global witness

A new rush for Lithium in Africa risks fuelling corruption and failing citizens

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A WORKER HOLDS A LUMP OF LITHIUM ORE IN MANONO, DRC*. CREDIT JACK WOLF/ NEW LINES MAGAZINE.*

Contents

Key Findings

Efforts to address the global climate emergency are leading to an increased demand for renewable energy technology, particularly in the Global North, including electric vehicles and the batteries required to power them. Africa is one of the new frontiers in a race for battery metals, and lithium – sometimes referred to as 'white gold' – is one of the most sought-after commodities. Global Witness investigated three emerging lithium mines in Zimbabwe, Namibia and Democratic Republic of Congo (DRC). Our findings show that that the rush for lithium on the continent – far from delivering a 'just energy transition' – risks fuelling corruption, and a range of other environmental, social and governance (ESG) problems. For generations African nations have been exploited for their minerals, and as the demand for 'transition minerals' hots up there is a danger of history repeating itself.

Our investigation looked at two of the first African mines to export lithium ore internationally – Zimbabwe's Sandawana mine and Xinfeng Investments' lithium mine in Uis, Namibia. We also looked into DRC's Manono project, believed to be Africa's largest lithium deposit.

We found that:

> In **Zimbabwe**, the Sandawana mine saw a lithium rush involving thousands of artisanal diggers working in unsafe conditions, with reports of child labour and miners being buried by a mine collapse. In early 2023 it was reported that the diggers had been evicted, their minerals reportedly confiscated and the mine taken over by companies with close links to Zimbabwe's

ruling ZANU-PF party and military, including firms subject to US or EU sanctions. Despite an official ban on unprocessed lithium exports, the politically-connected Sandawana mine appears to have been exempted, trucking thousands of tonnes of ore out of the country during 2023.

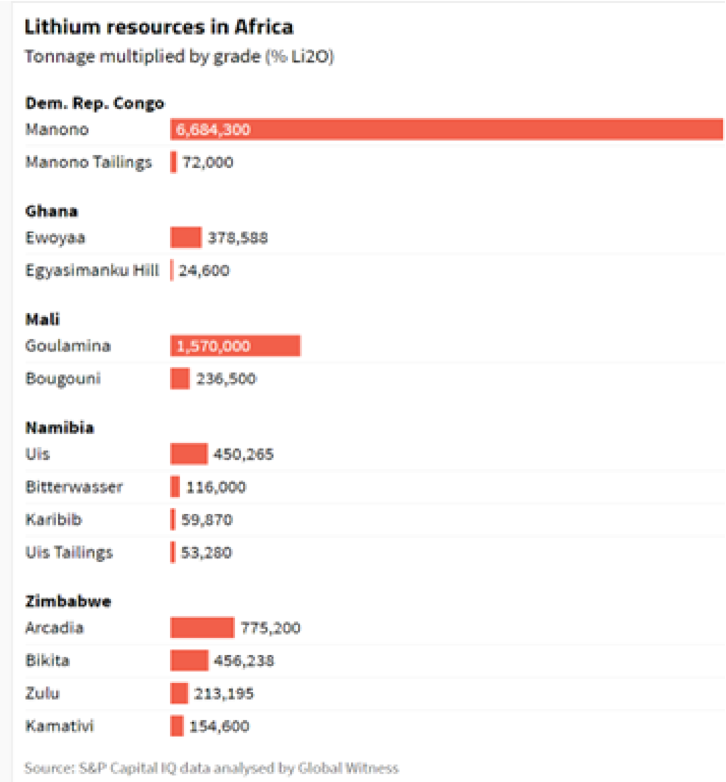
> In **Namibia,** Chinese-owned firm Xinfeng Investments has been accused of acquiring its Uis lithium mine through bribery. There is also evidence that Xinfeng developed the industrial mine using permits intended for local small-scale miners. This seems to have allowed Xinfeng to start mining a major lithium deposit for as little as US$140, while dodging the need for an environmental impact assessment. Local communities and Namibian parliamentarians have accused Xinfeng of housing workers in 'apartheid conditions', buying off local chiefs and scaring away the wildlife that brings tourist dollars into the area. Xinfeng has shipped thousands of tonnes of raw lithium ore to China, failing to deliver on promises to build processing facilities within Namibia.

