



# SPECIAL LAW FOR EXPO AND ITS APPLICATION

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# BILLIONS FOR PROCUREMENT WITHOUT ADEQUATE LEGAL PROTECTION

## Special Law - context and main problems

In the tradition of circumventing the application of the Law on Public Procurement through the provisions of *Special Laws*, which tradition has entered its second decade, a notable place belongs to the Law on Special Procedures for the Realization of the International Specialized Exhibition EXPO BELGRADE 2027 ("Official Gazette of RS", No. 92/2023).

The works for the construction of the exhibition space for EXPO 2027, facilities for the accommodation of participants and visitors, the National Stadium and supporting infrastructure will be contracted without the application of the Law on Public Procurement, which creates a great risk that the costs will be higher than they would have been under conditions that would exist with full competition. It is very likely that according to the provisions of this Special Law, the procurement of other goods, services and works, which are not yet known, will be contracted.

The value of purchases that will be exempted under the Special Law is not known. If we were to judge according to the data available in the Law on the Budget of the Republic of Serbia for 2024 (with projections for the next three years), it could be concluded that their value is approximately one billion euros, while that projection includes the so-called "national stadium". However, as the total value of the project, officials mentioned significantly higher sums – from 2.5 billion to up to 18 billion euros, although there was also an explanation that this higher amount actually refers to the entire "Serbia 2027 – Leap into the Future" program. That program, although widely [promoted](#), according to the official answer we received from the Government of Serbia, [does not exist](#). On the other hand, it is already obvious that some of the "EXPO" procurements will be exempted from the application of the Law on Public Procurement, but on a different basis (interstate agreements).

A [Special Law for EXPO 2027](#), in addition to the Law on Public Procurement, repeals certain provisions of other regulations (on expropriation, planning and construction). That "recipe" has already been tested in several other cases, the most famous of which are the laws that had the proclaimed goal of "encouraging the construction industry in conditions of economic crisis" (from 2010), the implementation of the "Belgrade Waterfront" project (from 2015), the construction of "Moravian Corridor" (from 2019), as well as the recently repealed Law on Special Procedures for the Implementation of Construction and Reconstruction Projects of Linear Infrastructure Facilities of Special Importance for the Republic of Serbia (from 2021).

The Government of Serbia proposed a Special Law for this project together with the budget for 2024 and numerous other regulations, which significantly reduced the chances of it being adequately considered in the parliament, while the Ministry of Finance did not organize a public debate on the draft, although it was mandatory based on of the Law on State Administration. The Assembly decided to combine the debate on this law with numerous other unrelated issues. In the end, [there was no discussion](#) at all about the submitted amendments to the proposal of this law.

After three years of criticism from the domestic public and the European Commission, the Government of Serbia proposed this law only five months after the Law on Line Infrastructure, which similarly undermined the public procurement system, was repealed. Transparency Serbia [then pointed out](#) that the Government justified repealing the Law on Line Infrastructure by EU requirements only, and not by its own realization that it is wrong to undermine anti-corruption rules. Passing a Special Law for EXPO showed that such a knowledge did not even exist.

To make the paradox even greater, at the same session of the Assembly, [a proposal for amendments to the Law on Public Procurement](#) was considered. Numerous proposals from civil society to improve that law [were rejected](#) only because the provisions of the Law on Public Procurement are "already harmonized with EU Directives". On

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1 In the proposal of the Serbian budget for 2024 presented by the Ministry of Finance, in the next three years, 67.8 billion dinars are planned for EXPO 2027, as well as 49 billion dinars for the construction of the National Football Stadium, which in total amounts to about one billion euros. It can be assumed that the largest chunk of this money will be spent precisely for the execution of the works, bearing in mind that the investor is exempted from the obligation to pay a fee for arranging the construction land.

the other hand, the explanation of the Special Law for EXPO contained an obviously false claim - that "there are no relevant EU regulations which it is necessary to ensure compliance with".

The Law on EXPO 2027 envisages the formation of several state-owned companies, which will have the status of investors, some of which have been established in the meantime. In Article 14, the Law states that these companies "will not apply the provisions of the law regulating public procurement", and that they will per se regulate the rules for their procurement procedures and "the obligation to ensure the transparency of the procedure". This was done through *the Regulation on the Rules for the Procurement of Goods, Services or Works Required for the Implementation of the International Specialized Exhibition EXPO BELGRADE 2027* ("Official Gazette of the RS", no. 8/2024), which was adopted on February 6, 2024.

