Special Investigation

The forgotten scandal - still no forensic audit into Command Agriculture

BREZH MALABA

If an official forensic audit were conducted, it would shed light on many issues, including the construction of a palatial mansion in Harare

IN his first post-election speech at State House in Harare on 27 August after winning shambolic polls which were roundly condemned by local and international election observers, President-elect Emmerson Mnangagwa stated the most important priority of his second term in office: "the consolidation of food security".

He could have said his uppermost concern is infrastructure development, mining, health or education. Instead, he chose food security—and it would be difficult for any level-headed analyst to pour scorn on his choice.

But the problem with Mnangagwa's food security rhetoric is that he continues burying his head in the sand. He has failed to tackle the single biggest impediment to sustainable food security: murky dealings in agriculture involving well-connected businesspeople and political elites.

Mnangagwa's Zanu PF government has thwarted all efforts to investigate Command Agriculture, even after the Auditor-General said billions of US dollars are still unaccounted for. Opposition legislators in the outgoing Parliament repeatedly demanded a forensic audit, but the ruling party used its majority to frustrate any official probe. In the 23 August 2023 sham election, Zanu PF clinched yet another parliamentary majority. The stark reality now is that Command Agriculture may never be properly investigated.

The bleeding continues

Rampant looting under the controversial Command Agriculture programme—with a parliamentary committee reporting that it saddled Zimbabwean taxpayers with a US$1.6 billion debt—is continuing, even after the name of the scheme was changed by the government to deflect public scrutiny.

High loan delinquency by beneficiaries of government-guaranteed agricultural loans is the latest scandal, marking a continuation of the shoddy management of public finances.

The government changed Command Agriculture's name to National Enhanced Agriculture Productivity Scheme (Neaps) and announced that agricultural financing was now being handled by the banking sector with effect from the 2019 farming season.

But the bleeding continues unabated, with Treasury issuing bank loan credit guarantees which have ramped up the taxpayers' exposure to defaulting farmers.

As our investigation shows, Command Agriculture has been a scandalous use of public funds, with no tangible benefit to the nation, while the financing cartels have pocketed hefty profits. The scheme has been characterised by a lack of fiscal prudence and a distortion of farmers' access to credit. Far from shoring up food security and macro-economic resilience, it has accentuated the country's vulnerabilities to hunger, poverty and the climate crisis.

Funding under the re-named Command Agriculture (Neaps) is handled by CBZ Bank and the AFC (formerly Agribank). These two financial institutions lend to farmers under government guarantee.

A Public Debt Statement presented to Parliament by Finance minister Mthuli Ncube in November 2021 shows that farmers are defaulting on their loans (see Table 1 below). The debts will ultimately be inherited by taxpayers. Another Public Debt Statement, this time released by Ncube in July 2023, shows that farmers are still defaulting (Table 2).

The taxpayer is in trouble. Of the ZW$76.8 million disbursed to farmers under the CBZ Agroyield scheme for the 2020 winter maize cropping season, only ZW$0.44 million was recovered, representing a 0.6% recovery rate. Of the ZW$21.7 billion disbursed to farmers by the same bank for the 2020-2021 summer maize cropping season, only ZW$4.8 billion has been recovered, representing a 22% recovery rate. Of the ZW$1.5 billion disbursed by the same bank for the financing of the 2020-2021 soya beans summer cropping season, only ZW$0.199 million has been recovered, representing a 13.29% recovery rate.

CBZ Agroyield (Pvt) Limited (Wheat Farmers)	Financing of 2020 winter wheat cropping season (100% Guarantee)		1.57	Of the ZWL$1.57 billion disbursed, ZWL$1.21 billion has been recovered representing 77% recovery rate[1]
CBZ Agroyield (Pvt) Limited (Maize Farmers)	Financing of 2020 winter maize cropping season (50% Partial Guarantee)		76.8	Of the ZWL$76. 8 million disbursed, ZWL$0.44 million has been recovered representing 0.6% recovery rate.
CBZ Agroyield (Pvt) Limited (Maize Farmers)	Financing of the 2020/2021 summer maize cropping season (80% Partial Guarantee)		21,700	Of the ZWL$21.7 billion disbursed, ZWL$4.8 billion has been recovered representing 22% recovery rate.
CBZ Agroyield (Pvt) Limited (Soyabean Farmers)	Financing of the 2020/2021 soya beans summer cropping season (80% Partial Guarantee)		1,500	Of the ZWL$1.5 billion disbursed, ZWL$0.199 million has been recovered, representing 13.29% recovery rate.

Table 1: The poor performance status of guarantees issued in 2020, as at 11 November 2021.

