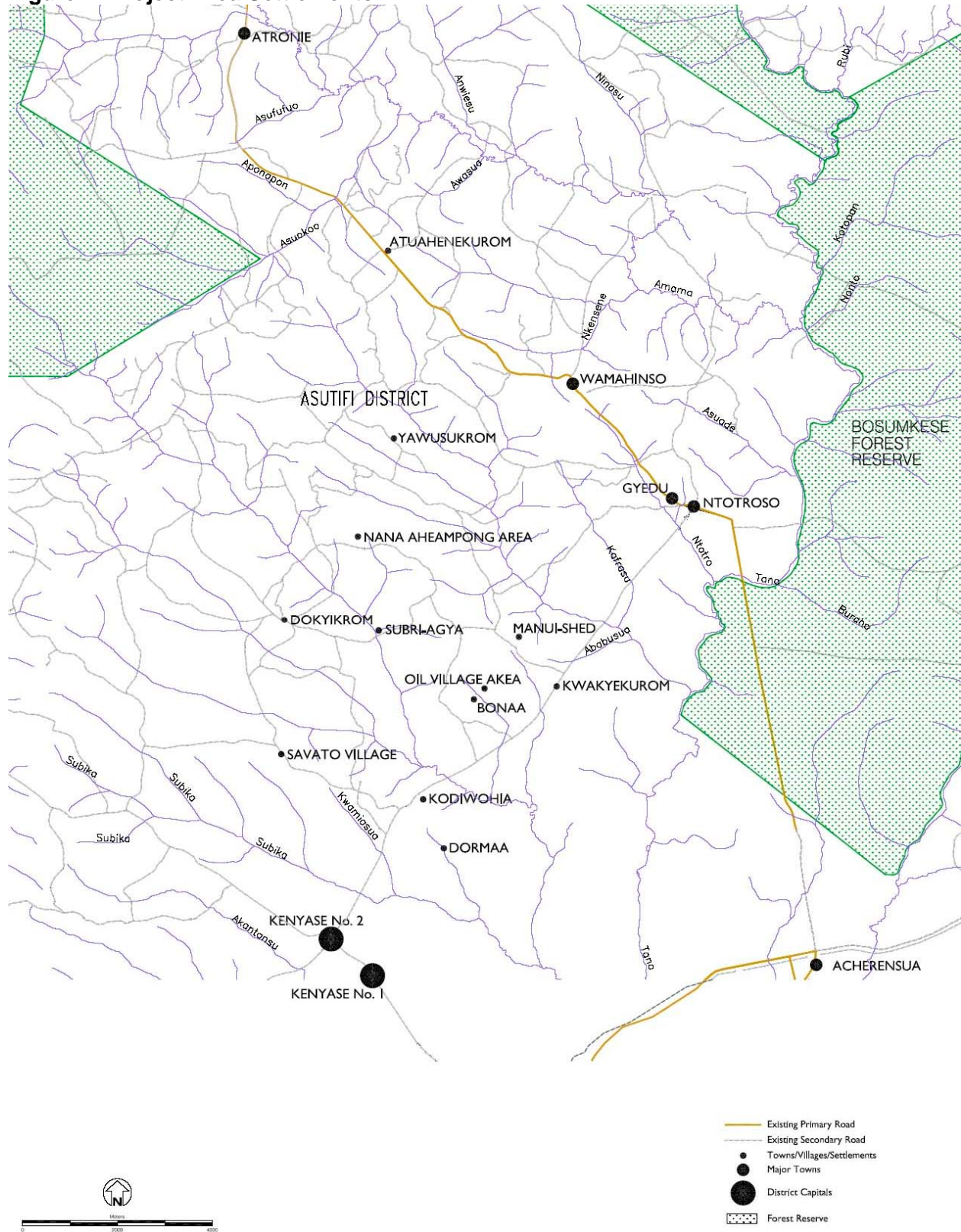


Figure 6: Example Urban Homesteads (cont.)



Plot 20 x 70'
 House 3840 sq. ft.
 (second storey same layout as ground flr.)

