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Responsibility in Mining

GOLD RIDGE MINING PROJECT

SOCIAL AND RESETTLEMENT ACTION PLAN

2nd INDEPENDENT MONITORING REPORT

JULY 2011

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1. EXECUTIVE SUMMARY

Allied Gold, through Gold Ridge Mining Ltd. (GRML) has re-opened the Gold Ridge Mine in the Solomon Islands. This involved an A\$150 million refurbishment and expansion of the existing plant to increase capacity from 2.0Mtpa to 2.5Mtpa. First gold was produced in March 2011. The International Finance Corporation (IFC) loaned the Group a portion of the re-development cost, requiring an ongoing program of independent external monitoring to demonstrate compliance with the IFC Performance Standards. This involves monitoring the project performance of management of social issues and the implementation of the Resettlement Action Plan (RAP). The Centre for Social Responsibility in Mining (CSRSM) has been engaged as the Independent Resettlement Monitor for the Social Audit.

Re-opening of the mine requires the relocation of all inhabitants from the Mining Lease Area (MLA). Based on the revised July 2010 census there were 1,895 PAPs living on the MLA. For the purposes of physical relocation, the PAP population have been categorised by GRML according to the order in which they will be moved. The relocation is to occur in two phases. Phase 1 includes the Namachamata and Valehaichichi pit areas. Phase 2 covers the Dawson's and Kuper's pit areas. Immigrant artisanal miners are required to return to their villages of origin, while landowner families will be relocated to one of four resettlement locations identified in consultation with landowner representatives. Compensation and resettlement assistance benefits as detailed in the Resettlement Action Plan (*RAP 2009*) are consistent with the IFC's Performance Standard 5 on Land Acquisition and Involuntary Resettlement. In addition to the RAP, an Economic Development Action Plan (EDAP) has been developed for income generation and capacity building among the local communities.

The second monitoring report provides findings based on interviews and public meetings conducted in July 2011. Monitoring activity focused on the implementation of the RAP and EDAP by GRML and the implementation of recommendations provided during the February 2011 monitoring visit. As per the previous monitoring report, findings are presented in four broad thematic areas: (i) Physical Relocation and Resettlement, (ii) Livelihood Restoration, (iii) Consultation and Grievances, (iv) Internal Monitoring Systems. Recommendations are tabled by theme in Section 8 of the report and are ranked according to compliance and level of risk. A total of 38 recommendations are made. Several recommendations remain outstanding from the previous monitoring report.

According to the *2009 RAP*, GRML had proposed to relocate 23 villages from the Phase 1 and Phase 2 areas to one of the four resettlement sites. The physical relocation process for the Phase 1 areas was not carried out according to the January-February 2010 deadline proposed in the *2009 RAP*. In February 2011, GRML released new deadlines proposing to complete relocation of Phase 1 areas by May 2011 and Phase 2 areas by June 2011. As at July 2011, the relocation of the majority of Phase 1 areas has been completed, with a total

of 101 households (484 people) having been relocated to three resettlement sites. The relocation of PAPs in the Phase 2 areas has not commenced and has been postponed with no definite schedule for commencement. This leaves approximately 1411 PAPs to be relocated and resettled. Currently, the project is without a qualified relocation manager. The absence of a qualified relocation manager and delays in the construction of resettlement houses have been major contributors to the postponement of the relocation of the Phase 2 villages.

At the July 2011 monitoring visit, the monitoring team observed that housing construction at Bubulake and Sule had progressed to near completion. However, construction at Ravua and Koku continues to remain behind schedule. Delays in house construction have resulted in a number of householders from the Phase 1 areas being temporarily relocated at Bubulake and Ravua until the agreed housing allocations are ready. It was noted in the previous report that the quality of replacement housing at the resettlement sites was found to be generally very high. At the second monitoring visit, a number of outstanding and new defects were found. These defects have been recorded and are to be addressed by GRML and its contractors. Other site developments such as terracing, amenity, gardens and drainage are still to be completed.

The relocation process of the Phase 1 areas has involved ongoing consultation and awareness raising with villages in the Gold Ridge area. Community Relations Staff from GRML have organised a schedule of village meetings to discuss the resettlement process and to provide updates on construction at the relocation sites. Prior to relocation, assets surveys were undertaken by Community Relations Staff to determine compensation for loss of crops, or any other item specified in the *Subsidiary Agreement 2006*. In the immediate months leading up to relocation, villagers were given notice of the pending move, with Community Relations Staff providing awareness training on the logistics associated with the relocation and living conditions at the resettlement site. Villagers participated in an orientation workshop at the relocation site with Community Relations Staff in the weeks immediately prior to the move, and were introduced to the relocation site generally, and to the replacement housing in particular. Given the current development focus, relocation efforts have been prioritised for the Valehaichichi and Namachamata pit areas.

During the relocation process of the Phase 1 areas, GRML has provided transport and logistical support to enable PAPs take building materials and livestock with them to the new sites. Following relocation, settlers were provided with food baskets running for up to six months in order to allow for the establishment of food gardens at the resettlement locations. While food distribution has been functioning well, issues of delay and inconsistency in the quality of food in the baskets continue to be an issue in the resettlement sites.

Water supply has been one of the main issues faced by new settlers. At present, there are three issues that need immediate attention: (1) the adequacy of water supply – based on the survey conducted by the CR team water supplied through the tanks has not been sufficient due to scarce rainfall in the dry season, the instalment of the tanks themselves, and a lack of familiarity among PAPs around the new system ; (2) quality of water supplied – health issues related to the water trucked in by the company from Honiara were reported by relocatees and landowner representatives; and (3) tanks instalment issues – outstanding issue related to plumbing defects where rainwater from the roof continues to flow into the inspection hole of the tanks exposing the water to dust and contamination.

Livelihood restoration remains a priority concern. In April 2011, the company recruited a Social and Economic Development Superintendant to implement the EDAP. Progress has been observed at Ravua and Bubulake with the clearing of lands and the establishment of traditional food gardens. At the time of monitoring visit, gardens at Ravua were observed to be in their infancy but in good condition; whereas those at Bubulake did not progress due to poor crop selection. Two agricultural training sessions were held at Bubulake and Ravua in April and June 2011 by the CR team in collaboration with the Provincial Department of Agriculture. Given the current status of the gardens, the food distribution system will need to be extended. Additionally, further efforts are required by the company to ensure that village gardens are established and productive in line with any revised relocation timeframe for the Phase 2 villages. To facilitate this, Selection Committees need to be established to formalise the allocation of garden plots.

Despite progress in the establishment of gardens and the CR team's activity in conducting gardening training and regular inspection at the resettlement sites, GRML has not developed a comprehensive livelihood restoration plan. While improvements have been made in developing a revised plan, there is no internal monitoring mechanism which enables the recording of achievements in ongoing activities in the livelihood restoration process. Moreover, the revised plan has not been signed off by the IFC. This is a serious compliance issue and GRML has to finalise the plan with an internal monitoring mechanism in place for the EDAP. The finalised plan is to be reviewed and signed off by the IFC before it can be made public.

There has been growth in the overall employment in July 2011, as compared to February 2011. This is partly driven by a 28% increase in the employment of the unskilled/semi-skilled workforce from the Gold Ridge landowner community. Despite this, employment of the unskilled/semi-skilled workforce from the Gold Ridge landowner community represents 66% (450 persons) of GRML's total unskilled/semi-skilled workforce, which is below the 80% target committed by the company in the *2006 Subsidiary agreement*.

The landowner community comprises of PAPs and non-PAPs. GRML employs only 155 workers from the PAPs villages, 97% of which are in the unskilled category. Due to a lack of

PAPs workforce data, it is difficult to determine whether the current PAPs employment level is sufficient to support the 1895 PAPs population. There is also a lack of information about whether PAPs have taken up other livelihood strategies. Furthermore, employment with GRML is unevenly distributed across both the PAP and non-PAP villages. This issue remains as outstanding from the previous report.

In addition to employment and food gardening, it is expected that GRML will support landowners to develop local businesses in order to maximise the benefit of mining royalties. Before royalties can be distributed, each tribe is required to nominate trustees and to establish accounts. Of the 16 tribes, 13 trustees and tribal accounts have been set up with three still to be finalised. The first royalty transfer, covering the production month of April 2011, was made to the Central Bank in June 2011. Based on the first royalty transfer, there are two implications in need of further consideration. Firstly, each of the 16 tribes is eligible for a different percentage share of royalty payments. For example, the Rausere tribe holds the largest share (36.5%) of total royalty payments, while the other 15 tribes share the remaining 63.5% of payments, with the Sahari tribe receiving the smallest percentage share of only 1.2%. In addition, the amount each tribe receives is affected by monthly production level and the price of gold. For instance, a transfer of SBD 61,249.15 was made to the landowners in June 2011 which is considerably lower than the initially estimated monthly transfers of SBD 1,333,333.

Secondly, royalty payments may be diluted at household level. Under the royalty agreement, eight of the eligible tribes take only 20% of the total royalty transfers. These eight tribes collectively receive SBD 12,005 from the June 2011 transfers and SBD 261,333 from the initially estimated monthly transfers. When distributed at tribal level, dilution depends on each tribe's internal mechanism for distribution and the number of households and PAPs registered in a tribe. The full extent of the dilution effect cannot be determined due to the absence of a complete tribal census data and a lack of information about how each tribe intends to share benefits among its members.

