

NEWMONT GHANA GOLD LTD - AHAFO SOUTH PROJECT
INDEPENDENT EXTERNAL SOCIAL COMPLIANCE MONITORING
7th REVIEW – February/March 2008

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1 INTRODUCTION

1.1 GENERAL SCOPE OF THE EXTERNAL COMPLIANCE MONITORING

The Ahafo South Gold Mining Project (“the Project”) entails significant displacement and broader social impacts on the neighboring communities. The implementation of the Project by Newmont Ghana Gold Ltd (NGGL, “the Company”) has been on-going since April 2004. Construction of the mine and plant is complete, and both are currently in operation. First gold was produced in July 2006.

NGGL and the International Finance Corporation, which is a lender for this Project, have jointly committed to undertake an independent review of the social compliance and performance of the Project, and to disclose its results publicly. The reviews are undertaken by Ms. Tasneem Salam, independent social development specialist, and Mr. Frederic Giovannetti, independent resettlement specialist.

This is the seventh review; the previous six were undertaken in July 2005, December 2005, May 2006, September 2006, January 2007 and July 2007. The reports are all publicly available at www.newmont.com.

These reviews are undertaken based on Terms of Reference (ToRs) jointly prepared by NGGL and the International Finance Corporation (IFC), which initially (the first two reviews) focused solely on resettlement and compensation, and were then broadened to encompass social compliance in general, including, but not limited to, resettlement and compensation, as follows:

- Resettlement Action Plan implementation and performance,
- Community consultation presented in the Public Consultation and Disclosure Plan (PCDP),
- Community development,
- Grievance system management and effectiveness,
- IFC social policies and guidance,
- Social Action Plan (SAP from the ESIA).

The Terms of Reference for the external monitoring exercise (including other aspects such as environment and public health, which are not addressed in this report) are also publicly available at www.newmont.com.

1.2 FOCUS OF THIS REVIEW

This 7th review was undertaken by the two team members from February 27 to March 5, 2008. Ms. Sarah Ruck from the International Finance Corporation participated in the first three days of the field mission as an observer. A close-out meeting was held with NGGL’s field team on March 4, and a debriefing also took place at NGGL’s Accra office on March 5.

During this review, specific emphasis was put on consultation with the affected people and community representatives. 9 focus groups were organized with different groups to obtain a better understanding of peoples’ concerns and reactions to NGGL’s initiatives.

In addition to this specific consultation exercise, this review has also focused on:

- Monitoring livelihood restoration programs, particularly the AILAP - Agricultural Improvement and Land Access Program, and the LEEP - Livelihood Enhancement and Community Empowerment Program, as well as “added value” programs such as the AAGI (Ahafo Agribusiness Growth Initiative) and the Ahafo Linkages Program;
- Monitoring the Vulnerable People Program put in place by NGGL,
- Checking on the status of earlier recommendations.

The reviewers' activities during their stay in Ghana included the following (see detailed activity log in Appendix):

- Visits to both resettlement sites of Kenyasi (OLA) and Ntotroso and review of LEEP activities in these sites,
- Visits to the towns of Kenyasi 2, Kenyasi 1, Ntotroso and Hwidiem,
- Visits to groups of farmers involved in AAGI,
- 9 focus groups, including:
 - Resettlers at both resettlement sites (one group each),
 - Relocatees (households which qualified for and opted for cash compensation rather than resettlement – one group in Ntotroso and one group in Kenyasi 2),
 - Non displaced affected people living near the water dam,
 - Youth (one group with young people aged 25-35, and another with 17-25),
 - Cracked houses complainants from Kenyasi 2,
 - Small retailers and business persons from Kenyasi 2.
- Numerous interviews with NGGL team members, including consultants from rePlan and Borealis,
- Interviews with:
 - Representatives of OICI, the NGO implementing the Livelihood Enhancement and Community Empowerment Program (LEEP) and certain components of AILAP,
 - Representatives of Guards of the Earth and Vulnerable, the local NGO that participates in the implementation of the Vulnerable People Program,
 - Representatives of African Connections, the company that implements the AAGI,
 - Representatives of the joint IFC/NGGL Ahafo Linkages Program.

NGGL provided logistics (accommodation) and facilitation (vehicles) to the reviewers. Meetings and interviews with stakeholders were held without NGGL representatives participating. Independent interpreters assisted the reviewers.

2 RESETTLEMENT AND COMPENSATION

2.1 RESETTLEMENT

2.1.1 Land Titles

This process is handled by different Ghanaian Government entities. While virtually complete, it remains incomplete and progresses at an extraordinarily slow pace:

- All land lease titles but two have been signed by the Chairman of the Brong Ahafo Lands Commission,
- They now need to be registered, with a further two steps (i.e. Records Office and Deed Registry) remaining to be completed: 15 lease documents have been registered, but 395 remain to be registered.

2.1.2 Handover of Resettlement Sites

As mentioned in the previous monitoring report, a Hand-Over Technical Committee (HOTC) was inaugurated in May 2007 to inspect infrastructure prior to its handover. Several technical issues are identified in a report prepared by this Committee, particularly in relation with the following:

- Missing street lights,
- Garbage containers, that are proposed to be provided by NGGL,
- Some deficiencies in the water system (proposed fire hydrants, fences, refresher training, etc...).

