

# PREPORTR



## SABOTEURS

### KEK—CORRUPTION CORPORATION

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### MASOUD KEKYAN – THE GOD OF ENERGY

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### GORGED WITH KEK

No other place hosts crime of business, politics, local and international individuals as does Kosovo Energy Corporation – KEK. *Avni Zogiani (7-8)*



# KEK

# CORRUPTION CORPORATION

VISAR DURIQI AND QËNDRIM BUNJAKU

A research carried out by Preportr on the turnover of more than 1 billion euros, over 500 million euros of public investments since 2000, as well as over 550 million euros allocated through 500 public tenders since 2007 shows that the Energetic Corporation of Kosovo (KEK) is the nest where abuse of money in general is estimated to be in millions, where political interference is inevitable, and where most damaged is the Kosovar consumer, and most rewarded are the Serbian companies. The research shows that even the investigators of the European Commission benefited in millions from internationals as well as locals, but the fact remains that justice has been quiet about these cases. KEK inevitably emerges as the Corporation of Corruption since the phenomenon of awarding companies which failed investments in amounts of millions as well as those which never fulfilled the contracts is prevalent

Foreign and local businesses for ten years have benefited hundreds of millions from Kosovo Energy Corporation (KEK), often by selling this corporation depreciated equipment for new ones, but also by providing services and energy with prices multiple times higher than the market one.

As part of this research, where over 500 public tenders issued by KEK have been reviewed, in the amount of 550 million euros, the beneficiaries of which were 200 local and international companies, it comes out that companies have continued to be rewarded with million-euro tenders, despite the fact the equipment they sold to KEK became defunct within a very short period of time. Among these, there are two companies which are the biggest beneficiaries in KEK, "Eco Trade" of Zhugolli family from Podujeva, and "Intering" of Shoshi

family from Banja e Pejës.

Also, "Preportr" has compared the list of penalties issued by KEK in 2010, and the list of 200 biggest beneficiaries. From these 200 companies, 25 of them have been penalized by KEK, whereas 18 of them, despite the penalties by KEK, have continued to benefit in tenders worth up to 1 million euros. Among these penalized companies is also: "I & A sh.p.k" of Zhugolli family.

Information obtained by this research carried out by "Preportr" also show that even when KEK generated sufficient energy for national consumption, it was forced to shut down its own generators in order to fulfill the contracts for energy import, which was bought from Serbian companies with prices much higher than the market ones.

KEK imported energy with prices much higher from companies, a part of which were Serbian companies, which quite often have

been called "Ballkan energy mafia". But despite the warnings by internationals and locals that there would be measures against Serbian "obstructions", up till today no such action has been undertaken.

Among the biggest beneficiaries in KEK are Serbian companies together with two local companies, that of Zhugolli family from Podujeva, and that of Shoshi family from Banja e Pejës. In the first year of this government, in 2008, Njazi Thaçi signed the biggest contracts ever awarded for energy import, in the amount of 51 million euros, which were mainly given to Serbian companies. Through another contract, the state Serbian company "14 October" benefited around 50 million euros for the supply of KEK with equipment for the transport of soil and lignite, which became defunct a few weeks later. Part of the consortium in this tender was also "Eco Trade", property of Zhu-

golli family from Podujeva, which despite failing this tender, continued to win tenders, even reaching huge amounts of money, estimated around 170 million only from KEK, an amount won only during 2007.

## TWO CLANS OF KEK AND THEIR INTERNATIONAL FRIENDS

It was 2007 and the Democratic Party of Kosovo (PDK) of Hashim Thaçi was preparing to come to power. In KEK, "the champion of tenders" which undertakes over 30% of the value of all procurements done in Kosovo, the office of procurement was led by the cousin of the Prime Minister, Njazi Thaçi.

The public investments, money from the budget of Kosovo allocated in the form of subsidies carried out in this corporation ever since

after the war, exceeds the amount of 500 million euros. Only the large tenders since 2007, which "Preportr" has researched, 200 companies have been awarded with tenders, which amount to around 550 million euros. The political interference is inevitable in KEK in the largest part of investments, being that companies which have failed investments worth millions of euros have never been troubled and they continue to do business with this public company. The public procurement at KEK has awarded companies of certain families with tenders which are valued at more than 240 million euros. Various auditing reports show that KEK is loaded with scandals. They have been confirmed also by investigators of the European Commission, but were silenced by justice.

Since coming into power, PDK has been closely linked with million-euro tenders in KEK, on one



hand through prime minister's cousin Njazi Thaçi who till late led the office of procurement in KEK, and through the ex-director of Public Procurement Agency (APP), Ilir Rama who now works in KEK, and on the other hand through the companies of Zhugolli family from Podujeva.

Zhugolli family has benefited from KEK only in 2007 around 170 million euros from the big tenders, an amount obtained together with all the consortiums, companies registered in Kosovo and its international offices. On the other hand, Shoshi family from Banja e Pejës, with all its companies has benefited in the amount of 70 million euros through tenders won in KEK.

The Zhugolli family has another connection with the party in power. Bejtush Zhugolli, who owns the companies "Pejton" and "I & A sh.p.k", during the electoral campaign of Prime Minister Thaçi's party in 2009 officially donated 900 euros.

Bejtush Zhugolli, financier of PDK appears to be even more powerful than his brothers regarding tenders in KEK, which till late was led by Prime minister Thaçi's cousin, Njazi.

The inability to fulfill the contracts won with the company "I & A sh.p.k" does not stop Bejtush Zhugolli to win other tenders from KEK. Only during 2010-2011 he won tenders worth 4.1 million euros with consortiums in KEK. Despite being penalized in 2010 for not fulfilling two contracts, in 2011 he was awarded with another three contracts, the value of which is more than 1.5 million euros.

