

**NEWMONT GHANA GOLD LTD.
AHAFO SOUTH PROJECT**

**COMPLETION AUDIT
TERMS OF REFERENCE**

RESETTLEMENT ACTION PLAN

November 2009

BACKGROUND

Newmont Ghana Gold Ltd. (NGGL) has developed gold reserves at the Ahafo Project in the Brong Ahafo Region of Ghana, West Africa. The Ahafo Project is located along a mineralized zone (Ahafo Project area) that extends approximately 70 kilometers (km) in the central portion of Ghana.

The Ahafo Project is a gold mining and milling operation with a current expected mine-life of 15 years. Construction of the Ahafo Project was initiated during the first quarter of 2005 and mine operations start-up occurred in early third quarter 2006. Newmont sought financial assistance from the International Finance Corporation (IFC) to continue development of the Project. In addition, Newmont is applying IFC social and environmental safeguards and control requirements to the design, construction, operation, and closure of the Ahafo South Project. The project pre-dates the 2006 IFC Performance Standards and therefore the older IFC Policies and Guidelines are applicable.

IFC involvement and financing required substantial pre-finance project due diligence and is requiring post-finance project assurance related to the various social, environmental, and Health and Safety (EHS) IFC Safeguard Policies relevant to the project.

General Terms of Reference were developed in March 2006 to identify the key focus areas for External/Independent Social, Environmental, and Health and Safety compliance monitoring, schedules and reporting requirements. The schedule included in this work requires separate Completion Audits for the Social and the EHS areas. The Social Completion Audit will focus on the commitments shown in the Ahafo South Resettlement Action Plan (RAP) dated August 2005. The Social Completion Audit Terms of Reference (CATOR) are specific to the RAP. **The original General Terms of Reference remain in place for ongoing regular monitoring.**

RAP COMPLETION AUDIT GUIDANCE

NGGL committed to external/independent social compliance monitoring in order to provide an additional level of transparency to the implementation of the Ahafo South Resettlement Action Plan and related programs.

The World Bank's standards on Involuntary Resettlement, OD 4.30 states that when displacement is unavoidable, displaced persons should be: *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.*

The IFC Resettlement Handbook also states that *"Resettlement activities should result in measurable improvements in the economic conditions and social well-being of affected people and communities"*.

The objective of World Bank Involuntary Resettlement Policy (OP/BP. 4.12) is to ensure that the population displaced by a project receives benefits from the project which caused the displacement. This requirement is intended to ensure positive development impacts for the affected communities, enhance risk mitigation for the client (in this case Newmont), and provide assurance of a social licence for the client (Newmont).

In terms of IFC requirements, the achievement of livelihood outcomes should reflect the replacement of aggregate household resource flows, and culturally appropriate and sustainable livelihood impacts should necessarily reflect a growing, diversified economy in which the original communities thrive.

NGGL OBLIGATIONS AND COMMITMENTS

The implementation of resettlement and compensation activities at the Ahafo South Project began in 2005. Newmont Ghana has committed to adopt the “Sustainable Livelihood¹ Approach” as a means to re-establishing the livelihoods and well-being of Project Affected Persons (PAP).

The short to medium-term objective of NGGL’s impact mitigation measures is to build on existing assets and resourcefulness of PAP in order to expand their capabilities and their potential to make choices. This is to be achieved through fair and timely compensation, employment creation, enterprise development and social re-organization.

The long-term objective (goal) is to enhance the coping and adaptive strategies and improve the general well-being of PAP.

In pursuance of these objectives, the Ahafo RAP² states that Newmont will establish *a livelihood and community development initiative* to help impacted persons and households re-establish their livelihood or create new ones. In addressing this commitment, Newmont has two types of livelihood programs: namely, *impact mitigation and community development*. The RAP included the provision of immediate targeted mitigation strategies in the form of (i) resettlement of PAP and (ii) the Livelihood Enhancement and Community Empowerment Program (LEEP I). The Agricultural Improvement and Land Access Program (AILAP) and the Vulnerable Peoples’ Program have also been put in place to provide alleviation of project impacts to directly impacted persons.