While the monitoring team has no particular recommendation to make in respect of these technical compliance issues, it is worth noting that public lighting has been mentioned in several instances during consultation between the monitoring team and resettlers, in both sites of Ntotroso and OLA.

2.1.3 Water Supply at Resettlement Sites

The external monitoring team is pleased to observe that in accordance with its previous recommendations, not only were the recommended water management indicators measured but they were well interpreted by NEAMU¹ and used for further investigations with the WATSAN Committees in the respective resettlement sites.

Not all measurements could be taken at OLA resettlement site because certain components of the system experienced a breakdown, but those measurements that were taken indicate an adequate management of the scheme by the WATSAN committee and an adequate performance of the water vendors. 94% of the water distributed at the standpipes and private connections is actually sold at the preset tariff, which is an adequate performance.

Meanwhile, the management of water at Ntotroso resettlement site is less satisfactory. Only 68% of the water distributed is sold at the agreed tariff, and there is in addition about 32% of the produced water that is not distributed, meaning that the overall performance (sales to production) is in the order of 46%.

2.2 VULNERABLE PEOPLE PROGRAM

The Vulnerable People Program continues to develop and provide much needed support to families facing particularly acute livelihood conditions. Status of delivery of the Program at the time of the seventh mission is shown in the table below:

Table 1: Status of Delivery of Vulnerable Program, 27 January 2006 to 15 February 2008

Type of Assistance	Unit	No Recommended by Vulnerable Committee	Delivery	Withdrawal from Assistance.
Food Basket	Household	462	459	263
National Health Insurance Scheme	Household	495	424	
Medical Treatment	Household	287	283	
Specific Counselling	Household	131	124	
General Counselling	Household	495	410	
AILAP	Household	495	478	
Vocational Training	Individual	56	52	23
Micro-credit	Individual	68	0	
Employment	Individual	68	14	12
Payment of School Fees	Individual	51	42	7

Source: NGGL External Affairs, Vulnerable People Program, March 2008

Assistance with food baskets is one of the most immediate and effective forms of assistance provided by the Program, it is encouraging to see also that 263 families who had received food baskets are now considered to be food sufficient and have been withdrawn from this assistance. Counselling activities are provided for both specific needs and also on a general basis, the latter gives the opportunity for the families and individuals to further discuss their situation with the Vulnerable Program team and to develop sustainable solutions. 23 individuals have completed training at the vocational centre set up as a part of LEEP and are now being given assistance to develop business plans to start their own enterprise.

¹ NEAMU : Newmont External Affairs Monitoring Unit (the internal monitoring unit established by NGGL)

In spite of the excellent work being carried out by the Vulnerable Program, it appears that it may not be appreciated by the wider community. Non-eligible families continue to complain that all affected people in the community are poor and vulnerable and all should be allocated special assistance. Program implementers have sometimes faced threats from certain community members because of the refusal to include them in the Program.

It is understood by the monitors that some socialization of the Program had taken place within the community, but participants in the focus groups gathered by the monitors during this review appeared not to be aware of this. It is strongly recommended that renewed and more concerted effort be placed on informing people about the Program, and that this should take place with visible support from the traditional leaders who are part of the Committee. Socialization is a key way of gaining understanding and acceptance of a program by the community. It involves explaining to people the need for a program, its overall objectives, how it is to be delivered and importantly how it fits into the wider Project and other programs. The latter is important in enabling people to understand that whilst they may not be eligible for this program, they could be supported by other initiatives from NGGL. To obtain acceptance, it is the chiefs and queen mothers who should be seen to be taking the lead in explaining the program and how it concurs with traditional methods of looking after the needy in a Ghanaian community.

It is also important that review of the remaining households that are a target of the Program be carried out as soon as possible. Previous monitoring visits have stressed that speed is essential to ensure that vulnerable families do not endure unnecessary hardship.

Recommendations:

- R7-1. NGGL to increase efforts to socialize the Vulnerable People Program with input from the traditional leaders
- R7-2. NGGL to expedite the review of remaining target households for potential incorporation in the Vulnerable People Program

2.3 GRIEVANCE AND CONFLICT MANAGEMENT

Grievance management has been integrated in the general information management system developed with support from consultants Borealis. Logging and tracking of grievances, which was problematic for a long time, now appears to be satisfactory. A dedicated grievance officer performs logging, then allocates the grievance for review and resolution to one identified individual in the External Affairs team, and eventually records actions taken to resolve the grievance, as well as closure with the complainant.

The system includes a total of 632 grievances, of which 250 are pending and 379 are resolved, the remainder (3) consisting of abandoned grievances. 177 of the pending grievances (71%) are related with blasting (cracked houses).

The grievances related with cracked houses (allegedly as a result of blasting) are in the process of being resolved. The Environmental Protection Agency (EPA) reviewed the situation at the request of the District Assembly, and notified NGGL that it had to repair all 145 houses affected by cracks, while fixing a deadline of 31st March, 2008 for completing this activity. The EPA justifies its decision by the absence of a pre-blasting baseline survey of the houses condition, but NGGL claims that there is no evidence of blasting having an impact on structures in the neighbouring communities. NGGL has retained consultants rePlan to coordinate these works with local contractors, and it is currently on-going.