Borrower	Lender	Purpose	Facility Amount Millions		Outstanding Amount Millions		Financing Terms	Performance Status as at end December 2022
			US$	ZWL$	USD	ZWL$		
Maize Farmers	CBZ Bank- CBZ Agroyield	Financing of 2019/20 winter wheat cropping season (100% Guarantee)		4,510		-	**Interest Rate:** *17%* **Insurance Fee:** *1.5%* **Tenor:** *360 days* **Maturity date:** December 2020	Of the ZWL$4.5 billion disbursed, ZWL$1.5 billion was recovered representing 38.5% recovery rate. The Government Guarantee was called up with an amount of ZWL$2.77 billion, including interest and has been fully paid.
Wheat Farmers	CBZ Bank- CBZ Agroyield	Financing of 2020 winter wheat cropping season (100% Guarantee)		1,630		-	**Interest Rate:** *17%* **Insurance Fee:** *1.5%* **Tenor:** *360 days* **Maturity date:** April 2021	Of the ZWL$1.019 billion disbursed, ZWL$1.21 billion was recovered representing 74% recovery rate. The Government Guarantee was call up with an amount of ZWL$0.65 billion, including interest and has been fully paid.
Maize Farmers	CBZ Bank- CBZ Agroyield	Financing of 2020 winter maize cropping season (50% Partial Guarantee)		76.8		-	**Interest Rate:** *17%* **Insurance Fee:** *1%* **Tenor:** *360 days* **Maturity date:** April 2021	Of the ZWL$76.8 million disbursed, ZWL$0.44 million has been recovered representing 0.6% recovery rate as at end September 2022. The Government Guarantee was called up with an amount of ZWL$0.0764 billion, including interest. Guarantee has been fully paid. Post Guarantee payments received amounted to ZWL100 million.
Maize Farmers	CBZ Bank- CBZ Agroyield	Financing of the 2020/2021 summer maize and soya bean cropping season (80% Partial Guarantee)	275		188		**Interest** Rate: **ZWL$:**45%pa **US$:**10%pa **Tenor:** 360 days **Maturity Date:** December 2021	Of the US $275 million disbursed, US$56.4 million has been recovered representing 20.5% recovery as at end of September 2022. The Government Guarantee claim

Table 2: Farmers continue defaulting on their government-guaranteed loans.

Borrower	Lender	Purpose	Facility Amount Millions US$	Facility Amount Millions ZWL$	Outstanding Amount Millions USD	Outstanding Amount Millions ZWL$	Financing Terms	Performance Status as at end December 2022
								of US$188 million has since been called up and settlement is in progress.
Wheat Farmers	CBZ Bank- CBZ Agroyield	Financing of 2021 winter wheat cropping season (73% Guarantee)	66.6		29		**Interest Rate:** *17%* **Insurance Fee:** *1.5%* **Tenor:** *360 days* **Maturity date:** April 2022	Of the US$ 66.6 million disbursed, US $26.09 million has been recovered representing 40% recovery rate. The Government Guarantee claim of US$29 million has since been called up and settlement is in progress.
Maize & Soya Farmers	CBZ Bank- CBZ Agroyield	Financing of the 2021/2022 summer maize and soya bean cropping season (73% Partial Guarantee)		15,429		3,100	**Interest Rate:** *39%* **Insurance Fee:** *2%* **Tenor:** *360 days* **Maturity date:** 30 September 2022	Of the ZWL$15.4 billion disbursed, ZWL$11.2 billion has been recovered representing 72.43% recovery rate. The Government Guarantee claim of ZWL$3.1 billion is outstanding.
AFC Holdings	Various Investors (Pension and Provident Funds, Insurance companies, commercial and merchant banks)	Financing of the 2021/22 summer agricultural season		15,000		700	**Interest Rate:** *40%-55%* **Tenor:** *270 days and 365 days* **Maturity date:** *January 2023*	Out of the ZWL$15 billion, ZWL$ 5.9 billion was mobilised and repayments of ZWL$ 7.1 billion inclusive of interest payments have been made, leaving an outstanding balance of ZWL$0.7 billion which will fully mature in January 2023. Resources have been ringfenced into a dedicated sinking fund where revenues from proceeds of maize, potatoes and other summer crops will be deposited for the servicing of the facility.
AFC Holdings	Various Investors (Pension and Provident Funds, Insurance companies, commercial and merchant banks)	Financing of the winter 2022 winter wheat agricultural season		5,000		7,460	**Interest Rate:** *102%-125%* **Tenor:** *270 days and 365 days* **Maturity date:** *August 2023*	Out of the ZWL$5 billion, ZWL$4.34 billion was mobilised and repayments with a total value of ZWL$7.46 billion including interest will begin in April 2023. Resources are being ringfenced in a dedicated sinking fund where revenues from proceeds of wheat

Murky dealings

In 2019, the Auditor-General's report revealed that the government had failed to properly account for US$3 billion in public funds, some of which were allocated to Command Agriculture. The report highlighted several instances of financial mismanagement, including the awarding of contracts without competitive bidding and the use of public funds for purposes other than those intended.

Legislators have repeatedly demanded a forensic audit into Command Agriculture, but none has been conducted. As a result, the exact amount of money swallowed by the sinkhole is unknown.

In this new investigation, we reveal for the first time and in the public interest how the Command Agriculture term sheets were structured, exposing the defective contractual agreements between Treasury and private companies which have added to Zimbabwe's ever-worsening debt burden, now officially at US$18 billion as at December 2022, up from US$17.2 billion in the prior year.

Sustainable food security elusive

Food production in Zimbabwe is largely rain dependent, meaning extreme hunger is often just one drought away. For instance, while the rain was generally normal in the 2022 summer cropping season, in the forthcoming season from October 2023 to March 2024 it is forecast to be lower due to the El Niño phenomenon.

Despite pumping billions of US dollars into agricultural development, why has Zimbabwe suffered food deficits over the years, with half the southern African country's population living in extreme poverty during the Covid-19 pandemic?

In this investigation, we will show that the endemic hunger is not the result of bad fortune but the logical outcome of the nexus between corrupt political leaders who control the public purse and their corporate cronies.

Before the year 2000, Zimbabwe was known for attaining food self-sufficiency, gaining a reputation as a net exporter of the paramount staple maize.

But in recent years the southern African country has become known as a basket case, with the World Bank reporting in 2021 that 7.9 million Zimbabweans—half the nation's entire population—lived in extreme poverty amid endemic hunger and malnutrition.

