

The incinerator concessions are the most controversial of a string of so-called 'public-private partnerships' undertaken by Rama's government and, according to estimates of Albania's Supreme State Audit, could cost Albanian taxpayers more than 350 million euros over the next 30 years.

In the world of garbage treatment in Albania, one man's name keeps cropping up. His connections cross the country's bitter political divide: On a rainy afternoon in July 2017, Albania's then finance minister, Arben Ahmetaj, was returning from a three-day trip when the Range Rover he was in was involved in a crash with a bus and another car near the city of Kumanovo in North Macedonia. Ahmetaj was injured along with two other passengers, authorities launched an investigation and the accident was quickly forgotten as a near-miss for the minister, who now holds the reconstruction portfolio in the cabinet of Prime Minister Edi Rama. Court records obtained by BIRN in Kumanovo, however, reveal that one of the other men in the car was Mirel Mertiri, the ultimate recipient of dozens of state contracts over the last decade - including controversial concessionary agreements with Rama's government between 2014 and 2017 for the construction of three waste incinerators - worth hundreds of millions of euros. According to BIRN's findings, 42-year-old Mertiri stands behind a business empire encompassing a broad network of companies registered in Albania and in offshore jurisdictions under the names of close associates.

In August this year, special anti-corruption prosecutors registered a criminal investigation concerning allegations that the "principle of equality in public procurements" had been breached in the deals.

Mertiri has clear connections to two of the signatories on the contracts - his partner Stela Gugallja, with whom he lives and has two children, and his close associate Klodian Zoto, a lawyer. His association with Ahmetaj, as exposed by the 2017 car crash, raises fresh questions about possible conflicts of interest in the awarding of the three urban waste concessions. But Ahmetaj is not Mertiri's only link to the Albanian political class. A number of current and former officials or their relatives on both sides of Albania's political divide have collaborated with companies connected to Mertiri and which have also been the recipients of taxpayer money, according to BIRN's findings. Mertiri's ambitions do not end at the borders of Albania, however.

Over the past two years, he has sought out contracts in Africa too, meeting Zimbabwean President Emmerson Mnangagwa and his health minister at the time, Obadiah Moyo. Moyo was sacked in July after being charged with corruption in connection with the awarding of a multimillion dollar contract for COVID-19 medical supplies. Contacted by phone, Ahmetaj declined to comment on his relationship with Mertiri or to respond to detailed questions for

this story. Mertiri also declined to comment, while Prime Minister Rama did not respond when contacted by BIRN.

Former Environment Minister Lefter Koka, who signed the three waste contracts, defended them, telling BIRN:

“Today, Albania is cleaner and the waste treatment is much better thanks also to these projects, which are continuously slandered.”

Head start with Albtelekom

This story is the result of a review of thousands of documents from some 40 companies connected with Mertiri or his associates and registered in Albania, Malta, the Seychelles, the Netherlands, Switzerland and Bulgaria. BIRN also obtained court papers, reports from the Supreme State Audit and prosecutorial investigations concerning business dealings well before the waste treatment controversy. Indeed, Mertiri's ties to Ahmetaj date back two decades, when both were involved in rural telecommunications services operated via agreements with the then state-owned telecommunications giant Albtelekom.

The deals between Albtelekom and private operators caused political storm in 2004 at the tail end of the Socialist Party government of Fatos Nano, when a parliamentary commission was created to investigate alleged abuses costing millions of euros. Prosecutors picked up the case, with Ahmetaj – then a deputy minister and former shareholder the rural telecommunications company Hermes – among their targets. Prosecutors later cleared Ahmetaj of any wrongdoing.

Mertiri, meanwhile, entered the world of business in 2002 under his given name, Klodian, as the 24-year-old shareholder in a newly founded company called Eden sh.a, a short-lived venture dealing in prepaid phone cards in agreement with Albtelekom. A legal battle between Albtelekom and Eden in 2003 resulted in a high court ruling against the latter a year later. Asked whether Eden had any business relationship with Ahmetaj's Hermes, Shkelqim Rakipaj, another Eden shareholder alongside Mertiri and a Belgian citizen, said all operators were connected somehow or other.

“A customer could call another customer from another company,” he said. “It was impossible to not do business with each other.”

