

SOCIAL AGREEMENT
Between the
Euro Liberia Logging Company
And the
Community Forestry Development Committee (CFDC)
Of
Forest Management Contract (FMC) Area-F
Konobo District
Grand Gedeh County
Liberia



FORESTRY DEVELOPMENT AUTHORITY

LEGAL REQUIREMENT FOR THE FORMATION OF CFDC

This Social Agreement (Agreement) is hereby made and entered into by and between the Euro Liberia Logging Company, hereinafter referred to as Euro Liberia, the communities of Grand Gedeh Community Forest Development Community, hereinafter referred to as the Communities, for Forest Management Contract Area "F", and attested to as to its completeness by the Forestry Development Authority, Monrovia, Liberia, hereinafter referred to as the FDA, under the provisions of the 2006 National Forestry Reform Law, and FDA Regulation No. 105-07 Regulation on Major Pre-felling Operations under Forest Resource Licenses.

TECHNICAL DESCRIPTION OF THE CONTRACT AREA

The Forest Management Contract Area "F" lies within Latitude $5^{\circ}6'0''$ - $5^{\circ}4'0''$ North of the Equator and Longitudes $7^{\circ}30'0''$ - $8^{\circ}6'0''$ West of the Greenwich meridian and is located within Grand Gedeh and Rivergee Counties, South-eastern Liberia, 322 miles from Monrovia via Gbarnga, Ganta, Tappita and Zwedru, and 136 miles from the Port of Greenville.

Metes and Bounds of Contract

Starting from the town of Matuwakeh, ($5^{\circ}11'21.81''$ N - $7^{\circ}40'55.60''$ W) thence a line runs S 62° E for 10,706 meters to the point of COMMENCEMENT near River Gbeh. ($5^{\circ}08'36.57''$ N- $7^{\circ}35'49.36''$ W); thence a line runs N 11° E for 8,509 meters to a point ($5^{\circ}13'05.91''$ N- $7^{\circ}34'57.58''$ W); thence a line runs N 23° W for 5,349 meters to a point ($5^{\circ}15'45.32''$ N- $7^{\circ}36'04.75''$ W); thence a line runs S 72° W for 7,679 meters to a point ($5^{\circ}14'28.34''$ N- $7^{\circ}40'02.51''$ W); thence a line runs N 36° W for 31,945 meters to a point ($5^{\circ}28'25.51''$ N- $7^{\circ}50'12.76''$ W); thence a line runs N 69° W for 20,610 meters to a point ($5^{\circ}32'23.34''$ N- $8^{\circ}00'38.28''$ W); thence a line runs S 73° W for 11,280 meters to a point ($5^{\circ}30'39.29''$ N- $8^{\circ}06'29.33''$ W); thence a line runs N 16° W for 7,927 meters to a point ($5^{\circ}34'41.36''$ N- $8^{\circ}07'41.67''$ W); thence a line runs N 23° E for 15,918 meters to a point ($5^{\circ}42'34.89''$ N- $8^{\circ}04'17.42''$ W); thence a line runs N 31° W for 19,984 meters to a point ($5^{\circ}51'49.11''$ N- $8^{\circ}09'51.45''$ W); thence a line runs N $51^{\circ}30'$ E for 4,514 meters to a point ($5^{\circ}53'22.51''$ N- $8^{\circ}07'54.21''$ W); thence a line runs S 76° E for 2,730 meters to a point ($5^{\circ}52'59.86''$ N- $8^{\circ}06'27.33''$ W); thence a line runs N 5° E for 4,920 meters to a point ($5^{\circ}55'38.39''$ N- $8^{\circ}06'11.77''$ W); thence a line runs S 76° E for 2,136 meters to a point on the Dube River ($5^{\circ}55'21.35''$ N- $8^{\circ}05'04.09''$ W); thence a line runs along the Dube River in the Southeastern direction for 173,000 meters to a point ($5^{\circ}19'51.44''$ N- $7^{\circ}30'54.08''$ W); thence a line runs Due South for 4,167 meters to a point ($5^{\circ}17'36.54''$ N- $7^{\circ}30'54.08''$ W); thence a line runs Due East for 1,003 meters to a point ($5^{\circ}17'36.54''$ N- $7^{\circ}30'21.49''$ W); thence a line runs Due South for 6,058 meters to a point ($5^{\circ}14'19.46''$ N- $7^{\circ}30'22.45''$ W); thence a line runs Due East for 1,062 meters to a point ($5^{\circ}14'19.57''$ N- $7^{\circ}29'48.00''$ W); thence a line runs Due South for 2,955 meters to a point ($5^{\circ}12'43.91''$ N- $7^{\circ}29'48.96''$ W); thence a line runs Due East for 2,801 meters to a point on the Cavalla River ($5^{\circ}12'41.99''$ N- $7^{\circ}28'16.94''$ W) which forms the



