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From Contract to Grave: The Novi Sad – Kelebija Railway Case

Architecture of Corruption in a Captured State

Organized Crime as a Shadow Project Governance Structure

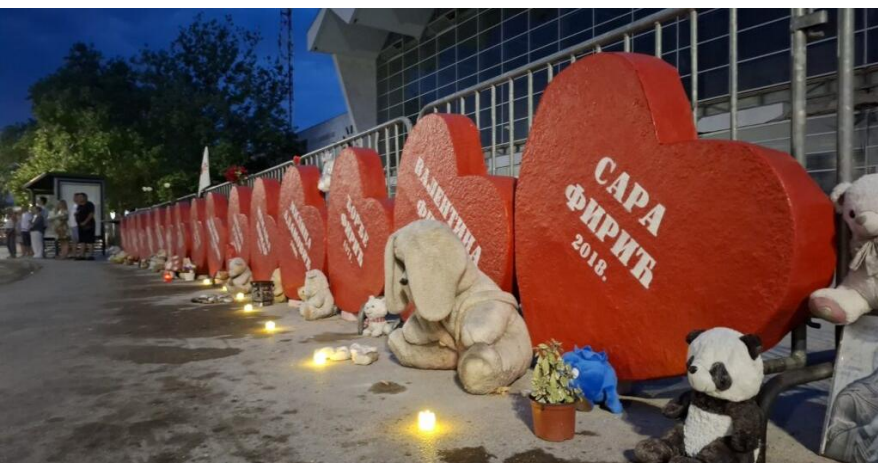
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The Novi Sad-Kelebija Railway Case

1 November 2024

- Concrete canopy at Novi Sad railway station collapsed
- **16 people killed, 1 seriously injured**
- Station still legally classified as a **construction site**
- Already ceremonially opened twice and put into public use

A project marked by secrecy

- Documentation became partly available only after mass protests by students and citizens
- **~22,000 folders | 600,000+ pages**
- Much of the material appeared unrelated to the station or the canopy
- Relevant information difficult to identify:
contracts • financial flows • responsibility • safety

Our research

- Insider information and non-public documents
- Findings published in dozens of articles in Serbia
- Part of the findings presented at the **European Parliament, Strasbourg — October 2025**

From Technical Failure to a Political – Criminal Nexus



Our central argument:

The canopy did not collapse solely because of errors in design, construction or supervision.

Non-transparent contracting

Uncontrolled subcontracting

Repeated cost increases

Suspicious financial practices

Political interference

Diluted responsibility

Political–Criminal Nexus

- **Political actors provide:**

public resources • contracts • information • protection • impunity

- **Criminal & business networks generate:**

illicit profit • influence • other benefits

In the Novi Sad case:

- **Corruption** enabled control over public decisions
- **Organised economic crime** enabled extraction and concealment of public resources
- **Political protection** connected the two



Abandoning the European Project



2013 — European model

- €3.95 million EU grant
- Preparation of project and tender documentation for the Novi Sad–Kelebija railway
- Serbia–China agreement amended:
infrastructure contracts exempt from public tendering unless otherwise agreed

2014 — Initial estimate

- Ministry of Construction: €330 million

2015 — Change of model

- Serbia abandoned the **European financing model**
- Switched to a **Chinese intergovernmental arrangement, together with Hungary**
- Stated justification: planned speed increased **160 → 200 km/h**

Limited technical and economic benefits

- **108 km** railway section
- **12 stations**
- Part of a European corridor designed primarily for speeds of up to **160 km/h**

