

THIRD PARTY FOREST MANAGEMENT AGREEMENT

THIS THIRD PARTY FOREST MANAGEMENT AGREEMENT, made and entered into this ____ day of December A. D., 2018 by and between **GHEEGBARN #1 AUTHORIZED COMMUNITY FOREST**, representing the **GHEEGBARN #1 COMMUNITY FOREST MANAGEMENT BODY**, located in Gheegbarn #1, District#2B, Grand Bassa County, hereinafter known and referred to as the “Community”, and **West Africa Forest Development Inc**, a Company organized and existing under the Laws of the Republic of Liberia, represented by its General Manager Chieng Huo Hui, hereinafter known and referred to as “WAFDI or Company”, hereby:

WITNESSETH:

WHEREAS, the people of Gheegbarn #1Community Forest are the owners of the Gheegbarn#1 Authorized Community Forest located in District #2B Grand Bassa County; and

WHEREAS, the people of Gheegbarn #1Community Forest have entered into an agreement with the Government of Liberia ,by and through the Forestry Development Authority(FDA) for the sustainable management and use of its forest resources in line with the Forestry Laws of Liberia; and

WHEREAS, the people of Gheegbarn #1Community 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, West Africa Forest Development Inc.,is a duly registered and qualified Company with a Pre-Qualification Certificate to engage directly or indirectly in logging activities in the Republic of Liberia; and

WHEREAS, West Africa Forest Development Inc.,has represented to the people of Gheegbarn #1Community Forest through the Gheegbarn #1Community Forest Management Body that it is disposed to manage their Community Forest for commercial purpose to further the development of the people of Gheegbarn #1Community Forest; and

WHEREAS, Gheegbarn #1Community Forest Management Body has consented and determined it to be in the best interest of the people of Gheegbarn #1Community Forest for West Africa Forest Development Inc., to commercially manage their forest under this 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 District 2B, Grand Bassa County, Republic of Liberia and covers a total area of **26,363 hectares**as detailed in Annex A.

2. DURATION OF AGREEMENT

This Community 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 Gheegbarn#1 Community Forest Management Body (GCFMB) and WAFDI. It is mutually understood and agreed that the Social Agreement (which forms an integral part of this agreement) and its implementation shall be subject to review by the parties hereto after five (5) years of implementation of this agreement. This agreement shall be deemed terminated if WALDI failed to commence harvesting operation within eighteen months after the signing of this agreement.



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3. FISCAL CONSIDERATION

The Parties hereto have accepted and made the following fiscal considerations for this Community Forest Management Agreement:

- 3.1 **WAFDI** shall pay the amount of US\$ 1.25(United States Dollars One 25/100) 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 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 Community in a timely manner. **West Africa Forest Development Inc.** shall inform the Gheegbarn#1 Authorized Community Forest Management Body of its payment of the Land rental at the time of each payment.
- 3.2 **WAFDI** shall pay the amount of US\$ 2.00 (United States Dollars Two) for every cubic meter of log felled and shipped, to the Community one month after shipment. **WAFDI** shall furnish the Community with copies of waybill, 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 **WAFDI** with its bank account numbers and other banking information required for such deposit(s)

4. REQUIREMENTS BEFORE COMMERCIAL FELLING

It is mutually understood and agreed by **WAFDI** and the Community that no commercial felling shall commence until the completion of the Community Forest Management Plan, and the completion of the Environmental Impact Assessment and other felling requirements established by the FDA.

5. SOCIAL AGREEMENT

The people of Gheegbarn #1 Authorized Community Forest, having identified their representative body, firstly the Gheegbarn #1 Authorized Community Assembly and the Gheegbarn #1 Community Forest Management Body(GCFMB), to represent it in accordance with the Community Rights Law with Respect to Forest Land and its regulations, shall ensure no other person outside of the GCFMB shall in anyway represent himself/herself/themselves as the authorized representatives of the people of Gheegbarn #1 Community Forest in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by West Africa Development Inc.and the Community that:

1. GCFMB has the power to negotiate on all affected community's behalf.
2. GCFMB shall provide a list of its members and be responsible to inform **WAFDI** of any change to its membership immediately.
3. GCFMB and **WAFDI** hereby agree and stipulate that the social commitment to the people of Gheegbarn #1 Community Forest shall follow the guidelines as prescribed by the Forestry Development Authority.
4. **WAFDI** 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 Gheegbarn #1 Community Forest.
5. GCFMB agrees to inform **WAFDI** of all relevant traditional practices and regulations to ensure compliance.
6. **WAFDI** agrees to ensure that water collection points are protected and maintained. Additionally, **WAFDI** shall install and maintained ten (10) hand pumps in the affected community. The pumps shall be installed within the second year of operation. The Community shall determine the site/location for the pumps installation.
7. **WAFDI** agree that its timber operations shall be timed to minimize disruption to subsistence agricultural activities.
8. **WAFDI** agree that its timber operations shall respect the community's or its member's rights to the existing cash crops within the Community Forest Management Area. **WAFDI** shall compensate for the value of destroy crops and any other damage resulting from destroying cash crops.
9. **WAFDI** agree to participate substantially in community development programs. **WAFDI** shall do the following:
 - A. **Scholarship Fund:** The Company shall to make an annual contribution of US\$5,000.00 towards the Community's Scholarship program annually. Payment shall be made in August of each year.



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- B. Latrines:** The Company shall construct ten (10) latrines, each containing two toilet rooms, in the Community. The construction of latrines shall be completed within the second year of implementation of this agreement that is from December 2019- December 2020. The site/space for the construction of the latrines shall be identified by the Community.
- C. Road Projects:** WAFDI shall construct/recondition the road from Waka Town to Ponney. The construction of this road shall commence immediately after the signing of this agreement and shall be completed by the end of the second year of operation. WAFDI shall also construct/recondition four additional roads in the community upon identification of these roads by the Community.
- D. School:** WAFDI shall construct and furnish two (2) elementary schools in the affected community. Each of the school shall contain at least nine classrooms and shall be constructed up to the standard set by the Ministry of Education for elementary school. The first of the two schools shall be constructed and deliver to the community at the end of the second year operation. The second school shall be turn over to the community in the fourth year.
- E. Clinic:** WAFDI shall construct one Clinic along with incendiary in the community. The Clinic shall be turned over to the Community in the third year of operations.

10. WAFDI agree not to harvest palm trees for processing, bridge construction and/or export.
11. WAFDI agree to build company camps near existing towns or dependent areas, to the extent feasible.
12. WAFDI agree to have GCFMB representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the GCFMB.
13. WAFDI agree to provide first preference for employment for skilled and unskilled labor to the forest dependent communities in the boundaries of the commercial logging area. WAFDI shall build the capacity of unskilled community members where applicable to enable them acquire the necessary skill for employment in WAFDI workforce.
14. WAFDI agree to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the commercial logging area.
15. GCFMB agrees that it shall operate completely within the guidelines and regulations prescribed by Forestry Development Authority.
16. GCFMB agrees that the Community shall be educated to avoid the expansion of subsistence agriculture activities within the commercial area and that where possible assist any existing agricultural activity to relocate.
17. WALDI shall facilitate the holding of meetings semi-annually between the Company and the Community. The GCFMB shall facilitate monthly meetings with members of the Community.
18. GCFMB agrees to educate the community to discourage unnecessary fire disposal and encourage fire safety practices especially in the contract area.

6. NON-TIMBER FOREST PRODUCTS

This agreement does not cover the harvesting of non-timber forest products. The Community retains exclusive right over the use and harvesting of non-timber forest product or the contracting of its use or harvesting to a third party.

7. OBLIGATIONS OF WAFDI

- 7.1 **The Company** must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 7.2 **The Company** must ensure respect for all local customary laws.
- 7.3 **The Company** must ensure transparent reporting to GCFMB at all times during the life of this Agreement.



8. OBLIGATIONS OF GHEEGBARN #1 AUTHORIZED COMMUNITY FOREST

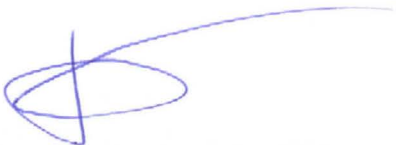
- 8.1 The Community shall ensure that the GCFMB shall be the sole entity responsible for official interaction with **the Company**, to avoid any misunderstanding.
- 8.2 The Community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation.
- 8.3 The Community must ensure full access to **the Company** to the contracted area at all times for the duration for this Agreement.
- 8.4 The Community shall protect **the 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. It shall ensure that the Community refrains from chain sawing in the contracted area.
- 8.5 The Community shall ensure where possible, that materials, such as sand, gravel, etc., be made available without charge of any kind for **the 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 **the 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 **the Company**. Force majeure as used herein is defined as any event beyond the reasonable control of **a party**, 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 **a party**, its management, agent and/or affiliate, which the party 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 the parties hereto. 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.