The Government of Serbia did not even try to justify the cancellation of public procurement for this valuable project in the explanation of the Law. Even the urgency of implementation, which is cited as a reason for deviating from other regulations, would certainly not be a valid reason, because the Law on Public Procurement proper allows for the shortening of deadlines when justified.

## An initiative that the Constitutional Court has not yet considered

At the end of January 2024, Transparency Serbia submitted to the Constitutional Court [an initiative](#) to challenge the constitutionality of Article 14 of the Special Law for EXPO, describing in detail the violations of procedures during the adoption of the law and the unconstitutionality and harmfulness of its provisions.

In addition to the fact that the exclusion of the application of the Law on Public Procurement is questionable due to Serbia's international obligations, and above all the Stabilization and Association Agreement with the EU, the authority given to the Government to pass the Regulation is beyond any doubt unconstitutional. Namely, in Article 2 of the Special Law, the Government is empowered to "regulate in more detail" the procurement procedure of special EXPO companies, and it is legally impossible to "regulate in more detail" something that is not regulated by law at all. In some of its earlier decisions, the Constitutional Court abolished the norms that had the same deficiency, and therefore we do not see the possibility of doing otherwise in this case. The only question that remains is whether the Constitutional Court will take this initiative into consideration in a timely manner and whether it will suspend the implementation of the disputed provisions until it reaches its decision, or whether the Court will decide on it only when all procurements for the EXPO have already been contracted and when it will be too late to prevent damage which can be expected to arise as a result of limiting competition for obtaining those contracts.

After the adoption of the Regulation, the Initiative was [supplemented](#) with a proposal to suspend the application of Article 14 pending the final decision of the Constitutional Court. of the Law and the Regulation. From [the response](#) of the Constitutional Court from June 2024, it can be concluded that this issue was not perceived as particularly urgent, and that the only action taken was to refer the initiative for clarification to the National Assembly, which did not submit its response.

## Regulation as an illusion that "everything is fine"

The first thing that anyone knowledgeable of the Law on Public Procurement notices when first seeing the Regulation, which contains as many as 62 articles that the Government passed for procurement as part of the EXPO 2027 project, is that many provisions from that Law have been transposed into the Regulation. A logical question arises - why was this done, if the application of the Law on Public Procurement was previously excluded by a Special Law for EXPO?

The answer is partly hidden in the "trifles", i.e. the differences that are noticeable in this Regulation in relation to the Law on Public Procurement. The first important difference is that the limits for the implementation of the procedure for which a public call is released are higher than those provided for in the Law on Public Procurement, so instead of the thresholds of one million dinars for services and goods and three million dinars for works, these limits are raised multiple times - to 12 (goods, services) or 24 million dinars (works). For purchases of lesser value, three bids are collected (from companies selected by the client), without releasing a public call.

Another "trifle" that is omitted in the Regulation, but exists in the Law, are the deadlines for submitting bids. The ordering party (especially a company) must set *a certain* time period/term for submitting bids, but, unlike the Law on Public Procurement and notwithstanding the elementary logic for a public call of any kind, no minimum term that can be set is prescribed. Thus, there is no obstacle for any of the special EXPO 2027 companies to announce a public call for the procurement of works worth 100 million euros and to ask interested companies to send their bids by tomorrow. For the sake of comparison, in the Law on Public Procurement, concerning more valuable

procurements, the shortest possible term is 15 days, subject to extreme urgency. The existence of the possibility of shortening the terms in the Law on Public Procurement is a key indicator that the application of that Law is not excluded due to the alleged urgency of construction on the EXPO 2027 project, but for a different reason - the wish to avoid any possibility of challenging the decisions on awarding contracts.