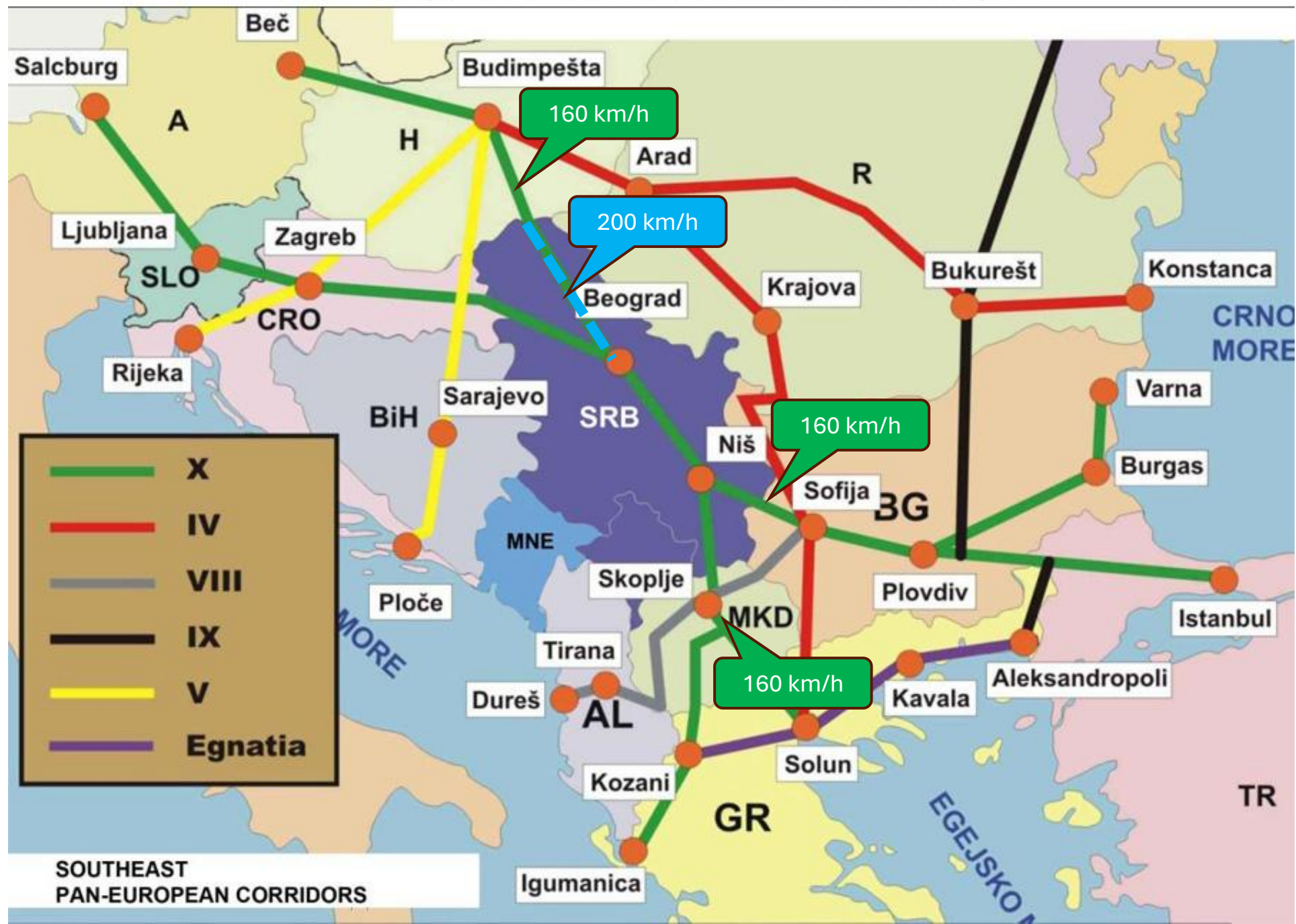
The institutional consequence

- European funding
- Tender documentation
- Open competition



- Intergovernmental arrangement
- Substantially weaker public and market scrutiny
- Less transparency over contracts, financial flows and responsibility

Pan-European Corridors (South-East Europe)