2.4 LIVELIHOOD RESTORATION AND ASSOCIATED ECONOMIC INITIATIVES

2.4.1 Agricultural Improvement and Land Access Program (AILAP)

The principles and process of AILAP are described in previous external monitoring reports. The second phase of AILAP (2007) whereby about 1,900 farmers received support, is complete. A third phase of AILAP is being implemented in 2008. An additional 650 farmers are expected to register into this third phase, the total number of farmers that will have been assisted by AILAP reaching about 2,000. The table below provides details (data as of 31 December 2007).

Table 2: AILAP Progress

Area	Ntotroso, Gyedu & Wamahinso							Kenyasi I & II							AILAP Total
	Resettlers			Non resettlers			Ntotroso Total	Resettlers			Non resettlers			Kenyasi Total	
Community	M	F	Sub total	M	F	Sub total		M	F	Sub total	M	F	Sub total		Total
Registered	99	50	149	331	252	583	732	236	187	423	701	747	1448	1871	2603
Field verified	94	45	139	312	237	549	688	202	185	387	596	699	1295	1682	2370
Business Plan Training	94	46	140	326	259	585	725	204	172	376	604	728	1332	1708	2433
Approval by LARC	94	45	139	312	233	545	684	202	183	385	589	697	1286	1671	2355
Share croppers	92	47	139	297	226	523	662	200	156	356	615	639	1254	1610	2272
Land owners	7	3	10	34	26	60	70	33	28	61	86	108	194	255	325
Caretakers	0	0	0	0	0	0	0	3	3	6	0	0	0	6	6
Individuals Bringing Land	99	50	149	331	252	583	732	236	187	423	701	747	1448	1871	2603
Individuals Requiring land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Received Inputs	94	45	139	312	233	545	684	202	183	385	589	697	1286	1671	2355

According to the AILAP implementation team, 56 of the 57 seedling procurement groups that were established during the previous two campaigns have started producing seedlings again in 2008. The AILAP team indicated that more focus would be put on delivering all seedlings before June 2008. In addition, following a previous recommendation made by the external monitoring team, it is understood from the AILAP team that seedling mortality problems experienced in the two previous campaigns (particularly in 2006) were reviewed, and that replacement seedlings will be provided where warranted. In addition, procurement groups have been trained on improving the handling of seedlings.

The AILAP will be included in the external mid-term evaluation of the three livelihood restoration and enhancement Programs planned to be undertaken by NGGL in 2008.

The monitoring team observed again that AILAP beneficiaries still complain that seedlings were often delivered too late in the agricultural calendar. NGGL has indicated that situations of excessive seedling mortality due to inadequate timing of delivery had been identified and fixed. Disease might be a cause for seedling mortality, and AILAP management team should be able to identify such problems too. This remains an issue that needs adequate attention allocated to it in the future, particularly through consistent field presence of the AILAP management team.

2.4.2 Livelihood Enhancement and Community Empowerment Program (LEEP)

LEEP continues to provide support in a range of different activities that can either augment household income or be a significant alternative to current livelihood source. Some of the key achievements since the last monitoring report are described below:

- Agriculture: In the period July –December 2007, 36 farmers from the two resettlement sites were trained in backyard vegetable production. 15 farmers were also given the opportunity to raise livestock – each of

these farmers was given one ram and four ewes. A new initiative has been the provision of household grain storage structures that were provided to 32 households in the resettlement sites. The latter reflects peoples' changing needs as AILAP Program takes shape and people begin to harvest their land – and need grain storage capacity. Demonstration projects have also been set up in drip irrigation, through which farmers have been able to practice intensive vegetable cultivation.

- Small income-generating businesses: There has been further development of the various micro-enterprises. The soap production groups have given samples of their products to small vendors in the towns to offer as an alternative to the main brands usually being sold. Samples were also given to Newmont staff during the Christmas break. Getting people used to these soaps as a viable, attractive and more affordable alternative will take time, but these organisations seem to be moving in the right direction. Another noteworthy development in the area of micro-enterprises has been the development of improved ovens for gari producers, which enable them to work safely and efficiently without the problem of smoke from the fires.
- A major progress in the last six months is that the Vocational Training Centre is now fully operational: 328 students (176 males and 152 females) enrolled in training in a range of skills, including welding and fabrication, catering and electrical installation. The monitoring team had an opportunity to visit the Centre and was impressed to see full lively classes with both theoretical and practical training being provided. Full use was being made of both the classrooms and surrounding grounds.
- Micro-credit has been provided by one of the local banks to procurement groups set up for the supply of plantain suckers and cocoa seedlings. These groups have demonstrated to the local banks that such community groups can borrow and payback, which should encourage the banks to feel more comfortable about lending for small enterprise development.
- LEEP has worked intensively with the WATSAN groups and continues to build their capacity to record and monitor water usage from the taps in the resettlement sites.
- LEEP has also given training to youth groups in pig production and environmental protection such as bush fire protection.

Most of LEEP activities have taken place in the resettlement sites and a significant level of the positive changes in the physical nature of the OLA and Ntotroso resettlement sites can be attributed to these activities. It may also explain why the communities in the resettlement sites seem to be more content with Newmont and the Project than communities outside these areas.

Terms of reference for an evaluation of LEEP I has been prepared. A proper evaluation of the Program will enable it to build on its strengths and to adapt or discard components which are either not meeting goals or need to be fine-tuned. Comments on this evaluation are offered by the monitoring team in chapter 4 of this report.

