



The multi-million euro wind farm project in the hills of Montenegro that was taken over by Enemalta has faced some serious allegations of corruption, which has led companies previously involved in the project to cut their losses and leave.

Research carried out by The Malta Independent on Sunday revealed that the project, which today is led by the Maltese state-owned Enemalta, used to be run by Spanish company Fersa Energias Renovables.

Although the company has never fully admitted that it had abandoned the project because of corruption allegations, journalists in Montenegro say the company mysteriously decided to pull the plug on its investment despite having been given the green light for all necessary permits.

The 'corruption' being alleged was never spelled out by the Spanish company in black and white. However, articles in the Montenegrin press that attempted to explain why Fersa pulled out of the project, mention corruption allegations against two Montenegro individuals who were apparently paid millions for a project they never delivered.

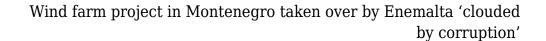
Montenegro had signed a deal with Fersa through a company called BWP Montenegro. The company was founded by a certain Milena Popovic, daughter of former trade union leader Danilo Popovic. According to the press in Montenegro, Mr Popovic was paid a hefty €4 million for the work involved in building the wind farms in Mozura. Later, his daughter Milena Popovic was appointed director of the project and earned some €800,000. Although being paid the money for the setting up of the wind farms, the company had completely shut down by April 2016.

It is understood that the Spanish company had asked the court in Montenegro to investigate Milena Popovic's role in the project. However, the Montenegrin judiciary is reported to have not been very helpful and despite a case having been filed back in 2013, not a single hearing has actually taken place so far. According to journalists in Montenegro, details of the proceedings, if any, have not been made public.

Amid corruption allegations, Malta decides to lead the project

While Fersa and BWP Montenegro fought their legal battles, the Maltese government, through Enemalta, decided to step in and take the lead of the wind farm investment in Mozura.

In November 2015, the government announced in a statement that it intends to establish a joint venture between Enemalta and Shanghai Electric Power to establish a renewable wind energy project on a Mozura Hill between Bar and Ulcinj in Montenegro. The agreement was reached after a meeting, held in the Montenegrin capital Podgorica, between Minister for the Economy Vladimir Kavaric and Maltese Minister Konrad Mizzi, who at the time was





serving officially as Malta's Energy Minister.

In January 2016, Prime Minister Joseph Muscat and Dr Mizzi visited the site where this project is intended to be set up. The Maltese delegation had only invited national broadcaster PBS to cover the event.

Malta's involvement in the project had raised eyebrows among the press in Montenegro. In one particular article published last year, local Montenegro journalists noted that "the reason why Malta took up the task is still unknown", as well as taking note of the fact that the Maltese minister at the helm of this project, Konrad Mizzi, was the only sitting EU minister named in the Panama Papers.

The project consists of a wind farm with a capacity of up to 46 MW of renewable energy. Siemens was entrusted with the installation of the electronic equipment, transmission lines and all other electrical infrastructure. It will include the construction of 23 generators of two megawatts each.

The investment in Montenegro amounts to a staggering €80 million, a figure which was confirmed by Prime Minister Joseph Muscat following a visit he paid to Montenegro in June 2016 where he met former Montenegrin Prime Minister Milo Djukanovic.

Enemalta had submitted a bank guarantee of epsilon1.5 million, the international press reported. Enemalta and Shanghai Electric Power are the majority shareholders

The multimillion-euro investment is shared between three main entities.

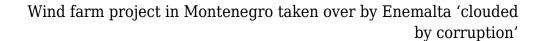
Envision Energy International Limited, a company based in Hong Kong owns 10 per cent of the shares. The company was founded by a certain Lei Zhang, a successful Chinese entrepreneur.

Twenty per cent of the shareholding belongs to Vestigo Clean Energy, a company based in Port Guernsey, part of the British Channel Islands.

The majority shareholding belongs to the consortium in which Enemalta is involved. Indeed, 70 per cent of the shareholding in this investment belongs to a consortium named International Renewable Energy Development Ltd. This venture is made up of Enemalta and Shanghai Electric Power. State-owned company Enemalta holds 30 per cent of the shares in IRED while Shanghai Electric Power has the remaining 70 per cent.

