

WANZA FARMS COMMUNITY IMPACT PAPER

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GLOSSARY OF TERMS

CGRN	Community Natural Resource Management Committee
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
DFID	Department for International Development (UK)
DUAT	Land use and benefit right (Direito do Uso e Aproveitamento da Terra)
ESG	Environmental, Social & Governance
FAO	Food and Agriculture Organisation (UN)
FRELIMO	Ruling political party (Frente de Libertação de Moçambique)
iTC	Community Land Initiative (Iniciativa para Terras Comunitárias)
NGO	Non-Governmental Organisation
THIRDWAY RDC	ThirdWay Africa Rural Development Corporation

1. INTRODUCTION

In March 2019, ThirdWay Africa Rural Development Corporation acquired Wanza Farms in Zambezia Province in Northern Mozambique. ThirdWay Africa Rural Development Corporation is an investment holding company owned by family offices from Portugal, Mozambique, Botswana, Zimbabwe, other European countries and the USA, as well as the executive team.

Wanza Farms is the largest soybean farm in Mozambique with 2,500 hectares of planted land and part of a concession of 10,000 hectares located on the northwest corner of the Province of Zambezia. The farm is situated within an area of favourable agro-climatic conditions and within the road, rail and port infrastructure corridor (25 km from Mutuali, which is on the Tete to Nacala railway). The farm is well positioned to address local, regional and overseas export markets (see map below).



This paper sets out the history of land tenure and the contemporary Land Law in Mozambique, as well as the challenges surrounding both the law and its implementation. It addresses the role Wanza Farms could play in facilitating change to land security and the community impact that this would have in the surrounding area.

1.1. IN THE FOOTSTEPS OF HISTORY

Throughout much of Africa land tenure and land rights are unstable. This is the legacy of a succession of customs and laws that were anachronistic to the local societies on which they were imposed, most notably by colonial powers. The historical context of land reform is essential to explaining the challenges that small farmers¹ face today. While most African nations now recognise the land rights of local communities as equal in law, in practice there is a persistent dichotomy between formal statutory land law and customary land tenure that marginalises vulnerable groups and inhibits development. To a large extent the existence of two parallel economies, one recognised by the law and one existing outside of it, is both a cause and an effect of this division. As Hernando de Soto Polar, a Peruvian economist and strong advocate for land and property rights in the developing world, has argued, the lack of tenure security for those in the informal sector is a serious limitation for economic development. Access to financial credit is normally restricted by a lack of legal documentation and land titling,

¹ Traditionally referred to as smallholder farmers, these community members will be referred to herein as small farmers, since they typically do not hold legal rights to land or assets

preventing entrepreneurship and investment by those who cannot benefit from the security of the law. While the extra-legal market may be most obvious in urban areas, where informal settlements mar the skyline of major cities, the inability to formalise land rights also traps the poorest members of rural society in poverty and leads to unsustainable shifting agricultural practices such as slash and burn and extensive land clearing.

1.1.1. HISTORICAL CONTEXT

Since the breakdown of feudalism, European land laws have consistently reflected the principle of inalienable individual property rights that is inherent in both civil (Europe) and common law (UK) codes of those same nations. African customary land tenure, on the other hand, often acknowledges traditional, ancestral land rights that are held by a community in its entirety. The principle of individual sovereignty is not always compatible with the customs of local communities, who distribute rights in relation to land use. These latter agreements are often transient, reflecting not official land titles but oral acknowledgement of the right to use a certain plot of land for a specific purpose or period of time.

Statutory land laws in sub-Saharan Africa have inherited features from the period of colonial exploitation. While European civilisations were able to develop organically from serfdom to common law through several iterations of land tenure systems, African nations were not given the same opportunities, as colonial powers imposed their own systems onto societies that were often more economically aligned with feudal than industrial Europe.

The enclosure of common land in England, primarily in the 16th century, can be considered to be the first major land reform in history, the catalyst for agricultural revolution that provided the surplus labour supply required for industrialisation. A parallel of this process of enclosing common lands to create large, efficient farms can be seen in colonial Africa, where European powers distributed large parcels of land to private companies with disregard for the small farmers who had occupied those lands for centuries, and to a lesser extent still today, as governments continue to authorise large-scale land acquisitions in populated areas. While the enclosure movement can incite considerable economic growth in the long run by providing excess labour for the industrial urban areas, this process also leads to severe dislocation, poverty and dissent. The privatisation of common land in particular provokes considerable hardship within communities, where these lands are not formally registered to an individual, rendering it nearly impossible to receive compensation for their loss in a legal system that does not reflect customary or traditional practices.

The colonial redistribution of land, however, more closely reflects pre-enclosure England. Despite the recognition of equal rights to property for most Europeans at the time, colonial powers imposed legal systems that distinguished between the land rights of those who were included in civil society and protected by civil law and those who were indigenous to the land and operated under customary law. In Mozambique for example, the transfer of control from the Portuguese authorities to private companies such as the Niassa Company and Mozambique Company in the late 19th century not only disregarded the land rights of the traditional local communities, but also prevented small farmers from benefiting from the same process of urban migration and economic growth that followed the European enclosure movement by tying farmers to the land. The 'chibalo' labour system imposed by Portuguese authorities was a form of bonded labour, by which small farmers were forced to work on colonial plantations under the obligation of an indefinite debt, paid by a 'hut tax'. This labour system essentially replaced the formal slavery that Portugal abolished in 1869, and was founded on premises closely mirroring those of serfdom and seigneurial dues in feudal Europe.

As European colonisers steadily benefitted from economic growth as a result of mercantilism, colonial preference and subsequently increased free trade with the relaxation of duties and trade restrictions, indigenous populations were therefore restricted by the oppressive and backward agricultural practices. The legacy of this can be seen in the emergence of parallel rural economies today; there are relatively few medium-scale holdings in sub-Saharan Africa, land divided instead between few, large concessions and hundreds of thousands of unregistered smallholdings.

1.1.2. THE IMPORTANCE OF TENURE SECURITY

The colonial history of sub-Saharan Africa is particularly damaging for vulnerable members of society, those with no real assets and no sense of security. After the breakdown of forced labour systems in the early 20th century, colonial powers integrated traditional authorities into civil society, entrusting the management and distribution of land among local families to them. In Mozambique the ‘regulos’, community chiefs, were formally included into local administration in the 1940s and given the authority to rule over those in their locality through customary law. To a great extent this continues today in many parts of Africa, Mozambique included.