The use of the grievance mechanism has improved substantially. One notable change is the introduction of a vulnerability tracker which involves CR personnel surveying households in the relocation sites to flag existing or future possible negative impacts. Approximately 50 households from the relocation communities have been interviewed by the CR team. This mechanism has resulted in a number of complaints being recorded in the tracker rather than the established grievance protocol.

At present the systems at Plant site are not integrated with those at Bubulake, where the CR function is located. Social monitoring remains an ongoing problem. While the vulnerability tracker has been developed and deployed in the relocation sites, there is still much work to be done by GRML in establishing an internal monitoring system to track its own performance against the key RAP components and the EDAP.

2. INTRODUCTION

The second Social Audit of the Resettlement Action Plan (RAP) for the Gold Ridge Mining Project was conducted in July 2011.

Social Audits of the resettlement activity are required by the IFC as a condition of its funding. Independent monitoring reviews are to be undertaken at quarterly intervals and will continue on this schedule for a period of 24 months, after which monitoring will be conducted at six monthly and yearly intervals for a period of up to five years.

The next independent monitoring review is due in October 2011.

2.1 Project Description

The Gold Ridge Project is located in a highland area on the island of Guadalcanal, Solomon Islands, approximately 40kms south east of Honiara. Gold Ridge is a low sulphidation, disseminated epithermal gold/silver deposit. The Mining Lease for the project (No. 1/1997) covers an area of 30km² and is surrounded by a Special Prospecting License (SPL 194) covering an area of 130km².

The mine project is under full ownership of Allied Gold who has refurbished and developed the mine. Gold was first poured in March 2011 as scheduled.

The project requires physical relocation of PAPs from the Mining Lease. In February 2011, 1895 PAPs were identified as requiring relocation from the Phase 1 (Valehaichichi and Namachamata) and Phase 2 (Kuper's and Dawson's) areas. Four resettlement sites were selected to accommodate eligible PAPs; Bubulake, Ravua, Sule and Koku. While relocation process of the Phase 1 areas has come close to completion, relocation of PAPs from Phase 2 areas has not commenced. As of July 2011, limited progress was recorded. This is attributed to three factors. First is the need to cut an access road to the Dawson's area; second, the construction of housing at the resettlement sites is several months behind schedule. Third, the company is currently without a relocation manager.

Eligible relocatees from the Phase 1 areas have been housed at one of the resettlement sites, while ineligible were relocated to their home villages. For relocatees who have moved to one of the relocation sites, this has resulted in a major change in how PAPs derive their livelihood, particularly given that they no longer have ready access to small scale artisanal mining opportunities. Employment levels at the relocation sites have increased, but more information is required to determine how work is being distributed among households. Gardens at the relocation sites have not sufficiently progressed to provide subsistence or supplementary support to households. Many of the settlers are idle in the

relocation sites and are waiting for the company to assist with training and the seeding of livelihoods projects.

2.2. Independent Monitoring Objectives

GRML management has committed to commence external compliance monitoring in order to provide an additional level of transparency to the implementation of the RAP, the EDAP, and the project's social management system. This is undertaken, through consultation with affected communities, representatives of the project company and implementation parties, and other stakeholders such as NGOs, government officials, whenever needed.

The purpose of periodic independent external monitoring of the resettlement and livelihood restoration implementation process remained unchanged. The objectives are:

- Verify the latest implementation status; review progress related to land acquisition, physical relocation, replacement site selection and housing, and other mitigation measures during the relocation and post relocation period;
- Provide third party independent verification for international lenders that the Resettlement Action Plan is being complied with and carried out in accordance with IFC's Performance Standard 5;
- Provide third party independent evaluation for international lenders concerning any material actions and/or key mitigation measures that have been modified, and confirm compliance with IFC's Performance Standard 5;
- Verify that measures to restore or enhance project-affected peoples' quality of life and livelihood are being provided, and assess effectiveness;
- Verify that the grievance mechanism described in the RAP is functioning, and assess effectiveness;
- Verify the effectiveness of the GRML Social Management System in identifying and addressing key issues;
- Provide a list of any corrective actions required, with a completion time frame that is feasible for implementation and in line with IFC's requirements.

2.3. Scope of the July 2011 Review

The second RAP monitoring review was carried out from 5th July – 11th July 2011. The external monitoring was conducted by Dr. John Owen and Mr. Fitsum Weldegiorgis from the Centre for Social Responsibility in Mining (CSR).

3. METHODOLOGY

The monitoring review employed the following methodology.

3.1. Document Analysis

Document analysis involved an examination and evaluation of internal monitoring records; RAP; EDAP; the Central tracker on RAP implementation; the Community Relations Tracker; the correspondence register; the Resettlement Plan for Phase 1; and Grievance registers and the Security records.

3.2 Primary Data collection

Four methods of primary data collection were used.

3.2.1. Observation

Observation visits were made to resettlement villages at Bubulake, Ravua and Sule. Visits to Bubulake and Ravua involved inspecting houses and living spaces around the houses, site infrastructure, amenity and gardens, and observing settlers' daily activities such as gardening and water use. The monitoring team also visited Sule to check the progress on housing, water use and garden development.

3.2.2. Interviews

Interviews were held with key staff at GRML including; Group General Manager, CSR manager, Social and Economic Development Consultant, Social and Economic Development Superintendent, Resettlement Consultant, CR Manager, CR Team Leader, Security Team leader, and Senior HR Officer. Representative from the KTDA/MDA was also interviewed by the monitoring team.

3.2.3. Meetings

Structured meetings were held with the following agencies: GRML Senior Management, GRML Community Relations Department, GRCLC Representatives and Members, Provincial Department of Health, and IFC Country Coordinator.

3.2.4. Consultations

Community meetings were conducted at Bubulake and Ravua. This involved consultation with two groups of relocatees; one group that was relocated since December 2010 and another group which was relocated since mid February 2011. Both groups had been consulted previously as part of the February 2011 visit. Each community consultation was conducted within the respective resettlement village alongside a landowners' representative and a local staff member to negotiate access and to assist in translation. The monitoring team was also accompanied by the new Social and Economic Development Superintendent who, following the consultation, updated communities on the progress of livelihood restoration process. Consultations were framed using open-ended questions and sought to get a sense of community experiences about the resettlement process and to identify new and emerging issues.

4. PHYSICAL RELOCATION AND RESETTLEMENT SITES

According to the *2009 RAP*, GRML has proposed to relocate 23 villages from the Phase 1 and Phase 2 pit areas to one of four resettlement sites. Table 1 below shows details of the relocation timeframes thus far.

Table 1: Relocation Schedules

| | Scheduled commencement | Scheduled Completion | Actual Completion | Current Status July 2011 |
|----------------|---|----------------------|--------------------------|--------------------------------------|
| Phase 1 | As per the 2009 RAP | | Close to full completion | No relocation activity – No schedule |
| | January 2010 | February 2010 | | |
| Phase 2 | As per internal planning of February 2011 | | Postponed | No commencement schedule |
| | May 2011 | June 2011 | | |

Phase 1 - As shown in the table above, the physical relocation process for the Phase 1 areas was not carried out according to the *2009 RAP* schedule. Based on the information received on site, the delay in relocation process is attributed to issues related to land acquisition and delays in housing construction. During the February 2011 monitoring visit, GRML had commenced the relocation process for the Phase 1 areas. As of July 2011, the independent monitors were informed that Phase 1 relocation was close to completion. The status of the relocated PAPs is described in Table 2 below. Currently, 101 households (484 PAPs) have

been relocated to Sule, Ravua and Bubulake; of which 17 households (83 PAPs) are temporarily housed at Sule and Bubulake and will be resettled at Koku.

Table 2: Status of Relocated PAPs

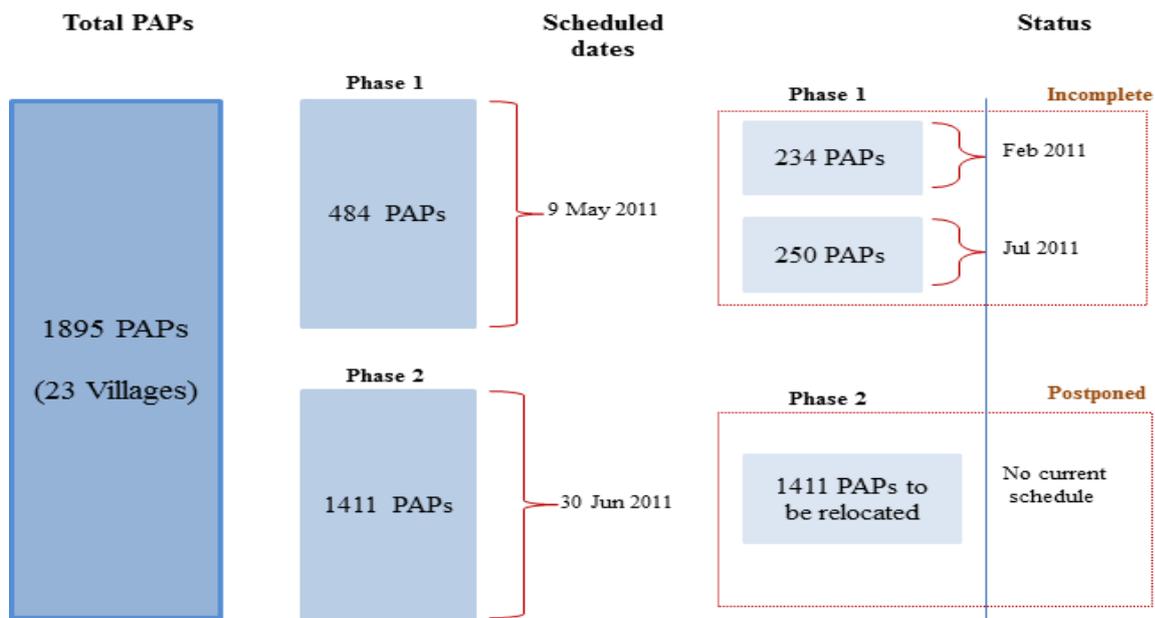
| | Sule | Ravua | Bubulake | Total |
|--|----------------------|----------------------|-----------------------|------------------------|
| Resettled PAPs | 15 HH (68 People) | 12 HH (51 People) | 57 HH (282 People) | 84 HH (401 people) |
| Temporary residents – To be resettled at Koku | 2 HH (14 People) | N/A | 15 HH (69 People) | 17 HH (83 People) |
| Total | 17 HH (82 People) | 12 HH (51 People) | 72 HH (351 People) | 101 HH (484 People) |