boundary between Liberia and Cote d' Ivoire; thence a line runs along the Cavalla River in the Southern direction for 22,684 meters to the confluence of the Cavalla River and the River Gbeh; thence a line runs along River Gbeh in the Northwestern direction for 13,250 meters to a point of commencement (5°08'36.57"N-7°35'49.36"W), embracing Two Hundred and Fifty Three Thousand Six Hundred and Seventy (253,670) hectares of forest land and no more.



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The Forest Management Contract Area "F" was awarded to Euro Liberia. In the preparation of the Forest Management Contract Area "F", notice was given and surveys conducted in a portion of the affected Communities. The purpose of these surveys was to validate whether the area was suitable for commercial forest practices based upon ecological, economic and social considerations. As part of this survey, the affected communities were informed of the potential of a Forest Management Contract Area "F" in the vicinity and the requirements for a social agreement. As a result of this, the FDA secured a statement, using FPIC/RBA, (Reg 104 section 22 J) on behalf of the affected communities around the Forest Management Contract Area "F" that they intend to negotiate a social agreement in good faith with the winner of the competitive bid.

I. PURPOSE:

The Social Agreement is a contract between the contract holder and the affected communities around a given logging contract area which establishes the relationship between community and company.

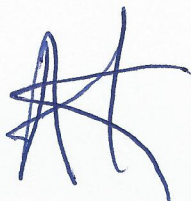
The Social Agreement is a requirement by FDA Regulation No. 105-07 between any company that plans to harvest timber and the affected communities that could be affected by that commercial activity.

Social Agreements shall:

- a) Only be established between companies that have been authorized by the FDA through the competitive bidding or Sole Source¹ process and affected communities²;
- b) Establish a code of conduct regarding rights and responsibilities of the company and affected communities.
- c) Establish the financial benefits for all affected communities with respect to section 34 of FDA Regulation No. 105-07 Regulation on Major Pre-felling Operations under Forest Resource Licenses.
- d) Establish Non-financial benefits (Employment and Benefits in Kind)
- e) Establish Processes to Agree Social Agreement (annexes)
- f) Be negotiated directly between companies and local communities;
- g) Develop monitoring and evaluation of the implementation of the Social Agreement
- h) Reference the role of FDA.

¹ Sole Source is defined in PPCA as When only one supplier has the exclusive right to manufacture the goods, carry out the works, or perform the services to be procured and no suitable alternative is available;

² Affected Communities as defined in the regulation is as follows: a community comprising less than a statutory district (including chiefdoms, clans, townships, towns, villages, and all human settlements) whose interests are likely to be affected by Operations carried out under a Forest Resource License. "Interests" for purposes of this definition may be an economic, environmental, health, livelihood, aesthetic, cultural, spiritual, or religious nature.



II. STATEMENT OF MUTUAL BENEFIT AND INTEREST:

Euro Liberia and the Communities strive to engage in a mutually beneficial relationship by agreeing to the terms of this Agreement. Working cooperatively in the on-going implementation of the Forest Management Contract Area "F" will allow the affected communities and Euro Liberia to achieve their respective goals.

In consideration of the above premises, the parties hereto agree as follows:

III. DUTIES AND RESPONSIBILITIES OF EURO LIBERIA:

Euro Liberia shall identify its representative designated by it to represent it in negotiating the terms the Agreement. Euro Liberia representatives must include:

- (1) Persons whose names are maintained on the list of names identified in its pre-qualification documents or has such documentation to verify his employment with Euro Liberia and has the power to negotiate on its behalf; and
- (2) In the event that this person is unable to negotiate with the Affected Community, any other person that Euro Liberia may designate is subject to the requirements of Count one above.

