

MONTSERRADO COUNTY)

COMMUNITY FOREST MANAGEMENT AGREEMENT

THIS COMMUNITY FOREST MANAGEMENT AGREEMENT, made and entered into this 12 day of May, A. D., 2016 by and between NUMOPOH COMMUNITY FOREST MANAGEMENT BODY, representing the people of NUMOPOH DISTRICT, Sinoe County, herein after known and referred to as the "NCFMB", and DELTA TIMBER COMPANY LIBERIA INC., a Corporation organized and existing under the Laws of the Republic of Liberia, represented by its General Manager, Gabriel Doe, hereinafter known and referred to as "DELTA", hereby:

WITNESSETH:

WHEREAS, the Communities of NUMOPOH DISTRICT are the owners of the Numopoh Community Forest in Numopoh District, Sinoe County; and

WHEREAS, the Communities of NUMOPOH DISTRICT has 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 Communities of NUMOPOH DISTRICT has express 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, DELTA 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, DELTA has represented to NUMOPOH COMMUNITY FOREST MANAGEMENT BODY that it is disposed to manage their Community Forest for commercial purpose to further the development of the Numopoh District and its people; and

WHEREAS, NUMOPOH COMMUNITY FOREST MANAGEMENT BODY has consented and determined it to be in the best interest of the Communities of NUMOPOHDISTRICT for DELTA to commercially manage its 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 Sinoe County, Republic of Liberia and covers a total area of 7,220 hectares (Seven Thousand Two Hundred and Twenty) 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 five (5) years which shall commence immediately upon the signing of this Agreement between the Numopoh Community Forest Management Body (NCFMB) and Delta. It is mutually

Handwritten initials: P K JA

understood and agreed that the Social Agreement and its implementation shall be subject to periodic review by the parties hereto every two (2) years during the life of this agreement.

3. FISCAL CONSIDERATION

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

- 3.1 **DELTA** 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. 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 NCFMB in a timely manner. Delta shall inform NCFMB of its payment of the Land rental at the time of each payment.
- 3.2 **DELTA** shall pay the amount of US\$ 3.00 (United States Dollars Three) for every cubic meter of log felled, to the NCFMB on a quarterly basis, regardless of whether or not logs felled are shipped. Delta shall furnish the NCFMB with copies of Log Data Form (LDF), which shall serve as the official source to determine actual volume felled.

4. REQUIREMENTS BEFORE COMMERCIAL FELLING

It is mutually understood and agreed by Delta and NCFMB that no commercial felling shall commence until the completion of the Community Forest Management Plan, the posting of Performance Bond, and the completion of the Environmental Impact Assessment.

5. SOCIAL AGREEMENT

The Communities of Numopoh District, having identified its representative body, firstly the Community Assembly and the Numopoh Community Forest Management Body (NCFMB), 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 NCFMB shall in anyway represent himself/herself/themselves as the authorized representatives of the District in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by Delta. and NCFMB that:

1. **NCFMB** has the power to negotiate on all affected community's behalf.
2. **NCFMB** shall provide a list of its members and be responsible to inform Delta, of any change to its membership immediately.
3. **NCFMB and Delta** hereby agree and stipulate that the social commitment to the Numopoh District shall follow the guidelines as prescribed by the Forestry Development Authority.
4. **Delta** 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 Numopoh District.
5. **NCFMB** agrees to inform Delta of all relevant traditional practices and regulations to ensure compliance.
6. **DELTA** agrees to ensure that water collection points are protected and maintained.
7. **DELTA** agrees that its timber operations shall be timed to minimize disruption to subsistence agricultural activities.
8. **DELTA** agrees that its timber operations shall respect the existing cash crops within the Community Forest Management Area.
9. **DELTA** agrees to participate substantially in community development programs (such as human resource development, construction of schools, clinics, etc....
 - A. **School:** Delta shall build a Junior High School in the affected Community within eighteen (18) months of its operations.

B.K. JET

- B. Clinic:** Delta shall construct a Clinic in the affected communities within twelve (12) months of its operations.
- C. Human Resource:** Delta shall provide eight (8) scholarships annually to citizens of the affected communities. Three (3) of the eight Scholarships shall be for University students. The remaining five (5) shall be for high schools from the affected communities.
10. **DELTA** agrees to assist the Community or member/members thereof with transportation during emergency situation and major development activities. Delta and NCFMB agree that the community can request transportation in the event of emergency.
 11. **DELTA** agrees to build company camps near existing towns or dependent areas, to the extent feasible.
 12. **DELTA** agrees not to harvest palm trees for processing, bridge construction and/or export.
 13. **DELTA** agrees that the Community shall use, free of charge, any roads constructed and/or maintained by it, provided, however, that such use shall not unduly prejudice or interfere with either party.
 14. **NCFMB** agrees to educate the entire community that once any road and bridge is constructed, it becomes the responsibility of the Community and Delta to maintain them.
 15. **NCFMB** agrees to have NCMB representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the NCMB.
 16. **DELTA** agrees to provide first preference for employment for skilled and unskilled labor to the dependent communities in the boundaries of the commercial logging area. In addition to this preference, the positions of Human Resource Officer, Scaler, Public Relations Officer, Machines/Chain Saw Operators, Drivers and Bush Manager shall be given to qualified Numopoh Citizens.
 17. **NCFMB** agrees that it shall operate completely within the guidelines and regulations prescribed by Forestry Development Authority.
 18. **NCFMB** 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.

6. OBLIGATIONS OF DELTA TIMBER COMPANY.

- 6.1 **DELTA** must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 6.2 **DELTA** must ensure respect for all local customary laws.
- 6.3 **DELTA** must ensure transparent reporting to NCFMB at all times during the life of this Agreement.
- 6.4 **DELTA** agree to build a sawmill within the first two years of its operation.

7. OBLIGATIONS OF NUMOPOH DISTRICT

- 7.1 The community shall ensure that NCFMB shall be the sole entity responsible for official interaction with DELTA to avoid any misunderstanding.
- 7.2 The community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation.
- 7.3 The Community must ensure full access to DELTA to the contracted area at all times for the duration for this Agreement.
- 7.4 The Community shall protect DELTA 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. FORCE MAJEURE

The parties mutually agree that in the event DELTA 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 DELTA. Force

B.K. 

majeure as used herein is defined as any event beyond the reasonable control of DELTA, 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 DELTA management, agent and affiliate, which DELTA could not have reasonably anticipated or could have been expected to prevent or control.

9. DISPUTE SETTLEMENT

- 9.1 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.
- 9.2 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
- 9.3 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.
- 9.4 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
- 9.5 In invoking arbitration, a party of this Agreement shall give written notice to other party, stating the nature of the dispute and appointing its arbitrator. 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.


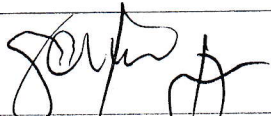
10. GOVERNING LAW

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

11. 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

Mr. D. Bill Karmoh Chairman For the People of Numopoh Community Forest Management Body (NCFMB)	Date	Signature
	12/05/16	
Mr. Gabriel Doe General Manager Delta Timber Company	12/05/2016	

ATTESTED BY: 
MR. HARRISON S. KARNWEA
MANAGING DIRECTOR/FORESTRY DEVELOPMENT AUTHORITY

D.K