*HHs = Households

Phase 2 – As at July 2011, relocation of villagers from the Phase 2 areas has been suspended with no resumption date available. This was mainly due to (1) the delay in the construction of new resettlement houses, which was in turn further complicated by issues relating to the acquisition of customary land and (2) the fact that the project has been without a qualified relocation manager for several months. The relocation manager’s position was not re-advertised and no explanation was provided to the monitoring team. Currently, GRML has hired a consultant to oversee the relocation in the short term. While road access construction at the proposed relocation sites is in progress, the absence of a qualified relocation manager has limited the ability of the company to coordinate its resettlement efforts. The consultant also oversees Road construction.

Figure 1 below summarises the changes to the PAPs census as a result of the relocation process as of July 2011. While 484 PAPs have been relocated from Phase 1 areas, the delay in the relocation of the remaining villagers from Phase 1 and largely the Phase 2 areas leaves approximately 1,411 PAPs to be relocated.

Figure 1: PAPs relocation progress according to 2009 RAP and 2010 updated census



The absence of a definite relocation timeframe has a serious impact on livelihood restoration planning. Communities in the Phase 2 areas are aware of the delays and are uncertain of when they will be relocated and what type of services or resources they will be provided with at the new sites. The delays also raise risks to the mining project as actual mining schedules are expected to be affected. However, there is an opportunity for the company to engage with the Phase 2 communities in preparation for resettlement – primarily around the transition from Artisanal Small-scale Mining (ASM) to market based livelihoods.

4.1. Totua Relocation

To accommodate its need for a noise plant, GRML is proposing to relocate the village of Totua on safety grounds. This is a recent development. Totua is home to 6 eligible families and 18 ineligible families. These families are located within the mining lease. An additional 2 ineligible families are located outside of the MLA. The total village population is 124 consisting of 16 eligible and 108 ineligible. At the time of monitoring there was uncertainty around the rightful ownership of the land. More information is required by the company before relocation can take place. Furthermore, it is important that families are fully consulted and are aware of their eligibility status prior to relocation.

Recommendations

1. A suitably qualified relocation manager to be recruited as a matter of urgency.

2. In the previous monitoring report, it was recommended that village awareness consultations in the Phase 2 areas start early enough to provide villagers with adequate information prior to relocation commencing. Given the delays in the overall construction of houses at resettlement sites and in particular at Koku, this recommendation still applies and engagement of the Phase 2 villages is required as soon as possible (*Outstanding Recommendation No. 11*, February 2011).
3. The land at Totua has been identified for the installation of a noise plant and communities are being prepared to be relocated. GRML to thoroughly investigate the land ownership issue and ensure that villagers are properly informed and consulted prior to relocation.

4.2. Resettlement Sites

Four resettlement sites have been identified: (i) Bubulake, (ii) Ravua, (iii) Sule, and (iv) Koku. Resettlement sites were selected by the Gold Ridge Community and Landowner's Council (GRCLC) as appropriate replacement sites considering land availability and community needs.

Land at Bubulake, Ravua and Sule has been formally acquired. The acquisition of land at Koku is subject to ongoing negotiations between land owners, the SIG and company. The rightful ownership of Kovelei continues to be an issue of uncertainty for all involved. No progress has been made since the first monitoring report. The following sub-sections provide an updated description of the status for each resettlement site.

Figure 2: Relocation Site Locations



4.2.1. Bubulake

Bubulake has been acquired by the SIG from the Kolobisi tribe. As part of the registration process, a certificate of no appeal has been sent by the Magistrate Court to the Department of Lands awaiting finalisation. An additional 30 hectares land located next to Bubulake has also been acquired for the sole purpose of agricultural use.

As recorded in the previous monitoring report, it is generally understood that ownership of land remains with the Kolobisi tribe for the duration of the lease agreement with the SIG. The transfer of perpetual title to settlers will occur at the end of the 25 year lease period. During the July 2011 monitoring visit, settlers raised their concern about a lack of information received about their tenure at the relocation sites. Relocatees have requested formal certificates of ownership to confirm their tenure status.

Construction of houses at Bubulake is close to completion. As the largest resettlement site, Bubulake has been divided into three patches, known as Patches 1, 2, and 3 respectively. This division is based on tribal ties and proximity to local chiefs. The numbers of new settlers across the three patches are as follows:

- 33 households (159 people) at Bubulake (1)
- 24 households (123 people) at Bubulake (2) and
- Bubulake (3) contains 3 households (14 people) who are permanent residents as well as 15 households (69 people) who have been settled temporarily pending the completion of construction at Koku.

4.2.2. Ravua

Following Ravua's acquisition by the SIG, new settlers were to receive perpetual title upon taking up residence at the relocation site - as per the *2010 Agreement for Sale of Ravua Land*. At the time of the July monitoring visit, this matter was still under negotiation.

Housing construction at the site is close to completion. Currently, 12 households (51 people) occupy Ravua. In addition, 2 households (14 people) have been temporarily settled in Ravua pending the completion of construction at Koku.

4.2.3. Sule

As recorded in the previous monitoring report, the acquisition of Sule was obtained through a customary process involving traditional ceremony and compensation. At July 2011, the SIG and traditional landowners were negotiating the formal acquisition of the land as per the Bubulake and Ravua agreements. GRML is also in negotiation with SIG and traditional owners over the acquisition of an adjoining parcel of land called "Valehami".

As at July 2011, 15 households (68 people) have been resettled at Sule.

4.2.4. Koku

Land negotiations at Koku continue. At the time of monitoring the ownership of the land remained with the Salaviso, Sarahi and Sabaha tribes who following a valuation of the land had yet to agree on a final acquisition price by the SIG. Despite these delays, the land has been surveyed and clearing has commenced in preparation for construction. A lack of progress at Koku has resulted in further delays elsewhere in the relocation schedule, namely the suspension of relocation activities for the Phase 2 areas, and the final resettlement of households from RC and Dam villages who are temporarily relocated at Bubulake (3) and Ravua.

Recommendations

4. The tenure status of relocatees is still not well understood by settlers. Relocatees have concerns about their security of tenure at the relocation sites. Consultation needs to occur to ensure that relocatees understand their use and ownership rights at the relocation sites (*Outstanding Recommendation No. 2*, February 2011).
5. The delay at Koku presents significant risks to the project. At a minimum GRML must provide regular project and scheduling updates to communities in the Phase 2 area to reduce their sense of uncertainty.

4.3. General Housing and Site Planning Issues

Communities are generally satisfied with the quality of relocation housing and the adequacy of spaces around and between dwellings. For type A and B houses, settlers have started building additional rooms underneath their dwellings and using some external space for raising livestock. Settlers were also able to use some of the space around the houses for gardening.

In the previous monitoring report, it was recorded that settlers were concerned about land entitlements for future generations. We recommended (see *Recommendation No. 3*) that information sessions be conducted with settlers regarding the issue of household expansion and future planning. At the July monitoring visit, no action was taken.

A safety issue that was identified during the February 2011 monitoring visit and recorded in the first report (see page 13) concerns about the raised structures not having an interior rail on the stair well. As at the July 2011 monitoring visit (Figure 2), this issue remains unaddressed at Bubulake (1), Ravua and some houses at Sule.

Figure 3: Inside Rail absent on Family House



Another outstanding recommendation relates to the security fittings in the relocation houses. Fly and security screens have not been fitted on windows. Consequently, incidents of break-ins were recorded during community consultation at Bubulake (1) and Ravua. Residents at Bubulake (1) also claimed that the door locks were not customised meaning that neighbours could open one another's doors using the same keys they were given.

Residents also claimed that some of the relocation houses were being occupied by persons who were not eligible for resettlement housing. This issue is currently being managed by landowners and the CR team.

Further, during community consultations at Ravua, the monitors observed several cracks in the flooring in one of the families' houses. This is a significant defect that needs to be remedied as soon as possible to ensure that relocatees receive their full entitlements and to ensure confidence in the housing stock more generally.

Recommendations

6. Further consultation is required with the community on the issue of household expansion (*Outstanding Recommendation No. 3*, February 2011).
7. The absence of the inside rail on the family house is a serious safety issue. It is strongly recommended that the rail be fixed as soon as possible (*Outstanding Recommendation No. 4*, February 2011).
8. A safety and health concern around the glass louvers was raised during consultations that on at least one occasion louvers have been stolen from houses. It is recommended that all windows be fitted with a firm insect mesh, and that measures be taken by GMRL to ensure that safety concerns are addressed (*Outstanding Recommendation No. 5*, February 2011).
9. At Bubulake (1) settlers claimed that door locks were not individually customised. This means that neighbours could open one another's doors using the same keys they were given. Settlers are concerned about their safety. It is recommended that GRML addresses this issue as a matter of urgency.
10. The floor at one of the family houses in Ravua was cracking at several places. The company needs to respond to this defect immediately.