> In **DRC**, the development of the Manono lithium deposit – stalled by a dispute involving Australian and Chinese mining companies – has numerous corruption red flags. The project appears to have generated as much as US$28 million for shell companies held by middlemen implicated in previous corruption scandals involving ex-President Joseph Kabila. Furthermore, a senior official in current president Felix Tshisekedi's party reportedly received $1.6 million in 'commission' from an investor that acquired a stake in the project in 2021. The state-owned mining company that signed the Manono deals has been accused by DRC's anti-corruption agency of selling lithium rights at a "cut price" and "squandering" the proceeds.

These cases show that as the lithium rush ramps up, some of the risks facing mineral-rich countries are all too real. The mineral supply chains needed for the electric vehicle (EV) revolution should benefit producer nations. Instead, they could embed corruption, fail to develop local economies, and harm citizens and the environment. Battery makers, car firms and policy-makers in consumer countries must ensure that battery mineral supply chains are rigorously screened for corruption and other ESG risks.

The lithium landscape in Africa

The world's lithium supply is currently dominated by Australia, Chile and China, which together accounted for over 90% of the 130,000 tonnes produced globally in 2022.[1] However, with demand for lithium projected to increase sixfold between 2022 and 2035 if existing climate targets are to be reached, the landscape is set to change rapidly.[2] Exploration stage projects are gathering pace across the globe, and Africa is no exception. Lithium resources have been identified in Zimbabwe, Namibia, Ghana, the Democratic Republic of Congo (DRC), Mali and Ethiopia. Several projects on the continent have been backed by major players in the battery and commodity industry such as CATL, Ganfeng Lithium and Glencore. Nevertheless, the vast majority of African lithium projects remain at an exploration or development stage.



SOME OF AFRICA'S LARGEST LITHIUM DEPOSITS (DATA FROM S&P CAPITAL IQ). *CREDIT: GLOBAL WITNESS.*

Zimbabwe's Sandawana mine – artisanal miners lose out to sanctioned elites

Zimbabwe is at the forefront of the scramble for lithium in Africa, hosting major lithium investments from the likes of Chinese mining giants Sinomine and Huayou Cobalt. Huayou's Arcadia mine recently started exporting processed lithium.[3] Sinomine's Bikita project looks set to follow despite a brief suspension of its operations in May 2023,[4] following reports by the Centre for Natural Resource Governance, a Zimbabwean NGO, about environmental harms and the shooting of an artisanal miner at their site.[5] A spokesperson for Bikita told Global Witness that it "refutes allegations of non-compliance with labour, environmental and the country's operational laws as alleged in some sections of the media." They added that the reported shooting is being investigated by the police and that mine operations have not been affected by any suspension of activity for this or any other reason.

Mining investments in Zimbabwe do not come without risks. The country's mineral wealth has been a key source of revenue for Zimbabwe's political elite and military, dominated by the ZANU-PF party since the days of President Robert Mugabe. Several state-owned companies and politically connected individuals have been placed on US and EU sanctions lists.[6] The story of one mine that has already exported lithium onto the international market illustrates the corruption and human rights risks in Zimbabwean mineral supply chains.

ZIMBABWE'S PRESIDENT EMMERSON MNANGAGWA AT THE OPENING OF A LITHIUM MINE, 2022. *CREDIT:XINHUA/ALAMY.*

Sandawana mine in Zimbabwe became renowned in the 1950s for emeralds considered the "most beautiful [...] in the world".[7] The mine produced emeralds for five decades, eventually being run by Rio Tinto. It was mothballed in 2010 after production collapsed.