¹ “Sustainable livelihoods are derived from people’s capacities to exercise choice, and to access opportunities and resources, and use them for their livelihoods in ways that do not foreclose options for others to make their living, either now, or in the future.”

² Ahafo RAP 2005, page S-17.

INDEPENDENT MONITORING OF RAP IMPLEMENTATION

As part of the contractual relationship between the IFC and Newmont, eight independent external social compliance-monitoring visits were conducted between 2005 and 2008. The Terms of Reference for the independent/external social compliance monitoring team (Monitoring Team) required the reviewers to assess the compliance of the resettlement action plan with OD 4.3 and the applicable IFC policy on involuntary resettlement, with a particular focus on 1) adequacy of impact identification; 2) delivery of compensation and resettlement entitlements; 3) livelihood replacement and; 4) adequacy of consultation.

The compliance visits were consecutive in nature and the Monitoring Team enabled Newmont to benefit from progressively detailed recommendations. It also enabled the IFC to track the development of Newmont's livelihood re-establishment efforts and the extent to which recommendations of the Monitoring Team were followed.

Throughout its monitoring visits, the Monitoring Team has confirmed that the various impact-mitigation measures introduced by Newmont are appropriate interventions that will contribute to the achievement of sustainable livelihood outcomes and impacts.

The RAP Completion Audit for the Ahafo South Project is scheduled to take place in 2009/2010.

OBJECTIVES AND SCOPE OF THE COMPLETION AUDIT

The objectives of the RAP Completion Audit include the following.

- (a) To assess the extent to which Newmont has fulfilled its commitments to resettlement and livelihood re-establishment as elaborated in the Social Action Plan (SAP) and the RAP in terms of the delivery of entitlements to PAP;
- (b) To assess the level of achievement of the desired quantitative and qualitative livelihood outcomes ("weaning point"); and
- (c) To assess whether or not the observed livelihood outcomes are likely to result in the desired livelihood impacts by comparing the results of various rounds of quantitative and qualitative socio-economic surveys of PAPs with baseline surveys. The comparison would take account of macroeconomic changes such as region/nation-wide variations in prices of food stuff or petroleum products, etc.

Specific tasks to be accomplished by the audit include but are not limited to the following:

- (i) Determine the extent to which various categories of people affected by the resettlement were identified along with all livelihoods that were adversely impacted.

- This includes people who were not affected by land acquisition but who were affected by other impacts;
- (ii) Assess the adequacy of public consultation and disclosure in terms of community participation in planning and implementing resettlement;
 - (iii) Assess the extent to which resettlement plans have been conceived and executed as development programs with regard to the following:
 - Provision of compensation for loss of assets at full replacement cost.
 - Assisting with move and support displaced persons during the transition period in the resettlement site.
 - Assistance to displaced persons 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.
 - (iv) Assess the extent of delivery of appropriate compensation and resettlement entitlements to PAP - whether entitlements have been delivered per RAP commitments (including implementation of an influx management plan);
 - (v) Assess the level of achievement of the desired livelihood outcomes in terms of quantitative livelihood outcomes, qualitative resettlement indicators, priority development needs of PAPs as indicated in the socio-economic baseline survey, and compliance to OD 4.3 (i.e. replacement of assets, informed participation, improved living conditions/security of tenure);
 - (vi) Assess the extent to which entitlements and benefit programs delivered to PAP have contributed to the achievement of sustainable livelihoods by building on the five livelihood assets to expand their capabilities and their potential to make choices;
 - (vii) Assess the level of social and economic integration of resettlers into host communities and the extent to which adverse impacts on host communities have been minimized;
 - (viii) Assess the extent to which recommendations of the Monitoring Team have been implemented;
 - (ix) Assess the dynamism and effectiveness of NGGL's results and impact monitoring effort in tracking impact mitigation and livelihood re-establishment; and
 - (x) Provide advice on the most appropriate road map to address gaps identified during the Audit.

Approach and Methodology

The resettlement completion audit will use a variety of data collection methodologies to execute the various tasks necessary for this assessment. These methodologies will include desk research (secondary data collection), household sample (quantitative) survey, qualitative investigation (Focus Group discussions\key informant interviews), and direct field observations.