Figure 7: Project Area Settlements



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Figure 8: Satellite Image of Ntoroso



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Figure 9: Kenyase 1 and 2 Satellite Image



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Figure 10: Kodiwohia Satellite Image



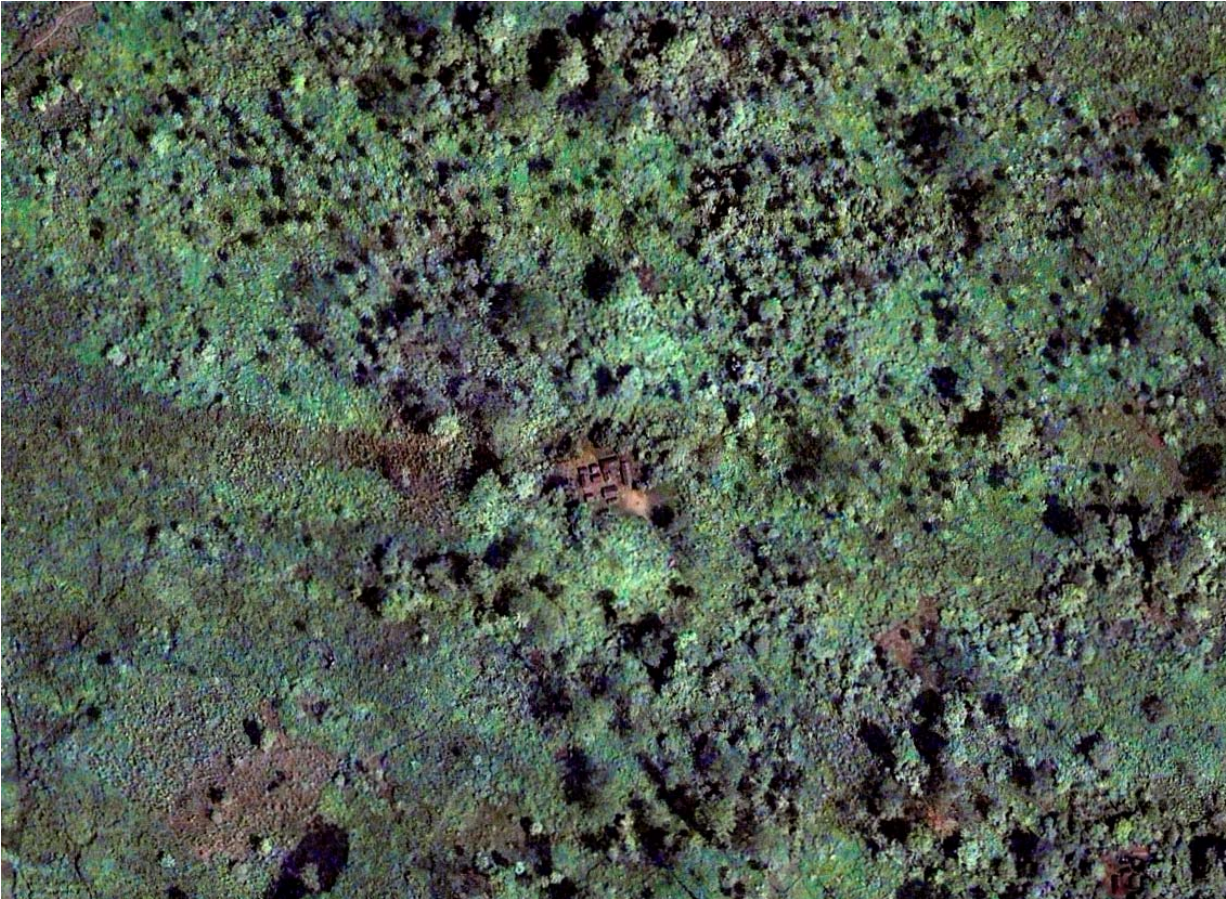
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Figure 11: KwakyeKrom Satellite Image



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Figure 12: Rural Homestead Satellite Image



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Figure 13 & 14: Mixed Crop Farm



Fallowing – Fallow land forms an integral part of the agro-forestry system. Fallows are managed, such that the ensuing fallow forbs, thicket and secondary forest provide useful products, including building materials, fuel, food and medicine. Fallows also allow soil to rebuild fertility lost during the years of cultivation. Typically, farmers clear their fallows after a number of years to re-initiate cultivation of food and cash crops. Farmers report that historically fallows used to be 15 years or more in duration, but that today fallows tend to be much shorter (i.e., less than 5 years). The Company recognizes the importance of fallow land to the community (**Figure 15**). Moreover, the Company recognizes that there are impacts from a loss of fallow land and is planning to study and monitor the effects of this loss (**Chapter 15**).