National humiliation

On 8 June 2022, Zimbabwe's fall from grace was dramatically amplified through a letter written by Malawian opposition leader Khondwani Nankhumwa to that country's President Lazarus Chakwera. Nankhumwa asked the president to urgently intervene and block Malawi's planned export of 100 000 metric tonnes of maize to Zimbabwe. In that letter, the opposition politician argued that Malawi was facing its own food shortage and had no business selling maize to Zimbabwe.

The letter triggered a great deal of soul searching in Zimbabwe, with stunned citizens forlornly debating the country's utter humiliation. How the mighty had fallen! One of Africa's former net exporters of food was now grovelling for a meal from a country considered one of the poorest in the world.

At independence from British settler colonialism in 1980, Zimbabwe boasted the second most sophisticated economy in sub-Saharan Africa, after South Africa. In recent years it has struggled to feed itself.

There are various factors for this. The first one is the rampant collusion between political leaders who control the public purse and their corporate cronies.

The Zimbabwean government says it has made food security a top priority and is committed to building an US$8.2 billion agricultural sector contributing 20% of gross domestic product by 2025. But is this achievable?

Hunger is real

On 29 April 2023 in the Concession area, a farming community located in Mashonaland Central`s famous grain belt, our news crew came face-to-face with the stark contrast between President Emmerson Mnangagwa`s repeated assertions that Zimbabwe has defeated hunger and the lived reality of people on the ground.

National food security as defined by politicians does not always translate to food security at household level.

In the backdrop of gloriously temperate early-winter weather and clear blue skies, we witnessed the soul-crushing spectacle of a senior citizen, Miriam Billiart (89), crouched near the Grain Marketing Board (GMB) depot, scavenging for morsels of maize grain falling off haulage trucks.

"Life is tough. If I stop picking up this discarded grain, I could starve. I come here every day to pick up the maize, carefully separating it from soil. We then process it into mealie-meal," she tells us, before heaving a deep sigh of exasperation. Billiart`s experience is a reminder that Zimbabwe`s food security situation remains delicate, despite the good harvests recorded in the 2022-2023 summer farming season on the back of relatively favourable rains

Miriam Billiart (89) scavenges for grain dropping off haulage trucks near the Grain Marketing Board's depot in Concession, Mashonaland Central province. Pictures: Brezh Malaba.

Narrating the never-ending menace posed by hunger, the elderly lady says she lives with her brother who works as a security guard. On his meagre wage, they cannot afford a decent diet and often go to bed hungry.

"What else can I do? What will we eat? The only way to survive is to come here and pick this discarded grain," she adds, swiftly returning to her crouching position, as if racing against time.

A poverty-stricken senior citizen scavenging for discarded grain in the vicinity of the Concession GMB depot—a facility equipped with some of the largest silos in Zimbabwe—is hardly the assuring image of food self-sufficiency the nation`s leaders have been at pains to portray.

The grotesque irony: Gogo Billiart is donning a Zanu PF wrapping cloth. The ruling party`s campaign regalia is dished out to the masses at election rallies.

Struggle for survival...The ever-looming shadow of hunger is stalking many Zimbabweans, including Miriam Billiart (above). The government may claim that Zimbabwe has attained national food security, but the hunger at household level is dire.

She is not the only one reeling under economic hardships. Near the depot entrance is a scrum of a dozen men who fiercely jostle whenever a haulage truck approaches the locality. They are paid a measly US$2 each to load a massive truck. It is back-breaking work, but they reckon this is better than starving at home.

"Sometimes we go the entire day without seeing a truck that needs loading or offloading. So when a truck arrives, we have no choice but to accept the US$2 payment. If you complain about the amount, they simply tell you to step back and allow others to do the work," says a man who refuses to be named.

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What is Command Agriculture?

COMMAND AGRICULTURE
Securing our tomorrow, today

Command Agriculture is a Zimbabwean government initiative launched in 2016 to boost the country's agricultural production and food security. The programme was aimed at increasing agricultural output by supporting farmers with inputs, equipment and technical assistance, with the goal of achieving self-sufficiency in food production and reducing the country's reliance on grain imports.

Maize is Zimbabwe's main staple and 2.2 million metric tonnes are needed every year, on average, to meet the demand for human consumption and stockfeed.

Under the programme, the government provided farmers with various forms of support, including seed, fertilizer and other agricultural inputs, as well as technical advice on crop management and marketing. Farmers who participated in the programme were expected to deliver an agreed quota of their output to the government, which would be used to replenish Zimbabwe's strategic grain reserve.

No transparency and accountability

From 2016 to 2019, Sakunda Holdings, owned by Zimbabwe presidential adviser and tycoon Kudakwashe Tagwirei, was paid US$1.3 billion by the government. This amount was broken down as follows: In the period from October 2016 to April 2018, Sakunda received US$230 167 457 in cash and US$775 851 713 in Treasury Bills.

The US$230 million cash was money diverted from a National Oil Company of Zimbabwe (Noczim) Debt Redemption Fund, a purse financed through a levy on motorists. The fund was supposed to be ring-fenced and would have been enough to pay off the parastatal's legacy debts. Instead, the government diverted money from the Debt Redemption Fund to other expenses. Auditor-General Mildred Chiri in her 2015 report found that the government was raiding the fund in violation of the purse's specific purpose.

