

MONTSERRADO
THIRD PARTY FOREST MANAGEMENT AGREEMENT

THIS THIRD PARTY FOREST MANAGEMENT AGREEMENT, made and entered into this 20th day of January A. D., 2019 by and between **THE PUTU COMMUNITY FOREST MANAGEMENT BODY**, representing **PUTU COMMUNITY FOREST** located in Putu Administrative District, Grand Gedeh County, hereinafter known and referred to as the "Community", and **AFRICAN WOOD & LUMBER COMPANY**., a Corporation organized and existing under the Laws of the Republic of Liberia, represented by its CEO, Caesar Colombo, hereinafter known and referred to as "African Wood & Lumber Company", hereby:

WITNESSETH

WHEREAS, the people of Putu Community are the owners of the Putu Community Forest in PUTU Administrative District, Grand Gedeh County; and

WHEREAS, the people of Putu Community Forest have entered into an agreement with the Government of Liberia, by and through the Forestry Development Authority for the sustainable management and use of its forest resources in line with the Forestry Laws of Liberia; and

WHEREAS, the people of Putu Community Forest have expressed their readiness to offer their forest for Commercial purposes in line with the requirements of the Community Rights Laws with Respect to Forest Lands, the Community Rights Law Regulations, the National Forestry Reform Law of 2009 and its attending regulations; and

WHEREAS, African Wood & Lumber Company is a duly registered and qualified Company with a Pre-Qualification Certificate to engage directly or indirectly in logging in the Republic of Liberia; and

WHEREAS, African Wood & Lumber Company has represented to the people of Putu Community Forest through the Putu Community Forest Management Body that it is disposed to manage their Community Forest for commercial purpose to further the development of the people of Putu Community Forest; and

WHEREAS, Putu Community Forest Management Body has consented and determined it to be in the best interest of the people of Putu Community Forest for African Wood & Lumber Company to commercially manage their forest under this Third Party Community Forest Management Agreement.

NOWHEREFORE, for and in consideration of the premises, mutual promises, covenants and agreements herein contained, the Parties hereby agree as follows:

1. COMMUNITY FOREST AREA

The Community Forest Management area for the purpose of this Agreement is situated in Putu Administrative District Grand Gedeh County, Republic of Liberia and covers a total area of **21,337 hectares / 60,909 acres** as detailed in the attached Annex A.

2. DURATION OF AGREEMENT

This Third Party Forest Management Agreement shall be in full force and effect for a period of seven (7) years which shall commence immediately upon the signing of this Agreement between the Putu Community Forest Management Body (PCFMB) and African Wood & Lumber Company (AWLC)

It is agreed by the parties that upon the termination of this agreement after the seven years, the Community shall have the right to make any further determination as to the use of their forest. It is mutually understood that this Third Party Agreement and its implementation shall be subject to

3. FISCAL CONSIDERATION

The Parties hereto have made the following fiscal considerations for this Third Party Forest Management Agreement:

- 3.1 **AWLC** shall pay the amount of US\$ 1.50 (United States Dollars One 50/100) per hectare annually for land rental fee in accordance with the National Forestry Reform Law. This fee shall be paid directly to the Forestry Development Authority (or its designated agent). The FDA in accordance with the Community Rights Law with Respect to Forests Land shall remit fifty five percent (55%) of the collected Land Rental to the PCFMB in a timely manner. African Wood & Lumber Company shall inform PCFMB of its payment of the Land rental at the time of each payment.
- 3.2 **AWLC** agrees to pay the amount of US\$ 1.50 (United States Dollars One 50/100) as cubic meter fee and additional USD 1.00 (One United States Dollar) social development fund to be managed by the community for infrastructure development within the affected communities. This amount totals 2.50 (Two Dollars fifty cents) representing cubic meters fees and social development fees. This check will be deposited in the CFMB community account.
- 3.3 **AWLC** shall furnish the PCFMB with copies of Log Data Form (LDF), which shall serve as the official source to determine actual volume felled. Payment of all royalties or fees due the Community (excluding land rental) shall be deposited directly into the Community's bank account. The Community shall furnish **AWLC** with its bank's account number and other banking information required for such deposit(s).