4.4. Water Supply

Resettlement houses are equipped with a 5000L rainwater tank and a 50L header tank. Water stored in the tanks is used for consumption in bathrooms, kitchen and laundry amenities. During the previous monitoring visit, settlers raised two concerns: (i) the adequacy of the storage capacity of the tanks and (ii) their lack of knowledge about the way the system works. During the July 2011 monitoring visit, these two issues were raised in meetings with the GRCLC representatives and by settlers of Bubulake (1) and Ravua. Frustration levels in the community are understandably high on this issue.

Currently, there are three water supply issues that require immediate action:

1. The adequacy of water supply – The Gold Ridge mining area has a tropical climate with average daytime temperatures of 28-32°C characterised by a year round seasonal

variation marked by wet and dry seasons.¹ During dry season, water supplied through the tanks is insufficient. To estimate the adequacy of water supplied by the company during dry season, an initial water monitoring survey was undertaken by the CR department. It is estimated that the tanks hold up to 3-5 days of water supply before they run out. The company's response has been to truck water in from Honiara. This is an impractical and unsustainable solution, and needs immediate attention.

2. Quality of water supplied – The quality of the water trucked in from Honiara has been a cause for concern to the relocatees. This concern was raised by settlers during community meetings. At Ravua it was claimed that the trucked water was causing dysentery in children. This issue needs to be addressed as a matter of urgency.
3. Tanks' instalment issues – In the previous monitoring report, the monitoring team noted that rain water from the roof was being plumbed into the inspection hole of the tanks (see Figure 4 below). At July 2011, this practice remained unchanged at Bubulake (1) and Sule. This method of installation exposes the water to dust and contamination. Examples of correct installation can be found at Ravua. The monitors also noted that water outlets are too big and result in waste, even if used carefully.

Figure 4: Incorrect Installation of Rain Water Tanks



Recommendations

11. Water supplied through the tanks has been inadequate during dry season. The company's response to truck in water from Honiara is impractical and unsustainable solution. The quality of the water has also been a health concern as diseases appeared on children in the area. There is a need for an immediate action such as increasing the capacity of water tanks or installing a centrally accessed water source (Outstanding *Recommendation No. 8*, February 2011).
12. There have been concerns about the functionality of the hand pump system. In short, the pump was too small for the water system. A replacement system was explored by

¹ TOLIA, D. H. & PETERSON, M. G. 2005. The Gold Ridge Mine, Guadalcanal, Solomon Islands' first gold mine: A case study in stakeholder consultation. *Special Publication, Geological Society of London*, 149-160, 250.

GRML, but this system is also inadequate – and for the same reasons. A larger hand pump system is needed (*Outstanding Recommendation No. 6*, February 2011).

13. Water supply issues at Sule and Bubulake (1) where water collected from the roof was being plumbed into the inspection holes of the rain water tanks. This installation defect needs to be remedied as soon as possible (*Outstanding Recommendation No. 7*, February 2011).
14. Settlers continue to face problems in using and managing the water tank system. Training needs to be provided for new settlers on operating and managing the new system (*Outstanding Recommendation No. 8*, February 2011).

5. LIVELIHOOD RESTORATION

Livelihood restoration continues to be a priority concern. Progress in this area has been slow and was de-prioritised by the company while it focused on physical relocation. For more than twelve months the company was without a Livelihoods Manager. In April 2011, GRML appointed a superintendent to oversee the implementation of the RAP. Currently, the CR team conducts an internal monitoring process involving daily inspections at the resettlement sites. This involves meeting with relocatees and identifying any issues experienced by settlers. In response to *recommendation 38* of the first monitoring report, the CR team has developed a survey instrument and has met with approximately 50 households at Bubulake and Ravua in order to determine vulnerability.

Progress was also recorded in the establishment of food gardens. In collaboration with the Provincial Department of Agriculture, GRML has provided two agricultural training sessions to settlers at Bubulake and Ravua - one in April 2011 the other in June 2011. The process of allocating garden plots at the resettlement sites has not been defined. In the *2009 RAP* it was proposed that Selection Committees would be established to formalise the allocation process. It is recommended that these Selection Committees be established with the support of the CR team.

Despite the aforementioned isolated actions, GRML has not developed a final livelihood restoration plan. The following sections present an update on the status of key livelihood areas. These areas include employment, food security, royalties, social development and the EDAP. It is important to note that relocated PAPs fully depend on GRML for their livelihoods ranging from wage employment, food rations, temporary allowance payments, and water supply.

5.1. Employment

One of the complex challenges faced by PAPs is the transition from alluvial gold mining to project facilitated employment. Village consultations undertaken at Bubulake (1) and Ravua indicate that expectations around employment with the company remain high among the settlers.

Under the 2006 *Subsidiary Agreement*, GRML has committed 80% of its total unskilled/semi-skilled employment to people from the Gold Ridge landowner community. At present, GRML employs 66% (450 persons) of its unskilled/semi-skilled workforce from the Gold Ridge landowner community (Figure 5). This is below the prescribed 80%; which can be attributed to the slowing down of employment in the construction phase of the project.

Figure 5: Composition of GRML unskilled/semi-skilled Employment by local community categories

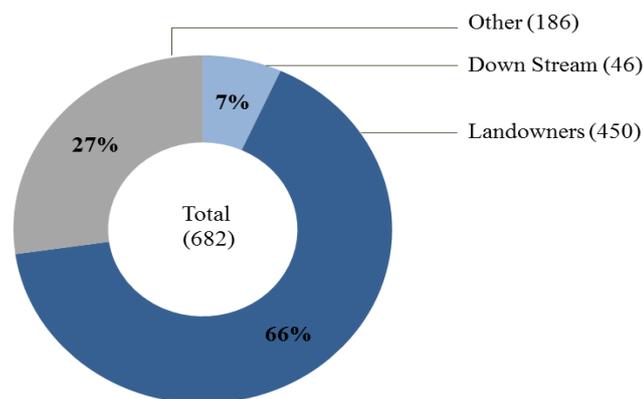
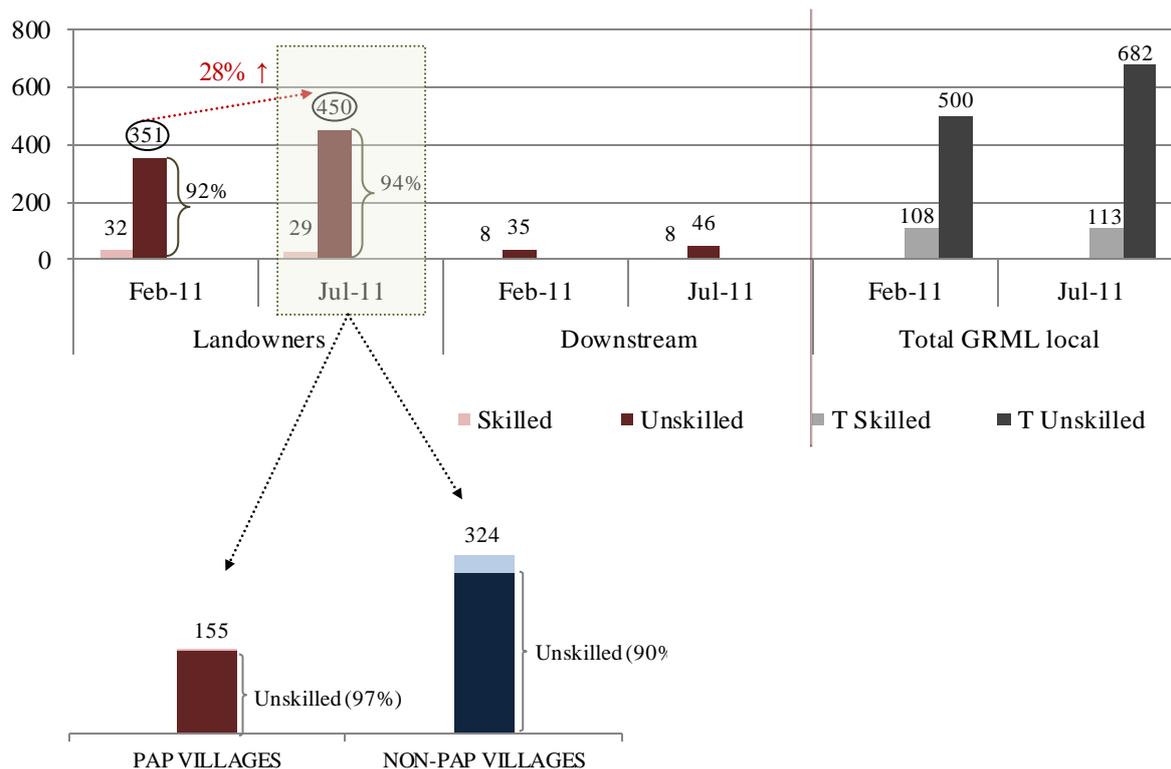


Figure 6 shows the distribution of employment by community categories and its progress between February and July 2011. Overall employment has grown in July 2011 as compared to February 2011, mainly driven by the rise in employment of the unskilled/semi-skilled workforce by GRML from both the landowner and downstream communities.