A matching of the various tasks with the appropriate data collection instrument to be adopted is presented below.

Task ID	Description of Task	Recommended Data Collection Instrument
i.	Determine the extent to which PAP affected by the resettlement were identified along with all livelihoods that were be adversely impacted.	Desk Research
ii	Assess the adequacy of public consultation and disclosure in terms of community participation in planning and implementing resettlement.	Desk Research/Focus Group Discussions/Key Informant Interviews
iii	Assess the extent to which resettlement plans have been conceived and executed as development programs	Desk Research/Key Informant Interviews
iv	Assess the extent of delivery of appropriate compensation and resettlement entitlements to project affected persons - whether entitlements have been delivered per RAP commitments (including implementation of an influx management plan)	Desk Research/Focus Group Discussions/Key Informant Interviews
v	Assess the level of achievement of the desired livelihood outcomes in terms of quantitative livelihood outcomes, qualitative resettlement indicators; priority development needs of PAPs as indicated in the socio-economic baseline survey, and compliance to OD 4.3	Quantitative Household Survey/ Focus Group Discussions/Key Informant Interviews/Direct Field Observations
vi	Assess the extent to which entitlements and benefit programs delivered to PAP has contributed to the achievement of sustainable livelihoods by building on the five livelihood assets to expand their capabilities and their potential to make choices;	Focus Group Discussions/Key Informant Interviews/Direct Field Observations
vii	Assess the level of social and economic integration of resettlers into host communities to minimize adverse impacts on host communities	Focus Group Discussions/Key Informant Interviews
viii	Assess the extent to which recommendations of the Monitoring Team have been implemented	Desk Research/ Key Informant Interviews

ix	Assess the dynamism and effectiveness of NGGL's results and impact monitoring effort in tracking impact mitigation and livelihood re-establishment	Desk Research/ Key Informant Interviews
x	Provide advice on the most appropriate road map to address gaps identified during the Audit.	Key Informant Interviews

Quantitative Household Survey

The quantitative household survey will apply to the assessment of quantitative livelihood outcomes and will address the land acquisition affected people only. It would be based on a stratified sample drawn from a list of households (not from compensated individuals) with at least the following stratification:

- Relocates
- OLA resettlers
- Ntotroso resettlers
- Vulnerable people (keeping in mind that this category may overlap with the other three)

The sampling rate would be between 10 and 25% depending on the statistical significance within each of the strata.

Qualitative Investigations

The qualitative investigation will address both land acquisition affected people and non- land acquisition affected people. It will build on the quantitative survey to contextualize and check issues identified in the quantitative survey. The qualitative survey will include focus group discussions with the following emphasis:

- mapping agricultural livelihood systems for land acquisition affected people in order to get an understanding of the status of agriculture-based livelihoods after the land take and taking account of NGGL's livelihood initiatives such as AILAP;
- Specific groups addressing issues not directly related to land acquisition;
- Key informant interviews (local administrative officials, traditional leaders, teachers, NGOs, and possibly some members of specific committees, etc...).

Wider Stakeholder Engagement

Two workshops with a broad range of interested parties are proposed as follows:

- A kick-off workshop (maximum one day) for key stakeholders to present the scope and objectives of the Completion Audit (information), to obtain buy-in from key stakeholders (ownership); and gather stakeholder inputs to refine the audit approach and process (feedback).

- A conclusion workshop to present draft conclusions and recommendations and gather comments.

Participants in these workshops would include: Government representatives (District and Region levels), as well as representatives of the Environmental Protection Agency (EPA), local Chiefs, NGOs involved in NGGL's project, consultants who participated in one or the other of the studies undertaken by NGGL.

Implementation

A readiness process for the Completion Audit will need to be formally agreed upon among NGGL, IFC and the Monitoring Team based on the following:

- A qualitative assessment of the status of implementation of resettlement and livelihood re-establishment; and
- The status of implementation of recommendations of the Monitoring Team, most of which should be assessed as closed prior to the Completion Audit being launched.