The two leading families with tenders in KEK, Zhugolli and Shoshi come together in the tender of 2008 in the value of 70 million euros for the replacement of lignite transporting bars from Sibovc, an investment for which ex-minister of Economy, Ahmet Shala had considered to be one of the biggest projects in the last two decades, an investment that failed one night before New Year's Eve of 2010. Part of this tender, through a consortium with "Eco Trade" is also "IMK 14 Octobar" from Serbia, whereas the other part, in the amount of 22 million euros has been won by "Intering" of Shoshi family together with "Magdeburger Forderantagen Und Baurnaschinen GmbH". KEK has continued to award these companies of Shoshi and Zhugolli families without the least hassle, even after failing the investments mentioned above.

It is interesting that even "Eco Trade" but also "Intering", as biggest beneficiaries from KEK have something in common. There are cases when, for example, "Intering" of Shoshi family is involved in consortiums with foreign companies, representative of which is "ThyssenKrupp Fördertechnik", according to the official website, is represented by

"Eco Trade" of Zhugolli family, but has won tenders with "Intering" of Shoshi family, as the case with the Rehabilitation of Bloc A4 in an amount of 8.7 million euros in 2006. The rehabilitation of one bloc of Kosova A in 2006 failed only after ten days when ex-minister of Energy Et'hem Çeku and ex-minister of Justice Januz Salihaj had inaugurated this investment. It was never made clear whether the investment which failed ten days later was the one implemented by "Intering", because KEK does not have or does not want to give information on tenders before 2007. However, the reportings of the media on June 2007, and those obtained by "Preportr" show that during this period, this was the only investment of this extent on the rehabilitation of blocs of Power Plant "Kosova A". No one gave accountability for this failure either.

On another tender during 2008, "Turbo Care" from Poland, partner of "Intering" of Shoshi Family, sold KEK a transformer at the price of 3.7 million euros. This transformer broke down in less than three hours. It was bought second-hand, although a Bulgarian company had offered KEK a new transformer with the same characteristics at the price of 800 thousand euros. This interest group has continued to win tenders in KEK even beyond this scandalous failure, and up till now no legal action has been undertaken to recover this damage. KEK, in answers provided for "Preportr" regarding the question whether there is a legal proceeding against the company, only confirms that it has initiated such a proceeding, but it never provided any document which proves such a proceeding against the company which wasted 3.7 million euros. Surprisingly, this contract was not found even in the public notices on the official website of the Regulatory Commission of Public Procurement (KRPP).

They pretend in the corporation, that due to the damage caused to KEK by "Turbo Care", an arbitration court has automatically initiated a lawsuit against this company. Initially, the media statement by the official, Eglantina Hoxha claimed that since the transformer had failed, KEK would buy another one from Konçar company, and measures would be taken against "Turbo Care". This never happened, and "Turbo Care", together with its partner, "Intering" of Shoshi family continued to be awarded tenders from KEK, such as is the case of the tender on the capital repair of the steam turbine and the electric generator in Bloc A3, at the amount of 3 million euros. In the same tender, on the second Part, the partner of Turbo Care, Intering wins around 9 million euros for the capital repair of boilers.

Prime Minister Thaçi's family, on the other hand, is linked to the tender on the sale of lignite. "OVE

# PENALIZED COMPANIES

ACCORDING TO THE LIST OF PENALTIES THAT "PREPORTR" POSSESSES, THE COMPANIES WHICH WERE PENALIZED FROM KEK IN 2010 DUE TO VIOLATION OF CONTRACTS BOUND WITH THIS CORPORATION ARE:

"XANI NEX" 7 CONTRACTS ■■■■■■■■

"BLU TRADE" 5 CONTRACTS ■■■■■■

"KWE" 5 CONTRACTS ■■■■■■

"RIMA ENGINEERING" 3 CONTRACTS ■■■■

"EURO COMMERC" 3 CONTRACTS ■■■■

"UNION" 2 CONTRACTS ■■

"PROFITECH" 2 CONTRACTS ■■

"DONA IMPEX" 2 CONTRACTS ■■

"EURO ENERGI" 2 CONTRACTS ■■

"MONT ENERGETING" 2 CONTRACTS ■■

"MONCOMERCE" 2 CONTRACTS ■■

"GMI" 2 CONTRACTS ■■

"I&A sh.p.k" 2 CONTRACTS ■■

Companies penalized one time for non-compliance of contracts with KEK are:

"ENGINEERING" • NTPSH "XANI" • "ELEKTRO D T PROJEK" • "PBC KOSOVA" • "SOLID COMPANY" • "RIPTEN ENGINEERING" • "EURO IMPEX" • "E-PROJEKT" • "NNP. TONI", NTPSH "XANI" • "ADRIA-7" • "PEG" • "FAMORDI" • "PROF. ENGINEERING PEG" • "EUROO TRADE" • "ATM" • "ALKOM" • "I&A" SH.P.K • "KOSOVA CONSTRUCTION" • "B&L" • "MONT ENGINEERING" • "ATM-PR" • "SIMENS" • "MONTCOMERCE" • "FAMORDI" • "GRAMOZI" • "FEKI" • "G3 INXHINJERING" • "NTP SOLAR" • "ABC INXHINJERING" • "RIPTEN ENGINEERING" • "NILOS" • "RIMA" • "SJERRA"

These companies altogether, regarding tenders included in the list of penalties, have won tenders in the amount of more than **1.8 million euros**, whereas the total value of those having paid the penalties in KEK's account is only **184.227 euros**.

Among the companies, there are also **18 companies** which have won tenders even after being penalized. The amount of these tenders is around **6.7 million euros**.

Group", property of Visar Bajinca from Macedonia, is the company whose appeal cancelled the tender on the sale of lignite announced this year, which is still under procedure, cancelled lately due to the lack of responsible bidders. Shareholder of the company, when it was named "BOXON" was also Milaim Cakiqi, a businessman from Drenas, who appears to be a shareholder in some businesses with the younger brother of Prime minister Thaçi, Blerim. Cakiqi, according to the reporting of JNK newspaper, currently has a complex of buildings constructed by "Iliria Building".

Visar Bajinca is also the contact person in another company from Tetova, "Polog", a company which won 2 tenders in KEK in 2009, at the amount of 140,240 euros.