Euro Liberia shall maintain a list of community representatives (CFDC) for Forest Management Contract Area "F".

Euro Liberia shall address the following issues, rights and responsibilities under the negotiated contract.

- Design operations to minimize effects on traditional practices such as taboo day, sacred sites, and the range of taboo animals/plants, medicinal plant sites, hunting grounds, non-timber forest products sites.
- Ensure that its operations protect and maintain existing water collection points.
- Ensure that its timber operations are timed to minimize disruption to subsistence agricultural activities.
- Ensure that its timber operations respect the existing cash/food crops. Incise of any destruction the company takes responsibilities.
- EURO LIBERIA LOGGING agreed to Participate in Community Development Programs with the amount of eleven thousand United States dollars (\$11,000.00) annually for human resource development during the phase of their harvesting operation in Grand Gedeh. This amount will be paid in two installments, 60% which is equivalent to six thousand six hundred United States dollars (\$6,600.00) payable on 5th February and 40%, which is equivalent to four thousand four hundred United States Dollars (\$4,400.00) payable on 5th May of every year.
- EURO LIBERIA LOGGING agreed that workers rights will be respected consistent with the Labour Laws of Liberia.
- EURO LIBERIA LOGGING agreed to provide transportation to the Communities during emergency situation and major development activity.

- EURO LIBERIA LOGGING agreed to pay US\$ 1.50 per cubic meter to the community (affected community, every two months of their production period apart from the 30% land rental that it will pay to the community benefit sharing scheme;
- EURO LIBERIA LOGGING agreed to construct or maintain roads in operation area to be used by the company and community without any cost attached to the community during the phase of their harvesting operation in Grand Gedeh
- EURO LIBERIA LOGGING agreed to Construct or Maintain workers camps nears existing towns or affected are
- EURO LIBERIA LOGGING agreed not harvest palm trees for processing, bridge construction and or export.
- EURO LIBERIA LOGGING agreed Will not construct logged bridges on primary roads in agreement with Ministry of Public Work.
- EURO LIBERIA LOGGING agreed to allow the Community to use, free of charge, any roads constructed and/or maintained by it; provided that such use shall not unduly prejudice nor interfere with either party.
- EURO LIBERIA LOGGING agreed to construct schools in its operation area with no access to school facilities for the education of employees' dependents within their operational period.
- EURO LIBERIA LOGGING agreed to recondition and maintain roads adjacent to its annual operational area and connect nearby towns.
- EURO LIBERIA LOGGING agreed to allow Community Forest Development Committee (CFDC) representatives to verify Euro Liberia production.
- EURO LIBERIA LOGGING agreed to give employment preference to both skilled and unskilled employees of the affected communities.
- EURO LIBERIA LOGGING agreed to provide where need be a timber product to community during community development project from Sawmill if it is operational.
- In addition to quarterly meetings Euro Liberia shall hold emergency meetings with the CFDC and affected community to discuss any issues affecting the community when the need arises.

IV. DUTIES AND RESPONSIBILITIES OF THE AFFECTED COMMUNITIES:

The Affected Communities shall identify their representatives elected by them to the Community Forest Development Committee (CFDC). The CFDC is responsible for representing the affected communities in negotiating the terms of this Agreement. The CFDC agreed to and shall abide by the following conditions:

Community Forest Development Committees must abide by the following conditions:

- (a) A Community Forestry Development Committee must consists of at least five members who are residents of the Community or communities they represents

- (b) All members of a Community Forestry Development Committee must be freely and fairly elected by residents of the community or communities represented by the CFDC;
- (c) Prior to the disbursement of funds, a CFDC must be incorporated under the laws of the Republic of Liberia.
- (c) A Community Forestry Development Committee must provide a means for all residents that it represents, including women and youths and elders, to have their views heard and considered;
- (d) Prior to the disbursement of funds, a Community Forestry Development Committee must be incorporated under the laws of the Republic and should have a bank account at a recognized bank in Liberia.
- (e) A Community Forestry Development Committee shall receive 10% of the annual revenue to the communities (area and the production base-fees) as compensation and shall be distributed based on position according to Annex 4.
- (f) The 10% of the area-base fee benefit will be paid directly by the National Benefit Sharing Trust Board every month but the 10% of the production-base fee compensation shall be received at the end of the year.
- (h) CFDC must hold a monthly meeting with the community members for briefing, update and grievances, if any.
- (j) CFDC shall maintain a list of Euro Liberia's representatives for FMC "F".