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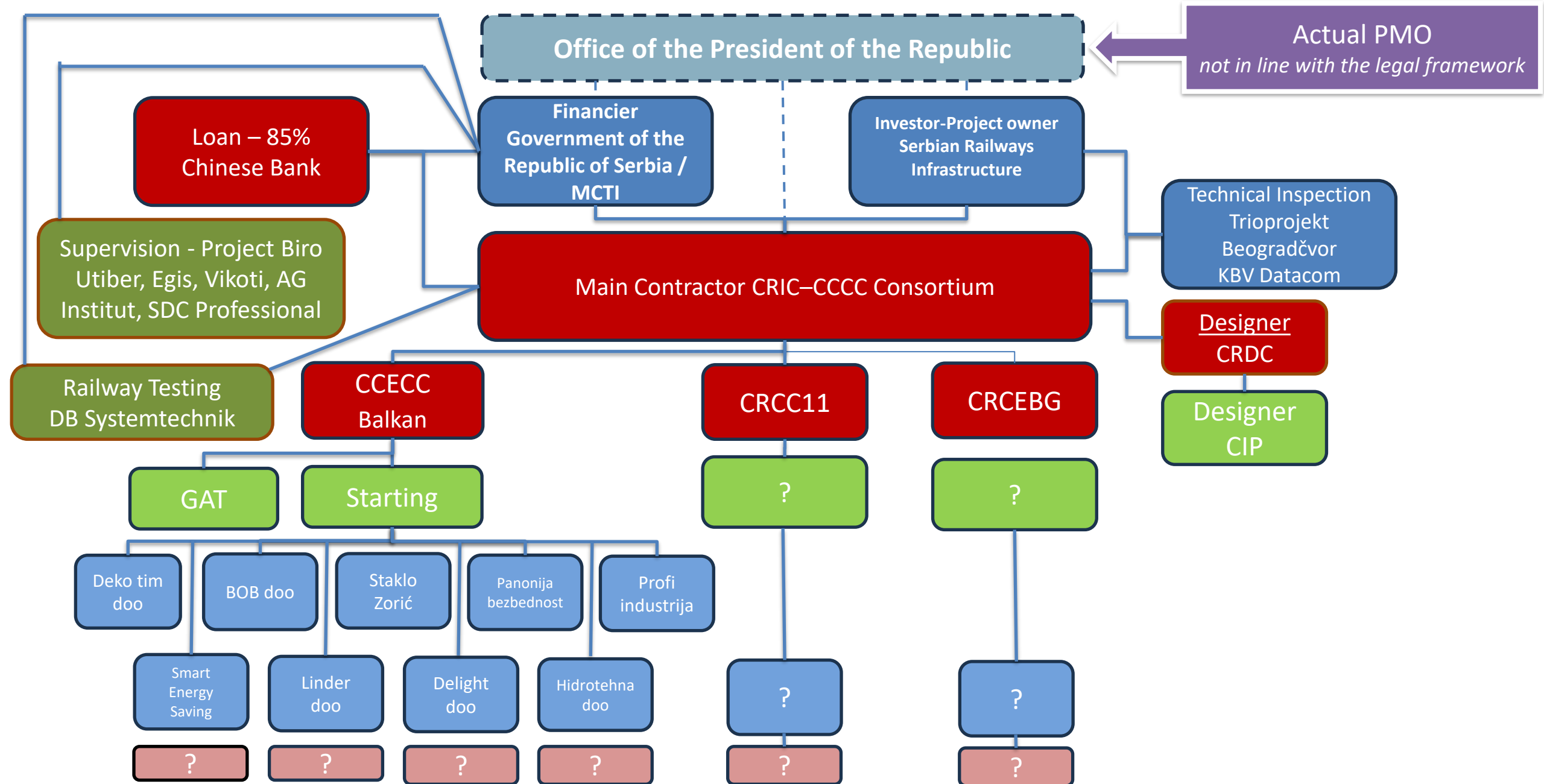
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Shadow Project Governance

Formal project structure

- Government
- Ministry of Construction
- Infrastructure of Serbian Railways



CRIC-CCCC



- Subcontractors
- Designers
- Technical Inspection
- Supervision Consortium

But the documentation places the Office of the President above this structure.