LEEP II is under preparation and it will take forward the more successful aspects of LEEP I. A key aspect of LEEP II is that it will work with the communities beyond the resettlement areas. The monitoring team feels this to be a very important step. It was indeed observed from the group consultations held in this review that, although the households in the resettlement sites are usually the ones most significantly affected by the Project, they were less disenchanted with the Project compared to other groups. This seems to have been due to the greater level of assistance given through programs like LEEP. It is now time for LEEP to give support to other communities that have not been resettled.

Recommendation:

R7-3. LEEP I to place more emphasis on relocatees and non-displaced affected people in the dam area.

2.4.3 Ahafo Agribusiness Growth Initiative (AAGI)

AAGI is an initiative that targets participants from a broader area than the affected communities, with farmers from Wamahinso, Kenyasi 1, Gyedu, Kenyasi 2, Ntotroso, Nkaseim, Hwidiem and Nkrankrom participating in the Program. AAGI's implementing agency is consulting company African Connections. Five cash crops are targeted

by the Program (chilli pepper, plantain, maize, ginger and soyabean), as well as gari processing (from cassavah) and palm oil processing. A total of 196 groups, or a total of about 2,000 farmers, have received training, with most groups formed to develop the farming of plantain (81 groups) and chili pepper (52 groups). Five associations have also been formed for each of the five crops promoted.

AAGI has also facilitated the access of groups to financing, with agreements signed with EDIF, a Government of Ghana facility, for soyabean groups (New Ghana Cedis 77,000) and for chili pepper groups (New Ghana Cedis 92,000). Other sources are expected to be available to plantain and ginger farmers. The facilities from EDIF are intended to cover the purchase of equipment, including tractors (one for each of the two associations), ploughs, harrows, and other smaller equipment.

For the first time, the monitoring team was able to review AAGI's activities in the field during this mission; farms where new crops are introduced (particularly chili pepper) were visited and interviews with representatives of farmers groups took place. The first results observed in farmers' fields are satisfactory.

In view of the proposed ambitious agricultural mechanization initiative, the monitoring team draws the AAGI's attention on the long history of failed agricultural mechanization attempts in West Africa. Utmost caution should be exerted in this particular endeavor, particularly in respect of careful and prior planning of the following aspects:

- A maintenance and after sales service must be in place for purchased equipment, including checking that spare parts are available as well as repair capability,
- The equipment is supposed to be rented by the associations to groups of farmers; services will have to be paid at cost; if, as a temporary measure, the price of services is lower than their cost, this gap must be subsidized from an identified and budgeted source,
- A reliable tariff collection mechanism must be in place,
- Common management rules must be established, discussed with, and accepted by all groups and their members,
- A sense of ownership must be developed within the associations and groups (for example, the plan to have the equipment parked in AAGI's premises should be revisited as it is unlikely to enhance this sense of ownership).

Recommendation:

R7-4. AAGI and the two relevant associations to carefully plan management details related with the mechanized equipment that associations will purchase using the EDIF facilities

2.4.4 Ahafo SME Linkages Program (ALP)

The Ahafo Small and Medium Enterprises Linkages Program (ALP - a joint IFC / NGGL initiative) has been progressing since the last review, as follows:

- Development of local procurement at NGGL:
 - NGGL's Standard Operating Procedures (SOP) related with local procurement have been developed and approved;
 - In 2007, USD 4.2 M of goods and services have been procured by Newmont Ahafo from 52 local companies (against USD 1.71 M from 25 companies in 2006);
 - A database of local SMEs has been established, with about 100 companies registered to-date; this database will allow preparation of a list of pre-approved bidders for Newmont Ahafo's contracts; the ALP program will then focus its efforts on assisting these businesses in identifying and solving gaps and weaknesses in their operations and bring them to the standards set by Newmont for their contractors/suppliers;
- ALP's implementing partners (IP) have been retained, contracted and mobilized:
 - Technoserve, the IP for the Program's Local Suppliers Development (LSD) and Local Economic Development (LED) components has commenced its services in October 2007,

- CDC/FIT, the IP for the Business Association Strengthening component has commenced its services in August 2007.

While ALP's results are already promising in terms of enhanced local procurement by NGGL and improving local businesses' capacities, the monitoring team's attention was drawn onto the low target set by ALP for increase in total sales of selected businesses. This target is a USD 3.2 M increase. The monitoring team recommends to increase this target in light of ALP's initial results.

Recommendation:

- R7-5. ALP to review existing program results in view of increasing the current target of USD 3.2 M for increase in total sales of targeted local businesses

3 BROADER COMMUNITY ISSUES

3.1 COMMUNITY ENGAGEMENT AND PUBLIC DISCLOSURE – REORGANIZATION OF DEPARTMENTS AND UNITS

There are now three teams involved with community engagement at different levels:

- a) Community Development Unit,
- b) Community Relations Unit,
- c) Communications Department.

This reorganization is at an early stage and the roles and relationships between the departments and units are still in the process of being clarified. One of the major changes is that the Community Liaison Officers have now been transferred from the Communications Department to the Community Relations team. Gender Mainstreaming has been transferred from the Communications Department to the Community Development unit.