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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

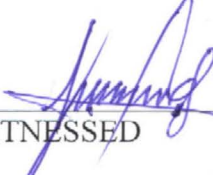

This Agreement shall be binding on the parties, their successors in office as if they were physically present at the execution of this instrument.


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

For: Gheegbarn#1 Authorized Community Forest

 <hr/> WITNESSED	By:	 <hr/> Junior K. Wessch, Chief Officer Gheegbarn #1CFMB
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For: WAFDI

 <hr/> WITNESSED	By:	 <hr/> Chieng Huo Hui General Manager
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Attested by: 
Forestry Development Authority

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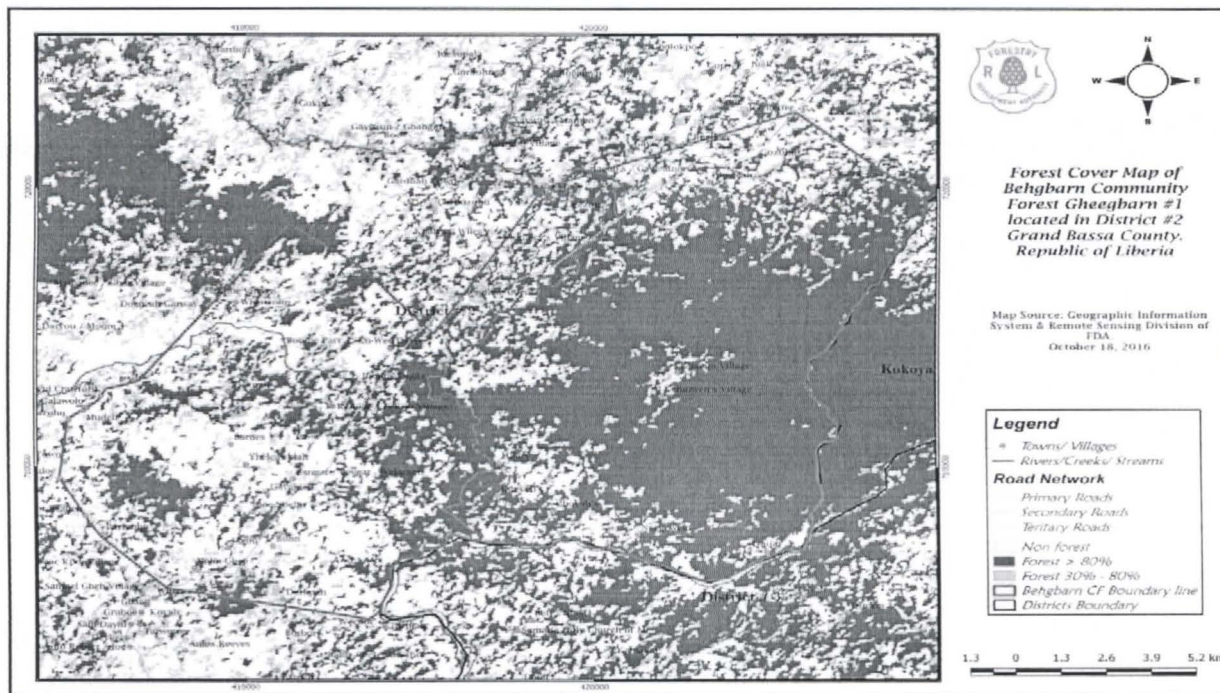
ANNEX I: TECHNICAL DESCRIPTION OF DISTRICT OF GHEEGBARN#1 COMMUNITY FOREST AREA

Gheegbarn #1 Community Forest lies within Latitude 404112 723149 North of the Equator and Longitude 404112 704122 West of the Greenwich Meridian and is located in District # 2, Grand Bassa County, Liberia/West Africa.