Eden disappeared in 2005, the same year as It-Tel surfaced. In one of the very few traces Mertiri has left of himself online, he described himself as owner of It-Tel, though the company was registered under his partner, Gugallja. From the offices of It-Tel in Elbasani Street, Tirana, other companies were born; six used the same address, including KL Group LTD, a company later registered in Malta and whose name appeared in the Panama Papers

exposé of offshore businesses. In September 2008, It-Tel company added another shareholder – Arenc Myrtezani, who worked as a driver for Albania's then finance minister, Ridvan Bode, under the Democratic Party government. The following year, symbolically bridging Albania's deep political divide between the Democrats and the Socialists, the company added former Socialist Party MP Flamur Rogu as a shareholder. Rogu was well briefed on telecommunications, having served as deputy chairman of the parliamentary committee created to investigate the scandal over Albtelekom's collaboration with private operators.

Again from the same address as It-Tel, in 2008 Mertiri founded Fiber Network Albania, which later became one of the four companies authorised by the General Road Directorate to lay optical cables toward border areas using existing road networks. But the contract was again short-lived. In December 2009, then Transportation Minister Sokol Oldashi cancelled the four contracts, claiming the Road Directorate had no legal authority to sign them. The business of laying optical cables eventually went to a single company, widely seen as being closely linked to the Democrat government of Sali Berisha. Mertiri, meanwhile, began exploring other business avenues, entering the world of electronic wireless water meters in 2010.

Close connections between Mertiri and Zoto

Early in 2010, directors of the state-owned Fieri Water Supply Company complained that water consumption in four villages was below average. Faulty water meters were to blame, they said. In June 2010, a joint Greek-US venture submitted to the company a 5.5 million euro offer of electronic water meters, backed by Mertiri's Fiber Network Albania as exclusive distributor. Each meter cost 120 euros, to be paid off in monthly instalments over the next six years. The deal was sealed on July 30, 2010 with the companies Teotec S.a and Seci Inc, represented by a Greek citizen called Konstantinos Aloupis. A few months later, the contract was transferred to Teo Alb, a subsidiary of Teotec in Tirana, while the Fieri Water Supply Company guaranteed it via a 2.4 million euro bank loan.

Data obtained by BIRN show that Mertiri simultaneously controlled both Teo Alb and Fiber Network Albania, which carried out the fieldwork for the project. In November 2010, Klodian Zoto, a lawyer who had previously worked for Albtelekom, began working for Teo Alb and Fiber Network. It was the start of a long and fruitful business relationship between Mertiri and Zoto, embodied in the company Integrated Technology Service, ITS, which was registered in November 2010 in Zoto's name and with Mertiri on the payroll. Another company, FMO, was registered at the same time, also in Zoto's name. The name ITS would

resurface a few years later in the row over the waste incinerator concessions. In 2011, a new director arrived at the Fieri Water Company, blocked the first 539,000-euro installment for the water meters and tried to cut short the project.

The director, Ervin Muskaj, referred the case to prosecutors, arguing that the law on public procurement had been violated, that the project contained no economic analysis and that the meters that were due to be replaced were in fact themselves installed only three years earlier. He also complained that the cost was too great for the company to bear. Muskaj's efforts were in vein. Teo Alb, legally represented by Mertiri, threatened to go to arbitration, while Muskaj's pleas to the Supreme Audit and the General Prosecutor fell on deaf ears. Muskaj was fired in September 2011.

"I found myself in a position where if I interrupted the agreement, I'd be asked why I did so, and if I didn't, why I didn't act on time," Muskaj, an oil engineer by education, told BIRN. "The institutions didn't help and I was powerless to stop it."

At the offices of the Fieri Water Company, an office assigned to Mertiri stood closed until Muskaj was fired. After that, the contract became active but the investigation by Fieri prosecutors continued up to December 2012. The storm created over the Fieri project slowed Mertiri's projects but didn't stop them. In 2011, his water meters were acknowledged by the General Directorate of Metrology while his brand was registered at the General Directorate of Patents and Brads.

In September 2012, ITS, which up until that point was dormant, was unveiled as the inheritor to Fiber Network Albania as the exclusive distributor of the meters. That December, ITS clinched its first contract, worth 1.5 million euros, with Pogradeci Water Company, while three months later Korca Water Company bought 3.3 million euros worth of its merchandise. In 2013, Myrtezani, the former driver for Democrat finance minister Bode, also entered the water meter business when he bought the previously dormant company called FMO, previously owned by the lawyer Zoto. Myrtezani told BIRN that he had known Mertiri since 2002-2003 via his father-in-law, who also worked as a driver for the Democratic Party. He said that Mertiri and Zoto had offered him work after the Democrats fell from power in 2013 but denied his former boss, finance minister Bode, had any knowledge of his business dealings.