4. REQUIREMENTS BEFORE COMMERCIAL FELLING

It is mutually understood and agreed by **AWLC** and **PCFMB** that no commercial felling shall commence until the completion of all pre-felling requirements established by the FDA. .

5. SOCIAL AGREEMENT

The people of Putu Community Forest, having identified their representative body, firstly the Putu Community Forest Management Body (**PCFMB**) to represent them in accordance with the Community Rights Law with Respect to Forest Land and its regulations, shall ensure no other person outside of the **PCFMB** shall in anyway represent himself/herself/themselves as the authorized representatives of the people of PUTU Community Forest in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by **AWLC** and **PCFMB** that:

1. **PCFMB** has the power to negotiate on all affected community's behalf.
2. **PCFMB** shall provide a list of its members and be responsible to inform **AWLC** of any change to its membership immediately.
3. **PCFMB** and **AWL** hereby agree and stipulate that the social commitment to the people of PUTU Community Forest shall follow the guidelines as prescribed by the Forestry Development Authority.
4. **PCFMB** agrees to inform **AWL** of all relevant traditional practices and regulations to ensure compliance.
5. **PCFMB** agrees to educate the entire community that once any road and bridge is constructed, it becomes the responsibility of the Community and AFRICAN WOOD & LUMBER COMPANY to maintain them. The Community's responsibility of road

6. **PCFMB** agrees to educate the entire community that once any road and bridge is constructed, it becomes the responsibility of the Community and **AFRICAN WOOD & LUMBER COMPANY** to maintain them. The Community's responsibility of road maintenance shall be limited to road side brushing.
7. **PCFMB** agrees that it shall operate completely within the guidelines and regulations prescribed by Forestry Development Authority.
8. **PCFMB** agrees that the Community shall be educated to avoid the expansion of subsistence agriculture activities within the commercial area and that whenever necessary assist any existing agricultural activity to relocate.
9. **PCFMB** agrees to educate the community to discourage unnecessary fire disposal and encourage fire safety practices especially in contract area.
 - a. The Putu Community Forest Management Body (**PCFMB**) must consist of at least five members who are residents of the community or communities they represent.
 - b. All members of the Putu Community Forest Management body must be freely and fairly elected by residents of the community or communities represented by the (**PCFMB**).
 - c. Prior to disbursement of funds, the Putu CFMB must be incorporated under the laws of the Republic of Liberia and should have a bank account at a recognized bank in Liberia.
 - d. The Putu Community Forest Management Body (Putu CFMB) must provide a means for all residents that it represent, including women youths and elders to have their views heard and considered.
 - e. The Putu Community Forest Management body shall receive 10% of the annual revenue to the communities (areas and production base fees) as compensation and shall be distributed base on positions accordingly.
10. **AWLC** agrees to design its logging operations to minimize effects on traditional practices such as taboo day, sacred sites, and the range of taboo animals/plants, medicinal plants sites, hunting grounds, to the extent that they will respect the traditional practices, laws and regulations of the people of Putu Community Forest.
11. **AWLC** agrees that its timber operations shall be timed to minimize disruption to subsistence agricultural activities. In the case where existing cash crops are damaged during the company's operation, negotiation shall be directly between the cash crop Owner and the company with the Ministry of Agriculture leading the negotiation for settlement.
12. **AWLC** agrees that its timber operations shall respect the existing cash crops within the Community Forest Management Area.
13. **AWLC** agrees to participate substantially in community development programs, such as human resource development, construction of clinics, etc....
14. **AWLC** agrees to assist the Community or member/members thereof with transportation during emergency situation and major development activities. **African Wood & Lumber Company** and **PCFMB** agree that the community can request transportation in the event of emergency.
15. **AWLC** agrees to build company camps near existing towns or dependent areas, to the extent feasible.
16. **AWLC** agrees not to harvest palm trees for processing, bridge construction and/or export.
17. **AWLC** agrees to build and maintain roads in the affected Community which are not