This practice of recognising customary laws and traditions, while a vast improvement upon a society that disregards community land rights, still poses a challenge to individual tenure security and therefore sustainability. Vulnerable community members can be marginalised easily within a legal framework that does not hold community leaders to account. AIDS widows for example, are particularly at risk of losing their family land within a community, due to AIDS stigmatisation and gender inequality.

For small farmers to be able to develop sustainable agricultural practices, they must first be secure in the control of their land. As such, improving tenure security is essential to promoting stewardship and responsible land governance. Addressing land issues is an integral part of any community impact programme, not least those that aim to redress environmental degradation and promote sustainable livelihoods. While Mozambique’s Land Law does recognise community land rights and legal equality, there is a considerable gulf between the theory and the reality. In practice, shifting agricultural practices are widespread; small farmers are restricted to unsustainable farming methods, notably slash and burn, by the lack of access to credit and legally formalised land rights. The uncertainty surrounding land tenure throughout rural Africa is at the root of the lack of individual investment and long-term planning. Small farmers are reluctant to develop plots of land sustainably when the common practice is to clear and open up new lands every few years. This reality is not only a considerable contributor to deforestation, but also a constant limitation to the growth of smallholdings and the escape from poverty.

2. SECTION ONE

OVERVIEW OF THE LAND LAW AND RELATED CHALLENGES IN MOZAMBIQUE

2.1. THE HISTORY OF LAND REFORM

Mozambique's colonial history resulted in a deeply unequal land distribution, with high-quality land concentrated into several large plantations ('first-class' land) and thousands of families subsisting on marginal plots of land. Towards the end of the colonial period, Mozambicans were given the opportunity to register their own land; however, these smallholdings were considered to be 'second-class', and in some cases even 'third-class' (no-man's land), meaning that the communities did not hold certifiable rights to such land. This attitude continued beyond independence in 1975, and even into today to some extent, such that community land rights are often not valued equally to those assigned to private individuals, despite de jure parity.

Another obstacle to tenure security for small farmers in colonial Mozambique was the definition of real estate, which was not extended to include structures built with local materials such as clay and straw. These buildings were considered movable and hence did not qualify as real estate. Real estate translates to "imobiliária" in Portuguese, literally "immovable asset". The legacy of this Roman distinction can be seen in the current land legislation, which distinguishes between "prédio urbano" (immovable urban assets), which can be sold and leased, and "prédio rústico" (agricultural assets), the inter vivos transfer of which requires government approval. The historic legacy of colonial Mozambique acts as an obstacle for rural communities to obtain equal land rights in practice.

After independence in 1975, FRELIMO, the ruling political party, instated a socialist regime of collectivisation and transformed the large colonial holdings into state-run farms. The 1979 Land Law reflected the principle of state-ownership, abolishing private property of land. As a result, communities had no legal recognition of their lands and small farmers operated without tenure security, under a system that has been compared to 'tenancy at will'. Citizens had no right to the transfer of land, limiting the chance for private investment and fuelling the development of an extensive informal market. The 16-year civil war that followed independence further dislocated communities from their lands, as mass migration dramatically shifted the nation's demographics. Therefore in 1992, with the end of the civil war, reform of the Land Law was urgently required.

2.2. THE 1997 LAND LAW

In 1997, a new Land Law was passed, which was regarded as one of the most progressive examples in Africa. The 1997 Land Law, while respecting the socialist ideal of public land ownership by maintaining restrictions on the sale of land, makes provision for the transfer of assets and improvements on the land (subject to state approval), creating a form of property right and tenure security. Of even greater consequence is the recognition of community and customary land rights. The Law acknowledges local communities as legal entities unto themselves, able to hold a land use right (DUAT). The Law provides for the registration of DUATs, which are awarded a title deed. More importantly, untitled rights are explicitly equal under the law to those that have been registered. This was essential, since only a marginal proportion of Mozambicans had registered their land by 1997, so it was necessary to protect those without documentation. Therefore, community land rights are inherent and multigenerational, not contingent on formalisation.

There are three ways to obtain a DUAT. The resulting title is equal irrespective of the means through which it is acquired. DUATs are acquired through:

1. Occupancy by individuals and local communities in accordance with customary norms
2. Occupancy by individuals in good faith for at least ten years
3. Authorisation of an application²

² Article 12. Land Law (Law No. 19/97). Translation by Adrian Fey. MozLegal Lda. p.14.

The 'good faith' category is necessary to provide tenure security for those displaced by the civil war, who have resettled away from customary lands. DUATs acquired through customary and good faith occupation are protected under the law without formalisation or registration. As such, local communities throughout Mozambique hold a right to use and benefit from their land, even if they are unaware of this or do not have formally acknowledged boundaries. It is the government's responsibility to respect these community and customary lands when issuing the third form of DUAT, those acquired by application.

New DUATs can be obtained by application to the relevant governing body, and are awarded with a maximum 50-year lease, renewable for up to another 50 years. These rights require an economic exploitation plan approved by the state, and are provisional on the implementation thereof.

Initially, a provisional DUAT is awarded for two years to foreign entities (five years for national entities), and can be renewed at a fee. The provisional DUAT gives the concession holder the right to use the land, but requires some additional steps in order to become permanent. The first step is for the concession holder to hire the Provincial Cadastre Services to demarcate the exact coordinates of land. In order to register a permanent DUAT, the private individual or company must also carry out a community consultation to determine the boundaries of the local communities in the relevant area through delimitation, and the terms on which the community agrees to cede any rights they have over the land. Lastly, a field visit by the Provincial Cadastre Services is required to ensure that the concession holder is implementing the project as described in the approved exploitation plan. Once the concession has the land demarcated, the community delimitation completed and a favorable visit by the Provincial Cadastre Services has been registered, the concession holder can apply for a permanent DUAT.

Community consultations are particularly important; in reality it can be hard to find unoccupied or unclaimed land in Mozambique, so new DUATs are likely to infringe upon communal lands. Moreover, the marketisation and development of Mozambique's economy is placing increasing pressure on land for investment. The number of disputes between communities and investors will likely continue to rise.

3. IMPLEMENTATION OF THE LAND LAW

3.1. IMPLEMENTATION CHALLENGES

Despite Land Law guarantees for local community rights, the implementation of the legislation has been inconsistent, ineffective and for many communities there has been no discernible change. This is where the ThirdWay Africa Rural Development Corporation (ThirdWay RDC) can have a tangible impact, by providing effective solutions to the major challenges, outlined below.