The Communications Department is tasked with developing material to most effectively give information about different aspects of the project to different sections of the community. It recently produced a short film on the work of the External Affairs Department which was shown on national television. One of the key challenges of the Communications Department is the need to not only inform effectively but also to counteract possible negative messages from third parties, or rumors and erroneous media reports.

The Community Relations Unit provides the day to day interaction with the Project through its community liaison officers (CLOs). Its purpose is to be a contact point for the community, troubleshooting where required and providing information.

A third component of the reorganization is the newly formulated Community Development Unit. Gender mainstreaming functions have been incorporated within this unit as have health and welfare. The Community Development team has two main purposes, first it provides support to mitigation programs such as LEEP and second it is expected to develop a strategy for long term community development and support to the social responsibility forum. The community development plan/strategy will be a five year plan and is intended to be linked to the national poverty reduction strategy and to the district plans.

3.2 GENDER MAINSTREAMING

As mentioned above, the Gender team now forms part of the community development unit. In this way its activities can be integrated into a long term community development strategy. In the last six months the Gender team has continued to carry out innovative work, for example workshops for male members of the community so that they can appreciate the need for gender mainstreaming. This is particularly important as progress on gender

issues can only take place if it is fully supported by all members of the community. Another important, concrete step that the Gender team took is the organization of a free-of-charge breast cancer check-up day for all women in the community.

3.3 NON-DISPLACED AFFECTED PEOPLE

In this mission, the monitoring team had the opportunity to speak with a focus group consisting of non-displaced affected people around the dam area. People expressed concerns about access difficulties caused by the reservoir, with reported longer distances and higher transportation costs to their fields or the closest towns. Worries about wild animals around the lake were also raised. People whose land had been expropriated complained that their compensation had now all been spent and that they faced livelihood difficulties. The presence of LEEP in this area has for the time being been more limited and the respondents complained that they had only received training but with no follow-up to help them utilise this training for income generating activities. It is therefore important, as stressed in the section about LEEP above (see § 2.4.2 and the related recommendation), that people in this area be targeted by further activities of LEEP I.

3.4 YOUTH

The monitoring team has mentioned in several instances the importance of young people in the long term development of a positive relationship with the community. It had been observed previously that post-teenage youth in particular are rather disaffected and tend to feel that the Project has not been of any benefit to them or their society. Focus group discussions carried out during this mission further reinforced this view. Young people in the age range of 17-21 had a very negative view of mining and the Project in general. They had not had any direct contact with Newmont, but their negative view had been formed through information that they had obtained from adults within their family and community. There was no appreciation of the role of mining for the Ghana economy, nor was there any understanding that the Project is in fact part of a government policy to develop mining as one of the cornerstones of the Ghanaian economy.

It is essential that young people be given the opportunity to gain a more comprehensive understanding of this sector. One way is for the Communications Department to develop interactive teaching material that could be used to deliver information in schools as part of students overall study. The information could be delivered by the teachers and this would serve to give it a greater level of credibility.

Recommendation:

- R7-6. Communications Department to develop interactive communications material to be used by teachers in schools to inform young people about mining and its role in Ghana

3.5 SOCIAL RESPONSIBILITY AGREEMENT

Whilst a lot of preparation work has been carried out on the Social Responsibility Agreement and mechanisms by which the forum will operate, actual implementation of projects has yet to take place. Given the general feeling of disquiet in the community at present, there may be some merit in agreeing with the community to use some of the available community development funds to develop some quick impact projects that would be visible and/or lead to some income generation, whilst demonstrating that Newmont is indeed taking action. Such quick impact projects can also be beneficial in mobilizing the community and act as pilots for the full scale Program. Examples of such projects could include school upgrades, community center construction or upgrades, completing the incomplete library in Ntotroso, addressing solid waste collection and disposal issues in Kenyasi 2, etc... NGGL has informed the monitoring team that such projects were indeed under consideration with the respective communities and the District Assembly.

Recommendation:

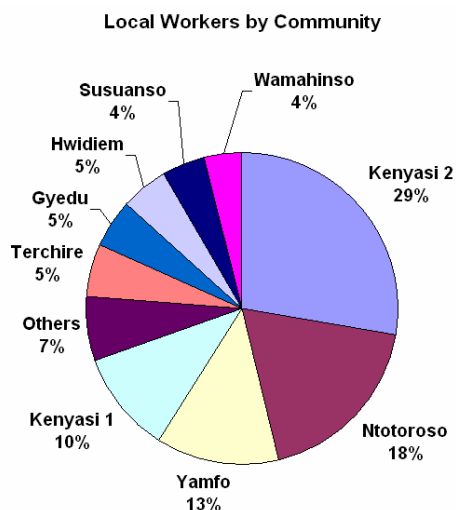
R7-7. NGGL to work with stakeholders in view of implementing quickly a number of quick impact, infrastructure-type projects to achieve demonstrable and visible benefit through the development of community determined infrastructure priorities, even before the community development strategy and social responsibility forum is finalised

3.6 LOCAL EMPLOYMENT

Figures describing the current performance in employing locals were provided to the monitoring team by NGGL. Overall, 25% of the total Operations workforce (728 locals out of a total of 2,828 workers, including the contractors’ workforce) are locals (e.g. originating from a list of designated Ahafo Mine local communities) as of December 2007.

The graph opposite shows the breakdown of local workers for each of the designated “local” communities.