A far bigger problem than the poor solutions from the Regulation is what *is not regulated in the Regulation, nor could be regulated by it* - the protection of the rights of the bidders. As Transparency Serbia warned as soon as the proposal of the Law on EXPO 2027 appeared on the parliamentary website (there was no previous public discussion or announcement), the only reason the Government could have for proposing the exclusion of the Law on Public Procurement is precisely the intention to exclude the possibility of legal protection in case the procurement conditions are rigged or the rules are violated during the selection of contractors. Namely, the fact that the principles from the Law on Public Procurement, such as the prohibition of discrimination, have been rewritten in the Regulation, has no significance in a situation where a company that was interested in obtaining a contract, but was prevented, has no one to complain to. When procurement is carried out according to "regular" law, such a company submits a request for the protection of rights, first to the ordering party itself, and after that to the Commission for the Protection of Rights in Public Procurement Procedures. Even if there is a public outcry, or some other state authority notices that the terms and criteria of the procurement have been rigged, there is not a single legal mechanism through which the contracting authority could be obliged to cancel such a procurement, that is, it would only be a matter of their good will.

## Unexplained need to adopt a Special Law

The need to adopt a Special Law for this project is not properly justified. Thus, as a reason for passing a Special Law, the need for the Republic of Serbia to "fulfill its international obligations on time and successfully organize the said event" was put forward.

In the explanation/explanation of the proposed Law, it is written that "on the basis of prior experience in the implementation of projects", the "conclusion was reached" (it is not stated who reached the conclusion) "that in the process of implementing projects, it takes a lot of time to resolve property rights before issuing the necessary permits and because of this, the works are often late in their implementation." Then it is specified that they mean "the preparation of subdivision and reparation projects, the implementation of procedures in the cadastre according to those projects, and finally the expropriation process itself, which is long-lasting, because these facilities are planned, designed and built on several cadastral lots."

Bearing in mind these statements from the introductory part of the explanation, it would be expected, that is, necessary, to present more complete information within the analysis of the effects of the Law. Among other things, this would mean that the Government should, in the first step, present data on how long it would take to implement the project if the procedures provided for in the regulations on planning and construction and expropriation were applied, and then how long the project would take if the solutions proposed in a special law were applied. Furthermore, it should have been presented whether time (if this is really the goal of the proposed law) could be saved in some other way (for example, by temporarily hiring additional staff or by redeploying the existing staff to the authorities and services carrying out those procedures), due to which the Government considers it more expedient to prescribe special procedures instead.

Finally, it was necessary to present the effects that the proposed solution will have on the interested parties (for example, whether the solutions will have a negative impact on the interests of the owners of plots subject to expropriation and to what extent), but also on the realization of the public interest as a whole (for example, whether some risks grow in relation to the quality of building construction, whether interested persons are deprived of the opportunity to influence planning solutions and the like). Only after that, the analysis should present convincing arguments that justify to the prescription of special procedures, over other interests.

None of that was done.

## Incomplete presentation of financial effects and use of financial interest as an inappropriate argument for passing a Special Law

In the explanation of the financial effects of the Law, it is stated that the direct positive impact on the national economy, "measured through gross expenditures on direct services and products", is estimated at approximately 600 million euros. "Induced effects" (generated by recruiting staff at EXPO) are also cited, and the total economic effect is estimated at 1.1 billion euros.

However, it is obviously an estimate of income from direct services and products related to EXPO 2027 exhibition proper, and an estimate of income from the wages of employees, **and not of income resulting from the application of a Special Law** for that exhibition. Namely, these expected revenues could be an argument in favor of the Republic of Serbia deciding to organize the exhibition, but they cannot be an argument for applying special procedures for the construction of facilities. As we have already pointed out, in the explanation of this law it has not been proven that the works cannot not be carried out on time, if regular procedures were applied.

In addition to all that, the explanation of the law did not show the costs of project implementation at all (which the proposer of the Law should also have presented if he had already presented the expected benefits of the project). More importantly, the obligation to present the effects that the chosen legal option will have on public revenues and public expenditures in the impact analysis has not been fulfilled. That is, it was necessary to show whether, as a result of a decision from a Special Law, some public revenues will be missing (e.g. contributions for the development of construction land), and whether some public expenses will arise as a result of the legal decisions.

## Insufficiently explained constitutional basis

The proposer of the Law refers to the provisions of Article 97, points 6, 7, 12 and 17 of the Constitution of the Republic of Serbia, according to which "the Republic of Serbia regulates and ensures, among other things, the legal position of economic entities, the system of carrying out certain economic and other activities, economic relations with foreign countries, property and obligation relations and the protection of all forms of property, the development of the Republic of Serbia; organization and use of space; scientific and technological development, as well as other relations of interest to the Republic of Serbia, in accordance with the Constitution."