Figure 6: Distribution of Employment by community groups (February - July 2011)

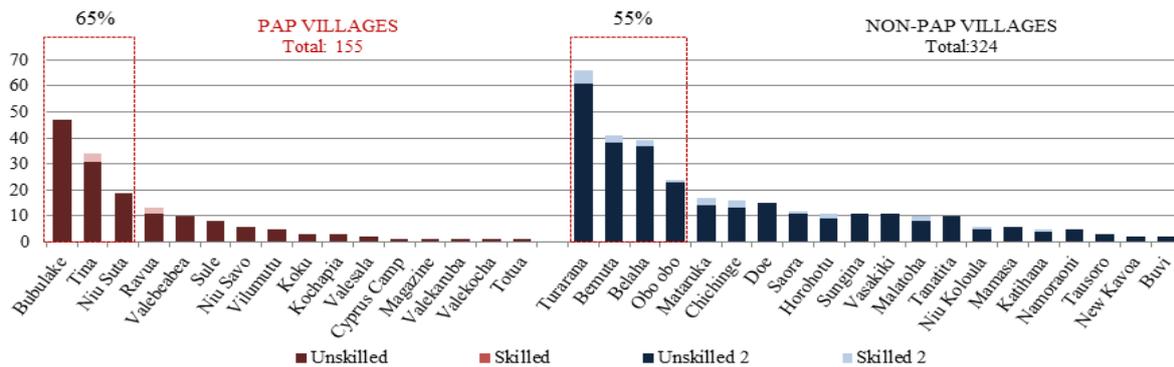


Over the February-July 2011 period, a 28% increase has been recorded in the employment of the unskilled/semi-skilled workforce at GRML from the Gold Ridge landowner community. However, this increase has been at slower pace as compared to the growth in the overall employment at GRML which also explains the below target employment of landowners in the unskilled/semi-skilled category.

The landowner community includes both PAPs and non-PAPs. As at July 2011, GRML employs 155 PAPs, 97% of which are in the unskilled category (see Figure 6 above). The adequacy of this employment level in relation to supporting livelihood of the 1895 PAPs population is questionable. The extent of the impact cannot be assessed due to a lack of PAPs workforce data and information about whether PAPs have taken up other livelihood strategies such as working outside GRML. The number of non-PAPs employed by the company is 324, 90% of which is in the unskilled category.

As stated in the February 2011 external monitoring report (see p20), the internal recruitment data indicates that the recruitment process had focused overwhelmingly on a small number of villages. During the July 2011 consultations at Bubulake and Ravua, villagers have commented on the uneven distribution of employment opportunities which has been experienced by settlers living at the resettlement sites. Currently 1 in 8 persons are employed from Sule (a ratio of 8:68), 1 in 5 from Ravua (13:65), and 1 in 10 from Bubulake (35:365). At present, there are no persons from the relocation sites who are employed in the skilled category. As shown in Figure 7 below, 65% of the total employment for PAPs is generated from only three villages.

Figure 7: Distribution of employment at GRML by villages



The company has made efforts to target employees from the resettlement communities by advertising vacancies at relocation sites. Given that PAPs are now relying on project facilitated benefits to sustain their households, it is important that employment is both evenly distributed across the relocated communities, and that settlers are given first priority for semi-skilled and unskilled work.

Recommendations

15. As per the 2009 RAP, Selection committees need to be established to allocate gardening plots within the community. Selection Committees (or Village Planning Committees) will also play an important function in terms of social development and livelihood planning (Outstanding Recommendation No. 1, February 2011).
16. GRML to make continued efforts at increasing the number of PAPs employed by the project in order to affect the livelihoods of the 1895 PAPs. Efforts also need to include monitoring the distribution of jobs across the villages and relocation sites. This is a requirement under the 2009 RAP and the 2006 Subsidiary Agreement (Outstanding Recommendation No. 12, February 2011).
17. GRML to undertake a skills audit at the household level in order to maximise the pool of local skills and qualifications for livelihood planning and employment with the company and other emerging initiatives (Outstanding Recommendation No. 13, February 2011).
18. The HR and CR team to work together in communicating the status and workings of the company’s recruitment policy. Relocates complained that they were receiving conflicting messages from HR and CR on the recruitment process. This needs to be resolved internally with a single clear message being provided to relocates (Outstanding Recommendation No. 14, February 2011).

5.2. Food Security

The food distribution system continues to be the primary vehicle for provisioning in the resettlement sites. As per the *2006 subsidiary agreement*, the company is to provide food support for up to six months from the date of relocation. Two issues remain outstanding.

The first relates to the delivery mechanism itself. During meeting with settlers, people indicated that there had been delays in the delivery of the food baskets. Settlers also complained that there were often inconsistencies in the quantity of food stuffs provided in the baskets. It was also claimed that on occasion items were said to be missing altogether.

The second relates to the readiness of the food gardens. GRML had provided gardening and agriculture assistance to the settlers at Bubulake and Ravua. Agricultural extension officers from the Provincial Department of Agriculture have delivered further two training sessions at Bubulake and Ravua, one in April 2011 and the other in June 2011.

Further progress was observed by the monitors in the clearing of lands for food gardens. While the gardens established by settlers at Ravua were considered to be progressing well, food gardens at Bubulake (1) performed poorly due to poor crop selection and a lack of planning. The external monitors found that the entire sweet potato was ruined due to weevil infestation.

Given the current status of the gardens the company will need to extend the food delivery mechanism for an additional six months. This is in line with the company's commitments under the *2006 Subsidiary Agreement* to continue the food delivery system until the villages are 'food secure'. Due to the difficulties associated with transitioning Artisanal and Small-scale Mining (ASM) to subsistence agriculture, and the lack of progress noted to date, GRML must increase its efforts and resources to ensure that gardens are established and viable as soon as possible. Given the size of the population still living in the Kuper's and Dawson's pit areas, pressures on food security are likely to increase exponentially once the Phase 2 relocation commences. Based on current practice and capacity, GRML is not well placed to manage this transition.

Recommendations

19. Food distribution system needs to be monitored closely to ensure a consistent and timely delivery of food to settlers (*Outstanding Recommendation No. 15, February 2011*).
20. Food gardens at Bubulake (1) have poorly performed and there is currently a concern that settlers will not be able to rely on food gardens by the time the food delivery

system expires. GRML to extend the food distribution system for a period of up to an additional four to six months.

21. To support villagers in their transition from panning to small-scale agriculture greater levels of training and support are required. While two sessions of agricultural extension training have been conducted so far, more organisation and planning is required. GRML will need to invest in developing a more comprehensive program of agricultural extension scheme for the new settler communities. It is recommended that GRML initiates a formal partnership with the Provincial Department of Agriculture in the development and implementation of support measures (*Outstanding Recommendation No. 17*, February 2011).
22. GRML to establish a strategy to ensure that the food distribution mechanism and food gardens are able to cope with the influx of relocatees from the Phase 2 areas (*Outstanding Recommendation No. 18*, February 2011).

5.3. Royalties

According to the *2009 RAP*, a royalty payment of 1.2% and 0.3% is to be made to Landowners and the Guadalcanal Provincial Government, respectively. It was initially estimate that SBD16,000,000 would be allocated to the 16 Landowner tribes annually. The first payment of royalties was scheduled for June 2011.

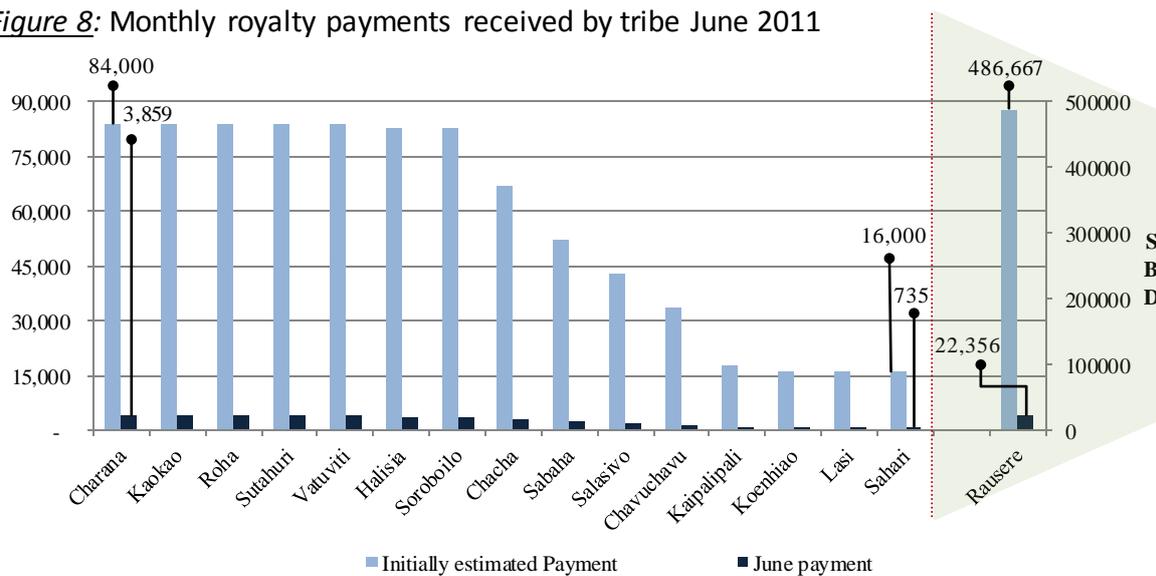
During the July 2011 monitoring visit, the monitors confirmed that GRML had issued the first landowner's royalty payment to the Central Bank. The payment was for the production month of April 2011. A total of \$77,802 SBD was disbursed, with 20% or \$16553.83 going to the Guadalcanal Provincial Government and \$66,215 going to Landowners. A withholding tax (7.5%) of the amount \$4,966 was held by the SIG. Hence, the net total payable to landowners is \$61,249.15, which was disbursed to the 16 tribal accounts before being distributed locally.