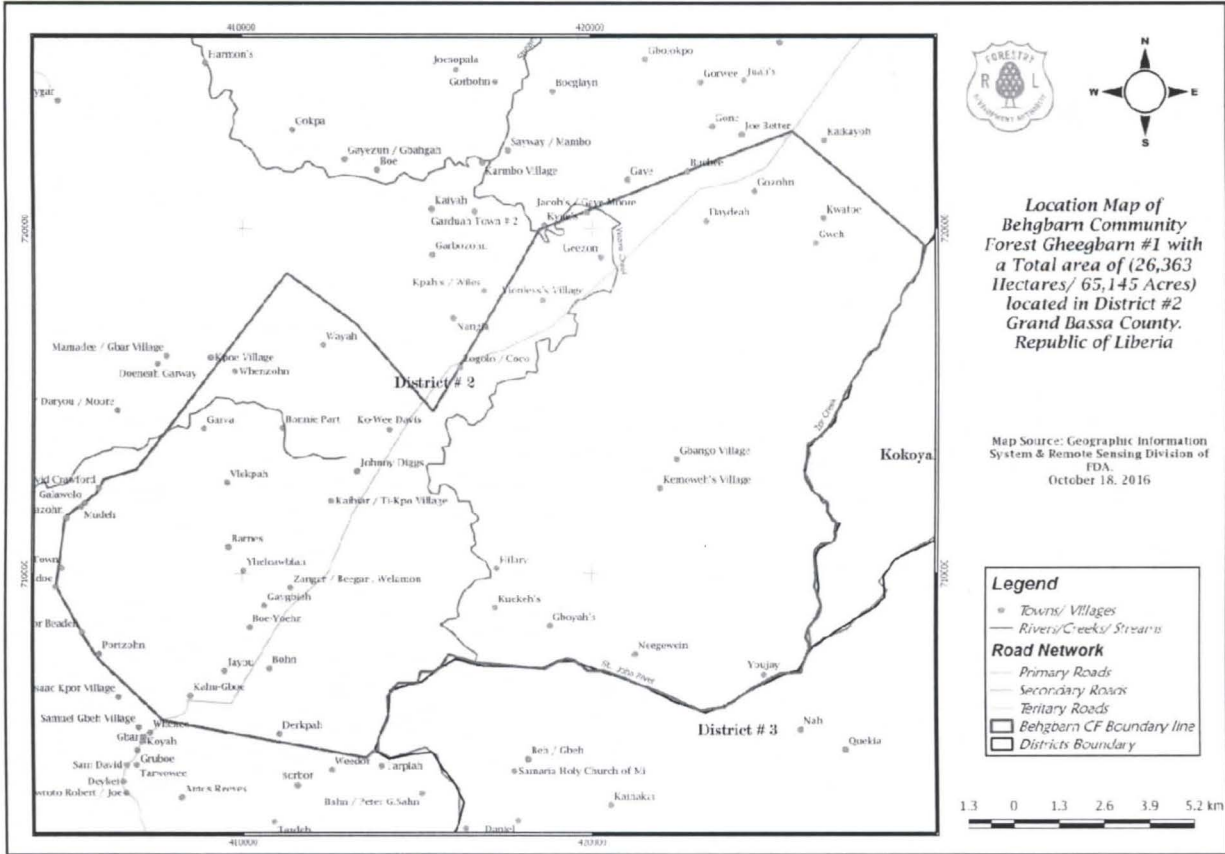
Commencing at a point (413882 704915) on the St. John River; thence a line runs N 87° W for 108 meters to a point (413783 704913); thence a line runs S 51° W for 322 meters to a point (413532 704704); thence a line runs N 80° W for 5,955 meters to a point (407706 705787); thence a line runs N 47° W for 2,575 meters to a point (405834 707552); thence a line runs N33° W for 644 meters to a point (405487 708063); thence a line runs N 30° W for 1,770 meters to a point (404611 709623); thence a line runs N 7° W for 2,092 meters to a point (404866 711667); thence a line runs N 51° E for 1,127 meters to a point (405753 712345); thence a line runs N 28° E for 483 meters to a point (405985 712765); thence a line runs N 70° E for 1'127 meters to a point (406930 713055); thence a line runs N 37° E for 7,242 meters to a point (411268 718754); thence a line runs S 53° E for 2,414 meters to a point (413219 717307); thence a line runs S 41° E for 3,379 meters to a point (415443 714761); thence a line runs N 30° E for 6,115 meters to a point (418512 719972); thence a line runs N 69° E for 7,886 meters to a point (425831 722775); thence a line runs S 49° E for 4,988 meters to point (429629 719503) on the Zor Creek; thence a line runs Southward along said Creek for 14,048 meters to the confluence of the St. John River; thence a line runs Southward along said River for 15,621 meters to the point of commencement, embracing a total of **26,363 hectares / 65,146 acres and NO MORE**

Annex II : Maps

FOREST COVER MAP OF GHEEGBARN#1 COMMUNITY FOREST



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