This is followed by laconic claims that "taking into account the provisions of the Constitution of the Republic of Serbia, it is legally possible to pass this Special Law, which will regulate the implementation of the project in a partially different way from the general regulations, without violating the basic principles prescribed by other laws and those of legality." Indeed, the prevailing practice is that the Constitutional Court does not find a legal basis on which to invalidate the provisions of Special Laws for one project only, and therefore, unfortunately, the Serbian Government's conclusion that the proposed law is "legally possible" is probably correct.

There is not a single provision in the Constitution that governs the adoption of such one-time laws, nor a provision according to which the adopter would be limited to do so "without violating the basic principles prescribed by other laws." At this point, it should be noted that behind this wording lies the implicit claim of the Government of Serbia that the Special Law on EXPO 2027 "does not violate the basic principles prescribed by other laws". That claim is not true, at least when it comes to the relationship between this law and the Law on Public Procurement.

The government claims that the adoption of a Special Law "is possible since this is a project of importance for the Republic of Serbia, and at the same time, the adoption of the Special Law did not deviate from the basic constitutional principle on the protection of property, which is prescribed in Article 58 of the Constitution of the Republic of Serbia." These claims refer to the possibility of expropriation under the provisions of a Special Law, not to the area of public procurement.

Determining the existence of a public interest that justifies expropriation is otherwise regulated by Article 20, paragraphs 1-3. of the Law on Expropriation.<sup>2</sup> If expropriation for the purposes of implementing the EXPO 2027 project does not fall under any of the many areas in which the public interest can be determined based on the Law on Expropriation, then, to begin with, it would be necessary to state in the explanation of the proposed Law what type of facilities are to be built is not covered by the general regulations on expropriation, if that is the case.

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<sup>2</sup> <https://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2009/20/4>



Finally, the proposer claims that "the provisions of this law do not threaten the constitutional and human rights of the citizens of the Republic of Serbia, and on the other hand, they create conditions for more efficient implementation of projects of importance for the Republic of Serbia." It is not clear from the such assertion which constitutional and human rights the proposer had in mind when he came to that conclusion.

## Violation of the rules in the process of proposing a law - no public debate

Article 77 of the Law on State Administration<sup>3</sup> prescribes that the state administration bodies are obliged to provide for the conditions for the participation of the public during the preparation of draft laws, other regulations and acts. Ministries and special organizations are obliged to inform the public through their website and the e-Government portal about the start of the drafting of such a law, which law significantly changes the legal regime in one area or regulates issues that are of particular interest to the public, the ministries and special organizations shall release, via their website and the e-Government portal, a baseline document that contains a description of the problems in a specific area and the causes, goals and expected effects of the passing of the law, as well as the basic principles for regulating social relations in that area, including the rights and obligations of entities which the law applies to (basic principles). Ministries and special organizations carry out during the preparation of the draft law consultations with all the stakeholders, including other state authorities, relevant associations, the pundits, as well as other stakeholders, in a manner that ensures openness and effective public participation in the process. Ministries and special organizations are obliged to conduct a public debate in the preparation of a draft law **that significantly changes the legal regime in one area or that regulates issues that are of particular interest to the public**. The conduct of a public debate in the preparation of a draft law is more closely regulated by the Government's Rules of Procedure.

This Law significantly altered the legal regime in several areas (public procurement, expropriation, planning and construction). Furthermore, it is obvious that the subject matter of that Law has aroused great interest in the public, which is confirmed by numerous media reports.

No public debate, nor any other type of public consultation, was organized, which can be ascertained by looking at the websites of the Ministry of Finance and the e-Consultation Portal, and undoubtedly stems from the very explanation of the draft law, where consultations, either with the general public, or with directly interested parties, are not mentioned at all.

## Violation of the rules in the process of proposing laws - risks of corruption

Article 35, Para. 2. of the Law on Prevention of Corruption<sup>4</sup> prescribes that "the state administration body is obliged to submit to the Agency a draft law from an area particularly at risk for the emergence of corruption and a draft law regulating issues covered by ratified international treaties in the field of fighting corruption, in order to provide an opinion on the estimate of the risk of corruption." Article 2, item 9) of the same Law stipulates that "an area particularly risky for the emergence of corruption" is an area that is determined as such by a strategic document.