But it has recently emerged that the rocks beneath Sandawana contain a newly coveted mineral. In 2022 an estimated 5,000 artisanal miners flooded into Sandawana in what local media described as a "lithium rush", digging out chunks of the mineral to sell to traders who would truck it to South Africa. Many local people reportedly saw the mining as a boon. One village headman told reporters "People can now afford to take care of their families, they are earning US dollars."[8] But the situation at Sandawana was in other ways far less positive. A report by Zimbabwe Environmental Law Association documented a lack of sanitation, child labour and unsafe working conditions at Sandawana, including a mine collapse that buried nine miners, killing one.[9]

The chaos at Sandawana – and the large amounts of money being generated – did not escape the attention of Zimbabwe's political elite for long.

It was reported in November 2022 that the Zimbabwe Miners Federation (ZMF) had received a lease over Sandawana.[10] The ZMF is a body set up to work with artisanal miners. Under the new arrangements only artisanal miners that pay to join ZMF were authorised to dig for ore in Sandawana, and lithium that is sold had to go through ZMF.[11] ZMF described the deal as "an opportunity of a lifetime".[12]

The involvement of ZMF should raise corruption red flags for any potential downstream lithium buyer. The president of ZMF is Henrietta Rushwaya, a niece of Zimbabwe's President Emmerson Mnangagwa accused of involvement in corruption and money laundering in the country's gold sector. In March 2023 Al Jazeera reported on a multi-million-dollar money laundering scheme through which a Zimbabwean diplomat offered to clean criminals' dirty money by exchanging it for Zimbabwean gold, laundered through Dubai. The scheme allowed Zimbabwean officials to skirt sanctions that prevent them trading in much-needed US dollars.[13]

According to Al Jazeera, at the centre of this laundering scheme was Henrietta Rushwaya, who told undercover reporters she would facilitate the transaction via Fidelity, a gold refinery owned by Zimbabwe's central bank. ZMF acts as an agent, buying up gold from artisanal miners on behalf of Fidelity.[14] It now also has access to a healthy supply of lithium from Sandawana.

WORKERS PICK LITHIUM AT SANDAWANA MINE, ZIMBABWE. *CREDIT: AARON UFUMELI/EPA-EFE/SHUTTERSTOCK*

This was not the first time that Rushwaya had been caught up in a gold scandal. In 2020 she was reportedly arrested in Harare trying to smuggle 6 kg of gold out of the country, a case which is ongoing. The next year a man reported to be Rushwaya's driver was arrested in South Africa after arriving from Zimbabwe with 23 gold bars in his suitcase, according to The Times. Rushwaya has previously refuted these reports.

The involvement of Rushwaya's ZMF does not appear to have improved the lives of the artisanal miners at Sandawana. While the ZMF purportedly aims to improve conditions in the artisanal sector, diggers have told the media that the price they get for minerals plummeted by 75% after ZMF struck its deal with Kuvimba Mining House, the firm that owns the Sandawana mining claim. In some cases minerals they dug out have reportedly been taken by Kuvimba. One small-scale miner told a local reporter that "Kuvimba sent a huge fleet of tipper trucks onto the mountains and loaded all the lithium ore that we had extracted and disappeared into the night." Villagers also claimed that Kuvimba "even took our shovels and wheelbarrows."[15]

Henrietta Rushwaya is not the only controversial ZANU-PF ally linked with the Sandawana mine. Questions remain over connections between Sandawana and a man called Kudakwashe Tagwirei, described as "ZANU-PF's favourite business mogul".[16] Tagwirei was sanctions-listed by the US in 2020 as part of its response to a violent crackdown on protests in Zimbabwe. The reason US Treasury gave was that Tagwirei had "utilised his relationships with high level Zimbabwean officials to gain state contracts and receive favored access to hard currency, including U.S. dollars. In turn, Tagwirei has provided high priced items, such as expensive cars, to senior-level Zimbabwean government officials."[17] The sanctions hinder Tagwirei from making transactions in US dollars.