Another important family in PDK is beneficiary in KEK. The family of Deputy Shaip Muja, through "Doni" and "Ci-Kos" companies, property of Fatmir Muja, is contracted for the sale of scrap in KEK, where the Office of the Auditor General found a series of irregularities.

According to investigators of the European Commission (OLAF), Fadil Ismajli, now chief-executive of KOSST is in conflict of interest as regards the public tenders worth

millions, won by "Komtel" company where he is co-founder with Vegim Gashi. The latter was a candidate of New Alliance for Kosovo for the mayor of Prishtina, a party of ex-president and Kosovar multimillionaire, Behgjet Pacolli.

Investigators of OLAF did not "spare" even ex-businessmen, now parliamentarians of the Kosovar opposition. According to the investigators, the concession of the Kozhner Hydro Power Plant (Lumbardhi) had been carried out with irregularities. It was given to "Triangle" company, which even in the declaration of wealth for 2012, Vervendosje deputy, Florin Krasniqi himself declared that he still holds 25% of the shares. Krasniqi himself had once declared publicly that nothing can be done in Kosovo without bribes.

Even before PDK coming into power, the corporation was a haven for abuse of funds amounting to tens of millions, although up till 2010, the corporation had been audited by the Auditor General only once, back in 2005.

## SIPHONING OFF THE MONEY THROUGH ONE-SOURCE TENDERS

According to work reports of the Public Procurement Agency (APP), now changed to Central Procurement Agency (AQP), apart from procurements in general, KEK is also the corporation championing in one-source tenders. This method of giving one-source tenders has been constantly criticized on the Progress Report as a method which leads to tenders with a risk of favoritism.

At the time when the Procurement Office in KEK was led by Njazi Thaçi, Ilir Rama had been appointed as director of APP, and he staid in this position up to July 2010.

After leaving his position in APP, having served for one year and a half as acting director, despite being in violation of the law on holding the position of acting director only up to six months, Ilir Rama was hired in KEK as procurement officer.

Based on the data of KRPP from 2007 to 2011, Rama had proceeded 26 one-source tenders in KEK, compared to the time when he was not director at APP, when KEK had proceeded only 6 such tenders. Rama was head of APP for one year and a half (2008-July 2010). Now, when the new legislation in power which allows the institution to undertake one-source tenders without the permission of

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APP, KEK only so far in 2012 has proceeded 15 one-source tenders.

On a response for “Preportr”, Rama denies any links on the larger number of one-source tenders proceeded for KEK when APP was led by him, compared to when APP later on was led by Mursel Raci. Rama and the management of KEK say that he was degraded from the position of APP director to a procurement officer in KEK.

For them everything went “OK”, since Ilir Rama was accepted in KEK through a public vacancy announcement and he was the best of all applicants. They say the same in APP as regards the employment of Njazi Thaçi’s cousin, Libona, once assistant director for Ilir Rama, and now advanced in the position of procurement officer in this institution.

For them, there is no connection between these movements, despite the fact that since Ilir Rama left APP, the number of one-source tenders in KEK has been reduced considerably.

“As regards the reduction of request approvals in KEK, the perception of much and little are much more an issue of rumors and misjudgments, because the number of approvals is calculated in relation to requests initiated during time periods, and not in relation to numbers”, ex-director of APP states, now employed at the tenders in KEK.

After Rama’s involvement in KEK, Njazi Thaçi was advanced from chief of procurement, to the position of operative director of the company, which has constantly played a role of deputy director of the corporation as well.

## BALKAN ENERGY MAFIA

Serbian companies are beneficiaries of around 400 million euros in KEK ever since after the war, including here the purchase of electricity which account to over 365 million euros, but also other tenders.

OLAF found suspicious links at tenders of Serbian importing companies of energy, which since 2000 mainly appear with names “Rudnap” based in Belgrade, “Geni” also from Belgrade, and “EFT” based in London, but with roots in the Serb state.

According to European investigators, KEK and Serb companies have undertaken suspicious transactions. For the purposes of these transaction, “Artesia Bank” based in Greece has been used, naming businessman Vuk Hamovic as beneficiary. Payments in this bank ended also for companies “EPCG”, “EFT” and “Rudnap”, which according to OLAF are considered as the Balkan energy network. Moreover, according to this investigation, suspicions are raised regarding links between “EFT” and “Rudnap”, which are led by the same group of business-

men, including Vuk Hamovic, Vojin Lazarević and James Nye. Apart from “Artesia Bank”, Hamovic and Lazarevic are also partners in “EuroAsix” bank, based in Belgrade. Shareholder in “Rudnap” is also businessman Damir Fazllic, who is accused for economic crimes in the Balkans, whereas in Albania, the opposition accuses Prime minister Sali Berisha for being close friends with Fazllic.

In these benefits reaped by Serbian companies, the annual damage by the Serbian state to Kosovo through additional tax restrictions in the transmission network, estimated at 10 million euros, is not included, a damage published by Fadil Ismaili himself, chief executive of KOSST. In the presence of Besim Beqaj, Minister for Economic Development, Ismaili accuses Serbia for, as he calls it, Balkan energy mafia, and the Minister guarantees that he would denounce this state at the respective mechanisms. Although it is been a year since these statements, it is not known whether anything has been done in this respect. It is almost a year also since the statements of KEK Chief Advisor, Masoud Keyan that he is planning to appeal in Vienna against Serbia for deforming the price of energy that kosovars import, since this could be in violation of the rules of the Community of Energy. He did not want to answer “Preportr” whether he realized his plan to appeal, or whether KEK ever appealed in the Secretariat of Energy Community.

Responsible persons in KOSST have also avoided questions by “Preportr”. They say that since 2007, they do not publish information regarding the entry point of imported energy, whereas public reports mention mainly the transmission with Serbia, although this costs Kosovo multiple times more due to additional rates that this country applies towards Kosovo, which is also admitted by officials of KEK. Kosovo imports energy from companies at a price of 75 euros per megawatt, whereas one MW at KEK is generated at a cost of 27-30 euros.