18. **AWLC** agrees that the Community shall use, free of charge, any roads constructed and/or maintained by AWL provided, however, that such use shall not unduly prejudice or interfere with either party.
19. **AWLC** agrees to have PCFMB representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the PCFMB.
20. **AWLC** agrees to provide first preference for employment for skilled and unskilled labor to the dependent communities in the boundaries of the commercial logging area. Moreover, said preference will include some managerial positions such PRO etc based on competence. All of such preferential employment shall be made consistent with Liberia's Labor Law.
21. **AWLC** agrees to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the commercial logging area.
22. **AWLC** agrees to provide first preference for employment of skilled and unskilled locals from the affected communities upon the commencement of the company's operations, however, if the educational skills or expertise to occupy such position requested by the company is not available in the affected communities, the African Wood & Lumber Company will sought individuals within the Republic of Liberia with such education, skills and expertise to assumed those positions by recruiting them.
23. **AWLC** agrees can and will only construct secondary roads and will maintain all operational and access roads related to its operations.
24. **AWLC** agrees to allow the Putu Community Forest Management Body (PCFMB) representatives to be named for verification of its production when work commences in the area.
25. **AWLC** agrees to provide timber to the community upon request by the CFMB during community development projects.
26. **AWLC** agrees to build a mini Saw Mill for the affected community within three years of production.
27. **AWLC** agrees to respect the rights and wellbeing of its employees consistent with the labor laws of Liberia.
28. **AWLC** agrees to convene quarterly meetings with the Putu CFMB and the communities on the last Friday of the last month of each quarter (subject to weather conditions). In addition to quarterly meetings, the AWLC shall hold emergency meetings with Putu CFMB and affected communities to discuss any issues affecting the community when the need arises.
29. **AWLC** shall upon signing of the social contract and the establishments of the community bank account pay the land rental to the community for an amount of \$1.25 (one dollar and twenty five cents) per hectare. The payment will be executed by check and the check will be deposited in the CFMB Community account.
30. **AWLC** agrees to pay US\$5,000.00 annually to the PCFMB for scholarships for deserving students.
31. **AWLC** agrees to supply to the four clans two powers each to enable them saw logs for Community development, based upon request of an agreed project presented by the

3. NON-TIMBER FOREST PRODUCTS

All non-timber forest products within the commercial logging area shall remain the property of the Putu Community Forest. No non-timber forest product shall be extracted by African Wood & Lumber Company for commercial purposes without the written consent of the PCFMB.

7. OBLIGATIONS OF AFRICAN WOOD & LUMBER COMPANY

- 7.1 **African Wood & Lumber Company** must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 7.2 **African Wood & Lumber Company** must ensure respect for all local customary laws.
- 7.3 **African Wood & Lumber Company** must ensure transparent reporting on cubic meter fees to PCFMB at all times during the life of this Agreement.

8. OBLIGATIONS OF Putu COMMUNITY FOREST

- 8.1 The community shall ensure that the PCFMB shall be the sole entity responsible for official interaction with **African Wood & Lumber Company**, to avoid any misunderstanding.
- 8.2 The community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation.
- 8.3 The Community must ensure full access by **African Wood & Lumber Company** to the contracted area at all times for the duration for this Agreement.
- 8.4 The Community shall protect **African Wood & Lumber Company** from any challenges to its right to manage the contractual area, whether legal, cultural or otherwise, that may arise during the life of this agreement.
- 8.5 The Community shall ensure that materials, such as sand, gravel, etc., be made available without charge of any kind for **African Wood & Lumber Company's** use for building camp sites, housing units, building and road work within the community forest area.

9. FORCE MAJEURE

The parties mutually agree that in the event **African Wood & Lumber Company** is prevented from performing this Agreement as contemplated and provided herein due to force majeure, this Agreement shall be extended by the period of such force majeure on the request of **African Wood & Lumber Company**. Force majeure as used herein is defined as any event beyond the reasonable control of **African Wood & Lumber Company**, including, but not limited to Acts of God, war, elements of war, civil commotions, armed incursion, armed insurrection, land dispute(s) and fire not attributed to the conduct or negligence of **African Wood & Lumber Company** management, its agent and affiliate, which **African Wood & Lumber Company** could not have reasonably anticipated or could have been expected to prevent or control.