Based on the first royalty transfers in June 2011, two implications emerge:

Issue 1: The first issue relates to the percentage share and payments of royalties. Each of the 16 tribes is eligible to a different percentage share of royalties. For example, the Rausere tribe holds the largest share (36.5%) of total royalty payments, while the other 15 tribes share the remaining 63.5% of payments, with the Sahari tribe receiving the smallest percentage share of only 1.2%. In addition, the amount each tribe receives is affected by monthly production level and the price of gold. For instance, a transfer of SBD 61,249.15 was made to the landowners in June 2011 which is considerably lower than the initially estimated monthly transfers of SBD 1,333,333.

For the June 2011 transfer, the Rausere received a total of SBD 22,356 while the 15 tribes shared the remaining SBD 38,893.15, each receiving below SBD 3,900 (Figure 8). Based on the initially estimated payment, the Rausere tribe receives 36.5% (SBD 486,667) of monthly payment while 15 tribes share the remaining 63.5% (SBD 846,667), each receiving below SBD 90,000 monthly. At the tribal level, monthly payments can vary considerably. For example, the Sahari tribe received SBD 735 from the June transfer and SBD 16,000 from the initially estimated monthly transfer. At the same time, the Charana with a share of 6.3% received a payment of only SBD 3,859 from the June transfer while receiving a total of SBD 84,000 from the initially estimated monthly transfer.

Figure 8: Monthly royalty payments received by tribe June 2011



Issue 2: The second issue relates to the dilution of royalty payments at household level. The dilution effect depends on two factors: (1) the amount of money the tribes receive monthly; and (2) the number of households in a tribe who are eligible for a share of the monthly payment. Under the royalty agreement, eight of the eligible tribes take 20% of the total royalty transfer. These eight tribes collectively receive SBD 12,005 from the June 2011 transfers and SBD 261,333 from the initially estimated monthly transfers. When distributed at tribal level, dilution depends on each tribe’s internal mechanism for distribution and the number of households and PAPs registered in a tribe. The full extent of the dilution effect cannot be determined due to the absence of a complete tribal census data and a lack of information about how each tribe intends to share benefits among its members.

As proposed in the 2009 RAP, GRML, the Provincial Government and landowners have agreed on the formation of tribal accounts with five trustees for each tribal account. The final structure involves each tribe having a “Savings/investment” account and an “operational/expenditure” account. As at July 2011, three tribal accounts have not been finalised. Across the tribes that have finalised their accounts, women make up between 20-

60% of the trustees. Finalising of the accounts is regarded as a priority matter as all accounts must be in place before the first royalty payment can be disbursed to the tribes.

Recommendations

23. The account structures and trustees need to be finalised as soon as possible (Outstanding *Recommendation No 19*, February 2011).
24. To counter the effect of dilution of royalty payments at household level, GRML needs to monitor the distribution of payments through to household level. GRML also to support the affected households through such mechanisms as setting up community organisations and businesses, building capacity to increase PAPs employability, and creating community networks and partnerships with NGOs and local businesses.
25. An ongoing community awareness campaign is required to inform villages about royalty amounts, royalty disbursement, and other related information.
26. Financial literacy training is required for all tribal groups to ensure good governance and management of funds (Outstanding *Recommendation No 20*, February 2011).

5.4. Social Development

As specified in the previous monitoring report, GRML has committed to spend SBD10,000,000 over a period of five years for social infrastructure projects as per *the 2006 Subsidiary Agreement*. During the July 2011 monitoring visit, the monitoring team observed progress across a number of social development programs. This included the completion of a women's market at Bubulake. The market was officially opened on 6th July 2011 with approximately 600 local people in attendance.

The building of a nurse's clinic and a police station at Bubulake was also close to completion. Despite the buildings being near finished, a meeting with the Provincial Health Department indicated that the department was not up-to date with recent developments and that further engagement was required if partnerships with the department were to be effective. Further engagement is also required for rolling out health promotion campaigns in the following areas:

- alcohol and drug abuse,
- nutrition,
- sexually transmitted infections,
- skin disease,
- malaria, and
- dysentery

One departmental representative claimed to have been denied access to the Gold Ridge area by GRML security. The monitoring team were unable to verify this claim; however it is

important that GRML becomes more proactive in establishing health initiatives with the local department in these key areas.

GRML provides scholarships to the Gold Ridge Landowners. To-date 37 scholarships have been allocated including one overseas environmental sciences student at the University of South Pacific (USP), four in the field of theology, 12 in-country tertiary and 20 senior secondary. The downstream communities currently receive seven in-country scholarships. Monitoring of student progress involves students providing evidence of academic performance to the company twice per year.

Recommendations

27. GRML to work collaboratively with the Provincial Department of Health to identify strategies for minimising health risks in the relocation sites (STIs, Nutrition, Drug and Alcohol, Malaria, Skin Diseases and Dysentery).

5.5. Economic Development Action Plan (EDAP)

In April 2011, GRML appointed a Social and Economic Development Superintendent to coordinate the implementation of the EDAP plan. Progress was recorded in the forming of partnerships with key stakeholders who will assist in the planning and co-development of initiatives. These partnerships involved the Women's Task Force (WTF), World Bank, and Small Business Centres. While the plan is much improved, GRML needs to develop an internal monitoring framework to track the progress of livelihood initiatives. It is critical that GRML has a complete and workable plan to enable the implementation of livelihood programs following relocation. Once finalised the document needs to be reviewed by the IFC and published alongside the Resettlement Action Plan. This is a priority area for project compliance.

Recommendations

28. The EDAP has not been finalised. GRML to finalise a workable livelihood restoration plan which has to be reviewed and signed off by the IFC. This version is then to be publicly released and guide the implementation of livelihood programs following relocation (*Outstanding Recommendation No 27, February 2011*).
29. GRML to establish an internal monitoring system to accompany the revised EDAP (*Outstanding Recommendation No 27, February 2011*).

6. CONSULTATION AND GRIEVANCE MECHANISM

6.1 Disputes and Overall Issues

6.1.1. Employment

Employment featured as one of the most pressing issues during community meetings in the resettlement sites. Given that relocatees were previously earning regular cash incomes through alluvial panning, there is an expectation by settlers that this will be replaced by employment with GRML. While GRML is moving progressively towards its agreed 80% target, there is still a lack of information in the community about what employment and training opportunities exist, and what the recruitment process involves. This information needs to be provided to both the current settlers at Ravua and Bubulake and the villagers living in the Phase 2 areas.

Recommendation

30. GRML to conduct ongoing community consultations and workshops with PAPs and relocatees. Workshops need to cover new vacancies, training opportunities and the recruitment process (*Outstanding Recommendation No 30*, February 2011).

6.1.2. Community Awareness of Relocation

Relocation of PAPs in the Phase 2 areas has been delayed by several factors. These include the vacant relocation manager's position and significant delays in the construction of roads and housing stock to facilitate the relocation process. At the time of July 2011 monitoring visit, GRML was unable to provide a schedule for the relocation of PAPs in the Phase 2 areas.

Villagers are aware that they will be required to move from their current locations. However, given the cause and extent of the delays, PAPs do not have a clear understanding of when they will be required to move to the relocation sites. During the previous monitoring visit, PAPs expected that their cash incomes would be restored either through direct employment with GRML or through livelihood projects supported by the company. More engagement is required with PAPs in the Phase 2 areas to ensure that they have regular project and relocation schedule updates. The large number of relocatees in this area will also mean that GRML will need to have a more concrete plan in place to ensure a successful transition for PAPs at the relocation sites. The plan will need to include a thorough assessment of skills, training opportunities, and recruitment with GRML in accordance with the EDAP. The disjuncture between physical relocation and livelihood restoration that occurred for the Phase 1 communities cannot be replicated for the Phase 2 area.

Recommendation

31. Despite being aware of their relocation, PAPs in the Phase 2 areas have been deprived of information in relation to the relocation schedule and transitional support and livelihood provision during and after relocation. To avoid disjuncture between physical relocation and livelihood restoration that occurred for the Phase 1 communities, GRML to carry out an extensive programme of engagement for villages in the Phase 2 area (Outstanding Recommendation No 31, February 2011).

6.1.3. Cyanide Spill Incident

On 27 May 2011, an incident occurred after a pipe at one of the choke stations broke resulting in a quantity of slurry being leaked into the Kuara Stream which flows into the Metapono River. Two small communities, Horokiki and Ngalikare, live along the Kuara Stream. The KTDA Chairman held community awareness meetings with Horokiki and Ngalikare immediately following the spill. The Chairman notified community leaders living in the downstream villages about the incident, with meetings held in each village.

Following the spill, a meeting was held at Bubulake with GRML management, community representatives, KTDA and MDA representatives, and independent consultants from Pacific Horizon private environmental group. The meeting was called by GRML's General Manager who took them to the site where the spill occurred. The General Manager also notified the government about the incident. This event has had an effect on the confidence of the downstream communities regarding the ability of the company to manage environmental risks.

Recommendation:

32. GRML to develop a notification protocol for critical incidents. A mechanism needs to be in place for providing timely and accurate information to downstream communities. GRML to de-brief the incident with representatives of the downstream communities and to ensure that results of water and sediment testing are available to local stakeholders.