Settlement – Settlement includes rural and urban homesteads, communities, roads and schools.

Land Use Rights

Land use rights vary between landlords and tenants. Generally, a landlord is a property holder who has exclusive rights to use or to dispose of use rights to land. Land use rights are typically acquired from traditional rulers and family heads or by inheritance and are disposed otherwise by sale or to tenants.

Land regulation in Ghana is complex (**Chapter 3**). In conjunction with the World Bank, a wide ranging effort (Land Administration Project) is underway to better understand and clarify land administration, use, rights and legislation.

Tenants are persons or households with use rights to land as negotiated under a private agreement with landlords. There are two types of tenants in the district: sharecroppers and caretakers.

Sharecropping is a specific type of land tenancy in which the landlord of a parcel of land extends farming rights for an agreed period of time. Crops produced are divided between the landlord and the farmer based on agreed principles. There are two basic types of sharecroppers. For tree crops – e.g., cocoa or oil palm – the field is divided at the end of an agreed period (usually five years), generally into two equal shares, between the landlord and the sharecropper. For food crops – e.g., maize and cassava – the agreement is usually renewed on a yearly basis, crop production is divided between the landlord and the sharecropper on a 1 (sharecropper) to 1 (landlord) basis, and there is no division of the field. In all cases, an agreement is typically signed in the presence of one or more witnesses.

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

These three tenure types do not connote mutually exclusive groups of people / households. A given household may be a landlord of one farm field, a sharecropper on another, and a caretaker on a third.

Tenants (i.e., sharecroppers and caretakers) typically build and own their own residential and non-residential structures, whether as their own homestead or as part of an established homestead.

4.4 Mine Area

The Mine Area covers 3,111 hectares (**Figure 16**). This section provides an overview of baseline conditions in the Mine Area, including demography, social services, community engagement, economy, infrastructure, structures, land, and a summary of development needs.

The below description below is based on information gathered by the Company, and the OICI Livelihood Studies (see **Annex I**).

4.4.1 MINE AREA DEMOGRAPHY

The Company has identified 823 households living within the Mine Area, with a total population of 5,185. These households average 6.3 persons in size, and live primarily in rural homesteads scattered throughout the Mine Area, with small clusters at Kodiwohia and Kwakyekrom.

This finding of 823 includes both resettling and relocating households and was much higher than expected due in large part to the speculative boom that preceded the entitlement cut-off date. In March 2003, when the Company renewed public consultation on the Project, it became widely appreciated that the Company would compensate for structures and crops in the Mine Area. Since then, this has been the focus of intensive speculation, specifically:

- Household living in the Mine Area (i.e., resident households) have built new structures, established new farm fields, and planted higher-value crops
- Households living outside the Mine Area, but with fields within (i.e. non-resident households), have built residential structures, established new farm fields and planted higher value crops in the Mine Area
- Persons previously without residential structures or fields in the Mine Area have moved to secure and exercise building and planting rights.

Crop and structure speculation has continued to the present, despite the fact that no entitlement to compensation exists for any structure judged by government licensed valuer to have been built after the entitlement cut-off date determined by the Resettlement Negotiation Committee (10 February 2004), or for any crops judged by the crop compensation teams to have been planted after the entitlement cut-off date.

With respect to Mine Area residents, there is a near equal distribution of males and females in the area for almost all age categories. Children between the ages of 0 and 18 years make up approximately 54% of the population.

Christians comprise 61% of the total Mine Area population, Moslems constitute 25%, and adherents of traditional religions 12% (**Figure 17**).