In June 2017, the then Finance minister, Patrick Chinamasa, admitted that Command Agriculture was being partly funded through the Noczim Debt Redemption Fund. This was patently unlawful. Parliament—which has a constitutional obligation to monitor and scrutinise the use of public funds in terms of the Public Finance Management Act [Chapter 22:19] and sections 117 and 119 of the constitution of Zimbabwe—was kept in the dark on how the debt redemption purse was diverted. Public financial management law—central to the country's economic governance—spells out a set of rules, systems and processes used by the government in mobilising revenue, allocating public funds and undertaking public spending, as well as accounting for funds and audit results.

Revealed: opaque contracts

Our investigation can exclusively reveal—for the first time since the Command Agriculture programme began—how the term sheets were structured. A term sheet is a document outlining the material terms and conditions of a business agreement.

We are publishing, for the first time, a term sheet dated 9 March 2018 (pictured below) signed between the then Finance minister Chinamasa and Sakunda Holdings chief executive officer Tagwirei. The government was the borrower while Sakunda was the lender.

Under this particular loan agreement, the borrower was to issue zero-coupon Treasury Bills in advance as security, for US$212 239 560, being 60% of the loan amount. This means the total loan was US$353 732 600.

The interest rate was set at 4% per annum, paid annually in tranches of actual agricultural inputs disbursed. The 4% interest, in the context of Command Agriculture, appears to have been par for the course.

Sakunda Holdings chief operating officer Mberikwazo Charles Chitambo told the parliamentary Public Accounts Committee: "We agreed with the ministry of Finance what our money would cost to the ministry of Finance, which was about 4% to 4.5%." Chitambo said 4% was actually a bargain, considering that some suppliers under the programme were charging the government up to 12%.

Another notable feature of the term sheet is the 1% "upfront facility fee" demanded by Sakunda, which was to be paid upfront by way of bank transfer or Treasury Bills as decided by the borrower.

Curiously, despite the fact that there was no open tendering under Command Agriculture as Sakunda and other companies were handpicked, the term sheet's procurement clause ironically reads: "The procurement process should follow the procurement laws of Zimbabwe."

In the implementation of Command Agriculture, the risks to the state and ultimately the taxpayer were huge: there was potential conflict of interest, lack of checks and balances and no competitive bidding. It is astonishing how the financier (for instance Sakunda) was responsible for the procurement of all inputs; the risk of over-pricing was massive.

Facility Cut-off Date	15 February 2019
Interest Rate	4% per annum, paid annually in tranches of actual inputs disbursed.
Other Fees	Upfront Facility Fee: 1% (paid upfront by way of bank transfer or Treasury Bills as decided by the Borrower).
Upfront Facility Fee date	7 (seven) working days after signing of the loan agreement.
Repayment:	The Loan Amount will be re-paid by 364 days from the date of each disbursement into an account nominated by the Lender.
Security	The Borrower will issue zero coupon Treasury Bills in tranches, in advance to cover 60% of the loan amount being a total of US$212,239,560.00
Conditions and Features	1. Sakunda nominates Ecobank Zimbabwe (Pvt) Ltd ("the Bank) to be the custodians of Treasury Bills. 2. Each Treasury Bill will mature 365 days from the date of issuance
Timetable for the Issuance of Treasury Bills	See Attached Appendix 1
Conditions Precedent	1. Execution of relevant loan agreements 2. Provision of the technical specifications of the inputs required by the Ministry of Lands, Agriculture and Rural Resettlement and specific quantities and values of maize and soya bean seeds, fertiliser, chemicals, electricity among other inputs for maize and soya beans 3. Issuance of the security 4. Payment of the upfront facility fee
Timetable for the Program	1. Execution of Term Sheet – 06 March 2018 2. Finalise volume and pricing – 23 March 2018 3. Execution of Facility Loan Agreement – before disbursements
Effective Date	The date of signing of the loan agreement.
Procurement	The procurement process should follow the procurement laws of Zimbabwe
Confidentiality	The Lender, Agencies and the Borrower agree to keep the contents of this Term Sheet confidential and shall not disclose its contents to any third parties unless where such requirement is

	is supported by a court order. This confidentiality clause shall cover any and all confidential information that is shared between the Lender and the Borrower.
Governing Law	This Term Sheet and any subsequent agreements arising out of it, including but not limited to the Facility Loan Agreement and other documentation shall be governed in accordance with the Laws of the Republic of Zimbabwe

SIGNED IN ACCEPTANCE OF THE ABOVE TERMS AND CONDTIONS

At HARARE **ON THE** 9th **DAY OF** March **2018**

For and on behalf **Government of Zimbabwe;**

OFFICE OF THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT
09 MAR 2018
P. BAG CY ... CAUSEWAY ZIMBABWE ... 738603

Hon. P.A. Chinamasa, MP
MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (Borrower);

Witnesses

1) **Name** CHIDUMWA . P **Signature**

For and on behalf of **SAKUNDA HOLDINGS (PVT) LTD (Lender);**

Name KUDAKWASHE TAGWIREI **Signature**

Title CEO

Witnesses

1) **Name** MUTAZU E. **Signature**

Tranche #	Date of Issue	Amount (US$)	
1.	12 March 2018	$106,119,780.00	14/3/19
2.	12 April 2018	$106,119,780.00	13/4/19.

Violation of public procurement law

Sakunda Holdings and other beneficiaries of Command Agriculture were handpicked. There was no competitive bidding, in violation of public procurement law. The company's chief operating officer, Mberikwazvo Charles Chitambo, told the parliamentary Public Accounts Committee that there was never an open tender (our investigation scrutinises this in detail, further on). He said the ministry of Finance justified this by claiming that there was "cabinet authority" for this method, obviating the requirement for an open tender.