6.1.4. Grievance Mechanism

Grievances continue to be received at three physical points within the company; (i) Community Relations Department (ii) Security and (iii) Plant Site via a correspondence register. Grievances are also collected during community consultations and meetings held by the CR Team.

Overall there is a significant improvement in the application of the grievance mechanism. At the previous monitoring visit, the grievance mechanism was not fully implemented with the majority of complaints not being cited by the CR Manager, and without sign off. At the July 2011 visit, the company has rectified the issue. In all but three instances complaints had been signed off by the complainant. In one instance, the issue was still under investigation by the CR Department, and in the remaining two cases the response was considered adequate despite the absence of the complainant's signature.

Since the implementation of the vulnerability tracker the number of complaints logged at Bubulake has decreased significantly. Complaints have instead been recorded in the vulnerability tracker. An important next step for the CR Department is to integrate the two systems.

At the previous monitoring visit, it was recorded that the CSR Manager had overseen the development of a correspondence register in order to track letters in and out, and actions taken. The database records and tracks issues raised in letters received and assigns relevant personnel to respond to queries and concerns. This system is not available at Bubulake where the CR Department is located.

Recommendation:

33. Since the roll out of the vulnerability tracker, complaints and grievances have been raised during household interviews. It is recommended that CR personnel carry grievance forms and record complaints at places where they hold consultations.
34. It is critical that the grievance handling process is fully operational and fully understood within the CR Department. Outstanding items are to be progressed to sign-out.
35. The CR department, the security and plant site to work collaboratively and integrate grievance mechanism; and the CR department to adopt data recording system introduced at the plant site.

7. PROJECT'S INTERNAL MONITORING SYSTEM

7.1. Internal Monitoring System

Internal monitoring system is stated in the 2009 RAP as a key compliance item which is used to inform external monitoring process. The system is still under-developed and reporting mechanisms for internal monitoring have not been implemented by site. This is regarded as

an area of non-compliance and is outstanding from the previous monitoring report. The key areas to be considered are:

- Grievance mechanisms and complaints
- Relocation Schedules
- Community Engagement and Consultation (relocation and resettlement related)
- Construction Schedules (physical relocation related)
- Livelihood Restoration and Economic Development
- Social Impacts

Recommendations

36. Information pertaining to the progress of the RAP implementation has not been centralised into a single reporting format as per the RAP provision. This, in itself, is not regarded as a compliance issue; however the project must be able to articulate progress against specific items in the RAP in the key items listed in 7.1 of this report. This remains outstanding from the previous monitoring report (*Outstanding Recommendation No. 36*, February 2011).
37. Social impact monitoring system has to be implemented as a matter of urgency. Current data on health, crime, literacy, and household income and expenditure has to be collected and reported both prior and after physical relocation. Since relocation of PAPs from the Phase 2 areas has not commenced, having solid household data prior to relocation will be vital for livelihood restoration planning and impact mitigation (*Outstanding Recommendation No. 37*, February 2011).

7.2. Vulnerable Household Tracking System (VHTS)

As a 2009 RAP item, GRML was required to establish a Tracking System for Vulnerable Households. This mechanism has been developed with approximately 50 households from the relocation communities being surveyed by the CR team using this instrument. The surveys have identified significant community level concerns that need to be followed up by the community relations team.

Recommendation

38. There has been progress in the development of the Vulnerable Household Tracking System since the previous monitoring visit. However, additional work is required in linking the VHTS to the EDAP and the grievance mechanism.

8. SUMMARY TABLE OF ISSUES

8.1. Summary of Recommendations

Key recommendations arising from the July 2011 review of the Gold Ridge Mining Project in The Solomon Islands are presented in the table below. Recommendations are prioritised as follows:

| | |
|---------------|--|
| High | Actions that are critical to ensure compliance with commitments contained in the RAP, EDAP or ESAP. |
| 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 are less time critical |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|---|---|--|---------------|-----------------|
| PHYSICAL RELOCATION AND RESETTLEMENT | | | | |
| Relocation Management | Relocation Manager | 1. A suitably qualified relocation manager to be recruited as a matter of urgency. | ASAP | HIGH |
| Physical Relocation | Village Consultations in the Phase 2 area | 2. In the previous monitoring report, it was recommended that village awareness consultations in the Phase 2 areas start early enough to provide villagers with adequate information prior to relocation commencing. Given the delays in the overall construction of houses at resettlement sites and in particular at Koku, this recommendation still applies and engagement of the Phase 2 villages is required as soon as possible (<i>Outstanding Recommendation No. 11</i> , February 2011). | (Outstanding) | HIGH |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|----------------------------------|--|---|---------------|-----------------|
| Physical Relocation | Totua Relocation | 3. The land at Totua has been identified for the installation of a noise plant and communities are being prepared to be relocated. GRML to thoroughly investigate the land ownership issue and ensure that villagers are properly informed and consulted prior to relocation. | ASAP | MEDIUM |
| Land Ownership | Transfer of Land Title | 4. The tenure status of relocatees is still not well understood by settlers. Relocatees have concerns about their security of tenure at the relocation sites. Consultation needs to occur to ensure that relocatees understand their use and ownership rights at the relocation sites (<i>Outstanding Recommendation No. 2, February 2011</i>). | (Outstanding) | HIGH |
| Construction Schedule | Progress of construction | 5. The delay at Koku presents significant risks to the project. At a minimum GRML must provide regular project and scheduling updates to communities in the Phase 2 area to reduce their sense of uncertainty. | November 2011 | MEDIUM |
| Housing, and Relocation Planning | Household Expansion within the Resettlement Location Area. | 6. Further consultation is required with the community on the issue of household expansion (<i>Outstanding Recommendation No. 3, February 2011</i>). | (Outstanding) | LOW |
| Housing, and Relocation Planning | House Design – Safety Rail | 7. The absence of the inside rail on the family house is a serious safety issue. It is strongly recommended that the rail be fixed as soon as possible (<i>Outstanding Recommendation No. 4, February 2011</i>). | (Outstanding) | MEDIUM |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|----------------------------------|---------------------------------|--|---------------|-----------------|
| Housing, and Relocation Planning | House Design – Windows | 8. A safety and health concern around the glass louvers was raised during consultations that on at least one occasion louvers have been stolen from houses. It is recommended that all windows be fitted with a firm insect mesh, and that measures be taken by GMRL to ensure that safety concerns are addressed (Outstanding <i>Recommendation No. 5</i> , February 2011). | (Outstanding) | MEDIUM |
| Housing, and Relocation Planning | House Design – Door Locks | 9. At Bubulake (1) settlers claimed that door locks were not individually customised. This means that neighbours could open one another's doors using the same keys they were given. Settlers are concerned about their safety. It is recommended that GRML addresses this issue as a matter of urgency. | November 2011 | HIGH |
| Housing, and Relocation Planning | House Design – floors and eaves | 10. The floor at one of the family houses in Ravua was cracking at several places. The company needs to respond to this defect immediately. | November 2011 | HIGH |
| Water Supply | Water tank capacity | 11. Water supplied through the tanks has been inadequate during dry season. The company's response to truck in water from Honiara is impractical and unsustainable solution. The quality of the water has also been a health concern as diseases appeared on children in the area. There is a need for an immediate action such as increasing the capacity of water tanks or installing a centrally accessed water source (Outstanding <i>Recommendation No. 8</i> , February 2011). | (Outstanding) | HIGH |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|-------------------------------|--|---|---------------|-----------------|
| Water Supply | Hand Pump/Crank System | 12. There have been concerns about the functionality of the hand pump system. In short, the pump was too small for the water system. A replacement system was explored by GRML, but this system is also inadequate – and for the same reasons. A larger hand pump system is needed (Outstanding <i>Recommendation No. 6</i> , February 2011). | (Outstanding) | MEDIUM |
| Water Supply | Plumbing | 13. Water supply issues at Sule and Bubulake (1) where water collected from the roof was being plumbed into the inspection holes of the rain water tanks. This installation defect needs to be remedied as soon as possible (Outstanding <i>Recommendation No. 7</i> , February 2011). | (Outstanding) | MEDIUM |
| Water Supply | Community Education | 14. Settlers continue to face problems in using and managing the water tank system. Training needs to be provided for new settlers on operating and managing the new system (Outstanding <i>Recommendation No. 8</i> , February 2011). | (Outstanding) | HIGH |
| LIVELIHOOD RESTORATION | | | | |
| Selection committees | Gardening plots and other community issues | 15. As per the 2009 RAP, Selection committees need to be established to allocate gardening plots within the community. Selection Committees (or Village Planning Committees) will also play an important function in terms of social development and livelihood planning (Outstanding <i>Recommendation No. 1</i> , February 2011). | (Outstanding) | MEDIUM |