3.1.1. LACK OF GOVERNMENT RESOURCES

The Land Law does not require community land rights to be registered; communities hold an inherent DUAT to customary lands. As a result, the state has dedicated very little funding to the formalisation of local community land rights. Instead, the administration has focussed on the registration of new DUATs in order to promote investment in Mozambique. The state funds allocated for community DUATs formalisations are equivalent to less than four delimitations per year, at an average cost of US\$6,000, compared to approximately 3,000 communities nationally that are still unregistered.³

Many district offices have few officials who have the resources and know-how to delimit community lands, and in some cases, administrators are not familiar with the stipulations of the Land Law. Consequently, outdated policies are frequently implemented, creating confusion and obstacles for communities. The lack of trained legal professionals, topographers and surveyors in the administration is creating a bottleneck for

³ Norfolk & Tanner. (2007) Improving Tenure Security For The Rural Poor. LEP Working Paper 5. / Mozambique – Country Case Study. FAO: Rome. p.20.

title deed applications. After the Land Law was passed, one province had just eight staff members handling cadastral services, none with high-level training.⁴

Arguably the greatest threat to community land security is the deficiency of the National Land Cadastre. The Cadastre should include all customary and new DUATs and provide a clear map of land occupation for the nation; the Land Law's efficacy depends upon this. At present it is still seriously underdeveloped due to the lack of registered delimitations. This leaves community lands vulnerable to external capture, since they are 'invisible' on cadastral maps. Administrators frequently authorise new DUATs in areas that are inhabited by good faith occupants or communities, who are not represented in the Cadastre.

3.1.2. LACK OF AWARENESS

Even more so than the officials, the local communities themselves lack the resources and knowledge required to obtain a title deed. Most communities are unaware of the Land Law itself, and though there is often an understanding of their inherent land use right, communities are unable to defend their claims when contested. When communities are aware of their legal rights, they do not have the capacity to defend them. The delimitation process itself is similarly out of reach. To date, no community has registered their DUAT without the support of a third party. The cost of delimitation and travel to the provincial office is, in most cases, beyond the community's means. Therefore, community land registration is almost entirely restricted to cases when the DUAT is threatened by external parties or when NGOs lead the process.

3.1.3. LACK OF CLARITY

In some respects, the Land Law is open to manipulation, particularly since very little provision is made for instances of conflict between two communities, or communities and investors. Community consultations are often poorly carried out and are seen foremost as a device to secure authorisation for new DUATs. There are cases where the district administrator or randomly selected community members agree to the conditions without formal community discussion. Legislative Decree 15/2000 permits 'community authorities' to speak on behalf of the whole community, sidestepping the stipulation that the entire community must be consulted. This can lead to misunderstandings and exploitation, as well as conflict in the long term.

The lack of accountability provisions in the Land Law is also a challenge. Since the state owns all land, the authorisation of a new DUAT is technically a lease between the state and the investor, so the position of the local community, from which the land is ceded, is unclear. There is currently no legal mechanism to ensure investors uphold their agreements made during consultations.

3.1.4. LACK OF TENURE SECURITY

While the informal property market is widespread and operates much like an open market society, the official state-ownership of land creates underlying tenure insecurity. Since state approval is necessary for rural transactions, communities face uncertainty when leasing land to investors and farmer associations for development. Moreover, the Land Law makes no provision for tenure security within community lands, where the customary rules and traditions of each community prevail.

3.1.5. LARGE-SCALE LAND ACQUISITIONS

Rapid marketisation and development throughout Mozambique has led to rising demand for land. Between 2005 and 2014, 63 investors were allocated over two million hectares of land for exploitation. Investors are coming into conflict more frequently with local communities, as authorities are increasingly pressured to authorise new DUATs in populated areas without surveying the area beforehand. This is placing pressure

⁴ Ibid. p.6.

on the legal equality of unregistered DUATs and new title deeds, which consistently trump community rights in practice. A study in 2014 found that 52% of large-scale acquisitions undertook some form of compulsory displacement of local communities.⁵ This issue will continue to escalate in the foreseeable future, particularly in anticipation of an economic boom resulting from the exploitation of natural gas in northern Mozambique.

3.2. INTRA-COMMUNITY ISSUES

The Land Law provides no oversight over intra-community conflicts or malpractice. Instead, customary law prevails within a local community. While this does allow the Law greater flexibility to suit the wide diversity of customs in Mozambique, it can also lead to exploitation by village chiefs or other local officials. In some cases of community consultation, the chief (régulo) or even the local administrator has agreed to a settlement that directly benefits him individually but to the detriment of others. Women in particular can often be marginalised by such a system. While the Land Law declares the property rights of women and men to be equal, there is no accountability mechanism to ensure the equitable distribution of land within a community DUAT.

As well as limiting female access to land, this has negative implications for individuals' tenure security, and so can act as a disincentive for private investment by small farmers. Improvements to the land are rare as a result, especially in cases where families rotate between different areas. In such cases small farmers are unlikely to adopt more efficient farming methods, since they have no ties to the land on which improvements are made.

3.3. THE FUTURE OF THE LAW

Currently there is little official discussion of land reform and no movement towards private ownership; however, there have been some more recent regulations since 1997. The Cessão de Exploração allows communities to lease their land to investors for economic development, opening up the scope for community-investor partnerships. The government has also increased sponsorship for community delimitations in recent years, working with NGOs and DFIs, through the Terra Segura programme established in 2015 for example, promising to issue 5 million DUATs in five years.

The next steps for land legislation must be to expand the National Cadastre to include unregistered community lands, and to increase accountability. As demand for land and the number of large-scale acquisitions rises, oversight over investor behaviour towards local communities will become increasingly important. Intra-community accountability also requires addressing, to increase internal tenure security to encourage agricultural investments. Most important, however, will be a dramatic increase in awareness of land rights among the communities and administrators.

4. COMMUNITY DELIMITATIONS

To date there are few, if any, examples of investor initiatives to delimit and register local communities. This is in spite of the Land Law's Technical Annex, which stipulates explicitly that delimitation is prioritised when 'the State and/ or other investors intend to initiate new economic activities'.⁶ While the investor is mandated to bear the cost in such situations, this clause has yet to be invoked. The lack of clarity surrounding the 'open border' concept of such delimitations is a particular obstacle. There is a common misunderstanding that any delimitation of community lands would restrict the investor's ability to obtain a DUAT in the area. This is not the case; a community consultation in which the local communities agree to cede their rights to an area remains sufficient. As a private anchor investor in the area, ThirdWay RDC is in

⁵ Norfolk, Simon & Quan, Julian & Mullins, Dan. (2020). Options for Securing Tenure and Documenting Land Rights in Mozambique: A Land Policy & Practice Paper. p.16.