In political systems, any cabinet authority which circumvents the law, for whatever reason, can be used as an instrument of high-level corruption. Competitive bidding is meant to enable the government to get the best price and contract terms in any deal that involves public spending. Handpicking companies and individuals in the absence of competitive bidding is tantamount to favouring a chosen few with preferential treatment and access to resources at the expense of others.

The Public Procurement and Disposal of Public Assets Act [Chapter 22:23] of 2017, which controls and regulates public procurement in Zimbabwe, stipulates that public procurement must be effected "in a manner that is transparent, fair, honest, cost-effective and competitive". This investigation by The NewsHawks has established that Command Agriculture failed to comply with all the five stipulations.

The objectives of the Procurement Act—designed to safeguard the public purse in the national interest—are spelt out as follows:

(a) to ensure that procurement is effected in a manner that is transparent, fair, honest, cost-effective and competitive; and
(b) to promote competition among bidders; and
(c) to provide for the fair and equitable treatment of all bidders, leading to procurement contracts that represent good value for money; and
(d to promote the integrity of, and fairness and public confidence in, procurement processes; and
(e) to secure the implementation of any environmental, social, economic and other policy that is authorised or required by any law to be taken into account by a procuring entity in procurement proceedings.

Failure to deliver results

Command Agriculture has not been as successful as it was intended to be, with many farmers failing to deliver on their quotas and a lack of transparency in the programme's impact on agricultural output.

As a result, hunger in Zimbabwe has escalated during and even after the programme, with the country relying on food imports and foreign aid.

Official numbers from the Zimbabwe National Statistics Agency show that US$111.3 million was spent by the government on maize imports in 2021.

Farmers under the scheme defaulted alarmingly, prompting a knee-jerk reaction from the government: the promulgation of Statutory Instrument (SI) 79 of 2017 and Statutory Instrument 247 of 2018. After the Parliamentary Legal Committee (PLC) issued an adverse report on SI 79 of 2017, the panicky government issued yet another regulation (SI 247 of 2018) in a desperate bid to cure the mischief arising from the looting of Command Agriculture inputs and the side-marketing of produce. But the horses had bolted. The threadbare contracts between the government and the farmers betrayed not only a scandalously inept state bureaucracy but also the machinations of public leaders who had firmly placed themselves at the feeding trough while milking Command Agriculture for partisan political gain.

The PLC—which was chaired by lawyer and Zanu PF legislator Jonathan Samukange—went on to issue an adverse report on SI 247 of 2018 [Agricultural Marketing Authority Regulations (Command Agriculture Scheme for Domestic Crop, Livestock and Fisheries Production), 2018]. The report is telling.

The statutory instrument sought to criminalise the breach of civil contract if a farmer misappropriated agricultural inputs or misused the produce. The PLC condemned the criminalisation of what were essentially civil contracts.
"Criminalisation of breach of contracts is not an option to the strengthening of debt recovery of laws for speedy recovery of loans in cases of breach of contract or default in repayment of the loan. It is the committee's view that Command Agriculture is a government scheme which provides access of inputs by the farmers. The government scheme is governed by a civil contract between the government and the farmer just like any civil contract regulated by the law of contract, thus there is no need to create a criminal offence under a statute where it is already provided for in terms of a contract."

The PLC argued that any attempt by the government to criminalise farmers' breach of contract under Command Agriculture would be unconstitutional.

"Statutory Instrument 247 of 2018 seeks to protect the scheme through criminalising the misappropriation of agricultural inputs and contract produce through criminal punishment. This not only contravenes section 49(2) of the constitution which provides that 'no person may be imprisoned on the grounds of inability to fulfil a contractual obligation'...Conclusively, Statutory Instrument 247 of 218 undermines a constitutionally entrenched right that is founded on fairness and justice for all."

As a result, farmers have continued defaulting on their loan repayments.

'Value for money' scandal

One of the principles of public procurement is the "value for money" proposition: the achievement of a desired procurement outcome at the best possible price.

Under Command Agriculture, the contracted companies went on to sub-contract a whole chain of suppliers. In some cases, these sub-contractors also had their own sub-contractors. In that sense, Sakunda Holdings, for instance, became the middleman of middlemen.

This convoluted web meant that the government did not always get the best value for money—because every supplier in the transaction chain was driven by the profit motive. When each middleman's profit margin was factored in, the prices of agricultural inputs are inflated. By procuring agricultural inputs via a web of middlemen, the government failed in its constitutional obligation to exercise financial prudence. This shady procurement approach did not offer the best value for money.

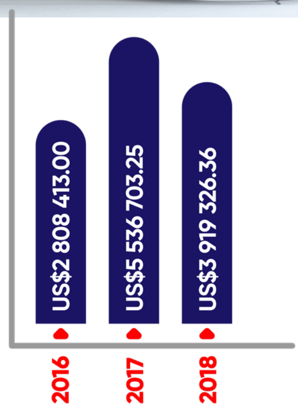
In this investigation, The NewsHawks acquired exclusive customs data on seed, fertiliser and pesticide imports by companies under Command Agriculture. We narrowed down the statistics from 4 December 2016 to 17 May 2018.

At one point, Sakunda's web of sub-contractors included the following suppliers:

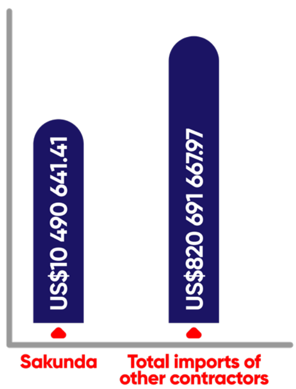
For seed: Seed Co; K2; Agriseeds; Arda Seeds; Mukushi Seeds; Pannar Seed; Monsanto, and Pioneer Seeds.
For fertiliser: FSG; ZFC; Sable Chemicals; Omnia; PHI; ETG; Windmill; UralChem, and United Fertiliser Company.
For pesticides: Acol; Fossil; ConQuip; CP Chemicals; ZFC, and Agricura.