The transmission with Montenegro is mentioned to have gone in repair much often, and it is not excluded that within the year it could have been repaired more than once.

## TAKING DOWN POWER PLANTS IN FAVOR OF IMPORT

According to international advisors in KEK, the reason why this corporation in 2008 bought the most energy, more than 51 million euros, was due to Prime minister’s cousin, Njazi Thaçi.

In an internal report of 2008 of PA company, contracted by USAID as consulting company for



# TENDERS OF ZHUGOLLI AND SHOSHI FAMILIES

Two kosovar families, Zhugolli and Shoshi are leaders in million-euro tenders won by KEK. This was concluded after a research by the Kosovar Center for Investigative Journalism and Organization ÇOHU! which classified and found the beneficiaries of public tenders in KEK since 2007, including only tenders of large values.

**Familja Zhugolli, only since 2007 has benefited at the amount of 170 million euros through tenders from KEK.**

- Bejtush Zhugolli, financier of PDK was penalized by KEK for non-fulfillment of two contracts with the company “I & A sh.p.k” in 2010. nevertheless, in 2011 he won three other contracts, the amount of which is above 1.5 million euros. This PDK financier, solely but also with consortiums had won tenders in KEK at the amount of 4.1 million euros.

**Kompanitë me të cilat familja Zhugolli morri tender në KEK:** “ACDC-Kos”, “Eco Trade”, “I & A sh.p.k”,

**Përfaqësitë e Zhugollëve që kanë përfituar nga KEK-u:** “ThyssenKrupp Fördertechnik”, “Siemens”.

**Familja Shoshi has benefited around 70 million euros from KEK.**

- In another tender of 2008, “Turbo Care” from Poland, partner of “Intering” of Shoshi family from Banja e Pejës, sold KEK a transformer at the price of 3.7 million euros. This transformer burnt within less than 3 hours of work.

**Kompanitë me të cilat familja Shoshi morri tender në KEK:** “Intering” (Xhevdet Shoshi, Arben Shoshi), “N. Interling GmbH” (Gani Shoshi)

## Where do Zhugolli and Shoshi families come together?

The two families leading with tenders in KEK, Zhugolli and Shoshi come together in 2008 for the tender valued at 50 million euros, for the replacement of transporting bars of lignite from Sibovc, an investment which ex-Minister of Economy, Ahmet Shala had claimed to be one of the biggest projects of the last two decades, but which failed one day before New Year’s Eve of 2010. Part of this tender is also “ThyssenKrupp Fördertechnik”, which according to the official website is represented by “Eco Trade” of Zhugolli family, which in 2006 won the tender for the rehabilitation of Bloc A4 in the amount of 8.7 million euros. This tender was won together with “Intering” of Shoshi family. The rehabilitation of one bloc of Kosova A in 2006 failed only ten days after ex-minister of Energy, Et’hem Çeku and ex-minister of Justice, Jonuz Salihaj had inaugurated this investment. It was never made public whether the investment which failed within ten days was the one implemented by “Intering”.

KEK, it is concluded that after a few months of tricks played by the procurement chief of KEK, which the report names as “a cousin of the Prime minister”, and after the Ministry of Economy and Finance reassured that there were funds, a tender was announced to purchase energy for the period October 2008-March 2009. “Prices were 20% more expensive than in previous tenders”, the report concludes.

The report by PA makes a serious accusation against the management of KEK. This report mentions that in November of the same year, KEK had a surplus of production even beyond the 24 hour supply, due to the good weather. “Nevertheless, KEK had to shut down its generators because of the contracts signed for the import of energy from importing companies”, says the report.

According to this report, the contracts which are mainly signed with Serbian companies by the hand

of the cousin of Prime Minister Thaçi obliged KEK to pay, despite the fact that in reality it never used this energy.

## FOREIGN HORDES

The investigators of the European Commission had found out that KEK began to go astray starting with a fund of 5.4 million euros donated by AER through UNMIK for the employees of KEK, which at the and according to investigators of OLAF, went into the hands of Joan Pierce and Mott McDonald.

OLAF raised suspicions even for one-source tenders won by the French company “Allstrom”, the German company “Siemens” and companies “Swedpower”, “Wattenfall”, “ESBI”, “Llyr Rowlands”, etc.

On all of these and other issues raised by the investigators of OLAF, a few days ago the Italian newspaper “La Repubblica” also wrote. The newspaper writes that the Europe-

an Parliament suspected on massive abuse of international funds for the Energy Corporation of Kosovo and Prishtina Airport. This is about 11 files related to the investigation concerning the destination of 3 billion euros of finances for the reconstruction of Kosovo. These two subjects, KEK and the Airport have been the biggest beneficiaries of the 3 billion euros of international funds which were given by donors in the accounts of UNMIK.

According to the article, EULEX is hindering the provision of complete information, especially regarding KEK. A request for explanation handed over by the European Commission to Oli Rehn, Enlargement Commissioner in 2008 never saw a reply, up to the termination of his mandate.

EULEX did not have an answer even for “Preportr”, when asked whether investigations are under way regarding the suspicions for abuse in KEK.



# MASOUD KEKYAN — THE GOD OF ENERGY

Foreign advisors in KEK are asked for permission beginning from big purchases, to strategic documents and dismissing of employees from work. From internal communications, it can be seen that foreign advisors control procurement and purchases that amount to millions of euros, but the power of decision-making goes as far as recommending managers of regional districts to dismiss employees from work. These advisors communicate/influence even deputies when voting any important document. On the other hand, they do not give accountability to anyone. Also, they never take responsibility for failures. They are invisible and untouchable.