⁶ Article 7(1)(b). Technical Annex to the Land Law Regulations (Decree No. 66/98). Translation by Adrian Fey. MozLegal Lda. p.52.

a unique position to champion local community land rights in the Nalume River region surrounding Wanza Farms to create systemic change.

4.1. MOZAMBIQUE COMMUNITY LAND INITIATIVE

In 2006 the Mozambique Community Land Initiative (iTC) was set up with funding from seven European donors, led by DFID, in order to promote community land registration. iTC provides a successful model from which ThirdWay RDC can learn for any community delimitations undertaken, having completed over 1050 delimitations since 2015.⁷ The iTC delimitation method has a much greater long-term impact on the communities, since it involves the creation of management committees and land-use planning to create sustainable improvements. iTC's success has, however, been limited in forming community-investor partnerships in these areas, largely as a result of insufficient time and resources. This is where ThirdWay RDC, as a private investor, can make a visible impact.

The iTC method for delimitations is outlined below.

1. Village-level communities (povoados) are identified. For agricultural societies, the larger 'chieftainships' (regulados) are unfeasible from a management perspective and often include vast tracts of under-utilised land. On the other hand, communities that rely on natural resources, such as forestry, benefit from larger delimitations that extend to include areas of uncultivated land. Communities are entitled to 20% of state revenue extracted from forest and wildlife exploitation on their land, despite state-ownership of natural resources.⁸ iTC determines initially the size of the area that is to be delimited.
2. iTC then undertakes 'social preparation'. This includes a baseline study, not only of the physical boundaries, but also of the demographics and customs of the community. With community representatives, priorities and economic opportunities are identified in the area. This prepares the community for future negotiations with the state and investors by reducing the information asymmetry, as well as promoting internal investment.
3. Land and natural resource management committees (Comités de Gestão de Recursos Naturais, or CGRNs) are formed and legally established, in order to create oversight and long-term sustainability. iTC representatives raise awareness of legal rights amongst the local communities in order to foster independence and the ability to manage natural resources, and negotiate with the state and other investors.
4. An internal land-zoning and economic exploitation plan is created to provide guidance for community investment. This also provides stronger internal tenure security within the DUAT, and so incentivises individual investment. The CGRN holds the community accountable for the equal distribution of land and resources between men and women.
5. In many cases, iTC has also helped to create and register producer associations, including but not always limited to community members. This provides another level of tenure security for those involved, as it allows them to formalise their individual right to land within the community. The associations are also used to coordinate resources and bargaining power, which vastly improves agricultural yields and profits, particularly when linked to a large-scale commercial farm (like Wanza Farms). Producer associations provide an opportunity for entrepreneurial farmers to develop into small commercial farmers.
6. The average delimitation cost for iTC is US\$13,000.⁹ This is reduced when iTC is able to coordinate communities into geographic clusters, streamlining the formalisation process and reducing resource duplication. This approach would be effective in the Nalume River area around Wanza Farms, if ThirdWay RDC were to undertake a wider programme of delimitations, as well as other future projects.

⁷ Norfolk, Simon & Quan, Julian & Mullins, Dan. (2020). Options for Securing Tenure and Documenting Land Rights in Mozambique: A Land Policy & Practice Paper. p.14.

⁸ Quan, Monteiro & Mole. (2013) The experience of Mozambique's community land initiative (iTC) in securing land rights and improving community land use: Practice, policy and governance implications. In: Annual World Bank Conference on Land and Poverty, 8-11 April 2013, Washington DC, US. (Unpublished). p.10.

⁹ *ibid.* p.11.

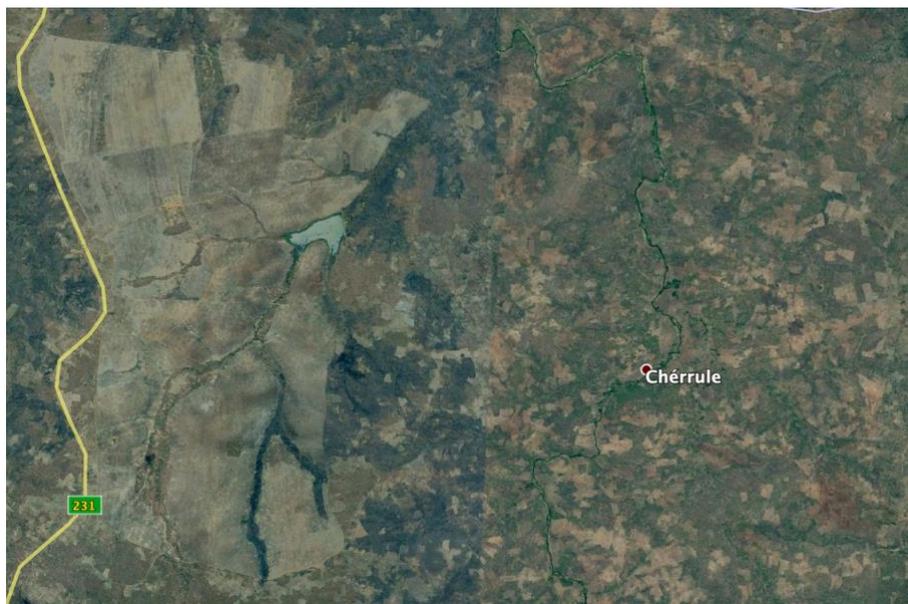
5. RESETTLEMENT

5.1. THIRDWAY RDC'S POSITION

[Refer to [AgroMoz Resettlement History document](#)]

As the first 2,700ha were cleared for farmland, the prior owners of Wanza Farms, AgroMoz undertook resettlements as part of the community consultations that were in line with the government regulations published in 2012.¹⁰ This was generally met with little objection, since families were made aware of the indirect benefits of a large-scale farm in the area. While this was done in accordance with the law, ThirdWay RDC could do more in future resettlements. As Wanza Farms looks to expand into the remaining 7,000ha of the concession, there is scope for a positive resettlement story that provides a case study for future investments in the region. This is especially relevant considering the history of ProSavana and bad press along the Nacala Corridor.¹¹

Without a baseline study it is unclear how many families are currently living and farming within Wanza Farms's DUAT, but it is evident in satellite imagery that this number is considerable. Moreover, Wanza Farms's success is attracting migration to the area, so the population is increasing. This is not something that the farm can ignore, but it is an opportunity for ThirdWay RDC to have a real impact.