The Revised Action Plan for Chapter 23<sup>5</sup> of the negotiations between the Republic of Serbia and the European Union from July 2020, as currently the only valid strategic document for anti-corruption, recognizes the following as areas of special risk: health, taxes, customs, education, local self-government, privatization, public procurement and the police.

Of the mentioned areas, the proposed law directly refers to the area of public procurement (Article 14). There is no indication that the Ministry of Finance has fulfilled its legal obligation and sought an opinion on this draft law at the stage when it was still only a draft, nor afterwards. This is not mentioned in the explanation of the proposed law, nor has the Agency for the Prevention of Corruption published an opinion on the risks of corruption in this legal text on its website.<sup>6</sup>

It can be concluded that it is not just a formal omission, but an intention to avoid issuing such an opinion. Namely, with regard to other similar regulations, when the Agency issued an opinion, that is, submitted initiatives for changes to the regulations, some of the corruption risks that exist in this draft law were noticed.

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3 <https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2005/79/1/reg>

4 <https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2019/35/3/reg>

5 <https://www.mpravde.gov.rs/files/Revidirani%20AP23%202207.pdf>

6 <https://www.acas.rs/cyr/opinions/all>

This is the case in the initiative to amend the Law on Special Procedures for the Implementation of Construction and Reconstruction Projects of Linear Infrastructure Facilities of Special Importance for the Republic of Serbia ("Official Gazette of the RS", No. 9/20) and the Law on Public-Private Partnerships and Concessions ("Official Gazette of the RS", No. 88/11, 15/16 and 104/16), the Agency pointed out numerous risks that arise due to **restrictions** on the application of certain provisions of the Law on Public Procurement.<sup>7</sup> Undoubtedly, the Agency would have to take a similar position in relation to the current Draft Law, because the corruption risks in the Special Law for EXPO 2027 are even greater than in the recently repealed Law on Linear Infrastructure Projects. Namely, this is about excluding the application of the Law on Public Procurement as a whole, and not just some of its provisions.

## Questionable claims of compliance with EU rules

The explanation of the draft law contains the explicit statement that "there are no relevant regulations of the European Union with which it is necessary to ensure compliance".

This law, among other things, governs the issue of procurement implementation (by excluding the application of the Law on Public Procurement, which is otherwise claimed to be harmonized with EU regulations). Therefore, it was necessary for the proposer to refer to the issue of compatibility of the concept from the draft law with Directive 2014/24 in the explanation.<sup>8</sup>

## The main threats to public resources

**Even if we start from the assumption** that the Government would regulate the procurement of special companies in the best possible way (which in the end, was not done), there would still remain one intractable problem. Namely, if special companies provided for unjustifiably discriminatory conditions and criteria in tender documentation for procurement procedures, or if otherwise good procedures were violated in any way, **there would be no legal possibility to contest such procurements before any state authority** in charge of public procurement.

The Law on Public Procurement provides for legal protection through the submission of a request for the protection of rights, first to the contracting authority that carries out the procurement, and then to an independent body - the Republic Commission for the Protection of Rights in Public Procurement Procedures. On the other hand, the Republic Commission **is not competent** to decide on procurements that are not carried out on the basis of the Law on Public Procurement, but according to other rules, no matter how similar those rules are to those from the Law on Public Procurement. The Government cannot remedy this deficiency by a decree (it would not be possible to vest the Republic Commission with the proper competence by decree). For the same reason, these procurements could not be the subject of monitoring carried out by the Public Procurement Office.

Of course, there is a possibility that the State Audit Institution (SAI) will subsequently provide its opinion on the regularity and expediency of the procurements carried out. The SAI conducts its audits, in principle, at the time when the jobs have already been contracted, and most often they have been implemented. In addition, in accordance with the constitutional and legal provisions, the SAI independently determines the object of its audits and therefore there is no guarantee that all cases in which an interested person wanted to point out irregularities will be examined at least subsequently.

It is indisputable that there would be a possibility of criminal prosecution in the case of certain types of misconduct, but again, not for the criminal offense "Abuse in connection with public procurement" from Article 228 of the Criminal Code, but only for a different criminal offense if the conditions are met.