Tagwirei is known in Zimbabwe as "Queen Bee" – so nicknamed, according to the Financial Times, "because of his perceived element of control over Mnangagwa's government and [the] ruling Zanu-PF [party] that allegedly benefits his commercial interests."[18]

A TRUCK CARRIES LITHIUM ORE AT SANDAWANA MINE, ZIMBABWE. *CREDIT: AARON UFUMELI/EPA-EFE/SHUTTERSTOCK*

Sandawana mine was acquired from ZMDC by one of Tagwirei's companies – Landela Investments – in 2020.[19] By 2021 Sandawana and other mining assets belonging to Landela Investments were transferred to a new public-private partnership called Kuvimba Mining House.

Kuvimba Mining House denies any connection with sanctions-listed Tagwirei. However, a 2021 investigation by The Sentry documented several apparent links between Tagwirei and Kuvimba. The Sentry alleged that Tagwirei had built his mining portfolio by "hiding behind South African businesspeople and offshore structures in Mauritius and the Cayman Islands" and had "used similar networks to hide his financial interests in Zimbabwe's new public-private partnership mining company, Kuvimba Mining House".[20]

In addition to Sandawana's links with controversial ZANU-PF figures, the exporting of lithium ore from the site seems to contradict government efforts to halt exports of unprocessed lithium from Zimbabwe. A government edict in December 2022 stated, "No lithium bearing ores […] shall be exported from Zimbabwe to another country".[21] This measure aimed to encourage investment in mineral processing facilities within Zimbabwe. "If we continue exporting raw lithium we will go nowhere. We want to see lithium batteries being developed in the country," said a Zimbabwean minister when the ban was announced.[22]

However, it seems the ban is far from watertight. The Zimbabwe Independent newspaper reported in January that Zimbabwe Defence Industries (ZDI), a military-linked company subject to US and EU sanctions, had been granted a special exemption to export lithium ore to China from a mine in Masvingo.[23]

Documents seen by Global Witness indicate that large amounts of lithium ore are being trucked from Sandawana into South Africa. In September 2023 Kuvimba Mining House trucked 30 tonnes of lithium ore with a grade of 2% to a Johannesburg minerals trader called Related to Earth (Pty) Ltd. They did so via the Minerals Marketing Corporation of Zimbabwe (MMCZ), a body that is sanctions-listed by the US Treasury. MMCZ has also facilitated at least 14,000 tonnes in lithium ore exports from Sandawana to Mozambique. Documents indicate that all the ore was ultimately destined for China. The exports appear to fly in the face of Zimbabwe's stated ban on unprocessed lithium exports.

Global Witness contacted Kuvimba Mining House and Henrietta Rushwaya for comment prior to publication but did not receive a response.

Namibia's Xinfeng - corruption allegations and community anger cast shadow on lithium exports

Namibia possesses lithium pegmatites that stretch for hundreds of kilometres beneath its arid plains.[24] Mining currently accounts for 10% of Namibia's gross domestic product.[25] But the sector lacks transparency – Namibia is one of the few mineral-rich countries in Africa that has not yet joined the Extractive Industries Transparency Initiative (EITI).[26] With global demand for lithium growing it remains to be seen if mining can benefit Namibia's citizens.

Investors, including firms listed in London and Australia, have entered Namibia seeking to tap into its important lithium deposits. Namibia is also the first African country to sign a strategic partnership on critical raw materials with the EU.

But one investor in Namibian lithium encapsulates the dangers in the transition minerals rush. A Chinese-owned firm called Xinfeng Investments has run into major legal and political trouble in Namibia, amid accusations of corruption, running environmental risks and poor treatment of communities and workers.

Xinfeng has already shipped thousands of tonnes of unprocessed lithium ore to China, to the dismay of Namibians who hope for minerals to be processed locally, boosting Namibia's economy.