Code of Conduct

V. DUTIES OF THE FORESTRY DEVELOPMENT AUTHORITY

The Forestry Development Authority shall:

- Ensure that Forest Management Contract (FMC) "F" is authorised after fulfilling all set requirements so that all terms and conditions of the license are met.
- Ensure that the Operations of Euro Liberia are in compliance with the FMC "F" contract signed by them and the government of Liberia.
- Make available, where need be copies of the Contract to the Parties to this Agreement

VI. MUTUAL AGREEMENT

IT IS MUTUALLY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES THAT:

A. PRINCIPAL CONTACTS. The principal contacts for this agreement are:

Euro Liberia Contact

Mr. Jahid Akkari

Phone: 0880712510

Email: j.akkari@hotmail.com

**Community Forest Development
Committee Chairperson**

Madam Ruth J. Milton

Phone: 0886539344

Email:

**Forest Development Authority
Contact**

Hon. Harrison S. Karnwea Sr.

Managing Director

Phone: 0886513358

Email: hkarwea@yahoo.com

- B. It is the intent of this agreement that the parties may modify this agreement by mutual agreement. The FDA will need to attest to its completeness prior to any modifications going into effect.
- C. The parties will maintain lines of communication regarding operations and specifically provide periodic updates to the chairperson regarding any issues in implementing the social agreement. The update should specifically provide information as to the volume of logs removed to date.
- D. The parties will hold an annual meeting with representatives of the Community Forest Development Committee, FDA and authorized representatives of the TSC Holder to discuss the upcoming annual operating plan as well as attempt to resolve any issues identified from the previous operating season.
- E. The parties may provide support and assistance to each other in seeking grant and alternative funding opportunities via letters of support and work on grant applications.

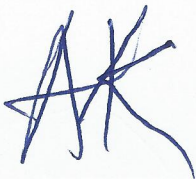
SECTION VII. REAL PROPERTY IMPROVEMENTS.

Any improvements (facilities, roads, etc.) developed as a result of this agreement and at the direction of either of the parties, shall thereupon become the responsibility of the affected communities, and shall be subject to the same regulations and administration as other similar improvements of a similar nature. No part of this Agreement shall entitle Euro Liberia to any share or interest in the project other than the right to use and enjoy the same under the existing applicable regulations.

SECTION VIII. PARTICIPATION IN SIMILAR ACTIVITIES.

This agreement in no way restricts the Euro Liberia or Affected Communities or FDA from participating in similar activities with other public or private agencies, organizations, and individuals.

SECTION IX. DISPUTE RESOLUTION.



In the event of any issue of controversy under this agreement, the parties consisting of two (2) members of the CFDC and two (2) from the companies and one person that both parties agreed on will seek to initially resolve their differences with the assistance of those mentioned in Annex 2a. In the event that there are still differences, local government officials (District Commissioner, Paramount Chiefs, Clan Chief, and Town Chief) should be considered as neutral parties in a third-party mediation process, provided their neutrality is so proven in said conflict. If not resolved by the steps above, any controversy or claim arising out of or relating to this agreement shall be exclusively settled by binding arbitration in accordance with the Commercial Arbitration Rules and judgment rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The laws applicable to the dispute, the Social Agreement and the interpretation thereof are the laws of Liberia. The arbitration shall take place at an acceptable location within the towns represented by the CFDC and the arbitral proceedings will be in English with interpreter provided for local languages.

X. AUTHORIZED REPRESENTATIVES

By signing below, the Chairperson of the Community Forest Development Committee certifies that the individuals listed in this document are representatives of the Affected Communities and are authorized to act in their respective areas for matters related to this agreement. Also, by signing below, the assigned representative of Euro Liberia certifies that this individual is authorized to act in this capacity for matters related to this agreement.