It seems, therefore, that the only legal protection that the injured business entities could possibly count on would be that which would be achieved in court proceedings. If that solution were good, it would also apply to public procurement. Instead, more than 20 years ago, Serbia opted for the formation of special state bodies that deal exclusively with public procurement.

Since the Special Law for EXPO 2027 provides for the exclusion of the Law on Public Procurement, it was logical to assume that the standards in the Regulation that will be adopted on the basis of Article 14, paragraph 2, *will be*

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7 [https://www.acas.rs/storage/opinion\\_files/Inicijativa%20-%20Mi%C5%A1ljenje%20-%20Infrastruktura%20i%20javno%20privatno%20partnerstvo%2030%2012%202022.pdf](https://www.acas.rs/storage/opinion_files/Inicijativa%20-%20Mi%C5%A1ljenje%20-%20Infrastruktura%20i%20javno%20privatno%20partnerstvo%2030%2012%202022.pdf)

8 Croatian translation at: <https://eur-lex.europa.eu/legal-content/HR/TXT/HTML/?uri=CELEX:32014L0024>, English original at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0024>

*lower than those provided for by the Law on Public Procurement.* Those assumptions have come true with regard to at least two standards - the deadlines for submission of bids and the value above which the procurement must be advertised.

In the Republic of Serbia, the level of competition has been very low for years, even in situations where the Law on Public Procurement is applied, and for many of the most valuable infrastructure works, competition is completely excluded (on the basis of interstate agreements). According to economic laws, the reduction of competition results in the emergence of a situation in which one pays more or receives a lower quality of goods, services and works for the same price.

Due to all of this, it was logical to expect that, due to the exclusion of the Law on Public Procurement, the competition for obtaining contracts for the execution of works for EXPO 2027 will be less than it would have been if the Law on Public Procurement had been applied, and that this would bring harmful consequences in terms of the price or quality of the performed works.

As already explained, potential contractors will primarily be discouraged by the fact that they cannot achieve effective legal protection in case they believe that the conditions and criteria for participation are tailored in such a way so as to unjustifiably eliminate them from the process or to openly favor a competing firm.

# EXPO IN THE ELECTION CAMPAIGN - POLITICAL PROPAGANDA OR UNLIMITED EXPANSION OF THE PROJECT?

Several statements by representatives of the state and the ruling party during the campaign for the local elections last June have brought new confusion and fears regarding the scope of this project. Much of that confusion arose from the comparative presentation of activities related to the EXPO exhibition and various other projects.

## A leap of faith and EXPO 2027

At the presentation of the "Leap into the Future" program on January 20, 2024 (which soon turned out not to exist, at least not as a planning document adopted by a state body), the President of Serbia also spoke about the EXPO exhibition, and even the program itself called "Leap into the future - Serbia Expo 2027" for the period from 2024 to 2027. According to [TANJUG](#)'s report, he said **that the essence of all the projects that will be presented is actually one project, which is a successful Serbia and Leap into the future in 2027, when the specialized international exhibition EXPO will be held in Belgrade.**

The President stated that the EXPO will require a great deal of effort, that people from all over the country will be invited to join the project, but that in parallel, it will be necessary to work on the even development of the country and show that every part of it is being considered. "We will invite all people from all parts of Serbia to the EXPO in Belgrade to help, to do what is necessary and to show that we are the best hosts in the world... But before that we have to work on what we once called equal development. We will try to integrate the whole of Serbia and show that we care about every part of it".

EXPO will require enormous strength and exceptional commitment, said Vučić and presented a smaller part of the project that will be implemented throughout Serbia. He added that the money will be invested in tourism not only in the north of Serbia in Vojvodina, but also in central Serbia and in Kosovo and Metohija, according to the report from this conference.

The President of Serbia said today that in the next three and a half to four years, Serbia will invest 17.8 billion euros in all projects, including EXPO 2027.

"We plan to invest 17.8 billion euros, which is at the level of the one-year budget of the Republic of Serbia, with all the needs. From that, subtract the 2.4 billion provided in this year's budget, so an additional 15.4 billion euros," said Vučić.