Xinfeng Investments is a subsidiary of the Chinese firm Tangshan Xinfeng Lithium Industry, whose facility in Hebei province has capacity to produce 20,000 tonnes of battery grade lithium materials.[27] The firm has signed a partnership with a subsidiary of Chinese battery giant CATL to produce lithium carbonate. CATL is the world's biggest EV battery manufacturer and a supplier to BMW, VW, Ford and Tesla.

Xinfeng stirred controversy in Namibia after reports that it had obtained one of its mining licences through fraud and bribery. Investigative journalists working for The Namibian newspaper have reported that Xinfeng obtained one of its permits near the town of Uis through a suspect deal seemingly brokered by a technical advisor to Namibia's mines minister. Under the deal the government advisor – Ralph Muyamba – was accused of fraudulently transferring ownership of a firm called Orange River Mining to his cousin, who sold it on to Xinfeng for US$2.6 million. According to The Namibian newspaper, court documents show that Xinfeng agreed to pay Muyamba's cousin approximately US$300k when the deal went through, some of which was distributed to people believed to be members of Muyamba's family.[28] Following these revelations Muyamba resigned his post and was reported to Namibia's Anti-Corruption Commission, though he has denied any wrongdoing. [29]

As mining operations have progressed on the site, controversy has only increased. The licence that Xinfeng gained when it bought Orange River Mining is a prospecting licence,[30] which does not allow for full scale mining.[31] So Xinfeng seemingly took advantage of a loophole in Namibia law, which allows for much smaller permits – called "Mining Claims", to be obtained only by Namibians for small scale mining operations.[32] These mining claims cost only fourteen US dollars each to obtain.[33]

A company called Long Fire, fronted by a Namibian director who also owns shares in Xinfeng Investments applied for ten such mining claims on the site of the Orange River licence in June 2022, according to documents seen by Global Witness. It has since, in apparent collaboration with Xinfeng, set up what has been described as a "fully-fledged multi-million-dollar lithium mine" on the site.[34] Documents show that Long Fire paid less than US$140 for the Mining Claims, a staggeringly low amount for access to what appears to be a major lithium deposit.

THE LITHIUM-RICH REGION AROUND UIS, NAMIBIA STILL BEARS THE MARKS OF A PREVIOUS MINING RUSH FOR TIN. *CREDIT: JBDODANE/ALAMY*

Satellite imagery analysis undertaken by Global Witness of Xinfeng's "Long Fire" site shows that it is certainly not a 'small-scale' project, despite the type of mining license that the company is using. It is clearly an industrial-scale project, with an open-pit mine and significant infrastructure around the mine.

Obtaining mining claims, rather than a full mining licence, also means that Long Fire and Xinfeng were seemingly not required to undertake an environmental impact assessment before starting to mine for lithium.[35]

The Uis mine site has already generated thousands of tonnes of lithium ore that has been exported from Namibia to China with almost no local processing or value addition. Despite the hopes of Namibians that lithium deposits would lead to jobs and economic development, Xinfeng was given a special exemption to export 55,000 tonnes of unprocessed ore during a two-week window in November 2022.[36] It was argued that this export was for ore 'tests' in China[37] - an argument that seems unconvincing given the huge volume exported. It appears that much of this ore was unloaded in the Chinese port of Caofeidian.

Court documents seen by Global Witness show that a month earlier Namibia's Mines Minister had written to Xinfeng asking them to stop exporting ore "without any removals/transport permit". In response Xinfeng told the Minister it had realised that it would take three years to build a lithium processing plant, considerably longer than initially thought. Xinfeng also argued that it needed to keep exporting unprocessed ore because it needed the "cash flow" to build the processing plant.[38] Further documents show that the minerals were destined for China, and that they would be received by Tangshan Xinfeng HongKong Limited, presumably a related company of Xinfeng Investments. The value of the ore was estimated at just over US$25 million, a figure that contrasts starkly with the US$140 that Long Fire paid for its Mining Claims.