| Issue area | Description of Issue | Recommendations | Due | Priority |
|-------------------|---|---|---------------|-----------------|
| Employment | Distribution of Employment | 16. GRML to make continued efforts at increasing the number of PAPs employed by the project in order to affect the livelihoods of the 1895 PAPs. Efforts also need to include monitoring the distribution of jobs across the villages and relocation sites. This is a requirement under the <i>2009 RAP</i> and the <i>2006 Subsidiary Agreement (Outstanding Recommendation No. 12, February 2011)</i> . | (Outstanding) | MEDIUM |
| Employment | Internal Monitoring | 17. GRML to undertake a skills audit at the household level in order to maximise the pool of local skills and qualifications for livelihood planning and employment with the company and other emerging initiatives (<i>Outstanding Recommendation No. 13, February 2011</i>). | (Outstanding) | MEDIUM |
| Employment | Recruitment Strategy | 18. The HR and CR team to work together in communicating the status and workings of the company's recruitment policy. Relocatees complained that they were receiving conflicting messages from HR and CR on the recruitment process. This needs to be resolved internally with a single clear message being provided to relocatees (<i>Outstanding Recommendation No. 14, February 2011</i>). | (Outstanding) | MEDIUM |
| Food Security | Food Distribution Mechanism | 19. Food distribution system needs to be monitored closely to ensure a consistent and timely delivery of food to settlers (<i>Outstanding Recommendation No. 15, February 2011</i>). | (Outstanding) | HIGH |
| Food Security | Food Gardens at the Relocation sites/Extension of the Food Distribution Mechanism | 20. Food gardens at Bubulake (1) have poorly performed and there is currently a concern that settlers will not be able to rely on food gardens by the time the food delivery system expires. GRML to extend the food distribution system for a period of up to an additional four to six months. | March 2012 | MEDIUM |

| Issue area | Description of Issue | Recommendations | Due | Priority |
|-------------------|---|--|---------------|-----------------|
| Food Security | Agricultural Extension Training and Support | 21. To support villagers in their transition from panning to small-scale agriculture greater levels of training and support are required. While two sessions of agricultural extension training have been conducted so far, more organisation and planning is required. GRML will need to invest in developing a more comprehensive program of agricultural extension scheme for the new settler communities. It is recommended that GRML initiates a formal partnership with the Provincial Department of Agriculture in the development and implementation of support measures (Outstanding <i>Recommendation No. 17</i> , February 2011). | (Outstanding) | HIGH |
| Food Security | Alignment of the Relocation Schedule and the Food Distribution System | 22. GRML to establish a strategy to ensure that the food distribution mechanism and food gardens are able to cope with the influx of relocatees from the Phase 2 areas (Outstanding <i>Recommendation No. 18</i> , February 2011). | (Outstanding) | MEDIUM |
| Royalties | Account structure for receiving royalty payments | 23. The account structures and trustees need to be finalised as soon as possible (Outstanding <i>Recommendation No 19</i> , February 2011). | (Outstanding) | HIGH |
| Royalties | Dilution effect | 24. To counter the effect of dilution of royalty payments at household level, GRML needs to monitor the distribution of payments through to household level. GRML also to support the affected households through such mechanisms as setting up community organisations and businesses, building capacity to increase PAPs employability, and creating community networks and partnerships with NGOs and local businesses. | ASAP | MEDIUM |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|---|-----------------------------|---|---------------|-----------------|
| Royalties | Community awareness | 25. An ongoing community awareness campaign is required to inform villages of royalty amounts, royalty disbursement, and other related information. | (Outstanding) | MEDIUM |
| Royalties | Financial Literacy Training | 26. Financial literacy training is required for all tribal groups to ensure good governance and management of funds (Outstanding <i>Recommendation No 20</i> , February 2011). | (Outstanding) | MEDIUM |
| Social Development | Heath | 27. GRML to work collaboratively with the Provincial Department of Health to identify strategies for minimising health risks in the relocation sites (STIs, Nutrition, Drug and Alcohol, Malaria, Skin Diseases and Dysentery). | December 2011 | MEDIUM |
| EDAP | Economic Development Plan | 28. The EDAP has not been finalised. GRML to finalise a workable livelihood restoration plan which has to be reviewed and signed off by the IFC. This version is then to be publicly released and guide the implementation of livelihood programs following relocation (Outstanding <i>Recommendation No 27</i> , February 2011). | (Outstanding) | HIGH |
| EDAP | Internal Monitoring | 29. GRML to establish an internal monitoring system to accompany the revised EDAP (Outstanding <i>Recommendation No 27</i> , February 2011). | (Outstanding) | HIGH |
| CONSULTATION AND GRIEVANCE MECHANISM | | | | |
| Disputes and Overall Issues | Employment | 30. GRML to conduct ongoing community consultations and workshops with PAPs and relocatees. Workshops need to cover new vacancies, training opportunities and the recruitment process (Outstanding <i>Recommendation No 30</i> , February 2011). | (Outstanding) | MEDIUM |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|-----------------------------|-------------------------------|--|---------------|-----------------|
| Disputes and Overall Issues | Community Awareness | 31. Despite being aware of their relocation, PAPs in the Phase 2 areas have been deprived of information in relation to the relocation schedule and transitional support and livelihood provision during and after relocation. To avoid disjuncture between physical relocation and livelihood restoration that occurred for the Phase 1 communities, GRML to carry out an extensive programme of engagement for villages in the Phase 2 area (Outstanding Recommendation No 31, February 2011). | (Outstanding) | MEDIUM |
| Cyanide Spill | Notification protocol | 32. GRML to develop a notification protocol for critical incidents. A mechanism needs to be in place for providing timely and accurate information to downstream communities. GRML to de-brief the incident with representatives of the downstream communities and to ensure that results of water and sediment testing are available to local stakeholders. | ASAP | HIGH |
| Grievance Mechanism | Complaints Handling Procedure | 33. Since the roll out of the vulnerability tracker, complaints and grievances have been raised during household interviews. It is recommended that CR personnel carry grievance forms and record complaints at places where they hold consultations. | December 2011 | MEDIUM |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|---|-----------------------------|---|---------------|-----------------|
| Grievance Mechanism | Sign-off process | 34. It is critical that the grievance handling process is fully operational and fully understood within the CR Department. Outstanding items are to be progressed to sign-out. | November 2011 | HIGH |
| Grievance Mechanism | Integration of system | 35. The CR department, the security and plant site to work collaboratively and integrate grievance mechanism; and the CR department to adopt data recording system introduced at the plant site. | November 2011 | HIGH |
| PROJECT'S INTERNAL MONITORING SYSTEM | | | | |
| Internal Monitoring System | Resettlement Monitoring | 36. Information pertaining to the progress of the RAP implementation has not been centralised into a single reporting format as per the RAP provision. This, in itself, is not regarded as a compliance issue; however the project must be able to articulate progress against specific items in the RAP in the key items listed in 7.1 of this report. This remains outstanding from the previous monitoring report (<i>Outstanding Recommendation No. 36, February 2011</i>). | (Outstanding) | HIGH |

| <i>Issue area</i> | <i>Description of Issue</i> | <i>Recommendations</i> | <i>Due</i> | <i>Priority</i> |
|--------------------------------------|---------------------------------|---|---------------|-----------------|
| Internal Monitoring System | Social Impact Monitoring System | 37. Social impact monitoring system has to be implemented as a matter of urgency. Current data on health, crime, literacy, and household income and expenditure has to be collected and reported both prior and after physical relocation. Since relocation of PAPs from the Phase 2 areas has not commenced, having solid household data prior to relocation will be vital for livelihood restoration planning and impact mitigation (Outstanding <i>Recommendation No. 37</i> , February 2011). | (Outstanding) | HIGH |
| Vulnerable Household Tracking System | Linking VHTS to the EDAP | 38. There has been progress in the development of the Vulnerable Household Tracking System since the previous monitoring visit. However, additional work is required in linking the VHTS to the EDAP and the grievance mechanism. | December 2011 | HIGH |

Appendix 1: Independent Monitor Activity Log

| Date | Rep | Organisation | Position Title | Location |
|------------|--|--|---|---------------------|
| 5/07/2011 | Transit | | | |
| 6/07/2011 | Stephen Gimpel | GRML | CSR Manager | GRML/Plant Site |
| | George Kuper | | CR Manager | |
| | Attended the opening Ceremony of the Bubulake Women's Market | | | |
| 7/07/2011 | Mary Fay Maeni | GRML | CR Team Leader | Bubulake |
| | Hellen | | | |
| | Ruth Liloqula | | Social and Economic Superintendent | |
| | Ellen Davis-Meehan | | Social and Economic Research Consultant | |
| 8/07/2011 | Ken Ferris | GRML | Resettlement Consultant | GRML/Plant Site |
| | Marcos Vaena | IFC | Country Coordinator, SI | Honiara |
| | Gabriel Vagi | Provincial Department of Health and Medical Services | Director of Nursing, GP | |
| | Michael Faka | | EPI Coordinator, GP | |
| | Francis Otto | | Malaria Manager, GP | |
| | Dericke Sakuri | | Dental Therapist, GP | |
| | Methoda Ifiumae | | Environmental Health Officer, GP | |
| | Stella Kokopu | | NCD/Eye Care Coordinator, GP | |
| | Cliff Pada | | Health Promotion | |
| | Adrian Manikera | | Nurse Manager, GP | |
| | Dr. Stephen Taniharera | | Dental Offices, GP | |
| | Charles Tani | | GRCLC | |
| | Stephen Rini | Members | | |
| | Titus Soba | | | |
| | Chief Casey | | | |
| | Dick Douglas | | | |
| | Sam Maneka | KTDA/MDA | Chairman | Bubulake |
| 9/07/2011 | Resettlement Sites Visit and Community Meeting | | | Bubulake (1), Ravua |
| | Resettlement Sites Visit | | | Sule |
| 10/07/2011 | Justin Bisia | GRML | Senior Human Resource Officer | GRML/Plant Site |
| | Owen Kelly | | Security Manager | |
| 11/07/2011 | CSRSM and GRML Close out | | | |
| | Transit | | | |