This breakdown seems generally consistent with both the local demography and the level of impact that the Project has on each of these communities. In this respect, it is satisfactory.



For NGGL and the six contractors with the largest workforce, the performance in employing locals is the following (Table 3):

Table 3: Percentage of Locals Employed by NGGL and its 6 Main Contractors

Contractor	Activity	Total Workforce	% of Locals
NGGL		1,284	26%
ATS	Catering	440	35%
G4S	Security	224	31%
Mantrac	Technical	100	0%
Naachia	Technical	77	0%
OICI	Social / Development	65	34%
Liebherr	Technical	57	4%

The percentages above are disappointing:

- Contractors engaged in activities such as catering or security, which mainly use unskilled workforce, should achieve much higher percentages of locals, as confirmed by experience of similar operations in Africa,
- Some contractors use zero locals, although they have sizeable workforces; it is hard to understand how a contractor, whatever its activity, could maintain a workforce of about 100

people without even one single unskilled support personnel. This fact tends to indicate that NGGL’s local priority employment policy has not been consistently applied.

The perception that NGGL employs mostly non locals is widespread in the community, and this was observed again in the focus groups organized by the monitoring team during this review. Youth specifically express frustration in this respect. The numbers above tend to indicate that this resentment is not without grounds.

It is recommended by the monitoring team that NGGL should look with a genuinely fresh eye at the real performance of its employment policy, including that of its main contractors, set more ambitious target for local employment by contractors, and put in place an aggressive mechanism to make sure that these targets are reached. Experience tends to indicate that the contractual threat of harsh sanctions and their actual enforcement when necessary may be the only way to ensure compliance by otherwise uninterested contractors. Organizational linkages between the different departments involved within NGGL should also be reviewed to ensure that a process to identify and fix deficiencies is in place.

Recommendations:

- R7-8. NGGL to review current targets for local employment, particularly for contractors with mostly unskilled workforce such as those engaged in catering and security, to review current performance in meeting these targets, and to determine whether more ambitious targets will yield improve results
- R7-9. NGGL to make sure that contractors that do not comply with its local employment policy are identified and required to become compliant with established policy. Organizational linkages between the Supply Chain (Procurement), Human Resources (Employment) and External Affairs Departments to be checked in this perspective

4 MONITORING & EVALUATION

4.1 MID-TERM EVALUATION OF SPECIFIC PROGRAMS

NGGL is planning to have a mid-term review carried out by an external party of the following three undertakings:

- Vulnerable Program,
- AILAP,
- LEEP.

The monitoring team commends NGGL’s commitment to carry out this external assessment. It is also an excellent idea to include the three initiatives above in this evaluation, as some of their objectives are obviously common.

A draft Terms of Reference (ToR) has been developed for this review, and was submitted to the monitoring team for comments. The ToR is generally adequate, although the monitoring team would recommend to remove from this ToR some questions that either are too specific or pre-suppose the conclusions. The time allocation also needs to be increased.

4.2 LIVELIHOOD RESTORATION SURVEYS

NEAMU, the NGGL internal monitoring unit, has been working on the livelihood restoration surveys since the last external review. It is now proposed to carry out two types of surveys, one based on quantitative instruments (household questionnaire) and the other on qualitative instruments (interviews, focus groups, etc...). The quantitative interview would be carried out once a year, and the qualitative surveys twice a year. The monitoring team recommends to carry out the yearly survey associating both quantitative and qualitative methods during the lean season (February / March), and the “qualitative only” survey during the small dry season (September). When

finalizing the methodology for these surveys, NGGL should address an earlier recommendation of the External Monitoring Team to include land access indicators in the investigation.

Recommendation:

- R7-10. NGGL to finalize the development of the methodology for the livelihood restoration surveys, including the assessment of land access

4.3 INFORMATION MANAGEMENT

The monitoring team had an opportunity to review the information management system currently implemented by consulting company Borealis, and can confirm its previous assessment that this system is excellent. However, it appears that there are still significant gaps in data inputting, which makes the system only partly effective. More management involvement and support would be useful to bridge the current gap in information inputting.

4.4 EXTERNAL MONITORING AND COMPLETION AUDIT

The Terms of Reference of the external monitoring team jointly agreed upon between NGGL and the IFC include the requirement to carry out a Completion Audit, which would in effect close the monitoring exercise. The purpose of the Completion Audit is to verify that all commitments contained in the Resettlement Action Plan are met, and that livelihoods are restored.

The Terms of Reference assumes that this Completion Audit could be conducted by the external monitoring consultant 36 months following completion of physical resettlement of households, or “at such time as the external monitoring consultant determines affected peoples’ living standards and income levels have been fully restored, whichever occurs earlier”. The “completion of physical resettlement” was in late 2005, therefore 36 months thereafter leads to the end of 2008.

It is therefore important and urgent to carry out the quantitative and qualitative livelihood restoration survey mentioned above in section 4.2: on the basis of this survey, the external monitoring team will be able to assess to what extent livelihoods have been restored, and whether pre-conditions for the Completion Audit are met.