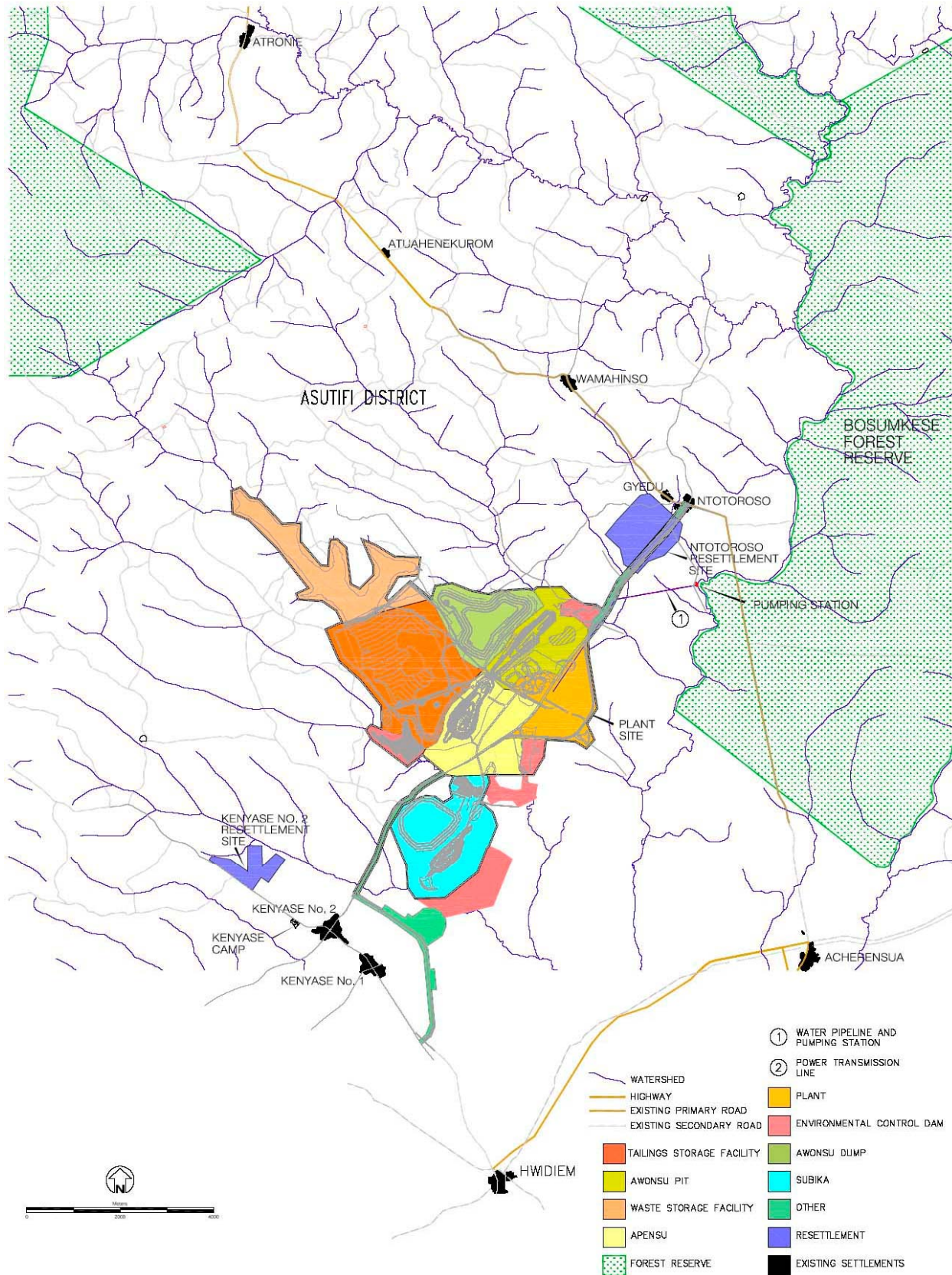
Approximately 27% of survey respondents were born in the area. The remaining 63% moved from elsewhere in the country or from outside Ghana to settle in the area to farm.

Figure 15: Fallow



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Figure 16: Mine Area Map



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Figure 17: Leaving Church



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Most of the country's major ethnic groups are found in the Mine Area. The majority of migrants come from the Upper East, Volta, Ashanti and Eastern regions of Ghana, or the Kovie and Lome areas of neighboring Togo. About 67% of migrants have been residents in the area for more than 25 years.

4.4.2 MINE AREA SOCIAL SERVICES

This section provides an overview of educational facilities and health care facilities in the Mine Area.

Schools

There are four schools located within the Mine Area. Kodiwohia has a kindergarten, primary school and junior secondary school, with a combined teaching staff of 13 and an enrolment of 190 students. The kindergarten and primary school were established in 1984, and the junior secondary school was built in 2002 with financing from the World Bank through the Heavily Indebted Poor Country Fund.