## BESA KALAJA AND BESNIK BOLETINI



**T**he energy sector in Kosovo is dominated by international organizations, consultants and companies. The ongoing international consultancy and endless investments have not increased the efficiency of this sector. No one in KEK has ever provided accountability for the failure of investments worth millions of Euros, but neither for the fact that, despite numerous international consultants and extensive natural resources, it was never put in its own feet. Kosovo sits on the fifth reserve of lignite in the world, but continues to face cuts more than any other country in the region. A good chunk of the investments in KEK have failed, whereas electricity is still bought five times more expensive than the price it exports energy out of Kosovo.

The energetic potential of Kosovo is enormous, and important international documents portray the energy sector of Kosovo as a very important supplier for the Balkans. By analyzing the manner by which this sector has been managed, several paradoxes can be observed. The numerous investments through the tutoring of international consulting companies can be considered as having failed in establishing a sustainable energy sector.

The same foreign companies and individuals, who “advised” the Government of Kosovo to fail the energy sector, continue to deal with research and analysis which prepare this sector for privatization. The failure of this consultancy has never been established by their employer, which in this case is the Government of Kosovo, but the truth is that, with all their expertise, KEK never became a profitable enterprise. This is most due to the fact that the institutions of Kosovo almost never dealt with devising policies in this sector, but instead had a minor role even in the management level of the only important enterprise for energy in Kosovo, KEK.

What characterizes this sector is the lack of measures against persons and companies which burnt million of euros of investments, although at cases these failures of investments have appeared to be sabotage against this enterprise. Furthermore, in some cases of failed investments, there are cases when companies which undertook the updating of equipments worth million of euros have continued to be rewarded with tenders by KEK, although they sold this enterprise broken parts and have damaged it in millions of euros.

The representatives of KEK give contradictory answers, or do

not answer at all when asked as regards the damaging of KEK by the different companies. Through the influence of foreign advisors and their connections with foreign companies, KEK has done purchases with prices much higher through one-source tenders, purchases which often failed, whereas cheaper offers were refused.

### LEVELING THE PLAYING FIELD

The foreign advisors still control the KEK management. But even these advisors have their “boss”, and he is Masoud Keyan, who has been involved in KEK in 2007, almost at the same time as ex-director Pranvera Dobruna. According to people who have worked and continue to work in KEK, Keyan all this time has been the main man in this corporation, and nothing can be done without his “amen”. Masoud is contracted through USAID as representative of “PA Consulting” company, but even though the consulting company has changed, Keyan has remained stoic even with the following company in KEK, “Tetra Tech”. All those who have objected him have been dismissed from work and were replaced with obedient people who sign all his requests.

“Preportr” has found a list with tens of people who have been fired from work within months, without properly evaluating their

performance. According to people who have worked in KEK and who know the circumstances there, all this was carried out by Keyan as cleansing of the terrain from people who could “get in his way”.

According to a list obtained by “Preportr”, the following have been fired: Visar Kelmendi, Fëllanza Hoxha, Fëllanza Pula, Selami Gashi, Lazër Krasniqi, Shemsedin Klaiqi, Farhedin Maqestena, Nazmi Gashi. This list does not end with these names. An internal communication shows the pressure that international consultants have exerted to the management in order to fire other employees due to their “weak performances”.

Representatives of the syndicate of Elektrokosova say that, apart from these managers, there are more people who have been fired in the level of districts. Their number reaches tens, and none of them was given a specific reason for being fired. Furthermore, according to heads of the Syndicate of Elektrokosova, the employees who are fired from KEK do not have the right to appeal. They are mainly people with decade-long experience in their work, who did not agree with the manner of management of KEK under the fist of Keyan.

The domination of foreign advisors has now become a trend of managing KEK, since even “small-

er” advisors now give executive orders, recommending opening of vacancies on continuous basis, and firing employees who have been working there for years, supposedly due to bad performances.

According to a written communication obtained by “Preportr”, one of the foreign advisors, Babukhadia Irakli has ordered regional district managers the immediate dismissal of employees working in collection. The language used in this email is commanding and executive, reminding the managers that if the changes to the District Regulation are not implemented, there will be administrative measures against them. “Bad performance” is used as a reason in this letter, but representatives of the syndicate say that these dismissals are done because there are lists prepared with other people to be employed in KEK, and therefore current employees should be fired in order to leave space for those selected by international advisors. “Preportr” has also obtained other documents where the dominating and decision-making position of foreign advisors can be observed, who in fact are bosses, with locals submitting to them.

### THANK YOU FOR HELPING US TO FAIL

Avni Kurshumliu, who has worked in KEK for 30 years, says that Masoud Keyan has enormous pow-

► VAZHDON NGA FAQJA 5

er in KEK since he has the support of the prime minister himself. Moreover, he says that the KEK advisor enters in the prime minister's office without knocking.

"The support has been very powerful and it is still today from USAID, and the pressure from the American Embassy upon the Government of Kosovo not to stray from this path and this strategy is not followed only in the executive Board, but also in the Board of Directors. So, the biggest problem in KEK is not the executives, but the board of directors who are only puppets and will raise their hands to approve any proposal" Kurshumliu has said.

The support from the Government of Kosovo and the American Embassy that Keyan enjoys is also confirmed by the ex-minister of Energy and Mines, Justina Shiroka-Pula.

"He in fact manages KEK, although he came here to improve the situation in the distribution. So, he came as an expert to improve the situation in the distribution and now his results can be seen. It is already the third Government where Masoud is part of the management directly or indirectly", says Shiroka-Pula.

To prove his power in KEK, ex-minister Shiroka-Pula says that when she took leadership of the Ministry, she found many documents where he or his collaborator have been part of hiring people in KEK, part of tenders and various processes.

"Then later on I did not find documents where he was involved, but everyone in KEK and we know that he manages KEK because he has the support of the institution which hired him. Any little positive or negative change is done under his directives", says she.

For all these issues, Preportr has tried to speak with the general director of KEK, Arben Gjukaj, as well as with Masoud Keyan himself, but this was not made possible to us. For an interview with Gjukaj, the Information Office of KEK has asked for a written request. Although this request was addressed on 25th of June, a meeting was not made possible.