In that period, Sakunda imported fertiliser worth just US$10.5 million [US$10 490 641.41], according to the customs data we collated in the investigation. The sum total of inputs by all Command Agriculture contractors, our data analysis shows, is US$800m. Although it is not easy to establish the exact quantities of inputs Sakunda and other suppliers may have further bought from local Zimbabwean companies, this quantum of imported fertiliser (at US$10.5m) clearly provides a useful indication of Sakunda's status as a glorified middleman.

Harare legislator Allan Markham was fully justified in querying the government's decision to engage middlemen to supply inputs.



Sakunda fertiliser imports



Sakunda fertiliser imports a drop in the ocean

Cloak of secrecy

The exact amount of money stolen or lost due to corruption in Command Agriculture is not publicly known, and estimates vary widely. There have been several reports of financial irregularities and mismanagement in the implementation of the programme, and allegations of corruption involving officials and private entities.

In 2019, the Auditor-General's report revealed that the government had failed to properly account for US$3 billion in public funds, some of which were allocated to Command Agriculture. The report highlighted several instances of financial mismanagement, including the awarding of contracts without competitive bidding and the use of public funds for purposes other than those intended. In addition, there have been numerous reports of individual cases of corruption involving Command Agriculture, including allegations of farmers and officials selling inputs and equipment meant for the programme for personal gain. While the full extent of the financial losses or stolen funds associated with Command Agriculture is not known, the program has faced significant criticism for its lack of transparency and accountability, which has contributed to concerns about corruption and financial mismanagement.

Sakunda Holdings was involved in the implementation of Command Agriculture as a key contractor. The company was responsible for supplying fuel and other inputs to farmers participating in the programme, as well as for managing logistics and distribution. Under Command Agriculture, Sakunda was awarded a contract to supply fuel to farmers participating in the programme, with the government providing a guarantee for the payment of the fuel. The company also reportedly provided loans to farmers, which were guaranteed by the government. Sakunda's involvement in Command Agriculture has been the subject of controversy, amid indications that the company benefited disproportionately from the programme and that its role was not subjected to proper oversight and scrutiny. However, supporters of the scheme have argued that Sakunda's involvement was necessary to ensure the success of the programme and that the company played a critical role in providing inputs and support to farmers.

A vehicle of state capture

Former Finance minister Tendai Biti (pictured) told our investigators that Command Agriculture had been used as a vehicle for corrupt activities and financial mismanagement.

"Command Agriculture is just a vehicle of capture which the Zanu PF heavyweights used to loot resources. Command Agriculture is circled by vultures, vultures that include the suppliers of the inputs who, without any accountability, without any yardstick of measure or of comparison, can charge whatever they want. In particular Kuda Tagwirei's Sakunda and in particular [Steve] Morland's FSG."

Former Finance minister and ex-chairperson of Parliament's Public Accounts Committee, Tendai Biti, says Command Agriculture was a looting scheme. Picture: Brezh Malaba.

Fuelling public debt

Zimbabwe is in debt distress, with the total debt stock soaring to US$18 billion as of December 2022, up from US$17.2bn in the prior year. It is useful to mention that these are only official figures and the real debt could be much higher.

The country's debt burden has become unsustainable, forcing the government to appoint former Mozambican president Joaquim Chissano to facilitate the country's debt resolution dialogue. African Development Bank president Akinwumi Adesina was appointed champion of the debt resolution agenda.

The debts contracted by the government tend to be odious, benefitting a few people at the expense of the citizenry. The government has inherited many of the debts without fully disclosing the individuals and companies responsible, placing the burden on the shoulders of taxpayers.

The recovery rate for on-lent loans and guarantees issued for agricultural support is very low. Politically exposed persons who perennially benefit from government schemes have developed a habit of not paying back their loans.

They received expensive agricultural equipment under the Farm Mechanisation Programme, but did not bother to pay back. As a result, in 2015 the government assumed a US$1.5 billion debt which was part of the non-performing loans to politically connected individuals who received loans under the US$200 million Farm Mechanisation Programme. The taxpayer must ultimately foot the bill.
This is not the only agriculture-related debt. In 2019, the government agreed on contingent liabilities of US$3.5 billion as compensation owed to former commercial farmers who were affected by the fast-track land redistribution programme at the turn of the millennium.

The International Monetary Fund says Command Agriculture—renamed National Enhanced Agriculture Productivity Scheme (Neaps)—is fraught with risks and also lacks transparency.

"Although the input financing under the Command Agriculture Programme was transferred to the banking system under a risk-sharing arrangement, risks to the [national] budget remain as the government provides an 80% credit default guarantee," the IMF noted.

Biti described Finance minister Mthuli Ncube's claim that Command Agriculture (Neaps) is now run by commercial banks as an act of deception.
"Mthuli is being dishonest; he says Command Agriculture has been parcelled out to private banks. That's not true. Treasury is paying CBZ. CBZ is just an agent; that's state money. They think they're fooling Zimbabweans."

Parliament's Public Accounts Committee estimates that Command Agriculture has saddled the government with a debt of nearly US$1.6 billion—although this is a grossly understated figure, in view of the vast amounts expended on the controversial programme.