Kwakyekrom has a primary school, with a teaching staff of 2 and an enrolment of 58 students. The school was built in 1991 with funding from the European Union Micro-Projects Scheme.

These educational facilities (and others located in nearby communities) are within a 60-minute walk of approximately 25%, a 120-minute walk of another 25%, and a more than two-hour walk of 41% of school-aged pupils in the Mine Area.

About 42% of Mine Area residents have no formal education. Of those with an education, 20% stopped at primary school, 32% at junior secondary school, 5% stopped at senior secondary school, and 1% attained a tertiary level education.

The skills base among Mine Area residents is narrow. About 25% of those surveyed claimed to have non-farming skills, including driving, mechanical, carpentry, and machine operation.

Health Care Facilities

Access to health services and care, essential drugs, and first aid is highly constrained. There are no established health posts, clinics, or hospitals in the Mine Area, and limited health facilities in nearby communities. The closest hospital is in Hwidiem. The regional hospital is in Sunyani.

Seventy nine percent of survey respondents indicated that members of their homesteads seek medical attention at clinics or hospitals. Another 17% said they self-medicate, while the remainder rely solely on herbalists, fetish priests or spiritualists for medical attention.

Mine Area residents travel an average of 13 kilometers to obtain medical attention.

Illness is common among the residents of the Mine Area. More than half (56%) of survey respondents reported sickness or injury within their homesteads during the four-week period preceding the census and socio-economic survey. Survey respondents indicate that members who were sick or injured missed up to 2 weeks of work or school as a result of the illness or injury, while another 21% lost more than 2 weeks.

The major cause of morbidity in the Mine Area is malaria, making up about 45% of ill-health reports. Other disease conditions include diarrhea, skin, ear, throat and eye infections. Malaria is a water-related insect vector disease, diarrhea is primarily water-borne (fecal-oral) and many skin diseases are water-associated. The incidence of upper respiratory tract infections is associated with living conditions: i.e., the inhalation of smoke from wood stoves in the humid environment. These disease conditions have implications for household productivity and financial stability, as considerable time is spent at health care facilities.

The national HIV / AIDS prevalence rate in Ghana is 3.4%. This rate is low compared to those of neighboring countries (i.e., 6%-10%), but is expected to increase to approximately 7% by 2009. The prevalence rate in Brong-Ahafo is thought to be increasing as well. The government of Ghana and local and international NGOs have focused resources primarily on prevention programs.

The majority (79%) of children below the age of five were born in hospitals or maternity homes, while the remaining 21% were delivered at home. Midwives handled 56% of deliveries, while doctors and nurses handled about 24% of cases. Only about 50% of children benefit from growth monitoring or immunization programs.

Approximately 10% of homesteads include members with either physical or intellectual disabilities.

4.4.3 MINE AREA COMMUNITY ENGAGEMENT

Approximately 70% of survey respondents indicated that they belong to an identifiable community or social group, including farmers associations, cultural troupes and youth development associations.

About 48% of survey respondents indicate they are active participants in the life of the community. Forty five percent described their level of participation as very active.

Over 70% of survey respondents claimed they have friends in nearby homesteads from which they could seek assistance. Assistance sought includes counseling, money (grants and loans), food, water, fuel and farm inputs.

A small minority of survey respondents is involved in local government, including the District Assembly, area councils and unit committees.

4.4.4 MINE AREA ECONOMY

Households in the Mine Area generally engage in subsistence and cash crop farming, with low incomes due in part to small holdings, limited non-farm income generating opportunities, and poor transport infrastructure.

This section summarizes both the agricultural economy in the Mine Area, as well as non-farm income, expenditures and assets.

Agricultural Economy

About 97% of survey respondents indicated that farming is their primary livelihood activity. Other primary activities are trading, teaching and distilling.

Both cash crops and food crops are produced. Cash crops include cocoa, oil palm, teak, pineapples and citrus. Food crops include cereals, legumes, plantain, yam, cocoyam, vegetables and cassava, and are often produced for both consumption and sale.

Survey respondents indicated they mainly use local seeds or planting materials, the yields of which are known to be low compared to improved varieties. The main sources for agricultural supplies, including certified seeds, are the market, stores, and extension officers.