As regards the huge influence that Keyan has in KEK tells ex-financial director of this corporation, Visar Kelmendi. He says that Keyan has come with a strategy for changing the directors.

"It has been a strategy of Masoud Keyan to create a double team of directors for each division and within six months he began with changing of directors on whom millions of euros had been invested for the development of their professionalism, and instead

"hire some beginners", uneducated, whose only asset is to say "Yes".

According to him, every plan thereafter has been designed by internationals, and it could be observed according to the writing that it is a translation with directives from English into Albanian, "which in fact could not be understood well, but the signatures belonged to Pranvera, Remzi Shahini and Arben Gjukaj".

"It could be seen that those documents were devised by "PA Consulting" and clearly they were merely handed over to Albanian directors to be signed and implemented. Each decision of his comes signed by KEK directors and they emerge as proposals of KEK and the Board only gives approval", says Kelmendi.

These staff changes in KEK are seen with pessimism also by Naim Hoxha from Riinvest Institute. He considers that the immediate dismissal of some of the managers is unreasonable. "A large number of directors have been replaced in KEK, but not only directors in the general level, but also in the level of units. So we have had an enormous change which even countries with the richest staff could not be able to handle because in each unit we've had 6 or 7 directors who have been replaced", says Hoxha.

He says furthermore that a big number of successfully proven engineers have been dismissed from KEK, and in this context he mentions Ali Hamiti. "It is unnatural...I am not saying it is impossible, nor am I saying that these guys who are in government are not valuable, but it is unnatural that the most qualified staff that Kosovo has in this area suddenly come out as unsuccessful and those in the periphery suddenly come out as successful", says he.

The same thing is confirmed by the head of the Syndicate of Elektrokosova, Fehmi Pajaziti, who says that "through international directives in KEK, more workers have been dismissed and are being dismissed and replaced with others less capable in their work area".

#### ANTI-FEMINIST ADVISORS

Fëllanza Pula has been named director of supply on date 03.04.2007 with a decision of director Pranvera Dobruna, whereas on 30.05.2007 she was removed from this post without any reason. She says that the reason for her dismissal was "lack of obedience" to sign documents proposed by Keyan. But the biggest "hassle" with Keyan was when the latter told her to sign a document stipulating that she could not cooperate with the director of the network, who at that time was Fllanza Hox-

ha and through this signature remove her from the position of the director, since Keyan did not like her. She says that the decision to dismiss her did not contain any reason and she requested explanations from the Board of Directors of KEK. She also appealed in the Inspectorate of Labor, but nothing was ever done.

After being fired, Fllanza Pula sued KEK and won the case, and the court ordered KEK to bring her back to work, but she was never returned to the post she used to have. She was offered another post "which never existed". And on date 22.08.2007, acting director Remzi Shahini terminated her working relation with KEK, saying that this position does not exist and is not necessary.

The dismissal of Fllanza Pula was objected also by managers of all units of supply divisions, who requested from the Board of Directors of KEK to review the above-mentioned decision, since "director Pula has had a very good performance during her work".

"The proposals were numerous, starting from simple ones, to requests to sign that I do not get well or we have quarrels with the director of the network. But in fact, I have had very good cooperation with the director of the network, since together we prepared beforehand the business plan and action plan on network and supply. So, one of the reasons why Masoud Keyan fired me was disobedience". According to her, Keyan does nothing directly, but uses his influence to carry out his plans. "Unofficially he said that the director should be submissive towards the boss, and back then the boss was Pranvera Dobruna", says Pula.

She says that Masoud was openly against women in executive positions, whereas he fired those who did not succumb to his proposals. "Masoud thinks that there should be no women in positions, he is a complete chauvinist".

"He told me that women can talk only about hair, makeup, and clothes" says Pula. She says that she addressed Keyan's employer for these offenses, but never received a reply.

After the decision for dismissal, Fllanza Pula says that she was offered a declaration to sign. In this declaration it was said she would not initiate any lawsuit against KEK, or any official of this corporation and she will receive 11 thousand and 400 euros due to termination of the contract. She says that she was told this document should not leak from KEK.

Since Keyan came in KEK, managers with decade-long experience have been fired. One of them was

After Masoud Keyan's coming to KEK, the following were fired from their jobs:

**Visar Kelmendi,  
Fëllanza Hoxha,  
Fëllanza Pula,  
Selami Gashi,  
Lazër Krasniqi,  
Shemsedin Klaiqi,  
Farhedin Maqestena,  
Nazmi Gashi.**

This list does not end with these names. An internal communication shows the pressure that international advisors have exerted upon the management in order to dismiss other employees, supposedly due to "bad performances".

Fllanza Pula, who has worked as manager and director in Distribution for 28 years. Internal sources say that Hoxha was dismissed after some disagreements with advisor Keyan. The fact that Masoud had come with the tendency to cleanse the terrain from "disobedient people" to him is further confirmed by Visar Kelmendi, ex-financial director and Skender Krasniqi, ex-head of board of directors in KEK.

Both of them say that they did not share the same opinions with Keyan. Skender Krasniqi says when first meeting him (at a Board meeting), when Keyan spoke from behind, he suggested him to be quiet since he did not know who he was and what he represented. He says his dismissal did not come due to this fissure, but because he himself never applied for the position of the head of the Board of Directors where he worked as acting director for six months.

Visar Kelmendi, on the other hand, says that the influence of Masoud on Pranvera Dobruna became enormous. According to him, in the first Board meeting, Dobruna said that starting from today I am director and I give my word to Masoud Keyan, and he says only a few words: 'all you have done with ESBI is invalid and this Board will not exist anymore'.

"...before finishing his word, I inquired for explanations as to his competencies to speak before the Board, whereas he reacted strongly and the meeting was closed that day", says Kelmendi. After a week, Pranvera shut down the division of Kelmendi and he was left unemployed.