- Formal responsibility was dispersed.
- Informal decision-making power was concentrated in the Presidency.

2018 — Contract negotiations

President's Chief of Staff **Ivica Kojić** involved in communications concerning the purported **€147m price reduction**

Minister Zorana Mihajlović subsequently informed her associates that the Office had approved completion of the agreement

2022 — Acceleration

President **Aleksandar Vučić** demanded completion by the end of 2024

CRIC-CCCC estimated acceleration at **+\$65m**

Documentation states that the President indicated the financial issue could be addressed and Government would support the contractor

2023 — Direct coordination

Consortium reported project problems directly to the President's Office

Kojić responded that he would summon participants and accelerate activities

Non-public documentation indicates **Nataša Vukšić** handled day-to-day political coordination

ALLEGATION REQUIRING INDEPENDENT INVESTIGATION

According to non-public information obtained and published by the authors, President Vučić contacted the Chinese Embassy on the day of the collapse and assured its representatives that Chinese citizens involved in the project would not be prosecuted.

If confirmed → direct political protection of potentially responsible parties

How that can happen?

Escalating Project Costs:

From €330 Million to €1.24 Billion



2014 — Initial estimate

€330 million - Ministry of Construction

July 2018 — Commercial agreement

€943 million / \$1.163 billion - Serbia ↔ CRIC–CCCC consortium

Subsequent increases

- 3 annexes: **+\$86.9 million**
- Additional works approved by December 2024: **+\$82.57 million**
- Annex 5 already in preparation by April 2025