Satellite imagery of Wanza Farms concession, showing land clearing and community settlements

5.2. CHALLENGES

The resettlement process, to the extent that it is regulated by the government, presents several challenges for local communities. The starkest obstacle for families is that, since land is state-owned, it has no inherent market value. As such, agricultural land that contains no permanent assets will be severely undervalued in a consultation. Moreover, since the law does not distinguish variations in land quality, families are often resettled in areas with much poorer quality farmland. Families are also made

¹⁰ Decree No. 31/2012

¹¹ ProSavana, initiated in 2009, was an ambitious agricultural programme in the Nacala Logistics Corridor supported by both public and private sector in Mozambique, Brazil and Japan. See The Economist (14 Nov 2019) www.economist.com/middle-east-and-africa/2019/11/14/brazil-and-japan-plotted-a-farming-revolution-in-mozambique

vulnerable to a lack of tenure security, as they are required to obtain a new, individual DUAT for the land, both isolating them from the community and putting their land security at risk.

Very often, as in the case of AgroMoz, families are paid the value of their assets and are required to find new land independently. As a result, many families in the Wanza Farms concession relocated to another area within the farm's concession, meaning that ThirdWay RDC will be required to resettle them once again for any future expansion. There are also cases of families moving into the concession in order to later claim compensation in anticipation of the farm's expansion. This will all become relevant as ThirdWay RDC looks to the future of Wanza Farms.

5.3. SOLUTIONS

There are several steps that ThirdWay RDC can take to avoid potential conflict in a future resettlement. Firstly, delimiting and registering the DUAT for community lands will make valuations much clearer. Community consultations, involving third party mediators and representatives from throughout the community, should be carried out to create detailed resettlement plans that have the explicit approval of both Wanza Farms and those affected. It is equally important that ThirdWay RDC is involved in registering any new land acquired for those who are required to move. This added tenure security is essential to a fair and mutually beneficial agreement, and will ensure the long-term stability thereof.

Another potential solution is a form of sub-lease, the *Cessão de Exploração*, which allows communities to lease their land to investors for economic development. This requires prior formalisation of the community's DUAT, but would provide Wanza Farms with legally secure rights over the land as well as benefitting the local community. If this is possible, it would be a powerful part of ThirdWay RDC's impact strategy and would shift the focus away from a way to 'clean' the resettlement process towards creating a new model for commercial community-investor partnership.

ThirdWay RDC can also go further to encouraging a smooth transition by investing in infrastructure, services and irrigation outside Wanza Farms's concession, in an area demarcated for local communities, with projects discussed in Part 2. This would encourage voluntary migration out of Wanza Farms's DUAT and mitigate the potential conflict, reducing the burden for ThirdWay RDC. In this way, the need for future resettlement should not be seen as a problem, but as an opportunity around which to create the farm's impact story and foster systemic change.

6. SECTION TWO

SYSTEMIC CHANGE AND THIRDWAY RDC

With Wanza Farms, ThirdWay RDC is in a position to foster systemic change and good land governance through community-investor partnerships in the local region, which could then be scaled up and implemented with partner funding in future initiatives as well. This includes, among other strategies: improving Wanza Farms's ESG practices and employing local community members on the farm (1); developing local land management and empowerment of women and men in the communities (2); creating outgrower schemes with local small farmers (3); forming producer associations of small commercial farmers (4); and creating a Mount Namuli conservation area (5). ThirdWay RDC's resources will be most mutually beneficial if focussed on a two-sided approach to improve tenure security, through land delimitations and community engagement, and small farmers' agricultural methods, through training in conservation agriculture, technical assistance and irrigation. Such investment will have a tangible effect on the productive potential of the local communities, facilitating the transition from small farmer to small commercial farmer. These strategies make business sense; impact farming reaches beyond Corporate Social Responsibility (CSR) and philanthropy to create far-sighted opportunities not only for the community, but also for the investor.

7. WANZA FARMS

7.1. EMPLOYING LOCALLY

The local community of Uàcúa, largely based inside the Wanza Farms concession, has experienced considerable inward migration into the area as a result of the development of Wanza Farms. People have moved close to the farm in search of opportunities and employment. As a result, only 10% of Wanza Farms employees are originally from the community, in contrast to the 69% of employees who currently live in Uàcúa (the remainder travelling much further from their homes each day). Many have families living elsewhere, and as such may not consider themselves community members. A baseline study of the community will provide insight into the potential conflicts this has created, not least the difficulties that may arise from this when attempting to delimit and formalise community land rights. ThirdWay RDC will need to address the issue of employing local community members, in particular as future investment in the area will continue to attract more migration.

7.2. IMPROVING ESG

Wanza Farms must ensure that internal governance meets the ESG standards that impact farming demands before ThirdWay RDC can encourage grant funding and external investment for its wider impact story. Regulating health and safety standards throughout production, as well as providing employees with meals and other basic services, such as transport to work to reduce the extensive travel time, should therefore be a priority for the farm. It must be in the interests of the local community to protect Wanza Farms out of loyalty and mutual benefit, not to resort to theft out of necessity. If the community and Wanza Farms employees are secure and have a stake in the farm through partnerships, they will become the guards and protection that Wanza Farms requires. This is a more effective, less expensive solution. Wanza Farms must lead by example, both to the community and to other potential anchor investments in the region.

8. COMMUNITY LAND

8.1. DELIMITATION AND REGISTRATION OF COMMUNITY DUATS

Following a similar method to that used by ITC, outlined above (4.1), ThirdWay RDC can provide the resources and skills required to formalise and register the community land use rights in the region. This is particularly important for Uàcúa, since their tenure is uncertain given the overlap with Wanza Farms. In future investments, ThirdWay RDC should be sure to incorporate community delimitation into the consultation process. This will allow much greater transparency in the discussion and so the terms of any agreement are more likely to be upheld. In this way, empowering the community will be mutually beneficial. A thorough consultation, which makes the community's boundaries explicit, has a greater chance of forming a lasting and stable partnership. It is important to note that registering a community's DUAT does not prevent a private firm from investing in the area, provided they have consent to do so.

More formalised contracts with communities, such as a form of lease, should be considered. *Cessão de Exploração*, which allows communities to lease land and natural resources to investors for economic exploitation, is an example of a more symmetric community-investor relationship. In the future, ThirdWay RDC should look into such options, which combine stronger tenure security for small farmers with a commercial partnership.

DUAT formalisation is also essential to promote investment and long-term planning by small farmers, since they are unable to access credit without documentation. Consequently, ThirdWay RDC must help with the process to improve the productivity and help the growth of outgrowers in the long run.

8.2. LAND MANAGEMENT COMMITTEE

Once the initial delimitation is complete, it is important to set up a managing body to create accountability. A community land and resource management committee, like the CGRNs formed by ITC, will make any impact more permanent, since such a group can ensure the long-term implementation of any land-zoning plans and hold the village chief accountable to the community as a whole. This kind of community engagement is only possible with sufficient education about land rights and economic opportunities for all members.