Agricultural production is limited 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.

Low production is compounded by high post-harvest losses, largely due to poor storage facilities and a lack of knowledge of post-harvest handling and processing. Most farmers in the Mine Area do not use any crop protection methods, such as pesticides. Those who do use chemicals have inadequate knowledge about their safe use.

Survey respondents keep a range of domesticated animals and livestock sales constitute an important income source for the majority of homesteads. Poultry (raised by about 82% of survey respondents), sheep (39% of survey respondents) and goats (30% of survey respondents) are all raised.

Sixty percent of survey respondents had not received any technical assistance for three years preceding the census and socio-economic survey. The Extension Services Department of the Ministry of Food and Agriculture is the main organization that provides farmers with technical assistance. Lack of access to technical assistance or credit is a major impediment to the production and processing of agricultural products.

Weak market linkages and poor supporting infrastructure, such as irrigation systems, roads, public transportation, electricity, and telecommunication networks, further hamper agricultural development. Farmers also receive low farm gate prices, selling their produce quickly and close-to-home after harvest to meet immediate cash needs and to liquidate accumulated debt.

Surveyed farmers usually sell their crops to traders or individuals located in Kenyase 1 / 2 and Ntotoroso. They also sell to itinerant traders from outside the district.

Dry season farming is not popular, but is practiced by a few farmers to ease household food shortages, as well as supplement household incomes. Dry season crops include vegetables, cereals and legumes.

Over 70% of survey respondents hire labor to assist with farming activities.

Non-Farm Income, Expenditures and Assets

Fifty nine percent of survey respondents identified a source of income other than farming. Non-farm income sources include petty trading, food processing, tailoring / sewing, rent of buildings and land, pensions, dividends from group investments and rent of farming equipment. Only 6% of survey respondents declared salary earnings.

There is limited formal business activity in the Mine Area: specifically, there are three Cocoa Marketing Board purchasing sheds and six corn-mills. One of the Cocoa Marketing Board purchasing sheds has been privatized and converted into residences. Two households engage in informal retail activity, operating small kiosks in their residences.

Income from non-farm sources is low. Fifty three percent of survey respondents who provided information on income from non-farm sources earned below US\$ 55 from these sources in the year preceding the census and socio-economic survey, while 40% received between US\$ 55 and US\$ 550. A small minority (6%) earned more than US\$ 550.

In addition to standing crops and structures, physical assets include radios, mattresses / beds, bicycles, watch / clocks, and sewing machines. Radios are the most commonly held consumer durable, with approximately 86% of survey respondents owning at least one. About 18% of survey respondents reported owning television sets, and less than 5% electric irons, refrigerators, motorcycles or vehicles. There is no electricity in the Mine Area.

Expenditures vary considerably. Weekly expenditure on food, for instance, ranges from US\$ 1.10 to US\$ 115, with an average of about US\$ 15. Major expenditures are on food, education and health (i.e., basic needs), demonstrating a high level of poverty. **Tables 8** and **9** indicate resident and non-resident expenditure distribution and after adjustments for inflation are consistent with the results of the fourth round of the Ghana Living Standards Survey of 1998/1999:

Food security is not a critical issue in the area. Most farmers in the Mine Area are able to meet food consumption needs with their own agricultural production. Twelve percent of homesteads experienced food shortages in the past year.

Table 8: Expenditure Distribution - Resident Farmers

QUINTILE	DECILE	INCOME*
First	1st	¢2,768,700
	2nd	¢4,438,400
Second	3rd	¢6,048,300
	4th	¢8,672,400
Third	5th	¢10,194,000
	6th	¢13,082,200
Fourth	7th	¢16,502,300
	8th	¢21,172,800
Fifth	9th	¢36,264,300
	10th	¢819,031,000
	Mean	¢22,658,282
	Median	¢10,194,000
	Minimum	¢192,000
	Maximum	¢819,031,000

Source: Compiled from OICI Survey.