How I got involved in Command Agriculture

Tagwirei rarely reveals details of his relations with the political elites. On 13 November 2022, during the 26th graduation ceremony at the Seventh-Day Adventist Church-run Solusi University, Zimbabweans were afforded a rare glimpse into the oligarch's dealings.

Addressing the graduands as a guest of honour, Tagwirei was anxious to explain that his business success was the outcome of toil and not political proximity to President Mnangagwa. He painted the picture of a self-made millionaire. The businessman's disclosures—in an energised speech at Solusi University's Beit Hall—largely went unreported.

"Most of you do not know. You think that Sakunda started three months ago or two years ago when President Mnangagwa became President. In 2003 that's when we started Sakunda. In fact, in 2001 actually, that's when we started Sakunda. Now 21 years old. Do you know we started with a seed of [US$] 7 500? Within the third month, we chose to sell our house so that we can build a business. And within the first year we were selling 500 000 litres a month. While others were buying houses and cars, we were building our business. 10 years on, we were the largest company in Zimbabwe. And when we became the largest company in Zimbabwe selling fuel—about 70% of the market—that's when everybody started to see, and when the Adventists saw Sakunda they said 'ah which politician is in this?' Because you look at the result, not the journey. That's what you look at. That's what you look at. You don't see my 10 years that I actually sold my house in Westgate, 142 Wattle Road, that I built from '98. It took me two years. I sold it for £21 000, which was enough to do two tankers of fuel. That is where my dream started. Are you following? That was the seed that was placed in me. And I built it to the company. I never bought a house for myself until 2010 because I was building the business."

Tagwirei narrated how he ended up supplying farming inputs under the government's Command Agriculture programme.

Curiously, he said that in 2014 he was aboard an aircraft bound for Equatorial Guinea while "on a government assignment".

"As I was going to Equatorial Guinea, the man that I was with began to tell me about the economy, about the drought that was coming...which was El Niño. In a week, I came back and, when I came back, I started sitting down and planning this strategy.

"I called my friends and we sat up to 4am. 'Guys, there's a drought that is coming'. And I did a project proposal for contract farming, which you now call Command Agriculture. And I had a problem because there was what is called the RTGS at that time and there was no money which was moving out of the country, so I had this problem. But at the same time there was a bigger problem for the country. I gave them the proposal in 2015. The government took one year thinking about it, and when they were thinking about it, they got offers from other people to do the same programme. My interest rate was the lowest, it was 4%. When we started the programme, no-one thought that it was going to succeed, and no-one talked about it. When it was successful—in 2016 and going into 2017—the US agricultural department wrote that Zimbabwe is doing one of the best things in Command Agriculture.

The US government, when they then began to think who I was supporting, that I was supporting the government of the day, they then said 'you stole 3 billion', and I was placed on sanctions. Are you following? So, this is what we were trying to do—to try and make the land become successful. Now, class of 2022, you're going to meet challenges along the way, you're going to meet them. When you have a vision, do not stop. Work and look for it. And there is going to be an American government-kind-of-situation which is going to come to you and say 'you can't succeed'. And when they see you succeeding, they're going to put sanctions on your life. Because we always have sanctions that come around us in one way or the other: sometimes it's our families, sometimes it's our friends that tell us that we can't make it, and then they put spanners in the works. They're putting sanctions on you soon."

Dissecting Tagwirei's disclosures

Tagwirei's speech at the graduation ceremony confirms the following:

- There was no public procurement tender
- Sakunda leveraged on his high-level political links
- Tagwirei believes he is a victim of political persecution by the United States government.

Was there a tender for Command Agriculture?

During a public hearing on 16 March 2020, Mberikwazvo Charles Chitambo, chief operations officer of Sakunda Holdings, was asked by the then chairperson of Parliament's Public Accounts Committee, Tendai Biti, whether the company tendered for the Command Agriculture contract. His reply was telling: "We were asked to submit a statement and when the advice came back to us there was a statement that there's a cabinet authority to do what we are doing. So, we did not tender. We put in an answer to provide a financing facility—the response to which was: you have cabinet authority to go ahead."

The company was handpicked outside public procurement regulations to supply farming inputs under Command Agriculture. There was no competitive bidding and the government did not conduct due diligence. This was in brazen violation of the law.

Testifying under oath, Chitambo revealed in his oral evidence the scandalous claim by government officials that Command Agriculture contracts were facilitated by "cabinet authority". This "cabinet authority" therefore meant that the deals were not subjected to open tendering processes.

Command Agriculture was not the first deal Tagwirei clinched from the government without open tendering. He was also handpicked for the Dema Emergency Power Plant—mired in brazen corruption—whose cost escalated alarmingly from US$249m to US$498m within three years.

Financial sector implications

During the Command Agriculture period, government borrowings increased by a massive US$9.6 billion, while private sector credit shrank to US$400 million.

The programme had serious ramifications for the financial sector. Capital was diverted from the private sector to Command Agriculture.

In a broader sense, Zimbabwe's entire agriculture value chain was thrown into disarray.
Economist Tinashe Murapata commented: "Sakunda went further to take over the full value chain in agriculture. A value chain existed before Sakunda. But Sakunda replaced it with its own preferred firms and associates. Through Command, Sakunda operations became bigger than the entire turnover of ZSE [Zimbabwe Stock Exchange] firms combined!"

Unauthorised expenditure

In 2019, the Auditor-General and the Parliament's Public Accounts Committee revealed that the government had gobbled up huge amounts of money in unlawful expenditure.