Recommendations:

- R7-11. NGGL to organize a quantitative and qualitative livelihood restoration survey in 2008 for External Monitoring Team to be able to declare whether pre-conditions for the Completion Audit are met
- R7-12. External Monitoring Team to develop a detailed Terms of Reference for the Completion Audit during the forthcoming review

5 FOLLOW-UP ON PREVIOUS RECOMMENDATIONS

The following table presents the progress on recommendations made in the previous reviews and which the previous review (July 2007) concluded were still pending:

Table 4: Summary of Recommendations Made in the Previous Reviews

Review	#	Issue	Recommendations	Status
May 06	R3-19	Non PAP Project-Impacted People	NGGL to develop a strategy for identification, documentation and mitigation of impacts for all non- PAP impacted communities (communities that are impacted and are not in the direct mine take). This plan should: <ul style="list-style-type: none"> - Group people by geographical area, identify impacts and severity, develop mitigation measures and a timescale for implementation of these measures. - Present baseline socio-economic in an accessible form. - Where baseline socio-economic information has not been collected, the Project should consider the minimum information required and how it can be made available. 	Pending No information has been provided to the monitoring team on either the data collected or strategy
May 06	R3-24	Community Safety	NGGL to develop effective public information and dissemination with regard to mine-related health and diseases. This information awareness campaign should be carried out in association with an independent Ghanaian expert.	Pending Yet to be done
Sept 06	R4-10	Community Consultation and Engagement	Review methodologies for public engagement and look at widening scope by including measures such as emphasis on youth, greater transparency including information on royalty distribution. In addition consider the use of locally regarded experts and a newsletter	On-Going Reorganization of community relations unit and communications department. Youth still to be addressed
Sept 06	R4-14	Conflict Prevention	NGGL to develop a strategy of early warning and preventative action. This could incorporate: <ul style="list-style-type: none"> - Training of external affairs department staff in direct contact with the community on recognition of signs of conflict situations. - Creation of a specific position within the External Affairs Department that would be responsible for reviewing and advising on the conflict status of the local community. It could also review design and implementation of programs to ensure that there are no aspects that could lead to a conflicting situation. 	Closed The task of conflict prevention has been incorporated into the work of a number of departments. The community liaison officers have recently started training on conflict prevention
Jan 07	R5-4	Land access and AILAP	NGGL to develop a specific methodology to monitor land replacement and to include such monitoring in one of the next rounds of livelihood restoration replicate surveys.	Closed Superseded by recommendation R7.10 of this review
Jan 07	R5-6	Land access and AILAP	NGGL to implement the fallow land study in 2007.	On-Going Consultant services procured, draft report being internally reviewed by NGGL
Jan 07	R5-7	Vulnerable people	NGGL to formalize an agreement or memorandum of understanding, as soon as possible, with Guards of the Earth and Vulnerable.	Closed Superseded by R6-2
Jan 07	R5-8	Vulnerable people	Vulnerable committee to also formally review households proposed for removal from the Program.	On-Going Details of the process yet to be finalized
Jan 07	R5-9	Grievance management	NGGL to observe cracks in houses sampled in an area far from any blasting operation.	Closed Process to close the issue of cracked houses has been defined by EPA

Review	#	Issue	Recommendations	Status
Jan 07	R5-12	Community engagement	Communications Unit of NGGL External Affairs to be involved from the initial stages of program development.	Closed Recommendation is no longer relevant given the reorganization of services liaising with community
Jan 07	R5-13	Gender	Ensure that there is a specific step in the development of all programs that considers gender issues so that it is mainstreamed into program development.	On-Going The gender team has carried out awareness raising seminars with various departments of NGGL
Jan 07	R5-14	Employment	Consider enhancing transparency of the workers' selection process, with possibly: <ul style="list-style-type: none"> - Public disclosure of the lists of people in the local worker inventory, - Periodic reviews with involvement of independent stakeholders such as local chiefs, and possibly union leaders when the union group is fully established at Ahafo mine 	On-Going
Jan 07	R5-16	Monitoring	NGGL to clarify household monitoring objectives and to revisit its household survey strategy accordingly, based on a reasonable sample of quantitative interviews in combination with more qualitative instruments, and to consider the use of a socio-economic index to process and present quantitative surveys.	Closed Superseded by recommendation R7.10 of this review
Jan 07	R5-17	Monitoring	NGGL to focus the next campaigns of survey on livelihood restoration and land replacement.	Closed Superseded by recommendation R7.10 of this review
July 07	R6-1	Vulnerable People	NGGL to have a mid-term evaluation of the Vulnerable Program carried out by an external party.	On-Going Draft ToR developed
July 07	R6-2	Vulnerable People	NGGL to agree and sign an MOU with Guards of the Earth and Vulnerable.	Pending <u>MoU currently reviewed with Guards of the Earth</u>
July 07	R6-3	Conflict Prevention	A six monthly review to be carried out of community relations status with regard to conflict and this review to be documented by NEAMU. A local third party observer should also be involved.	Pending Yet to be done
July 07	R6-4	Livelihood Restoration	NGGL to review 2006 and 2007 seedling mortality in relation with late deliveries and assess whether corrective action is needed.	On-Going Deliveries of replacement seedlings to be undertaken in 2008
July 07	R6-5	Livelihood Restoration	NGGL and other parties (OICI, African Connections) to build on the capacity that was developed for those of the AILAP procurement groups who would be interested to continue their activities – LEEP and AAGI should make contact with these groups and assess their willingness and ability to engage in further activities.	Closed Done, particularly through LEEP
July 07	R6-6	Livelihood Restoration	AAGI to develop with NEAMU a list of output and outcome indicators and monitor them at agreed frequencies.	Closed Indicators available
July 07	R6-7	Livelihood Restoration	NGGL to organize joint periodic reviews with the teams in charge of the different economic enhancement initiatives (AAGI, LEEP, SME Linkages Program, AILAP) to improve linkages between these initiatives.	Closed Reviews are occurring
July 07	R6-8	Community Engagement	NGGL to develop a long term strategy of community engagement which takes account of long term dynamics of mine operations in Brong Ahafo region .	Pending Yet to be done
July 07	R6-9	Community Engagement	NGGL to develop a long term, coordinated strategy of how it will manage the Company's interaction with youth across the range of activities in which the Company is involved.	Pending Yet to be done