He reminded that the annual budget of Serbia is about 18 billion euros. "At the same time, the public debt must not at any moment be close to or exceed 60 percent, which is our obligation from Maastricht, but also our legal obligation," said Vučić.

Aleksandar Vučić said that in 2027, if Serbia is successful and does everything that is planned, it will increase its gross domestic product to 92.7 billion euros - which, he said, will be more than three times better than in 2012.

## Earlier announcements

Vučić announced (in August 2023) that as part of Serbia's preparations for the specialized international exhibition EXPO 2027, to be held in Belgrade, **more than 100 new facades will be built in 28 cities across Serbia** in the next three years. The President pointed out that this does not include Belgrade, where most of the construction will take place. The President said that **in the largest 14 cities, after Belgrade, slightly more than 120 facades per city will be built, and in other smaller cities 70 to 80 new facades.**

All that will be done in less than three years, Vučić pointed out and added that the facades will not only be painted, but the appearance of those cities will completely change.

As he expects, this should significantly raise the quality of tourism in Serbia, which is why the "Roads of the Roman Emperors" on the stretch from Lebane to Niš and Kostolac will also be improved.

In the same month, then Prime Minister Ana Brnabić said **that during the preparations for EXPO 2027, the state would focus on five areas - autonomous cars, the BIO 4 campus, investment in science and technology parks, continued investment in Kragujevac and the development of artificial intelligence.**

## The EXPO 2027 plan is a new motor for strengthening our economy

On May 22, 2024, the new Prime Minister, Miloš Vučević, at a meeting with the Secretary General of the International Bureau of Exhibitions (BIE), Dimitri Kerkentes, said that *the EXPO 2027 Plan* (not even the exhibition itself) is "a new motor for the strengthening our economy, as well as the essence of politics - an opportunity to create better conditions for the lives of our citizens and build new hospitals and schools."

## EXPO museums – logically, as the name suggests

On the International Day of Museums, **May 18, the First Vice-President of the Government of the Republic of Serbia and the Minister of Finance Siniša Mali and the Minister of Culture Nikola Selaković presented the new museums that will be built in Belgrade and the existing ones that will be reconstructed** with the aim of significantly improving the cultural scene of Belgrade and Serbia. The presentation was also attended by the Deputy Prime Minister and Minister for Environmental Protection Irena Vujović.

On the reconstructed Sava Square, the ministers presented **the new Museum Quarter in Belgrade, which will be located on the stretch from Sava Square to Resavska Street and Mostarska Petlja.**

According to the Minister of Finance Siniša Mali, there will be four new museums in the Museum Quarter - **the Historical Museum of Serbia, the Children's Museum, the Museum of the City of Belgrade, and the Nikola Tesla Museum.** Also, **the Museum of Natural History will be built at Ušće, and the Aviation Museum near the airport "Nikola Tesla" will be completely reconstructed .**

...

He added that **all these projects are changing Belgrade and the face of Serbia. As he explained, they are part of the "Leap into the future - Serbia 2027" program, which is worth 17.8 billion euros and as part of which no less than 323 projects will be implemented throughout Serbia.**

**"Huge investments await us, the implementation of projects such as the construction of highways, expressways, subways, railways, renovation and construction of schools, hospitals, health centers and clinics, the BIO4 campus, further investments in environmental protection, sports, culture.** "All these projects will contribute to the progress and development of our country, the arrival of new investors, the creation of new jobs, and the further improvement of the standard of living of citizens," said Mali.

## Trains for EXPO

The Minister of Construction, Transport and Infrastructure, Goran Vesić, signed today the Protocol of Understanding and Cooperation with CRRC "Changchun Railway Vehicles Co, Ltd" on the procurement of **nine new electric trains, which will be delivered by the end of 2026** (News from May 8, 2024).

"A contract was signed for the purchase of nine electric trains for speeds of 120 kilometers per hour, said Vesić. He emphasized that the procurement of those trains was aimed at modernizing the rolling stock "Srbijavoz" LTD for the needs of train traffic **on the future newly built line Zemun Polje - "Nikola Tesla" Airport - National Stadium and connecting the center of the city of Belgrade and the surrounding agglomerations with the specialized exhibition "EXPO 2027 "**.

## Energy facilities

On May 27, 2024, Minister of Energy Dubravka Đedović Handanović pointed out that many projects are planned within the energy system, and as part of the EXPO project.