NGGL is currently initiating compensation and resettlement activities at the Amoma pit project. This pit is part of the Ahafo South Project. As compensation and resettlement activities have just begun, it is obvious that these will not be addressed by the Completion Audit envisioned for the rest of the Project, for which resettlement and compensation took place in 2005.

NGGL and the IFC will therefore develop a future agreement on a process that makes provision for a final assessment of livelihood re-establishment for those people who were affected by the Project in 2005, while keeping in mind that the Amoma pit is part of the Ahafo South Project and therefore "completion" of compensation and resettlement activities also requires independent parties to be satisfied that livelihoods affected by the Amoma pit project have been re-established.

On the basis of the foregoing, the Completion Audit process could involve two phases:

- In 2009/2010: Completion Audit for the 2005 compensation and resettlement activities; and
- In 2013/2014: Completion Audit for the 2009 compensation and resettlement activities (Amoma pit).

Field Investigations

NGGL has made considerable efforts to gather relevant information to be used as secondary data for the Completion Audit. This has been achieved through both internal and external monitoring processes. It is envisaged that information gaps identified prior to the completion audit would be addressed by fielding independent field investigations when deemed necessary.

Generally, all investigations for the Completion Audit would be carried out by independent parties who have no previous involvement in the implementation of compensation, resettlement or livelihood replacement activities. The field investigations for the Completion Audit will be executed by an independent team comprising:

- A survey coordinator with experience in similar campaigns, who would coordinate the whole exercise, including the preparation of the details of the methodology and of the instruments, the field implementation and the data processing;
- A team of experienced researchers to undertake the field investigations, to be sourced from an independent organization in Ghana.

This team will undertake the investigations in the field and process the results on the basis of the various tasks outlined in the preceding section. The Monitoring Team would then analyze the processed information, draw conclusions and use these conclusions for its final report.

NGGL will provide logistics facilitation (accommodation and vehicles).

TIMEFRAME

The Completion Audit kick-off workshop could take place around October 2009. The required quantitative field investigations would be carried out in November 2009 to January 2010. The qualitative investigations would be carried out in March/April 2010 before the onset of the 2010 agricultural campaign. This period is the lean season (before harvest, when people may find it more difficult to make ends meet), which will need to be taken into consideration when interpreting the data.

A draft report could be discussed in the final workshop in May/June 2010.

REPORTING

Reporting Process

The Completion Audit will be conducted over the timeframe as indicated above.

Final Draft Report: A draft final report in electronic form should be submitted to the IFC and NGGL at the final workshop scheduled for May/June 2010. This report should include an activity log, a summary of the outcome of key meetings held, status of previously identified and specific recommendations as to how outstanding and/or problematic issues could be addressed and a corrective action schedule. The completion audit will clearly identify any corrective action needed to bring the issues in compliance with relevant laws and regulations, appropriate safeguard policies, existing commitments or best practice guidelines. If there are any issues of non-compliance, describe the severity of non-compliance. In addition to identifying the action,

the consultants will estimate the complexity of the required action and the resources and time required for it to be implemented.

IFC and NGGL will review the draft final report in a timely fashion and discuss any comments with the consultant who will then prepare the final report. Comments from both IFC/NGGL should be submitted to the consultant within 15 working days of draft final report submittal.

Final Report: A final report will be prepared upon receipt and review of the comments from both the IFC and NGGL. The final report will be publicly disclosed.

Report Disclosure

The final report will be disclosed on both the IFC and NGGL web sites. In addition, copies of the report will be available in the local district offices and the NGGL Public Outreach office for public review.

CONSULTANT SELECTION

NGGL will evaluate and select appropriate external consultants to conduct the completion audit. The IFC will participate in and review the selection process and must be in agreement concerning the selected consultant(s). Both NGGL and the IFC may submit consultant recommendations to be considered as external/independent consultants.

The selected consultants must demonstrate the specific skills required to address the Completion Audit scope. NGGL may select consultants from several companies or unaffiliated to provide appropriate review capacity or may select one consultant who has the capacity to conduct all review requirements and this process must also be satisfactory to IFC.