Total value at least **\$1.333 billion / ≈ €1.24 billion**

≈ €910 million above the 2014 estimate

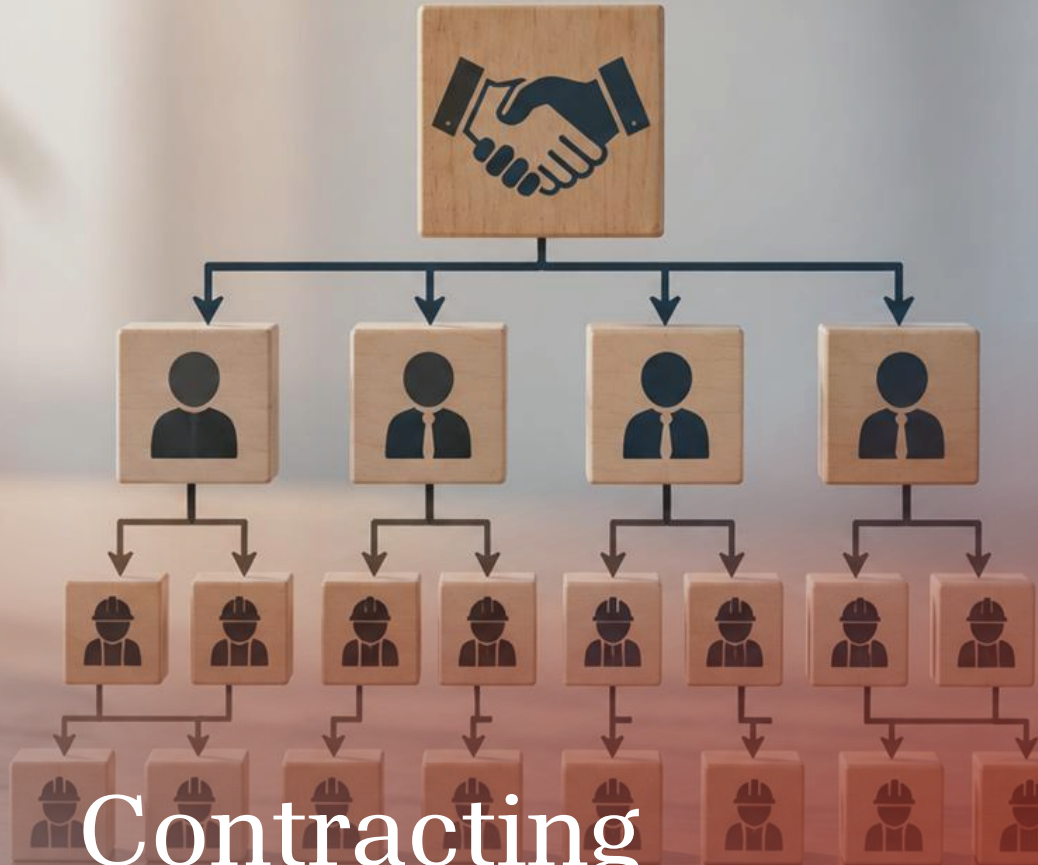
Even under generous assumptions

- 2014 estimate: **€330m**
- 40% for higher design speed
- 10% contingency

→ **Justifiable cost ≈ €510 million**

Unexplained difference:
at least €730 million

Requiring comprehensive explanation and investigation



Contracting
Without
Competition

The Subcontracting Chain

What the Commercial Agreement required

- Competitive, transparent and public selection of subcontractors
- Limited share for China-based subcontractors (up to 54%)
- Serbian authorities approval required for other (non China-based) subcontractors

What the examined documentation shows

- **CRIC-CCCC** ↓ selected without limiting share 100%
 - **4 Chinese subcontractors**, *without public tendering* ↓
 - **CCECC Balkan** ↓ transferred to the Serbian company
 - **Starting**, *≈ 70% of station works* ↓
 - **≈ engaged 40 additional subcontractors**
 - Domestic subcontractors reportedly selected through **“friendly consultations”**
 - Not all had obtained the required Serbian authorities approval
- Public money. Non-public selection. Diluted responsibility.**
- As the chain expanded, it became increasingly difficult to determine:
Who verified qualifications? • Who controlled the work? • Who was responsible for quality and safety?

Annexes and Extraction

Questions raised

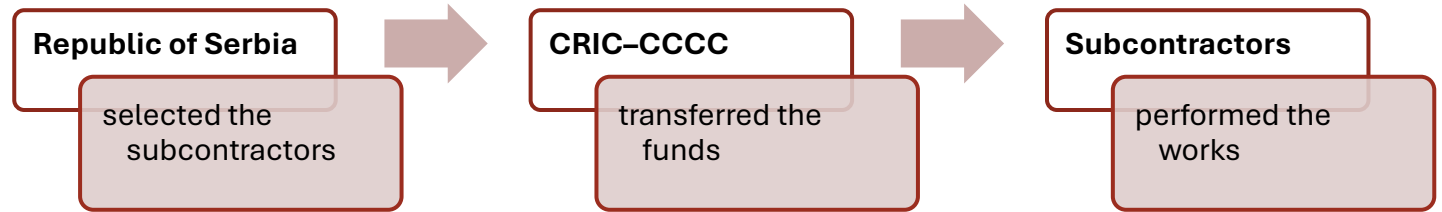
- Double invoicing?

- Inflated costs?

- Work actually performed?

- Ultimate beneficiaries?

Three Annexes included USD 18.6 million legal provision named “Other Works”



But responsibility did not follow the money

- Consortium did not assume any responsibility for performance of subcontractors
- This arrangement was contrary to Serbia’s **Law on Obligations** and principles of the **Law on Public Procurement**
- CRIC-CCCC nevertheless received:
 - **5%** commission → intermediary role
 - **12%** commission → certain archaeological works

Additional concerns

- Some works were outside the contracted **Novi Sad–Kelebija section**
 - Belgrade–Stara Pazova
 - future Expo 2027 railway
- **USD 7.2 million for archaeological works** – an exceptionally large sum
 - Archaeological research already included in the original agreement

Suspicious Financial Flows

Non-public documentation points to a wider network of suspicious transactions connected to CCECC Balkan