10. DISPUTE SETTLEMENT

- 10.1 Any dispute connected with the formation, performance, interpretation, nullification, termination or invalidation of this agreement or arising from, or related to this agreement in any manner whatsoever which cannot be resolved through the direct consultations and negotiations by and between the parties shall be referred to arbitration by the affected party
- 10.2 Arbitration shall be conducted by an arbitral panel of three (3) persons; one (1) arbitrator shall be named by each party. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the Forestry Development Authority or his/her designated representative

- 10.3 The Arbitration shall be conducted in keeping with arbitral rules under Liberian laws. Each Party shall be responsible for, and shall pay the fees expenses of its appointed/designated arbitrator. The fees and expenses of the third arbitrator shall be shared on equal basis by the parties, while the cost and expenses of the arbitration proceeding itself shall be assigned by the arbitral as it fit and shall be paid by the party adjudged liable to the other or in default of Agreement.
- 10.4 A decision by the majority of the arbitral panel shall be binding on the parties and enforceable in court of law without delving into the merit of the dispute or the award
- 10.5 In invoking arbitration, a party of this Agreement shall give written notice to other party, stating the nature of the dispute and appointing its arbitrations. The other party must appoint its arbitrator and state its responses to the dispute as stated by the party giving the notice of arbitration within ten (10) days after notice to the chairman, the arbitral panel shall commence its work and shall work every day until a decision is arrived at and rendered.

11.GOVERNING LAW

The relevant laws of Liberia, including, but not limited to, the National Forestry Reform Law, Community Rights Forest Law with Respect to Forestlands and other local laws shall govern this agreement.

12.BINDING EFFECT

This Agreement shall be binding on the parties, their successors in office as if they were Physically present at the execution of this instrument.

IN WITNESS WHEREOF, WE HAVE HEREUNTO AFFIXED OUR SIGNATURES ON THE DAY AND DATE FIRST MENTIONED ABOVE.



 WITNESS

For: The PUTU Community Forest Management Body (PCFMB)

By: 

 Mr. Arthur Katee Gbagbow,
Chief Officer
Community Forest Management Body

 WITNESS

By: 

 Caesar Colombo, CEO
AFRICAN WOOD & LUMBER COMPANY

Attested by: 

Hon. C. Mike Doryen / Managing Director
Forestry Development Authority

TECHNICAL DESCRIPTION OF PUTU COMMUNITY FOREST AREA

The Putu Community forest lies within latitude (571723-641101) North of equator Longitude (571723-612764) West of the Greenwich meridian and is located in Putu district, Grand Gedeh County.

Commencing at a point (597035-615051) on the surface of the earth; a line runs S16°E for 483 meters to a point (597157- 614636);thence a line runs S76°W for 5,311 meters to a point (592049 - 613345); thence a line runs N7°W for 20,439 meters to a point (572655-619390); thence a line runs N14°E for 4,023 meters to a point(573690 - 623208); thence a line runs Due East for 7,242 meters to a point (580977 - 623208); thence a line runs S3°W for 2,736 meters to a point (580921 - 620518); thence a line runs S85°E for 1,770 meters to a point (582575 - 620324); thence a line runs N20°E for 11,909 meters to a point (586709 - 631434); thence a line runs N54°E for 1,448 meters to a point (587881 - 632277); thence a line runs N47°E for 12, 553 meters to a point (597073 - 640849); thence a line runs S31°E for 11,265 meters to a point (602901 - 631228); thence a line runs S34°W for 5,472 meters to a point (600000 - 626791); thence a line runs Due North 5,734 meters to a point (600000 - 632503); thence a line runs Due West for 8,047 meters to a point (592124 - 632503); thence a line runs S1°E for 2,575 meters to a point (592164 - 630021); thence a line runs Due West for 1, 770 meters to a point (590483 - 629995); thence a line runs Due South for 4,184 meters to a point (590457 - 625977); thence a line runs Due West for 1,448 meters to a point (589248 - 625964); thence a line runs S3°W for 1,931 meters to a point (589222 - 624152); thence a line runs S85°W for 966 meters to a point a point(588356 - 624112); thence a line runs S1°W for 2,574 meters to a point (588356 - 621591); thence a line runs N86°W for 805 meters to a point(587646 - 621591); thence a line runs Due South for 6,598 meters to a point(587646 - 615051); thence a line runs Due east for 9,495 meters to a point of commencement ,embracing a total of 21,337 hectares/52,726 acres and **NO MORE**.

ANNEX B. LOCATION MAP OF PUTU COMMUNITY FOREST