A community management committee will also be important in the long run as a way to coordinate future investment negotiations and proposals. Decisions about how best to distribute grant funding, resources, and revenue gained from exploitation of natural resources on the land can be channelled through the committee. Coordination will make communities much more autonomous and increase their bargaining power to create more equal partnerships.

Some CGRNs have struggled to provide sufficient oversight and local knowledge because they represent an entire *regulado* (chieftainship), rather than the smaller *povoados* (villages) within the wider community. This is the case to some extent in the Gorongosa buffer zone for example. This illustrates the importance of carrying out community limitations at a more localised scale in future ThirdWay RDC initiatives.

8.3. LAND ZONING PLAN

In order to provide greater internal tenure security, the delimitation and consultation process should contain a clear agreement about the distribution of land within the community, managed by the land committee. This would provide accountability and work to ensure long-term access to land for all community members.

A land-zoning plan need not contradict customary practices. Traditional systems such as rotation of families, and communal ownership and use of farmland can be incorporated into any agreement, provided that such a system offers equal opportunities to all women and men. Protecting individual land rights within communities will encourage private investment by small farmers, as there is greater certainty that

they will benefit from any agricultural improvements to the land. This will in turn promote sustainable, conservation agriculture. Small farmers will create a more permanent base, restricting the use of shifting agriculture, which requires farmers to clear new land frequently using slash and burn techniques.

Any such plan requires community engagement and case-by-case tailoring as the needs and opportunities in each community will differ widely. ThirdWay RDC therefore needs a baseline study of the Uàcúa community before any land initiative can begin.

8.4. EMPOWERMENT OF WOMEN

Women in particular are very often marginalised as in many cases the prevailing customary laws do not protect women's land rights. Without the security of a land management plan and individual land rights women are often unable to guarantee their tenure, limiting development opportunities. A baseline study of the Uàcúa population should include statistics on female land ownership within the community.

Land management committees must also include a significant proportion of women, to ensure that all interests are accounted for during negotiations and consultations. In some cases, this may conflict with customary norms, which could present a challenge for ThirdWay RDC.

9. SMALL FARMERS

Alongside community land projects, ThirdWay RDC can have a tangible impact on the productivity of small farmers in the Wanza Farms region, and in future investments as well. As a well-established, large-scale private farm, Wanza Farms is uniquely positioned to provide not only help improving farming methods, but also an offtaker for the resultant increase in yields. Stable demand is necessary for the transition from small farmer to small commercial farmer that the following strategies work towards, as expansion and long-term thinking require market access. By engaging with the local farmers, Wanza Farms can create both an input and output market within the community, as technology, machinery, and knowledge are transferred between small commercial and subsistence farmers. Any investment in outgrower schemes will have knock-on benefits for both Wanza Farms and the local communities as a whole. This is especially relevant considering Wanza Farms's plans for expansion. The advantages of a dam and irrigation, in particular, can be shared between Wanza Farms and the community, encouraging donor funding with which to develop the initiative. Local farmers cannot be ignored; it is a reality that much of Wanza Farms's concession is occupied. This does not need to be seen as a problem. It creates an opportunity for Wanza Farms to create a model for large-scale farming in Mozambique and a new story, in which investor and community work together.

9.1. OUTGROWER SCHEMES

Wanza Farms has been in operation for eight years. In that time, it has had a considerable impact on the neighbouring Uàcúa community, introducing soya as a cash crop and encouraging population growth, without an explicit impact programme. Setting up outgrower schemes with the local communities will allow Wanza Farms to benefit as well, as ThirdWay RDC will be directly involved with small farmers in the area and will grow as they do.

By providing a stable buyer for local farmers, Wanza Farms can encourage private investment by small farmers, who will have the security required to make far-sighted improvements. Contract farming will allow small farmers to plan ahead with a greater level of certainty.

One partnership with small farmers that would be particularly effective would be cassava production, given the demand from large offtakers in the brewing industry. Depending on the results of a trial, it may be the case that it is more economically viable for local farmers to focus on cassava than for Wanza Farms

to do so. More importantly cassava, as well as macadamias and horticulture, do not have well-established side-selling markets, and so small farmers are more likely to follow through with their contracts.

Another way to reduce side selling would be to encourage farmers in the programme to produce soya seed instead of cash crop, which can then be bought both by Wanza Farms and by small farmers who are not part of the scheme. This would create both an input and output component and benefit the community more widely if more people have access to high-quality seed. There is also potential for any outgrower scheme to be developed and scaled up through donor funding.

9.2. TRAINING IN CONSERVATION FARMING METHODS

Agricultural education, including business management and sustainable farming methods, is essential to the success of any community-investor partnership. Small farmer training in good agricultural practices and the use of machinery is required for Wanza Farms to benefit from any commercial partnership and create real productivity improvements. This knowledge can then be transferred throughout the community. Business training and development of management skills is also a key step in the transition to far-sighted decision making, as small commercial farmers develop business plans and are consequently less likely to engage in side selling.

Raising awareness of unsustainable farming practices, such as slash and burn deforestation and soil nutrient depletion, can also have environmental benefits that are part of a much broader impact story. The transition to sustainable agriculture is essential to increasing efficiency and facilitating the development of small commercial farmers.

9.3. HIGHER QUALITY SEED SUPPLIES AND TECHNOLOGY

Creating a programme with some of the most productive local farmers, those that could be classed as small commercial farmers, will create a positive feedback loop in the community. Small farmers throughout the region will benefit from the wider availability of technology and high-quality seed suppliers. Small commercial farmers can lease their machinery, such as tractors and threshers, to small farmers, improving their productivity in turn. As such, the benefits of agricultural partnerships extend to the whole community.

10. SMALL COMMERCIAL FARMER PROGRAMME

As Wanza Farms looks to future expansion into the concession and building a dam on the Nalume River to facilitate winter cropping, ThirdWay RDC will need to address the impact on the Uàcúa community, and those beyond the concession too. One project that could build on Wanza Farms's development would be a Small Commercial Farmer scheme based beyond the concession, close to the dam.

TechnoServe has implemented a similar model near Gurué in Alta Zambézia, by forming a cooperative called COPAZA for selected local farmers who demonstrated entrepreneurial skills. This programme has seen considerable success in creating a set of small commercial farmers (those with more than 5 hectares of land) by empowering small farmers with machinery, seed and training. Moreover, the 33 small commercial farmers selected for the model have reached over 3,000 small farmers to transfer seed, knowledge and technology. This scheme can provide a model for a similar programme near Wanza Farms.