Table 9: Expenditure Distribution - Non-Resident Farmers

QUINTILE	DECILE	INCOME
First	1st	¢5,364,800
	2nd	¢7,046,000
Second	3rd	¢8,517,300
	4th	¢9,984,400
Third	5th	¢11,641,000
	6th	¢13,622,800
Fourth	7th	¢15,847,500
	8th	¢19,943,000
Fifth	9th	¢28,379,800
	10th	¢695,956,000
	Mean	¢19,252,287
	Median	¢11,641,000
	Minimum	¢60,000
	Maximum	¢695,956,000

Source: Compiled from OICI Survey.

4.4.5 MINE AREA INFRASTRUCTURE

This section provides an overview of infrastructure in the Mine Area, including water supply systems, sanitation systems, household fuel systems, transportation networks and telecommunication networks.

Water Supply

Approximately 59% rely on unprotected sources for their water, including hand-dug wells and surface water resources, and most fail to treat the water prior to consumption, leading to high incidence of water borne infections. The minority draw water from protected sources, including protected wells, standpipes and boreholes.

There are 15 protected wells in the Mine Area, 5 of which were constructed by the Company.

Water sources are located within 1,000 meters of most homesteads. Some sources dry up during the dry season, and residents are forced to travel longer distances as a result.

Sanitation

Mine Area residents use uncovered pit latrines or have no formal toilet facilities. Only 16% use improved toilet facilities, including covered pit latrines or KVIP latrines. These improved facilities are located at schools within the Mine Area.

Disposal of solid and liquid waste is problematic as residents rely on unprotected wells and surface water resources as their main sources of water. Data obtained from various sources indicate that the most prevalent diseases appear to be water and sanitation-related.

Household Fuel

There is no electrical supply within the Mine Area. Over 90% of residents use kerosene for lighting. A relative few use batteries or firewood.

Almost all households use firewood for cooking. A relative few also use charcoal.

Transportation

No public transport terminals are located within the Mine Area. As a result, residents have to travel some distance before accessing these facilities in surrounding communities.

Three public roads cross the Mine Area:

- Kenyase 2 – Ntotoroso Local Distributor, which is to be relocated around the proposed plant site and to remain a public access road
- Manushed Access Road, from the Kenyase 2 – Ntotoroso Local Distributor
- Dokyekrom Access Road, from the Kenyase 2 – Ntotoroso Local Distributor.

The Mine Area also contains a network of single lane tracks, constructed by the Company for exploration or by logging concessionaires, plus foot / bicycle paths, which link rural farm fields to homesteads and homesteads to the market towns of Ntotoroso, Kenyase 1 and Kenyase 2.

Telecommunications

Until recently, there were no telecommunications within the Mine Area. Cell phone access began in September 2004 with the construction of a new telecommunications tower in Goaso to the south of the Mine Area. Cell phone access increased dramatically in November 2004 when a tower was commissioned in the Mine Area.

4.4.6 MINE AREA STRUCTURES

Households own a variety of residential and non-residential structures. The majority of these structures are built using traditional methods and materials. They feature rammed earth floors, wattle-and-daub walls, and plant-material roofs. Wattle-and-daub consists of a stick lattice filled with laterite. Fully 86% of residential structures in the Mine Area are wattle-and-daub, with the remaining 14% landcrete, sandcrete, wood plank, or brick.

Fifty percent of residential structures in the Mine Area are roofed with palm fronds, raffia, plantain leaves, thatch, wood / wood bark, or bamboo. The remaining 50% are roofed with aluminum, aluzinc, or galvanized sheets, roofing tiles, or timber sheets. There appears to be a gradual shift from local roofing materials towards more expensive but durable materials.

Table 10 presents a comprehensive list of structure types found in the Mine Area.

4.4.7 MINE AREA LAND

This section provides a description of land use in the Mine Area and an overview of household farm holdings.

Land Use

The Mine Area slopes gently from west to east, and is located just west of the Tano River. Soils in the area are predominantly sandy loam.

The Company estimates that there are 7,193 farm fields in the Mine Area, with a total area of 2,426 hectares, equivalent to 78% of the Mine Area. Farm fields average 0.34 hectares in area.

As discussed above, households practice a system of agriculture called swidden-fallow agro-forestry, which mimics natural forest cycles. Fallowed land, while not eligible for crop compensation, is an important part of the agricultural system. The Company estimates that the majority of unfarmed land in the Mine Area is fallowed.