#### THE MOUNTAIN GOES TO MOHAMED

The mountain goes to Muhamet, or Muhamet goes to the Mountain? This is a metaphor that explains the importance of Masoud Keyan in KEK. In beginning of 2007, Keyan came as a contracted consultant from USAID with "PA Consulting" company. In May 2010, "PA Consulting" was also the company involved in evaluating power plant Kosova B. Later on, when Keyan is involved with the other consulting company contracted to advise KEK, according to "Kosovo Energy Sector Strategy Briefer" "Tetra Tech" does another feasibility study of the power plant Kosova B. According to experts, the last research on this power plant concluded that it had been repaired to the extent that its lifetime had been extended for several decades.

These studies were never delivered to the Government of Kosovo. Representatives of the Ministry for Economic Development, part of which is the energy sector, say that the company which did



# Masoud Prepared the Terrain for the Privatization of Distribution

ESBI according to Kelmendi has separated the distribution in two parts: the part of supply and the part of distribution which has the network and maintains the network transformers, etc. "We worked for three years in establishing separating mechanisms. The purpose was to implement the directives of the economic community (OECD) the liberalization of the market, in the sense that we could sell the supply, but not the asset, to keep the network, which is an essential condition for future development", says he.

According to Kelmendi, even the strategy 2005-2015 devised by the Government was based in the privatization of supply.

"This changed immediately and no one is reacting. No one reacts because Masoud prepared it and left them with no other choice. The idea here is to undertake a tragic privatization. The man behind this idea is Masoud Keyan", says Kelmendi.

According to energy experts, the manner in which the privatization is being done is useless and Keyan can have an impact here as well.

"Even as regards the strategy we have had a lot of dilemmas and problems regarding the distribution, because we are co-signers of the tractate of the energy community, and according to the tractate and EU directives, the distribution should be separated from the supply services, but through different pressures and Keyan's approach, we have come to this situation", says ex-minister of Energy and Mines, Justina Shiroka-Pula.

Fehmi Pajaziti, head of syndicate of Elektrokosova thinks likewise. He says that privatization is very convenient and in the manner it is happening "it could be steered only by the foreign advisors".

Visar Kelmendi says that privatization does not necessarily mean getting rid of the burden that the government has as regards the supply with energy.

"With this concept stated by the governments that there is nothing we can do and we are selling it (the distribution) to someone cheaply, ultimately no one takes responsibility for supply strategically, and in the end the government will have to solve the problem again regarding supply, collection, theft, the investments in distribution. So even if it gives it for free, the government is not relieved from responsibility", Kelmendi thinks.

Through this privatization of distribution, according to Shiroka-Pula, the government is only transforming it from a state monopoly to a private one.

"The economic effect will be very harmful for the consumer and the economic development of the country, because the reduction of all losses will be done at the expense of increasing the price of energy, whereas the lack of bill collection will remain a problem of the government".

Even ex-minister Pula thinks that it was right to privatize only the supply, but not the network as well. Therefore, according to her, it would be a strategic mistake to privatize the electricity network which then would become a monopoly of a private company and this company then would dictate the price of transit for energy and would limit the development of the network in general, as well as new requirements for the development of specific parts of the country. "... we have to see the contracts, but my forecasts are gloomy, because now we will see a rise in energy price and the supply will not be good", says Naim Hoxha from Riinvest.

the evaluation of Kosova B simply "separated the main findings" of this evaluation, but never gave the government access to this document. However, these documents hold a special importance in building a strategy for the energy sector. Deputies of the Assembly of Kosovo say that the greatest pressure to approve the strategic document on the energy sector in the

Assembly has come precisely from the international advisors. In some media statements, ex-minister Pula-Shiroka has spoken of an "enormous pressure" from international advisors in the Assembly in order to pass the Energy Strategy.

The fact that the Government of Kosovo admits that it does not possess such evaluations, such as the feasibility study on Kosova B,

shows how excluded the executive is from international advisors as regards the energy sector. The Prime minister of Kosovo does not have one advisor for energy, but those who have participated in meetings for this sector say that he merely left this sector up to Keyan. Almost all local experts dealing with energy have continuously objected the strategic choices for energy.



## Favoring Strong Companies in Energy

Masoud Keyan himself did not agree to speak for "Preportr", saying that he is simply an advisor and therefore has no reason to speak. Nevertheless, in the only statement given by him for JNK portal, he indirectly admits his executive role.

"It is true that the price for the import of energy in Kosovo – in the largest part – is above the market price (even judging by regional standards)" said Keyan. "This is mainly as a consequence of the detrimental role of Serbia which deforms the price. KEK is seeing to raise this topic in the Secretariat of Energy Community in Vienna – since Serbia's actions could be violating EU rules for energy", Masoud Keyan has said for JNK.

Despite the fact that KEK continuously promises to undertake measures for the damage caused to it due to failed investments and the purchase of energy with prices multiple times higher than the market ones, up till now we have not seen any such actions.

Keyan has provided a table for JNK, which according to him shows the improvement of KEK's performance. Keyan sees this improvement of the performance in terms of increase of billing and collection. But, this increase is explained simply, taking into account that ever since Keyan came in KEK, the import of energy has multiplied. Therefore, from 16.7 million euros in 2005, the import jumps to almost triple, respectively above 45 million euros. So, we cannot speak here of improvement of the performance of KEK, but of increasing the expenses of the Budget of Kosovo in order to buy electricity. And this electricity was bought mainly with a price multiple times more expensive than the market price, which according to Keyan, was a consequence of Serbia's obstructions. So, here we have a contradiction in Keyan's arguments, being that obstructions from Serbia did not make KEK reduce import from Serbia during Keyan's epoch, but on the contrary, to multiply it.

Kosovo does not have one line of international interconnection only with Serbia. It also has one such with Montenegro and another one with Macedonia, whereas one with Albania, which due to possibilities of complementing resources is seen with great importance, is being delayed for years now. The officials of KOSST, Fadil Ismaili, the only director who outlived Keyan's epoch did not give information as to how much electricity is bought through the interconnection line with Serbia, and how much with other lines. A report by KOSST does not give this information, and the answer is not given by any official. Nevertheless, if Kosovo has continued for years to buy energy with a price three times higher than the market price, and if the conclusion of Keyan given for JNK that this price is paid due to Serbia's obstructions, then it can be concluded that KOSST has done the import of energy mainly through the interconnection line with Serbia.