"I was involved in water supply projects after I became jobless and had no other alternative except to leave the country," said Myrtezani, who now works at the Fieri waste treatment project. "I am thankful for them for giving me a job."

"I never dared discuss such things with Ridvan," he said, referring to the former finance minister, Bode.

Between 2012 and 2014, the electronic water meter project took in six Albanian cities, implemented by ITS, FMO and Miklo Construksion. The cost to Albania's state water companies ran to more than 18 million euros. These contracts were criticised by Albania's Supreme State Audit, which concluded that the financing of such projects through expensive loans had plunged the water companies into debt. In January 2014, the Audit referred Petrit Tare, the former director at Korca Water Company, to prosecutors, accusing him of abuse of power in connection with the contract with ITS. The water company, it said, had "intentionally avoided" public procurement procedures "by favouring the private subject at the expense of the company" to the tune of 3,376,000 euros. Prosecutors closed their investigations in Fieri and Korca without result. In 2014, the business moved on to the central Albanian city of Elbasan and opened the door to the waste incinerator project.

Threads behind Sharra

The Elbasan waste treatment plant was inaugurated to much fanfare in April 2017, with PM Rama praising it from a podium as marking the end of the "environmental massacre" of waste management. Rama singled out his then ministers of environment and finance, Koka and Ahmetaj, for special praise.

"I am thankful to the minister of environment and that of finance, who though coming from Gjirokastra, is no penny-pincher," Rama told the audience, alluding to Ahmetaj's hometown in southern Albanian where residents have a reputation for being tight-fisted.

In his public comments, Ahmetaj denied having any role in the waste treatment contracts. But Koka told BIRN several ministries were involved, including the finance ministry.

"Three to four institutions worked on these projects, including the municipality of Elbasan, the ministry of environment and several other ministries," he said. "In the calculation of costs and payments the negotiations were conducted between the company and the ministry of finance."

Yet even as the Elbasan plant was being unveiled, the government was under fire over a second concessionary agreement for a similar plant in Fieri and paving the way for yet another, far larger, in Tirana. Koka signed the concession for the Tirana incinerator on August 31, 2017, handing the job to Integrated Energy B.V., registered in the Dutch city of Amsterdam. Integrated Energy B.V. was introduced in Tirana as a partner of ITS, Energy Recuperator and the international engineering company Paul Wurth, the three companies involved in building the Elbasan incinerator. While the directorship of Integrated Energy B.V. changed hands frequently, data obtained by BIRN show the firm is in fact controlled by the same group of lawyers and economists that worked previously on the waste treatment

plants in Elbasan and Fieri. Koka, the former environment minister, described the shareholders of Integrated Energy B.V. as foreign investors, and did not deny that Mertiri played a role in the Tirana project.

"If you look at all procurements, when a foreign company comes they have also a local partner," Koka told BIRN.

Political connections

In June 2015, Mertiri's name crops up in Malta as director of the Malta-registered company KL Group Ltd, owned by another company named KLME Holding, registered in the Seychelles. Another director of KL Group LTD was Andi Beli, former director of Albania's state energy company, Korporata Elektroenergjetike Shqiptare, KESh. In May 2016, Mertiri and KL Group Ltd were exposed in the massive data leak of offshore businesses, known as the Panama Papers. The company promptly changed its name to Sien Group Ltd, which posted revenues of some 400,000 euros in 2016-2017. In 2017, Onyx company was contracted to carry out electrical installations at Fieri waste treatment zone. Onyx is owned by Sahit Dollapi, who was later appointed Secretary for Organisational Issues at the opposition Democratic Party. The construction of the waste treatment plant in Fieri was met with protests by residents of the nearby Verri village, supported by the Democrats. Dollapi told BIRN the value of the job was 5.6 million leks, or roughly 47,000 euros, and that it had nothing to do with his political engagement.

"The work was conducted during a period when I didn't have any position in the DP [Democratic Party], in 2017 and up to February 2018. I was elected Secretary for Organisational Issues in January 2019."