10.1. TRAINING IN CONSERVATION FARMING & MACHINERY

The TechnoServe model provides for the training of small commercial farmers in the use of mechanised equipment, seed multiplication and business management. What is more, it includes a scheme for 'demonstration plots', through which small commercial farmers transfer knowledge to small farmers and pass on training about sustainable agriculture.

TechnoServe focussed on training in the ten practices required by the National Seed Authority in order to certify seed production, which is important to produce high-quality seed that is commercially viable. The benefits from these techniques are shown to small farmers in the demonstration plots, which are an important link between the commercial farmers and the community. In 2017-2018, 32 demonstration plots were planted, reaching over 3,000 small farmers and illustrating the effect of improved techniques on yields.¹²

10.2. BUYING GRAIN FROM AND RENTING MACHINERY TO SMALL FARMERS

As well as transferring knowledge, small commercial farmers can build a business relationship with small farmers. A Small Commercial Farmer programme provides a point of organisation for an outgrower scheme; small farmers can sell grain to the larger local farmers who can then sell it on to Wanza Farms. In return, small commercial farmers sell seed to small farmers, thereby improving the quality of their yield.

Moreover, since the small commercial farmers are trained to use machinery, they can then lease tractors and other equipment to small farmers and demonstrate how to use such technology, without any further input from the investing partner. Such a programme becomes much more self-sustaining therefore, so the input required from Wanza Farms diminishes over time as small commercial farmers gain autonomy. In this way the programme has the potential to be a commercial, mutually beneficial partnership.

10.3. IRRIGATION AND WINTER CROPPING

The most significant productivity improvement for small commercial farmers would be irrigation to enable winter cropping. Currently land is highly under-utilised as there is insufficient rainfall in the winter months to have a second harvest. Creating a canal system for the small commercial farmers would create the opportunity for horticulture or other winter crops. This is particularly viable considering Wanza Farms's plans to build a dam on the Nalume River. Constructing the dam at the North of the concession would allow the benefits to be shared with the local community, and could attract grant funding for the project. Extending irrigation through canals above the boundary of the concession would create an area that is viable for winter cropping, an ideal site for the small commercial farmer initiative.

The TechnoServe model is designed so that local farmers retain the land they currently occupy, expanding from their present base. For Wanza Farms, however, it may be more effective to provide a new area for those partaking in the scheme to farm. This has several benefits. Firstly, this area would be irrigated so the farmers could expand into winter crops. Secondly, coordination would be much easier. The families surrounding Wanza Farms are typically very spread out, with little community centralisation. As such, sharing machinery, technology and skills will be much more efficient if the small commercial farmers are based together, creating economies of scale. Moreover, demarcating a new area of fertile land will incentivise voluntary migration out of the concession towards this new centre, and so work to reduce any potential resettlement issues.

10.4. CREATION OF PRODUCER ASSOCIATIONS

To further increase coordination of small commercial farmers, ThirdWay RDC could consider the creation of a producer association, or cooperative. This is especially relevant given a centralised farming area, since this irrigated land would require a new DUAT. Registering a producer association that included the small commercial farmers, who may not necessarily all be community members, would give the project legitimacy from both legal and donor perspectives, and enable the association to

¹² TechnoServe. (2019) *The Small Commercial Farmer Model Report*. p. 18.

demarcate and register the land to ensure tenure security. The feasibility of this should be studied further, with reference to previous examples, such as TechnoServe's COPAZA or those managed by iTC, in order to secure the success of such an initiative. It may be the case that it is easier for Wanza Farms, as a private investor, to obtain a new DUAT for the land as the canal system is built.

Beyond land tenure security, a producer association would allow for much more efficient and coordinated management of relations with small farmers, Wanza Farms and donor partners. An association is also much better placed to negotiate with third parties and to manage investments in machinery and technology that can be shared, from tractors to a seed processing plant. The community management committee can in turn work with the producer association to coordinate community relations and provide oversight over the small commercial farmers in the area. This self-regulating mechanism would create accountability and stability throughout the impact programme.

11. MOUNT NAMULI CONSERVATION AREA

Mount Namuli is Mozambique's second largest mountain. It is rich in biodiversity and is home to a vast natural forest, yet has no protected status. Given that Wanza Farms is located beside the foothills of this mountain range, another part of the ThirdWay RDC impact story could be the development of a Mount Namuli Conservation Area. This will protect the primary forest that covers much of the mountain, as well as the water source for both Wanza Farms and the surrounding communities. This conservation project should be an important part of ThirdWay RDC's land governance strategy.

11.1. LAND CLASSIFICATION

Creating a conservation area requires the reclassification of land to create a protected management concession. This will necessitate close cooperation with government at both local and ministerial level; however, there are many examples of private partnership and involvement in such projects from which ThirdWay RDC can learn. This is also an opportunity to strengthen ThirdWay RDC's community impact strategy. Creating a conservation area naturally involves the use and management of some community lands. From this, the community is entitled to 20% of the state revenue gained. ThirdWay RDC can help to ensure this is fulfilled, and managed effectively by the CGRN. Gorongosa National Park is an effective model for ThirdWay RDC to refer to. Not only do they have 16 community committees, but they also have a 'buffer zone' (the Natural Resources Sustainable Use Zone), in which community members live and farm, providing sustainable alternative livelihoods for those in the concession area.

11.2. AGRICULTURAL OPPORTUNITIES

The Mount Namuli Conservation Area could incorporate sustainable agriculture in much the same way as Gorongosa, which has focussed on coffee production and outgrowing. There is potential for tree crop production in the foothills of Mount Namuli, which if managed as a community project could create another opportunity for the development of small commercial farmers, as well as contributing to afforestation and the sustainability of the Mount Namuli area. This could potentially benefit from the formation of a producer association, similar to that discussed above (10.4).

If such initiatives are shown to be successful in the Wanza Farms area, this could provide a model for community-investor partnerships not only for future ThirdWay RDC projects, but also for other anchor investments in the region. There is currently very little precedent for private initiatives targeted at community tenure security and agricultural development. ThirdWay RDC therefore is in a strong position to create visible impact and lead by example, creating a new standard for commercial community relationships.

12. CHALLENGES FOR THIRDWAY RDC AND SOLUTIONS

There are certain challenges that ThirdWay RDC will need to consider in creating community partnerships; however, with foresight these can be largely mitigated.