So, import prices have followed the same trend throughout the years more or less, implying that Serbia has in general been the path or supplier which KEK and KOSST have used. On questions sent to KOSTT, it is not hidden how much energy was transported through other lines, but it simply stated that the line with Montenegro goes to repair almost every year.

According to a reporting by "Express" newspaper in 2008, the Serbian company, Rudnap bought electricity with 42.11 euros from Kosovo and sold it with 119-132 euros per megawatt. CEZ pays 41.14 euros, whereas "Rea-tia Energija" with 46-48.2 euros. The Czech company, EFT, according to a contract, KEK sells energy to it at 42.67 and 43.10 euros per megawatt, whereas from the same company it buys a megawatt at 123-128 euros. "Espada", also Czech, bought from KEK energy at 41 euros and sells it at 129.5 euros per megawatt. The Swiss company, EGL, in the last export and import contracts has the cheapest price. It buys at 40.75 euros per megawatt and sells it at 119.7.

# GORGED WITH KEK

AVNI ZOGIANI

No other place hosts crime of business, politics, local and international individuals as does Kosovo Energy Corporation – KEK. Everything happens there. Entire structures of experts holding decade-long positions are expelled if they do not show obedience to international advisors. There the picture of clientelism can be clearly seen. The politics becomes one with public tenders that usually weight tens of millions.

KEK is the company which for 12 consecutive years is not in the hands of those formally called to lead it; instead, decisions were taken by people sitting in the second row - international advisors. They held the competences, but not the accountability. They took care that anything was possible in the energy sector in Kosovo, excluding solutions.

The procurement in KEK has been dominated by local and international politics, and this can be clearly seen from the fact the tens of millions of Euros have been wasted in the most bizarre of forms. Local and international companies have supplied KEK with old equipment, refurbished in brand new paint. This equipment failed as soon as they were put to work. These companies did not face any consequence; no measure was taken against them. These companies have continued to win tenders in amounts of tens of millions of Euros without the least of trouble.

An international company has directly accused a close relative of the prime minister that he had terminated the power plant from production, in order to buy electricity from the group identified as “Ballkan energy mafia”. This cousin of the PM, who led the procurement which cost KEK tens of millions of Euros, has been promoted to the position of director of production, respectively deputy director of KEK. This is Njazi Thaçi, who for years led the Procurement Office in KEK. This office bought the old transformer for 3,7 million Euros, three times more expensive than a brand new one, only to be broken within a few hours. This is the man who signed 50 million euro contract with the Serbian state company

“14 Octobar”, only to be turned to scrap after few weeks. On the other hand, it’s Serbia through its own obstructions who kept rising the import price of energy for Kosovo three to five-fold as compared to the market price.

There is another faceless man in KEK. Masoud Keyan, hired by USAID since 2007, according to KEK managers has been the real God of energy in Kosovo. From interviews with ex-officials of KEK, Keyan comes out as a international Njazi Thaçi, although at times at rivalry with the former, not out of principle, as for greater control of the money. The man who during all these years was the real minister of energy, according to people involved in this sector, has kicked out all those who dared to argue his “advice”. Since Keyan’s coming in KEK, the funds for import of energy have multiplied, but he still insists that KEK’s performance has increased.

Throughout all these years, the most damage caused to the energy sector in Kosovo came precisely from those who were in charge or directly influenced decision-making in this sector. No other explanation can be found why, despite the extraordinary advantages for the development of this sector, KEK is still stuck with the same problems with which it emerged after the war.

Likewise Keyan, Fadil Ismaili, director of KOSST, have both denounced Serbia’s obstructions on energy import in the media, but despite promises, he never undertook anything to change this. Kosovo has three routes for energy import. One connects it with Macedonia, one with Montenegro, and another one with Serbia. Kosovo does not have an interconnection only with Albania. Up to 2007, reports of KOSST gave details regarding the routes of energy import. Since Masoud Keyan’s coming, this information is not made available in these reports, but this information is not provided by KOSST either, despite our constant insisting. If a logical interpretation were to be made of this phenomenon that KEK hides from the public, the fact that we always paid the energy with prices multiple times more expensive than the market one shows that

most of the import was obtained through Serbia grid. On the other hand, Serbian companies, or foreign companies attached with Serbia, have sold energy to Kosovo the most.

All these factors together show that KEK has been sabotaged deliberately and systematically. The first and biggest sabotage has come from Serbia. Knowing the dependency of Kosovo from import due to the fact the leading structures of the energy sector have signed conditional contracts which obliged Kosovo to import, even if that were not necessary, Serb companies, such as “14 Octobar” have sold KEK unusable equipment through the procurement office of the prime minister’s cousin. So, Serbia’s motive to sabotage KEK is clear. Apart from being of political nature, this motive is a continuation of the dependency on import.

On the other hand, the motive of internationals to sabotage KEK is twofold. A dysfunctional KEK would ensure “consulting” contracts worth millions for PA Consulting and Tetra Tech, both represented from the same person for many years, Masoud Keyan. The internationals have had an ideological motive as well to keep KEK dysfunctional. It stands by the corporate logic which has been implemented in Kosovo by internationals that anything that is public property is detrimental, without a perspective. This stance is deeply contradictory because for all these years KEK has been managed by foreign private companies and was never managed as a public property.

The motive of kosovar politics to keep KEK dysfunctional, apart from standing on clientele grounds with companies which took millions from KEK, was also supported from internationals. They merely assumed that Kosovo cannot manage itself with the energy sector. The Kosovo energy is potentially too important for the Ballkans to be left in the hands of the state of Kosovo. Therefore, KEK has been treated by everyone as an orphan, which should be at service for all, even if it means self-destruction. KEK is a Grimm brothers fairytale, of the gloomiest ones.