Table 10: Structure Types in the Mine Area

STRUCTURE TYPE	
1	Sandcrete Block – block-rendered and plastered
2	Sundried Brick - with cement plaster
3	Landcrete - with cement plaster
4	Swish (Atakpame) or Mud Brick – with cement plaster
5	Wattle + Daub - sand screed floor, plastered, corrugated iron sheet (CIS) roof
6	Wattle + Daub – screed floor, rendered, battened doors, CIS roof
7	Wattle + Daub - rammed earth floor, rendered, battened doors, CIS roof
8	Wattle + Daub - rammed earth floor, battened doors, thatch roof
9	Wattle + Daub - rammed earth floor, raffia doors, thatch roof
10	Wattle + Daub - rammed earth floor, no doors, thatch roof
11	Wattle + Daub – to roofing level, but with no roof
12	Kitchen - wattle + daub, rammed earth floor
13	Shed - with pillars and CIS roof
14	Stakes - with CIS roof
15	Concrete Pavement
16	Raffia-Clad Structure - with rammed earth
17	Wattle – framework only
18	Shed / Bath Cubicle (detached) - wattle + daub without screed
19	Shed - stakes with thatch
20	Kitchen – raffia palm
21	Bathroom - unroofed with wood cladding
22	Stakes / Sticks – only
23	Kiosk

The Company understands fallowed land to be roughly divided into two categories: “interior fallows” and “exterior fallows.” “Interior fallows” are those areas of fallowed land located within an existing field, equivalent to on average 19% of the total field area. As noted above, the average field is 0.34 hectares in size. This area therefore consists of roughly 0.28 hectares of actively cropped land and 0.06

hectares of interior fallow. Therefore, in the Mine Area, the 2,426 hectares of farmland consists of 1,965 hectares of actively cropped land and 461 hectares of interior fallows.

“Exterior fallows” are those areas of fallow land located outside of existing fields. The Company estimates that the vast majority of land which is not actively cropped in the Mine Area is held as exterior fallows by Project-affected households. This exterior fallow covers some 651 hectares.

Therefore, the Mine Area can be understood to include the following:

- 1,965 hectares of actively cropped land
- 461 hectares of interior fallowed land
- About 685 hectares of land that is not cropped, of which more than 95% is fallow with the remainder consisting of settlement and roads.

Farm Holdings

Almost all households cultivate farm fields of varying ages. The number of fields cultivated ranges from 1 to 8 per household. The average field size is 0.34 hectares.

Households that live within the Mine Area cultivate an average of 5 fields, for a total area of 1.70 hectares. This area includes a small area of interior fallows (i.e., 0.32 hectares).

Households that live outside the Mine Area cultivate an average of 3 fields, for a total area of 1.02 hectare. This area includes a small area of interior fallows (i.e., 0.19 hectares).

The extent of exterior fallows, as well as farm fields located outside the Mine Area, held by households is unknown.

4.4.8 SUMMARY OF MINE AREA DEVELOPMENT NEEDS

Priority development needs identified by Mine Area residents are:

- High priority – potable water, skills training, hospital / clinic
- Medium priority – electricity, credit facilities, good housing
- Low priority – community center, toilet facilities / KVIP latrines, worship centers, access roads, police station, market, storage structures, schools, parks.

4.5 Salient Baseline Characteristics

Features that characterize the demographic and socio-economic nature of the population residing in the Project Area include:

- 823 resident households and 878 non-resident households for a combined 9,575 persons residing or working in the Mine Area.
- Ethnic diversity is high due to migration over the past 50 years of persons seeking land to farm

- The population consists of farmers with limited income due to low output from small family farms.
- Non-farming sources of income are limited and 2/3 of adults have no employable skills other than farming.
- Access to land for farming is a main concern for Project-Affected Persons
- Level of education is low and a principle reason for a lack of income diversity other than farming and forestry.
- Women are a large part of the agricultural workforce, and generate the majority of non-farm income.
- Children between the ages of 0 and 18 comprise 53.5% of the population.
- Women or female spouses share in the decision-making on the disbursement of income from the sale of household crops and animals.
- Nearly 40% of household annual expenditure is for food and 12% for education.
- Many indices of life quality are low with limited access to basic facilities for potable water, sanitation, and health.
- Health facilities do not adequately serve the current population
- HIV/AIDS level is relatively low (3.4%).