In June 2023 Namibia finally placed a ban on the export of raw lithium. However, in announcing the move, a Namibian minister noted that "smaller quantities of […] minerals may be allowed for export at the discretion of the minister of mines and energy",[39] possibly opening a loophole for future exports of unprocessed Namibian lithium.

The mine near Uis has also enraged community activists and Namibian parliamentarians, due to its dealings with local leaders and its treatment of workers. Members of the local community have fiercely criticised their traditional chief and called for his resignation, accusing him of giving their blessing to Xinfeng in exchange for cash payments and gifts including plastic chairs, car tyres and hamburgers, accusations that the chief has denied. Community members allege that the chief granted permission to Xinfeng without community input, disregarding the rights and livelihoods of local farmers and small-scale miners.

After a delegation of Namibian parliamentarians visited the Xinfeng mine, they denounced the cramped "apartheid" living conditions, toilet facilities lacking any privacy and lack of ventilation.[40] A motion by one of the parliamentarians opined that the "lithium mining industry is today, in Namibia, characterised by corruption and predator politics […] There are already concerns raised that community activists' lives are being threatened."[41] Communities in Uis have also raised concerns that tourists and game hunters – an important source of revenue locally – have been deterred from visiting as wildlife such as springbok, hyenas and rhinos have been scared away by mining operations.[42]

It was not the first time that Xinfeng had been accused of breaking regulations in Namibia. In April 2022 the firm was accused of "taking shortcuts and leaving behind a trail of destruction" and "ignoring laws governing environmental protection", according to an investigation by The Namibian newspaper. The firm was reported to be drilling for lithium in an area called Kohero without an Environmental Clearance Certificate and told to halt operations by Namibia's Mining Commissioner. The drilling reportedly impacted a resettled farm, with Xinfeng havin g "set up camp" and "moving heavy equipment in without warning the resettled owners".[43] Resettled farms were created as part of Namibia's land reform, with the aim of distributing farmland to dispossessed or disadvantaged groups.

The controversies around Xinfeng look set to run on. An attempt by the country's mining minister to strip Xinfeng of its permit was overturned in June 2023 by a Namibian court.[44]

While Namibia seems well-placed to capitalise on the demand for green minerals, the Xinfeng saga shows there is no guarantee this boom will benefit the country's citizens. The fact that Xinfeng's lithium has already reached international markets should sound alarm bells with battery manufacturers and other downstream companies seeking to ensure that their supply chains are responsibly sourced.

Global Witness contacted Xinfeng and Long Fire prior to publication but did not receive a response.

DRC's stalled Manono project - shell companies profit while Congolese citizens wait for change

DRC is home to what some believe to be the world's biggest lithium deposit. The estimated 6.6 million tons of lithium[45] in the earth around the remote town of Manono could transform its economic fortunes and place it at the forefront of the green energy revolution. Abbot Moise Kiluba, a Catholic priest and civil society leader from Manono, told Global Witness, "People here hope lithium mining will make things like they were [back when Manono had tin mining], when we had running water and electricity 24 hours a day. But people are getting discouraged. Our hopes are sinking."

Efforts to develop the Manono-Kitotolo mine have been bogged down in an ownership dispute over the mining license between Australian-listed AVZ Minerals and the Chinese conglomerate Zijin Mining. The project has been the subject of numerous legal proceedings, accusations of foul play and an investigation by DRC's state anti-corruption agency. Five years after lithium deposits were confirmed at Manono, the project seems to be far from producing the lithium to help power the EV revolution, nor much closer to paying mining royalties to DRC's cash-strapped government.

Meanwhile AVZ Minerals has seen its stock tumble because of troubles over the Manono project. Its share price plummeted by 40% in little over a month before the company voluntarily suspended trading in May 2022. The suspension remains in place.