6 SUMMARY OF NEW RECOMMENDATIONS

Recommendations are prioritized as follows:

High: Actions that are critical to ensure compliance with commitments contained in the RAP, ESAP or World Bank Group policies

Medium: Actions desirable to comply with social or resettlement good practice or to address actual or potential areas of social risk

Low: Important actions that may be less time critical

See table 5 below.

Table 5: Summary of New Recommendations

Review	#	Issue	Recommendation	Priority	Time frame for start of implementation
7 (Febr. 08)	R7-1	Vulnerable People	NGGL to increase efforts to socialize the Vulnerable People Program with input from the traditional leaders	Medium	Q2, 2008
7 (Febr. 08)	R7-2	Vulnerable People	NGGL to expedite the review of remaining target households for potential incorporation in the Vulnerable People Program	High	Q2, 2008
7 (Febr. 08)	R7-3	Livelihood Restoration	LEEP I to place more emphasis on relocatees and non-displaced affected people in the dam area	High	Q2, 2008
7 (Febr. 08)	R7-4	Business Development	AAGI and the two relevant associations to carefully plan management details related with the mechanized equipment that associations will purchase using the EDIF facilities	Medium	Q2, 2008
7 (Febr. 08)	R7-5	Business Development	ALP to review existing program results in view of increasing the current target of USD 3.2 M for increase in total sales of targeted local businesses	Medium	Q3, 2008
7 (Febr. 08)	R7-6	Engagement	NGGL / Communications Department to develop interactive communications material to be used by teachers in schools to inform young people about mining and its role in Ghana	Medium	Q3, 2008
7 (Febr. 08)	R7-7	Engagement	NGGL to work with stakeholders in view of implementing quickly a number of quick impact, infrastructure-type projects to achieve demonstrable and visible benefit through the development of community determined infrastructure priorities, even before the community development strategy and social responsibility forum is finalised	High ²	Q2, 2008
7 (Febr. 08)	R7-8	Local Employment	NGGL to review current targets for local employment, particularly for contractors with mostly unskilled workforce such as those engaged in catering and security, to review current performance in meeting these targets, and to determine whether more ambitious targets will yield improve results	High	Q2, 2008
7 (Febr. 08)	R7-9	Local Employment	NGGL to make sure that contractors that do not comply with its local employment policy are identified and required to become compliant with established policy. Organizational linkages between the Supply Chain (Procurement), Human Resources (Employment) and External Affairs Departments to be checked in this perspective	High	Q2, 2008
7 (Febr. 08)	R7-10	Monitoring & Evaluation	NGGL to finalize the development of the methodology for the livelihood restoration surveys, including the assessment of land access	High	Q2, 2008
7 (Febr. 08)	R7-11	Monitoring & Evaluation	NGGL to organize a quantitative and qualitative livelihood restoration survey in 2008 for External Monitoring Team to be able to declare whether pre-conditions for the Completion Audit are met	High	Q3, 2008
7 (Febr. 08)	R7-12	Monitoring & Evaluation	External Monitoring Team to develop a detailed Terms of Reference for the Completion Audit during the forthcoming review	High	Q3, 2008

² Interaction with community members leads the External Monitoring Team to consider this a High Priority recommendation, although it is not strictly a “compliance” matter.

APPENDIX 1: ACTIVITY LOG

Date	Activity
27/02/2008	Ms. Salam and Mr. Giovannetti arrive in Ghana.
28/02/2008	Both auditors travel by air from Accra to Project site Kick-off meeting with Project staff Review of AILAP program Review of the Vulnerable program
29/02/2008	Review of AAGI, including field visits to farmers and interviews with representatives from two different production groups Review of LEEP, including visits to groups engaged in income-generating activities Focus groups with resettlers in Kenyasi 2 (OLA) and Ntotroso
01/03/2008	Focus groups with resettlers in Kenyasi 2 (OLA) and Ntotroso Focus group with non displaced affected people in Kwaaduoni Krom near the water dam Focus group with cracked houses complainants in Kenyasi 2
02/03/2008	Focus groups with youth (25-35 and 17-25) in Kenyasi 2 Focus group with business persons in Kenyasi 2
03/03/2008	Review of NEAMU monitoring and evaluation activities Review of information management Review of grievance management Review of the Communications, Community Relations and Community Development units' activities Meeting with the NGGL Human Resources Manager
04/03/2008	Meeting with Guards of the Earth and Vulnerable Debriefing meeting with NGGL field staff in Kenyasi
05/03/2008	Travel from Project site to Accra. Meeting with NGGL's management in Accra. Demobilization (5 March night)