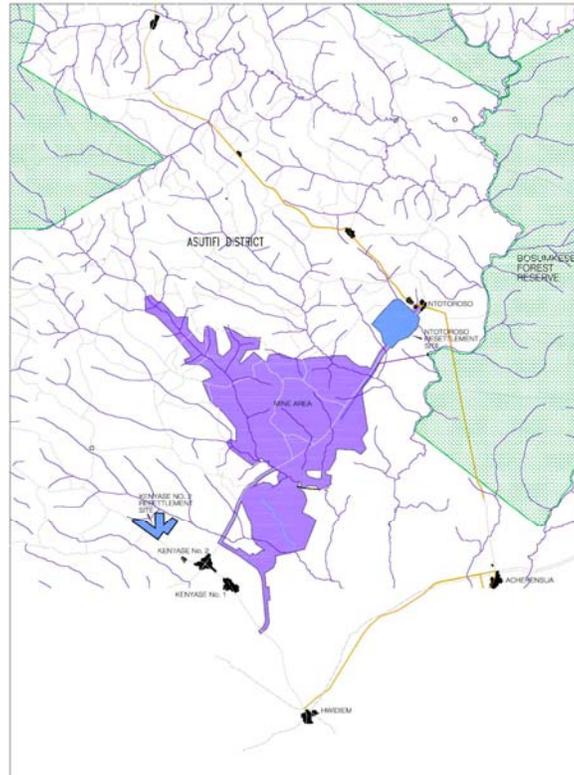


NEWMONT GHANA GOLD LIMITED

RESETTLEMENT ACTION PLAN [REV. 1] AHAFO SOUTH PROJECT



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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.