AVZ first acquired a stake in the Manono project in 2017, striking a deal to acquire a controlling 60% of the Manono joint venture.[46] The Congolese state-owned company COMINIERE meanwhile retained 30% of the project, with the remainder owned by a mysterious company called Dathomir Mining Resources.[47]

AVZ also signed deals with some of the biggest players in the Chinese battery metals sector. It entered a "strategic relationship" with Zhejiang Huayou Cobalt,[48] one of the world's top battery materials producers.[49] AVZ also made an agreement with CATH, a subsidiary of the Chinese battery giant Contemporary Amperex Technology Co (CATL) – the world's biggest EV battery producer – to supply them with 50% of the mine's lithium. The deal involved CATH buying a 24% stake in the joint venture from AVZ.[50]

But in 2021 COMINIERE agreed to sell a chunk of its shares in the venture to Chinese mining giant Zijin.[51] AVZ says that it had the 'rights of first refusal' in the event that COMINIERE decided to sell any of its shares in the project.[52] With AVZ having already agreed to sell 24% of the project to CATH, and an agreement with Dathomir to buy its remaining joint venture shares being challenged in a DRC court, the Australian firm's majority control over the project was now in question. Zijin meanwhile says it is the legitimate owner of 15% of the project.[53]

The controversy over the stalled project has thrown up several corruption red flags.

An investigation in 2022 by DRC's state anti-corruption body, the Inspection Générale des Finances (IGF), found that Zijin had paid substantially under market value for its shares in the Manono project. It also found that Zijin had paid $1.6 million to a consultancy firm called Focus Plaidoirie in 'commission' as part of the deal.[54] Focus Plaidoirie is reportedly owned by Lisette Kabanga, previously deputy secretary in charge of external relations for President Felix Tshisekedi's political party, and an aide to the president's security advisor.[55] Paying such a large 'commission' to a politically connected aide as part of a mining deal would appear to be a classic corruption red flag.

The IGF report into COMINIERE was also highly critical of the state-owned mining company. It found that the $33 million received from Zijin Mining was "squandered", noting that COMINIERE's coffers were "almost empty". COMINIERE was engaged in a "veritable cut-price sell-off of the mineral heritage of the state" the report concluded.

AVZ meanwhile made headlines in 2022 following media reports that its CEO was reportedly proposing to pay $6m in cash and shares to a politically well-connected Congolese middleman who it hired as a consultant to help secure a positive outcome in its struggle to secure the Manono mining licence. The payment was eventually vetoed by AVZ's board amid concerns over potential corruption.[56] When contacted by Global Witness AVZ said that before appointing the consultant it "carried out appropriate independent due diligence […] which disclosed no material probity issues or red flags," adding that the consultant was required to abide by AVZ's anti-bribery policy.

Perhaps most alarmingly of all, the deals through which AVZ acquired control of the mining permit appear to have generated as much as $28 million for Dathomir Mining Resources, a mysterious shell company seemingly named after a planet in a Star Wars movie. Dathomir had acquired control of the Manono project in 2016, striking a deal with COMINIERE in which it agreed to make a US$6 million initial payment to the state-owned mining firm in instalments. But before it had to make this payment Dathomir, within two months, struck a deal with AVZ in which the Australian firm acquired 60% of the Manono project, agreeing to take on responsibility for paying the US$6m that was owed to COMINIERE.[57]

As part of the deal AVZ also paid Dathomir US$750,000 in cash and gave it shares in AVZ that – when Dathomir sold them in April 2019 – were worth approximately US$6.8 million dollars.[58] AVZ also subsequently reported to shareholders that it had acquired a further 15% stake in the project from Dathomir in exchange for US$20.5m.[59]

ARTISIANAL MINERS WORKING IN MANONO DRC CREDIT: JACK WOLFE/ NEW LINES MAGAZINE

So it seems that Dathomir Resources – a company without a well-known track record of running any actual mining projects – had acquired the Manono project for next to nothing. Although it promised to finance the development of the project, instead within two months it sold on most of its stake in the joint venture generating millions of dollars in cash and AVZ shares, seemingly for doing almost nothing to develop the mine. But who were Dathomir's owners?