African Adventure

Early in 2018, the Italian engineering company Icaria S.r.l faced increased demand for an uncommon and very expensive service: blueprints for urban waste treatments. The source of the requests was the same, but Albania was not the only destination. Up to April 2019, Icaria designed seven projects - one on behalf of the Fieri concession and six others for Integrated Energy B.V. SPV, the concessionary company of the Tirana incinerator, 100 per cent owned by Dutch-registered Integrated Energy B.V. Four of the projects were to be implemented in Africa. Of the seven, one was paid for by the Fieri concessionary company, four were paid for by the Tirana concessionary company while the last, a water treatment plant project at the Tirana waste management zone, was ordered and paid for by 3DDD Swiss Trading S.a, registered in the southern Swiss city of Lugano. Mertiri's African

adventure began as an expansion of the Albanian model of public-private partnerships in urban waste management and was financed through the concessionary companies ultimately paid for by Albanian taxpayers. They were announced on the English-language website of Integrated Energy B.V., where it was noted that the projects would be implemented in collaboration with the governments of Ghana and Zimbabwe.

3DDD Swiss Trading S.a was founded in January 2019 with Ilir Dedja, a 51-year-old Albanian living in Italy, as its deputy chairman. Since 2017, Dedja is owner of the Swiss consultancy company Drax Consult Sagl. Dedja and Mertiri first collaborated in September 2018 when Dedja purchased C.G.C., a lossmaking company administered by Mertiri. In 2019, Dedja resold 70 per cent of C.G.C. shares to ITS for 600,000 euros. Mertiri's ventures in Ghana disappeared without a trace. On Zimbabwe, in February 2019, Integrated Energy B.V. SPV ordered from Icaria S.r.l. the blueprint for a 110-million-euro waste deposit plant in the capital, Harare. According to Zimbabwean media, Integrated Energy B.V. also signed a memorandum of understanding with the city of Harare for a 30-year public-private partnership. It was quickly cut short, however, when Harare City Council town clerk Hosiah Chisango was quoted as saying that representatives of Integrated Energy B.V. had demanded millions of euros in down payments. In August 2019, Dedja's Drax Consult Sagl also made a pitch for business in Zimbabwe, where it is represented locally by Delish Nguwaya, a businessman known as close to the family of Mnangagwa, the country's president.

In June this year, a scandal broke over media reports that Drax Consult Sagl and Drax International had signed contracts worth \$60 million to supply Zimbabwe with equipment in the fight against COVID-19, in suspected violation of public procurement rules. Dubbed 'Covidgate', the affair resulted in corruption charges against then Health Minister Moyo and officials at the state company NatPharm. Nguwaya was accused of fraud. Mnangagwa was also dragged into the row when media published a photo of him meeting Mertiri and Gerti Bogdani, a former Democratic Party MP. In another photo, Mertiri, Bogdani and Elton Bualli, director of the Elbasan and Tirana incinerators, posed alongside Moyo. Nguwaya is also present. Bogdani denied having any business relationship with Mertiri or anyone else in the photo, telling BIRN his trip to Zimbabwe was a private matter.

"My visit and the photo in Zimbabwe, which media have abused over the past months, is from early 2019 and was of a private nature as a private citizen without any public position," Bogdani wrote in an emailed answer.

He did not answer whether his appearance side-by-side with Mertiri in Harare had anything to do with his political position. He also distanced himself from the waste management

concessions in Albania, calling them "Rama government projects". The Democratic Party press office told BIRN it had no knowledge of Bogdani's meetings in Africa, stressing that the former MP was not representing the party in the encounters.

"Any photo or meeting, regardless of who participates, does not dilute the determination of the Democratic Party in the war against corruption," the party said.

In a rare public response, Mertiri denied having anything to do with Drax Consult Sagi or Zimbabwe's 'Covidgate'. Dedja also denied that he or his companies, Drax Consult Sagi and Drax International, had any connection to Mertiri's dealings in Africa. He acknowledged, however, knowing Mertiri since he bought Mertiri-administered C.G.C. in 2018. Dedja told BIRN his dealings in Zimbabwe were legal, conducted through a local legal representative and that he had not travelled there personally or met any senior politician. He also disputed the reported sum involved, saying the contracts were worth "only" \$33.7 million, not \$60 million.

"I have delivered \$2.7 million worth of equipment to Zimbabwe and I have been paid only for \$2 million," he said.

Dedja confirmed that his company 3DDD Swiss Trading S.A financed the waste water treatment plant in the Tirana waste management zone, saying it was a normal business deal.

"I have many partners in Europe and I am well acquainted with Icaria S.r.l because I have worked in Italy for 20 years," he said. In reference to Mertiri, he said: "I have not yet been paid for the project by the gentleman."

Source: balkaninsight.com