

## COMMUNITY FOREST MANAGEMENT AGREEMENT

THIS COMMUNITY FOREST MANAGEMENT AGREEMENT, made and entered into this 12<sup>th</sup> day of January, A.D. 2012, by and between the **Bluyeama Community Forest Management Body**, representing the Bluyeama Clan, Zorzor District, Lofa County, by and through its **Chairman, Darkollie Sumo**, hereinafter known and referred to as the "**BCFMB**", and **Ecowood Inc.**, a corporation organized, existing and operating under the laws of the Republic of Liberia, represented by its **Authorized Representative, Vladimir Maslov**, hereinafter known and referred to as "**ECOWOOD**", hereby

### WITNESSETH:

WHEREAS, the Bluyeama Clan/Community has entered into an agreement with the Republic of Liberia, by and through the Forestry Development Authority (FDA) for the sustainable management and use of its forest resources; in line with Community Forest regulations, management includes timber and non-timber forest products; and

WHEREAS, the Bluyeama Clan/Community entered into a Memorandum of Understanding on 19 June 2011 with Ecowood Inc., for the management of commercial logging on 49,444 hectares of forest land within the Bluyeama Forest with stipulation to conclude formal agreement upon the granting of Community forest rights to it by the Forestry Development Authority (FDA); and

WHEREAS, the Parties agree that the purpose/goal of this Agreement is to manage the specific area of the community forests for commercial purposes to further the development of the Bluyeama Clan and its people;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the Parties do hereby agree as follows:

### ARTICLE I

#### AREA OF COMMERCIAL AGREEMENT

The actual area of operation for the purposes of this Agreement is detailed and attached hereto as *Annexure "A"*, covering a total area of 49,444 hectares.

### ARTICLE II

#### DURATION OF AGREEMENT

The duration of this Agreement is fifteen (15) years certain, commencing on the signing date of the Community Forest Agreement between the Bluyeama Community Forest Management Body (BCFMB) and the Forestry Development Authority (FDA). It being mutually understood and agreed that the social agreement and implementation shall be subject to periodic review by the Parties hereto every five (5) years during the life of this Agreement.

### ARTICLE III

#### FINANCIAL TERMS

3.1 ECOWOOD shall pay the amount of US\$1.25 (United States Dollars One 25/100) per hectare per annum for land rental fee in accordance with the Community Forest Law. This fee is to be paid directly to FDA in accordance with regulations. It is clearly understood that it is the responsibility of FDA to remit sixty percent (60%) of the amount paid to BCFMB within a timely manner. ECOWOOD shall inform BCFMB at the time of each payment



3.3 ECOWOOD shall pay the amount of US\$3.00 (United States Dollars Three) per cubic meter for every cubic meter of non-timber forest products shipped, such as camwood to BCFMB

#### ARTICLE IV NON-TIMBER FOREST PRODUCTS

All non-timber forest products within the commercial logging area shall be under the explicit control of ECOWOOD, except for local consumption. No non-timber forest products shall be cut or extracted unless it does not interfere with the production of regular timber products.

#### ARTICLE V REQUIREMENT BEFORE COMMERCIAL FELLING

- (i) Completion of Community Forest Management Plan
- (ii) Posting of performance bond
- (iii) Environmental Impact Assessment

#### ARTICLE VI OBLIGATION OF ECOWOOD

6.1 ECOWOOD must ensure at all times to be in compliance with all Liberian laws.

6.2 ECOWOOD must ensure respect for all local customary laws.

6.3 ECOWOOD must ensure transparent reporting to BCFMB at all times during the life of this Agreement.

6.4 ECOWOOD shall construct, as a matter of priority, an international standard bridge, crossing the Via River at an area of commercial importance to the community. It is clearly understood that the community has interest that the bridge should be constructed as close to the Clan capital town of Wumai, with maximum consideration given to the shortest width of the river, and least flooding of area. This bridge shall be constructed in three (3) phases – i.e. Phase One: Evaluation. An engineering team shall study the Via River area, and conclude on the location, type of bridge, and cost. This process shall be concluded within the first year of operation. Phase Two: Preparation. ECOWOOD shall begin the area selected for the construction. This shall include relocation of affected families, road clearing and building. This process shall be concluded within the second year of operation. Phase Three: Construction. The actual construction of bridge shall begin. The conclusion of the engineering team plan for construction shall determine the completion date; however, ECOWOOD shall bend every effort to complete the bridge within two (2) years as of the actual starting date.

#### ARTICLE VII OBLIGATION OF BLUYEAMA

7.1 The Community must ensure full access to ECOWOOD to the contracted area at all times for the duration of this Agreement.



7.2 The Community shall protect ECOWOOD from any challenges, legal, cultural or otherwise, that may arise during the life of this Agreement.

7.3 The Community shall ensure that it performs and maintains full education and information to its clan members to avoid any confusion arising from operation.

7.4 The Community shall ensure that the BCFMB shall be the sole entity responsible for official interaction with ECOWOOD to avoid any misunderstanding.

7.5 The Community shall ensure that any materials, such as sand, gravel, etc., shall be made available without charge of any kind for ECOWOOD's use for building camp sites, housing units, buildings and road work within the community forest area. In the case of access roads leading to the community forest area, the community shall be responsible to ensure that the same materials are available for the affected communities areas, also without charge to ECOWOOD.

### **ARTICLE VIII**

### **SOCIAL AGREEMENT**

The Bluyeama Clan, having identified its representative body, firstly the Community Assembly and the Community Forest Management body, to represent it in accordance with existing FDA regulations, shall ensure that no other person or persons outside of the BCFMB shall in anyway present himself/herself/themselves as the authorized representatives of the clan in relation to any terms of this Agreement, including financial payments of social obligations.