XI. COMMUNITIES BE SUPPORTED TO MONITOR AND EVALUATE THE SA:


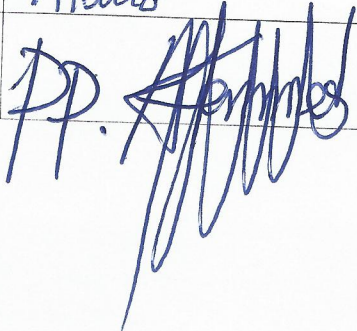
Participatory compliance monitoring of community benefit delivery by title Euro Liberia and CFDCs; the CFDC to be supported from the Community Fund at the rate of 10% of annual benefit delivery (area and production base fees);
Independent Monitoring by CFDC Expert Advisor under an MOU and on a fee basis supported from the Community Fund of 5% of annual benefit delivery (area and production base fees);

XII. COMMENCEMENT/EXPIRATION DATE.


This agreement is executed as of the date of the last signature and is effective through the duration of the FMC "F" and reviewed every 5 years when the duration is to be extended after which time it will expire.

This Agreement shall be binding on the parties, their heirs, administrators, assigns, successors in office as though they were physically present when this Agreement was signed.

In witness whereof, the parties hereto have executed this agreement as of the last date written below.

Madam Ruth J. Milton Chairperson Community Forestry Development Committee		Date 04-23-2016
Mr. Jahid Akkari General Manager Euro Liberia		Date 04/23/2016




HARRISON S. KARNWEA Sr. Managing Director Forestry Development Authority		Date 17/5/16
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ANNEXES to SOCIAL AGREEMENT TEMPLATE

Annex 1

Code of conduct regarding rights and responsibilities of the company and affected communities

Joint Responsibilities	Euro Liberia responsibilities	Affected Communities responsibilities
<ul style="list-style-type: none"> Social Agreements for TSCs to be simplified to provision of Social Amenities and Livelihood Assistance as well as small infrastructural projects such as provision of safe drinking water, pit latrine, etc., Describe the three part structure for Social Agreements for FMC including: <ul style="list-style-type: none"> A 25 year Framework Social Agreement A 5 year Social Agreement Plan, with update every five years; An initial Outline Social Agreement for the first year; Describe the updating of 	<ul style="list-style-type: none"> Describe how holders operations are designed to minimize effects to traditional practices such as taboo day, sacred sites, and the range of taboo animals/plants, medicinal plant sites, hunting ground, non timber forest products sites. Describe how existing water collection points are protected and maintained. Describe how timber operations are timed to minimize disruption to subsistence agricultural activities. Describe how timber operations respect the existing cash crops. 	<ul style="list-style-type: none"> Describe how activities of members of affected community will strive to minimize the expansion of subsistent agriculture activities within Contract Area including a description of communities' efforts to encourage low land agriculture development. Describe how affected communities will discourage unnecessary fire disposal and encourage fire safe practices. Describe existing cash crops and how these crops will be managed to not conflict with harvest operations.




<p>the Outline Social Agreement within one year, and updating of Social Agreement every five years in line with the Management Plan revisions;</p> <ul style="list-style-type: none"> • Parties should describe what area of the concession is covered by the SA; and how production fee benefits are shared equally among all affected communities with CFDC. • Reconciliation or synergies of production volumes recorded by SGS, Concession and the community representatives • Describe how the Provision of so-called "benefits in kind" will be explicitly defined. • Describe who will be involved in agreeing SAs and what are their responsibilities; (Annex 1a) • Describe what is the timing of SAs being agreed (Annex 1b) • Describe how communities will be supported to monitor the SA; • Describe the sources of information that will be made public to help monitor SAs • Describe who is responsible for ensuring that agreed benefits are provided; • Describe who is responsible for ensuring 	<ul style="list-style-type: none"> • Describe the level of participation of company in community development programs. • Describe the conditions, if any, under which the Holder will provide transportation. • Describe the proposed road building and maintenance in and adjacent to the contract area. • Describe how the Holder will abide by terms and conditions of Social Agreement. • Describe the extent to which timber products will be made available to the community. • Description of meeting schedule with CFDC's and affected community to discuss any issues. • Outline the investments and social services provision plan with specific qualitative and quantifiable objectives (how many and type), location (where), and timelines (when). 	<ul style="list-style-type: none"> • Describe under what conditions the affected community can request Non-financial benefits (benefits in kind). • Describe how the affected community will use the proposed roads and how they expect to benefit from existing and planned roads in and adjacent to contract area. • Describe how the affected community will abide by terms and conditions of Social Agreement. • Describe the needs for Non-timber forest products (NTFP) from within the contract areas. • Describe which financial benefits are included in the SA. • Describe what is the timing for benefits to be shared with different communities.
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that agreed benefits are provided;		
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ANNEX 2a

Who is involved in agreeing SAs and what are their responsibilities?