Dathomir Resources – a DRC registered company – is managed by Cong Maohuai, well-known in DRC mining circles as Simon Cong. Sometimes referred to in media reports as the "godfather" of Chinese mining deals,[60] Cong was also the owner of firms involved in managing DRC's lucrative toll roads. These companies were accused in 2021 of having transferred millions of dollars to Congo Construction Company (CCC). According to a Bloomberg investigation, "Over a five-year period, tens of millions of dollars flowed through CCC's accounts to people and companies closely associated with Congo's then-president, Joseph Kabila."[61]

A report by Boatman Capital Research indicates that Dathomir Mining Resources was 80% owned by Dathomir International Corporation, a company incorporated in the Seychelles.[62] Cong told Global Witness in 2021 "I am the ultimate beneficial owner of Dathomir International Corporation". Cong is also named on documents as the manager of Dathomir Resources.

According to Boatman Capital the other 20% of Dathomir Resources was held by Guy Loando and his family.[63] Loando also represented Dathomir Resources on the board of AVZ from 2017 to 2019.[64] A Kinshasa lawyer who has described Simon Cong as his "mentor",[65] Loando became a DRC senator in 2019 and currently serves as a minister in DRC's government.[66] In 2012 Loando helped set up Congo Construction Company (CCC), a firm that reportedly funnelled millions of dollars from a major Chinese mining project to the family and associates of then President Kabila. Loando held a 20% stake in CCC until 2017. According to anti-corruption NGO The Sentry, "CCC's role [had] all the hallmarks of a massive bribery scheme."[67]

So the Manono project's giant lithium deposit may have generated as much as $28 million dollars for mysterious shell companies controlled by controversial dealmakers. But it has so far produced relatively little for DRC's treasury. According to the most recent EITI report for DRC, which covers 2021 and 2022, the Manono joint venture company paid less than US$260,000 to DRC's treasury in taxes over the two years.[68]Until the Manono mine starts to produce lithium and therefore pay mining royalties, the taxes it generates for DRC are likely to remain negligible

Global Witness contacted AVZ, Cong Mao Huai and Guy Loando prior to publication. Mr Mao Huai and Mr Loando did not respond. AVZ's response can be read in full ***here***. In earlier correspondence with Global Witness in 2021, available in full ***here***, AVZ said "prior to investing in the Manono Project, AVZ engaged in due diligence of relevant corporations and individuals […] Our due diligence did not reveal any inappropriate links between individuals involved in the Manono Project and [President] Joseph Kabila Kabange nor any members of his family."

The future of the Manono lithium project – potentially Africa's biggest – remains shrouded in uncertainty. In January 2023 DRC's mines minister refused to convert the AVZ project's exploration license to an operating licence that would allow mining to begin. The minister noted "persistent conflicts, recurring disagreements between shareholders and the project being held hostage" as the reason for not granting the license.[69] The Manono mining permit was reattributed back to COMINIERE and in October 2023 the permit was cut in two and the north-eastern section granted to a new joint venture company controlled by Zijin Mining and COMINIERE.[70] AVZ has publicly criticized this move as lacking "any legal foundation."[71] When contacted by Global Witness prior to publication, AVZ said it "believes Jin Cheng [Zijin's subsidiary], Dathomir and Cominière are acting in concert to crystalise disputes with AVZ and disrupt and delay the development of the Manono Project with the aim of seizing control." AVZ also stressed that it is multiple arbitration processes with these three companies. AVZ's response can be read in full ***here***.

DRC's mammoth lithium deposit is still at least two years away from producing lithium. Poor governance, corruption and investors' willingness to turn a blind eye to red flags have all seemingly played a role in the stalling of the project. Meanwhile the population of Manono – and DRC's treasury – are still waiting for lithium to bring them some tangible benefits.

Endnotes

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