

November 19, 2007

Mr. Declan Duff
Vice President Real Sector Industries and Europe/Central Asia
International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, DC 20433

Re: Compliance with IFC Safeguards at Ahafo North Gold Mine in Ghana

Dear Mr. Duff,

We are writing in response to news that IFC's client, Newmont Mining Corporation, is currently moving forward with development of Ahafo North, the second phase of the Ahafo Gold Project in Kenaysi, Ghana.

Since 2005, we have raised concerns regarding Newmont's compliance with IFC's social and environmental safeguard policies in Ahafo South, the first phase of the project. We remain concerned about compliance in a number of areas, particularly relating to deficiencies in the project's land and livelihood replacement programs (please see attached copies of prior correspondence). Similar concerns have also been expressed in some of the reports by external monitoring bodies including the external social compliance monitoring team, headed by Frederic Giovannetti and Tasneem Salam, and the External Compliance Monitoring Group (D'Appolonia).

To date, we do not believe that IFC or Newmont have adequately addressed these serious issues at Ahafo South. Comments made by community members in the Ahafo North area during consultations with Newmont indicate that residents there are aware of difficulties experienced by those affected by Ahafo South, and are consequently very concerned about the impacts of the proposed expansion of the mine, particularly on their land use and livelihoods, as well as on water quality.¹ **We are concerned about Newmont's plans to move forward with Ahafo North even as fundamental problems with the project's first phase, Ahafo South, remain unresolved.**

When the Board approved IFC support for the Ahafo project in January 2006, IFC specified that, should Newmont proceed with development of Ahafo North, the client would comply with the IFC's Performance Standards. We would therefore like to

¹ *Issues and Response Report, Record of Issues Raised up to End May 2007 during the environmental and social impact assessment for NGGL's proposed Ahafo project, stage 2, July 2007,*
http://newmontghana.com/images/stories/ahafo_pdf/8377-irr_vs1final-18_july_07.pdf

ascertain IFC's plans for ensuring transparent compliance with all relevant IFC Performance Standards at Ahafo North.

- **Could you please provide information in detail on the steps IFC will take to demonstrate that communities affected by Ahafo North have expressed their “broad community support” for the project as required in IFC’s Policy on Social and Environmental Sustainability?**

The Terms of Reference for the external/independent social, environmental, health and safety compliance monitoring for the Ahafo project, issued in April 2006, indicate that reports will be issued at least four times per year. To date, however, reviews have been conducted late and the publication of reports has been considerably delayed. As of October 2007, the most recent social and environmental monitoring reports publicly available on the sponsor's website date from January 2007 and December 2006, respectively.²

- **When will more recent monitoring reports be made publicly available and what will be the schedule for monitoring and reporting going forward?**

We are also interested in learning whether the environmental and social monitoring consultants will be involved in the design and/or monitoring of the Resettlement Action Plan for Ahafo North – a document which we note does not appear in the Environmental and Social Impact Assessment (ESIA) timeline.³

- **Which documents related to environmental and social due diligence for Ahafo North will require IFC approval and who will assume responsibility for making sure that happens? Please also inform us of the operative disclosure requirements for these documents.**

Previous Board minutes said IFC management would provide annual reports on the Ahafo project “if necessary.”

- **Who determines the necessity of such a report, and has IFC reported to the Board in 2007?**

Finally, we would also like a description of the respective roles of IFC's management and Board in overseeing the Ahafo North phase of the project, and specifically in ensuring compliance with the now-adopted Performance Standards.

² *Newmont Ghana Gold Limited, Ahafo South Project, Independent External Social Compliance Monitoring Report, 5th Review, January 2007* and *External Compliance Monitoring Group, First Site Visit, December 2006*, both available at:

http://newmontghana.com/index.php?option=com_content&task=view&id=49&Itemid=5

³ See Newmont Ghana website,

http://newmontghana.com/index.php?option=com_content&task=view&id=43&Itemid=42

→ **Could you please clarify IFC's supervision plans for Ahafo North and provide evidence of how lessons drawn from the experience with Ahafo South will influence the design of resettlement actions and monitoring measures for Ahafo North?**

We believe it is critically important that IFC demonstrate extra vigilance in ensuring compliance with relevant policies and standards in the second phase of the Ahafo project, and provide clear indications that the problems experienced with resettlement and livelihood replacement at Ahafo South will not be repeated at Ahafo North.

We look forward to your response on this matter.

Sincerely,

Keith Slack, Oxfam-America
Soren Ambrose, Bank Information Center
Ute Hausmann, FIAN-Germany
Mike Anane, FIAN-Ghana
Gertrude Klaffenböck, FIAN Austria
Daniel Owusu-Koranteng, WACAM
Payal Sampat, EARTHWORKS

Cc: Thierry Tanoh, Director Sub-Saharan Africa
Rachel Kyte, Director, Environment and Social Development
Somit Varma, Director, Oil, Gas, Mining and Chemicals
Meg Taylor, Compliance Advisor Ombudsman