	Name of Institution	Responsibility (ies)
1	Forestry Development Authority (FDA)	<ul style="list-style-type: none"> FDA ensures that all stakeholders (e.g. local communities, title holders, local governments, elected representatives, civil society, etc.) understand the exact nature and scope of the legal obligations of the title holders under the SAs. FDA should ensure that Title holders are more forthcoming and more honest on what they can realistically do as part of the SAs and do not make promises they cannot keep. FDA should ensure that communities fulfil whatsoever responsibilities as stated in the SA FDA should play a leading role to ensure that local communities are educated on what it is reasonable to demand or to expect from title holders; FDA and title holders should work together to identify what are reasonable expectations for FMCs and TSCs. FDA attest and regulate the Social Agreement
2	Civil Society Organization (CSO)	<ul style="list-style-type: none"> Provide training and guidance to the Communities in the process of negotiation and signing of the SA;
3	Liberia Agency for Community Empowerment (LACE)	<ul style="list-style-type: none"> Provide guidance for communities infrastructure development planning Help the CFDC to develop Community Development Committee
4	Ministry of Internal Affairs (MIA)	<ul style="list-style-type: none"> Work with the FDA and others to ensure that the SAs are fully adhered to.

ANNEX 2b

What is the timing of SAs being agreed?

- More time should be allocated to the process of electing the members of the CFDCs, to informing and educating local communities on the SAs and

- benefit sharing mechanism, and finally to allow wide and in-depth consultation with all affected communities before the signing of the SA.
- Signing of the SA should not be rushed. Additional time spent (by FDA, title holders, CFDC, affected communities, etc.) on the information, wide consultation and signing processes should be compensated later on through less time consumed to resolve conflicts.
 - Community consultation and participation should be based on FPIC/RBA

Processes	Minimum Time	Maximum Time	Responsible stakeholders
Election of the members of the CFDCs,	2 weeks	4 weeks	Community members, CSO, FDA
Informing and educating local communities on the SAs and benefit sharing mechanism	3 weeks	4 weeks	FDA, CSO
Allowing wide and in-depth consultation with all affected communities before the signing of the SA	2 weeks	4 weeks	Title holders, CFDC, FDA, CSO
Signing of Social Agreement	2 days	1 week	Title holders, CFDC, FDA, CSO

ANNEX 3a

HOW CAN COMMUNITIES BE SUPPORTED TO MONITOR AND EVALUATE THE SA?

Activity	Responsible Group	Compensations
Participatory compliance monitoring of community benefit	title holders and CFDCs;	10% of annual Benefits (area and production -base fees) to CFDC
Participatory stakeholders monitoring and development of a framework	FDA, COS, MIA, MOW, MHSW MOE and LACE	Individual institutions take responsibility for activities

ANNEX 3b

Who is responsible for ensuring that agreed benefits are provided?

Activity	Responsible Group
Making sure that SA is followed	FDA and MIA
Who should be involved when there is problem between the Title holder and the Communities	FDA, CSO, MIA
Support the process to ensure the infrastructure is build on time and of good standard	LACE/Public works

ANNEX 4

Requirement for membership to the Community Forestry Development Committee

A Community Forestry Development Committee member should:

- Consist of at least five members and not more than 10 members who are permanent residents of the community or communities that the Committee represents;
- Be a representative elected from a cluster of communities/villages within the affected communities of the contract area;
- Should not be a GOL or Company employee;
- Shall be removed by community members that elected you for inefficiency, ineffectiveness and misconduct.
- A Community Forestry Development Committee shall receive 10% of the annual revenue to the communities (area and the production base-fees) as compensation;
- (f) The 10% of the area-base fee benefit will be paid directly by the National Benefit Sharing Trust Board every month but the 10% of the production-base fee compensation shall be received at the end of the year.
- The Compensation shall be distributed based on position according to the following:

Chairman: -----	20%
Co-Chairman:-----	15%
General Secretary:-----	12.5%
Treasurer: -----	13%
Financial Secretary: -----	10%
Chaplain: -----	7.5%
Other members: -----	20%

R. H. Lito