The ministry of Finance published a Financial Adjustments Bill on 12 November 2019 seeking condonation for the unauthorised expenditure. The massive figures in the Bill stunned the public: a cumulative US$9.7bn from 2015 to 2018. By comparison, the total budget amount appropriated for 2019 was only US$6.9bn.

Between 2015 and 2018, the ministry of Agriculture clocked up unauthorised expenditure totalling US$5.2 billion. Shockingly, the Finance minister was now seeking condonation for this unlawful expenditure years later—yet section 307 of the constitution stipulates that the Treasury chief must seek condonation "no later than sixty days after the extent of the unauthorised expenditure has been established".

Chapter 17 of the constitution states that Parliament is responsible for deciding how much money the government is able to spend and what it can spend on. But even after clocking up US$9.7bn in unauthorised expenditure (US$5.2bn on agriculture alone) and seeking condonation from the National Assembly, the Finance minister did not find it necessary to provide detailed information in the 2019 Financial Adjustments Bill on what exactly the money was spent on.

Four years later, that 2019 Bill is yet to be passed, in scandalous disregard for all constitutional stipulations. This flagrant violation of the constitutional tenets of transparency and accountability facilitated the looting of public funds via Command Agriculture and other conduits. No public official has been brought to justice for this catastrophic failure in Zimbabwe's public financial management system.

The impunity did not end there. In 2022, Finance minister Mthuli Ncube tabled yet another Financial Adjustments Bill, seeking condonation for a total US$200 million in unauthorised expenditure accumulated in 2019 and 2020. Again, he did not bother to explain to Parliament exactly how the money was spent.

No forensic audit

Despite legislators' repeated calls for a forensic audit, there has been no detailed evaluation and examination of Command Agriculture's financial transactions. This is a tragic failure of governance. It means criminal behaviour such as fraud or embezzlement of public funds may never be fully uncovered.

But even in the absence of a forensic audit, the work done by the Public Accounts Committee ought to provide a prima facie basis for a corruption investigation.

In an exclusive interview, Biti, who chaired the committee, argued that in future a judicial commission of inquiry must be instituted to get to the bottom of Command Agriculture.

"The Public Accounts Committee did two things: it forensically identified money that came from Treasury through Treasury Bills that went to the central bank. It [the committee] located and followed one of those Treasury Bills. It located and identified payments that were offered—in other words, money that was given to Kuda [Tagwirei] or to FSG [Fertiliser. Seed. Grain Ltd] but doesn't have a supporting letter from the ministry of Finance. The most shocking thing about Parliament's work was that we were clear that money went to X, Y, Z in terms of millions and millions of dollars, but we did not get the single shred of evidence on the demand side. So, it's a one-way street, you can see money going to Sakunda, money going to FSG, but you can't see, in turn, what they are delivering. We [legislators] called GMB [Grain Marketing Board] before us and GMB said 'we were just a storage facility, we never even took records of what came into our facilities'. Which is fiction, but that's the evidence that they gave before the committee. So, in my view, in future Command Agriculture needs a judicial commission of inquiry."

Agricultural financing

There is no denying the fact Zimbabwean farmers face difficulties in accessing agricultural financing and this poses serious threats to the attainment of sustainable food security. Up to 60% of food crop producers depend on self-financing. Like any serious business, farming needs funding.

However, it is patently unjust for the government to burden taxpayers with the debts contracted by individual farmers and companies.

Veritas Zimbabwe, a parliamentary watchdog and legal think-tank, says Command Agriculture was "a debt sinkhole".

"Private debt by farmers is being guaranteed by the state, and if farmers default, as most of them do, the public has to pay their debts. In simple terms, some people (farmers) are using public finances for personal profit."

This investigation by The NewsHawks can reveal that Command Agriculture may have changed name to Neaps, but the risks to the taxpayer remain.
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CONCLUSION

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Command Agriculture was a crime scene. Legislators have demanded a forensic audit, but their calls have been ignored. Mildred Chiri—the Auditor-General who first raised the red flag on Command Agriculture and was widely saluted as Zimbabwe's best-performing public sector official for decades—has since retired in May 2023 after serving her two terms. Prospects of an audit now appear dim.

In the absence of a forensic audit, a judicial commission of inquiry may be the only way of getting to the bottom of one of the biggest scandals since Independence in 1980.
An unsettling pattern has taken root in Zimbabwean agriculture: individuals and companies contract debt, but when they default, the government places the burden on the shoulders of taxpayers. We witnessed it in: the US$200 million Farm Mechanisation Programme; endemic financial scandals in the state-run Grain Marketing Board; the US$3.5 billion compensation under the Fast-Track Land Reform Programme; the US$36 million International Court of Justice settlement to Dutch farmers; and the Mike Campbell white farmers' judgment which led to the disbandment of the Sadc Tribunal.

The lack of political will to tackle corruption in the agricultural sector can be attributed to the grim reality that political elites are the ultimate beneficiaries of shady dealings. They have deliberately cultivated a culture of secrecy in public affairs, enabling them and their cronies to dump their debts on the shoulders of taxpayers.

In the national interest, the government must create a computerised, secure database of all Command Agriculture beneficiaries and all the inputs that were distributed under the controversial scheme. Parliament must play its oversight role and citizens should exercise agency in governance issues by holding accountable the bureaucrats and elected politicians who run public affairs.

This work was conceived and created by Brezh Malaba, Bertha Foundation Fellow 2023, with the support of the Bertha Foundation and produced by The NewsHawks, Pictures by Brezh Malaba, Design by Tapiwa Nyakabau

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