12.1. COMMUNITY BOUNDARIES AND RESETTLEMENT

Although a baseline study is required for an exact delimitation of community boundaries around Wanza Farms, it is evident that the Uàcúa community overlaps to a great extent with the farm's concession and that this area is relatively well populated. North of the concession, where there is potential for irrigation, the land belongs to another community, in Nampula province. This could create potential conflict for any irrigation project in the area, although creating a programme that included farmers from several communities could resolve this. As such, designing any small commercial farmer initiative to reach beyond the Uàcúa community should be considered. This would also make the programme easier to replicate and extend throughout the area. An impact story designed around the Nalume River region, instead of a single community, can have a much wider scope, and can easily incorporate any projects linked to the Mount Namuli area as well.

Promoting growth and investment beyond the limits of the concession will encourage voluntary migration away from the area into which Wanza Farms is planning to expand. This is a positive step to avoid potential conflict from necessary future resettlement and reduce the need for forced relocation of families within the concession. Creating a new centre will also work to discourage further migration into the Wanza Farms concession.

A community impact project based outside of the concession may require ThirdWay RDC to acquire a new DUAT for a separate plot, particularly considering plans to irrigate such an area with a canal system. While this is not directly a challenge, it is worth prior consideration and discussion of the potential for donor funding for such an initiative.

12.2. COMMUNITY ENGAGEMENT

For a community partnership to succeed commercially, open and frequent discussion is crucial. A community resource management committee for example, will be ineffective if the community members are not invested in its success and directly engaged. A producer association for small commercial farmers has similar risks, as TechnoServe and iTC have both reflected. For any project's success, ThirdWay RDC must first raise awareness amongst all community members about the benefits and responsibilities associated with a commercial partnership. This is both to ensure that all members can be involved in decision-making processes, and also to encourage farmers to honour contracts and desist from side selling. It will be essential to have both small commercial and small farmers invested in and committed to Wanza Farms's success.

It will be particularly important for ThirdWay RDC to ensure involvement of women and young people in community management, since this may be limited otherwise. Female and youth empowerment goals may conflict with customary norms, in which case this may pose a challenge to ThirdWay RDC since imposing a project that is not widely accepted will be ineffective. Coordination with an implementing partner, who has more experience in creating similar programmes, may be worth consideration.

12.3. GOVERNMENT RELATIONS

Since the state technically owns all land in Mozambique, ThirdWay RDC may come into conflict in an attempt to create any form of trust, to manage a conservation area or small commercial farmer project for example. The role of the government in such initiatives and the DUAT registration process itself are

often unclear. This could pose a challenge for ThirdWay RDC's community relations, in particular relating to any form of lease or sub-lease between Wanza Farms and the Uàcúa community.

While this could be one of the largest obstacles for ThirdWay RDC, it is by no means insurmountable, and there are several examples of government cooperation with community-investor partnerships. Privately sponsored community land delimitations for example, help to reduce the state burden so are welcomed. ThirdWay RDC can use the precedent and experiences of case studies such as Coutada 9, where the owners of the hunting concession made an agreement with the communities to stop illegal hunting in return for a share of profits, to avoid any potential conflict from resettlement. ThirdWay RDC will need to pursue both a bottom-up and top-down approach to government relations – working closely at the administrative and provincial levels, as well as having relations at the ministerial and federal level. This should also help mitigate any government-relations roadblocks. Once again, partnership with an experienced implementing partner could help to overcome any of these possible issues.

13. BENEFITS FOR THIRDWAY RDC

Wanza Farms's proximity to neighbouring communities should be seen foremost as a fundamental, part of the ThirdWay RDC narrative. Engaging in questions of community land rights and agricultural productivity can create a commercially viable community-investor partnership that is mutually beneficial and provides a model for future anchor investments in the region.

As a large commercial farm based permanently in the area, Wanza Farms has the ability to provide a buyer for agricultural offtake and long-term training and technical assistance to small farmers. This is where NGO-led projects have often struggled to be sustainable – without secure market linkages, investments in small commercial farmers often suffer once NGO assistance is withdrawn.

13.1. IMPACT STORY

Wanza Farms's impact story as a whole will benefit from engagement with community land issues. A tripartite model that includes community, conservation and sustainable agriculture is a powerful illustration of what impact investing can do. Initiating projects to promote community land management, set up outgrower schemes, and create a Mount Namuli Conservation Area will provide ThirdWay RDC with a strong, rounded impact story that confronts the complexities of tenure security in rural Mozambique and illustrates good land governance.

Such a strategy will be extended to future ThirdWay RDC investments too, providing a model for a much wider set of impact investments. Moreover, considering the lack of precedent for private initiatives, a successful programme will make ThirdWay RDC a pioneer, setting the pace for similar agricultural anchor investments.

13.2. COMMUNITY RELATIONS

Investment in the future of local communities will have reciprocal benefits for Wanza Farms. Direct engagement with the Uàcúa community and those near the farm will foster loyalty to Wanza Farms and create an incentive for local farmers to concern themselves with its success. Investment in employees' welfare, through meal plans and transport provision for example, will improve worker productivity and satisfaction. Forming management committees and raising awareness of land rights will improve relations with the local communities. Investing in agri-education and seed contracts for small farmers will reduce theft from Wanza Farms's fields by creating self-sufficient communities that respect the farm and recognise the mutual benefit of a positive commercial relationship.

Moreover, promoting conservation farming and development outside the concession will encourage voluntary migration away from the farm and mitigate any potential conflict over future resettlement. This will become increasingly important as Wanza Farms begins to plan for expansion and confronts the reality of occupied land within the farm's boundaries. While this should not be part of ThirdWay RDC's impact story directly, it is critical from a business perspective.

13.3. ECONOMIC ADVANTAGES

Beyond the economic benefits derived from improving community relations and employee productivity, an agricultural community-investor partnership would also make business sense. Creating an outgrower scheme to buy the offtake from small commercial farmers is a commercial opportunity, not only for the local farmers but for Wanza Farms too. This is particularly true with crops such as cassava, which may be more economically viable for small farmers and are not vulnerable to side selling.

The case for community involvement is especially powerful considering plans for a dam on the Nalume River and irrigation for winter cropping. The building of the dam, which Wanza Farms requires regardless of any community projects, considerably outweighs the cost of extending irrigation to small commercial farmers. Involving local farmers creates the potential for attracting donor funding for such a project and as such may result in lower overall cost for Wanza Farms. This is just one example of how engagement with local communities extends beyond CSR and makes real commercial sense.

Overall, there is strong evidence to suggest that a community-driven focus for Wanza Farms is not just economically viable, but in fact mutually beneficial. Addressing the realities of investing in rural Mozambique with a direct approach to resolving any challenges will put ThirdWay RDC in a position to develop the opportunities that arise, mitigate potential risk, and create a new model for agricultural anchor investments.