- (1) BCMFB has the power to negotiate on all affected community's behalf;
- (2) BCMFB shall provide a list of its members and be responsible to inform ECOWOOD of any change to its membership immediately.
- (3) BCFMB and ECOWOOD hereby agree and stipulate that the social commitment to the Bluyeama Community shall follow the guidelines as prescribed by FDA.
- (4) ECOWOOD 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 plant sites, hunting ground, to the extent that they will respect the traditional practices, laws and regulations of the Bluyeama Clan.
- (5) BCFMB agrees to inform ECOWOOD of all relevant traditional practices and regulations to ensure compliance.
- (6) ECOWOOD agrees to ensure that water collection points are protected and maintained.
- (7) ECOWOOD agrees that timber operations are timed to minimize disruption to subsistence agricultural activities.
- (8) ECOWOOD agrees that timber operations respect the existing cash crops.
- (9) ECOWOOD agrees to participate substantially in community development programs (such as human resource development, construction of school, clinic, etc.



- (10) BCFMB agrees to conduct a community-wide sensitization of all affected communities to assess various community needs. Once this list is completed, the list shall be submitted to ECOWOOD for comment and response. It is clearly understood that any community projects shall be subject to negotiation, and that in general, the participation of ECOWOOD should be materials or logistics, and the Community participation should be manpower and supervision.
- (11) ECOWOOD agrees to assist with transportation during emergency situation and major development activities.
- (12) ECOWOOD agrees to build company camps near existing towns or dependant areas, to the extent feasible.
- (13) ECOWOOD agrees not to harvest palm trees for processing, bridge construction and/or export.
- (14) ECOWOOD agrees to construct logged bridges on secondary roads using solid durable wood like Ekki or other hard wood for longer life. All housing units, buildings at the camp site shall be constructed of at least dirt block and plastered with concrete or concrete whenever possible.
- (15) ECOWOOD agrees that within the first six (6) years of this Agreement, all of the twelve (12) current towns of the Bluyeama Clan shall be connected by a suitable and durable road network.
- (16) ECOWOOD agrees that the community shall use, free of charge, any roads constructed and/or maintained by ECOWOOD; provided, however, that such use shall not unduly prejudice or interfere with either Party.
- (17) BCFMB agrees to educate the entire community that once any road or bridge is constructed, it becomes the responsibility of the community and ECOWOOD to maintain them.
- (18) ECOWOOD agrees to have BCFMB representative monitor and verify production. All expenses of this representative shall be at the expense of the BCFMB.
- (19) ECOWOOD agrees to provide first preference for employment for skilled and unskilled employees of the dependent communities in the boundaries of the commercial logging area.
- (20) ECOWOOD agrees to afford equal opportunity for the employment of women in the skilled and unskilled labor force in the commercial logging area.
- (21) BCFMB agrees that it shall operate completely within the guidelines and regulations prescribed by the existing FDA regulations at all times.
- (22) BCFMB agrees that the community shall be educated to avoid the expansion of subsistent agriculture activities within commercial logging area, and that whenever necessary, assist any existing agricultural activity to relocate.
- (23) ECOWOOD agrees to assist with the clearing of land for any farming or agricultural activity relocation.



- (25) ECOWOOD and BCFMB agree that the community can request transportation in the event of emergency.

**ARTICLE IX**  
**FORCE MAJEURE**

The Parties mutually agree that in the event ECOWOOD is prevented from performing under this Agreement as contemplated and provided for herein due to *force majeure*, this Agreement shall be automatically extended by the period of such *force majeure*. *Force majeure* as used herein is defined as any event beyond the reasonable control of ECOWOOD, 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 ECOWOOD's management, agent, and affiliate, which ECOWOOD could not have reasonably anticipated or could have been expected to prevent or control.



**ARTICLE XII**  
**BINDING EFFECT**

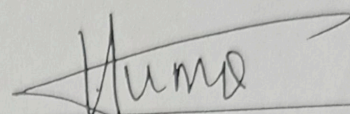
This Agreement shall be binding on the parties, their successors-in-office as if they were physically present at the execution of this instrument.

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

For: The Bluyema Community Forest  
Management Body (BCFMB)

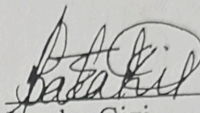
WITNESS

By:

  
Darkollie Sumo  
CHAIRMAN

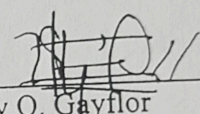
WITNESS

By:

  
Lataku Gizi  
MEMBER


WITNESS

By:

  
Henry O. Gayflor  
MEMBER

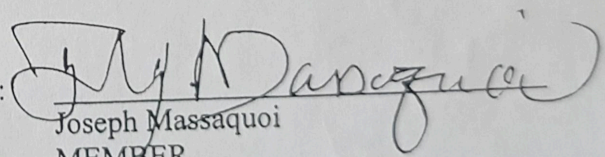
WITNESS

By:

  
Yassah Weedor-Gayflor  
MEMBER

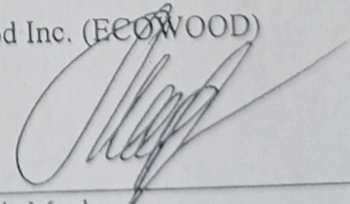
WITNESS

By:

  
Joseph Massaquoi  
MEMBER

For: Ecowood Inc. (ECOWOOD)

By:

  
Vladimir Maslov  
AUTHORIZED REPRESENTATIVE

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