Shell companies & invoices	Invoices issued without credible evidence that works or services had been performed Estimated loss to Serbia's budget: at least €7 million
Tax inspection — CCECC Balkan	Approx. €260,000 in undeclared VAT liabilities in May 2023 alone Company reportedly only ordered to pay the tax No criminal proceedings initiated , according to our information
Illicit money may have been channeled through:	Fictitious contracts → Related-party loans & services → Cash withdrawals → Cryptocurrency exchanges Nima Construction , appearing in this network, also participated in the reconstruction of Novi Sad station
Financial Flows and Safety: The Same Structural Problem	Both involved: Opaque subcontracting chains • Weak controls • Fragmented responsibility
Investigation needed:	Invoices • Services • Financial flows • Ultimate beneficiaries

No publicly available information demonstrates that financial investigation has examined the full chain of contracting, political direction, financial flows and ultimate beneficiaries.

Supervision entrusted to consortium

- Utiber • Egis • smaller companies (2022)

Egis → supervision of works on the station building

- Integrity issues known **before** selection

Year	Institution	Measure
2018	World Bank	Debarment
2019	French National Financial Prosecutor's Office	€2.6m settlement
2024	Inter-American Development Bank	3-year debarment
2024	EBRD	Settlement

Supervising the Supervisors

Trend of hiring suspicious supervision consortiums

- DBEC • Egis 2020

DBEC → supervision of works on the first section of the same railway

- Integrity issues known **before** selection

Year	Institution	Measure
2013	Frankfurt Court	Conviction
2019	Croatian authorities	Overturn of the procurement selection for ZG-RI railway
2020	Serbian authorities	Appointed consortium

These sanctions raise a key question:

Was an adequate integrity review conducted before Egis was assigned such an important control function?

Professional supervision should have been the final line of defence between:

- Political pressure
- Complex subcontracting
- Public safety

From Money to Death

Taken together, the findings reveal a systemic pattern:

No open competition	Escalating costs	Opaque subcontracting chains	Untraceable financial flows	Fragmented responsibility	President Office intervention in price, deadlines & acceleration
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Our assessment: a Political–Criminal Nexus

CORRUPTION

Use of public authority to:

- remove competition
- direct contracts
- override formal competence
- marginalise professional scrutiny
- neutralise institutional controls

ORGANIZED ECONOMIC CRIME

Use of that control to generate, extract, conceal and protect unlawful private gain through:

- opaque contracts
- possible inflated/fictitious invoices
- tax evasion
- possible money laundering
- fragmented responsibility

THE NEXUS

Corruption enabled extraction.

Organized crime converted public contracts into a mechanism for illicit profit.

Political protection allowed the system to operate without effective accountability.

When the System Becomes a Safety Risk

The system did not have to damage the canopy directly to contribute to the tragedy.

- Marginalised expertise
- Weakened supervision
- Obscured responsibility
- Political deadlines over safety
- An unfinished station open to the public

2 NOV 2024 — one day after the collapse

- *Ministry formally closed the construction site*

IGNORED EXPERTISE

WEAK SUPERVISION

OBSCURED RESPONSIBILITY

POLITICAL DEADLINES

CONSTRUCTION SITE
NO PUBLIC ACCESS



NOT
COMPLETED

The Broader Lesson



- This is not merely a Serbian, Chinese or construction-sector issue.
- It is a warning to **governments, international financial institutions and companies** involved in major public infrastructure projects.
- **This is a case when organized crime becomes a shadow structure of governance.**
- **Corruption does not recognize borders, nations, religion...**
- **The ultimate cost is not merely financial.**
 - It is public infrastructure that is **no longer safe for the citizens who use it.**
- **16 people killed • 1 seriously injured**
- **Almost two years after the collapse:**
 - **No final judicial accountability** has been achieved
 - **No one from the political centre** that directed and promoted the project has been held accountable.
- **Same model for other projects**
i.e. Belgrade Metro, ExPo, Nuclear Energy etc

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