These three entities, however, were not the original investors in the project. The investment was originally being led by the Spanish renewable energy company, Fersa Energia Renovables, a company with renewable energy projects operating in various countries, including Panama. For some mysterious reason, this company, after signing deals with the Montenegro government, suddenly decided to pull out.

The contract with the Spanish was signed back in 2010, when the government of





Montenegro had shaken hands on an agreement that would see the Spaniards take the concession of land and the construction of the wind farm project. In fact, the original consortium was called Fersa & Celebic, the latter being a company based in Montenegro. The Montenegrin government had signed an agreement granting the concession to the Spanish company for a period of 20 years for constructing the wind park in Mozura. However, it appears that in the beginning of 2015, the investor suddenly decided to withdraw from the project and transfer all its rights and obligations to Cifidex, a subsidiary of Vestigo, and to allow Malta's Enemalta to take the lead in the investment. Montenegro press say project never kicked off, Enemalta says otherwise According to an article published in a Montenegro newspaper, the Spanish company pulled out of the investment because they realised that it was riddled with corruption. The journalists who worked on a story about people in power allegedly taking bribes also said that the project had never even started. The article published in November 2016 alleges that despite having been given the green light with regard to permits, work was still at a halt.

Investigating the issue, The Malta Independent on Sunday asked an Enemalta spokesperson for a status update on the project who replied that it "is proceeding as planned, and is currently in construction phase".

When asked about the shareholding by Enemalta in the project, a spokesperson said that "the Company is not authorised to divulge commercially-sensitive information about this collaboration with other international companies".

Our own research, as listed above, shows that Enemalta owns a 21 per cent stake in the ≤ 80 million project, which amounts to a ≤ 16.8 million stake.

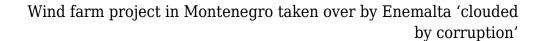
"Enemalta's long-term transformational plan includes the consolidation of existing operations to achieve financial and environmental sustainability as well, as diversification of its services to secure new investments locally and abroad," Enemalta explains.

"One of these investments is the 46 MW wind farm development in Mozura, Montenegro. Enemalta plc is one of the shareholders in this project, along with other international companies."

This newsroom also contacted Fersa in an attempt to determine exactly why the company decided to call it quits on the investment, and if the allegations that it had left because it smelled a rat was true or not.

However, by the time this article went to print, Fersa had not replied despite the questions having been submitted two weeks ago.

However, Spanish website infomercados.com has said that the company decided to sell its





shares to Cifidex, a Vestigo subsidiary, because it wanted to concentrate its activities in countries in which it is already present.

And when journalists in Montenegro asked about Fersa's departure, they received a reply saying that the Montenegrin government would not divulge why Fersa gave up on the wind farm project to the press.

Deal based on existing bilateral agreement

The Maltese deal with Montenegro was based on a bilateral agreement which was signed between the two countries back in 2008. Former Deputy Prime Minister Tonio Borg had flown to Montenegro and signed a 'cooperation agreement' with the foreign minister of Montenegro of the time, Milan Rocen. It was the first time that a Maltese minister had visited Montenegro.

This bilateral deal paved the way for a double taxation agreement, a diplomatic relations agreement, an agreement on the readmission of people between the European Community and Montenegro, and, importantly in this context, an Investment Guarantee Agreement. Not the first time government signed agreement with Montenegro

This was the first time the Maltese government had reached out a hand of friendship and cooperation with the government of Montenegro. In May 2016, Prime Minister Joseph Muscat welcomed Prime Minister Milo Djukanovic (above) to sign a Memorandum of Understanding on healthcare and research between the two countries.

As the two were addressing a press conference, they referred to the wind farm project and Dr Muscat had mentioned that construction work was expected to start in the following weeks.

The agreement with the Maltese government was signed when Montenegro was being led by Milo Djukanovic, who was given the dubious honour of being the Organised Crime and Corruption Reporting Project's 2015 Organised Crime Man of the Year.

Source: independent