**"From completing the Kostolac wind farm to completing the expansion of Banatski dvor - our gas storage facilities. Then let's finish the oil pipeline Serbia - Hungary, but also the gas interconnections with Romania and**

**North Macedonia.** It will of course depend on our neighbors, but we are in talks with them to start with one part and **finish a significant number of new self-balancing solar power plants in the portfolio of the Electric Power Company of Serbia, so that 70,000 households will receive subsidies for energy efficiency,**" she emphasized.

She reminded that public facilities, including **26 buildings across Belgrade, participate in the project to increase energy efficiency.**

**"They will be energetically rehabilitated and will change the appearance of our capital, but also more than 250 residential buildings that applied for the last call for facade reconstruction.** All of this will significantly contribute to making Belgrade look completely different, and of course all of this will not be possible without a stable energy supply, and that is why these works of Elektromreža Srbije are significant," the Minister concluded.

## **Interview on TV Pink before the election silence on May 30, 2024 - everything is EXPO**

From the statements of the President of the Republic and the Minister of Finance:

- EXPO is every new factory, everything we will do until 2027. Siniša learned the numbers very well and represents everything in an exceptional way - said Vučić.
- **EXPO is also the road from Bački breg through Sombor, Kikinda, Crnja, EXPO is also the highway, every new factory and everything that we will do until 2027.**
- EXPO is the biggest development opportunity of our country in the last I don't know how many decades. We expect over three million visitors. It is currently the largest construction site in this part of Europe - the minister pointed out and added that **large and beautiful buildings** are being built there - EXPO, the National Stadium, apartments, three theme parks and so on, and that EXPO is important because it boosts our economy and GDP, in order to realize the program that was presented to the citizens of Serbia - which is called "Serbia 2027". The goal is to raise the GDP to 100 billion euros in 2027 with the growth of the economy.
- That is why we need the trust of citizens to reach 100 billion GDP in 2027. That's why EXPO and those projects are important to us. It is in the works. Not because of buildings and machines, but to make people feel better and feel a better quality of life in our country.
- **In addition to the Natural History Museum, we are building a large underground aquarium** that will be located next to the Museum of Contemporary Art. We will finish the project by the end of the year, in the spring we will start building it in 2025, we need a year to do it. **We will also have a big spinning wheel next to the Belgrade Fair. Hall 1 of the Belgrade Fair will have three opera halls inside.** A project like the Belgrade Waterfront, the development of our economy, EXPO, which is our goal, pushes us to invest in culture and art, but also factories and new jobs, and everything that raises the quality of life of Serbian citizens, but also makes Serbia more attractive and better - said the minister, talking about the projects accompanying the EXPO and the overall development of our country.

## **What will ultimately be built remains unknown**

In March 2024, the Minister of Finance says what will be built: the stadium will have as many as 52,000 seats, we are building it according to all UEFA standards. It will be ready by the end of 2026. We are also building 1,500 apartments, and after the Expo we will see if we will sell them or if we will offer them to certain categories of the population. We are also building an aquatic center, a new water sports center. And finally we will connect the city center, Prokop, via Zemun polje with EXPO, and continue on to Obrenovac. It is about 18 km of railway – the Minister said. He stated that the total area of the exhibition facilities will be 230,000 square meters.

Mali said that the National Stadium will be a real masterpiece and that the famous architect Mark Fenwick will take care of it.

- "There will be parking spaces for 9,000 cars around the stadium," said Mali and added that there is a great desire to continue developing content at this location.
- **There are a lot of ideas, one of which is the construction of a motorcycle racing track** - he added.

He noted that he expects an initiative from domestic private companies to join the project and stated that the construction of 160,000 square meters of apartments is planned in the residential complex.

# SOME THINGS ACCORDING TO THE REGULATION, OTHER THINGS ACCORDING TO THE INTERSTATE AGREEMENT

It was known before that the Special Law for the EXPO is not the only one according to which procurements that are somehow related to this exhibition will be contracted. Namely, some of the projects that were then attributed to EXPO 2027 were actually initiated earlier, and among them is the National Stadium in Surčin.

Since May 2019, Transparency Serbia has been trying to obtain the [feasibility study](#) for the construction of the National Stadium, to no avail. The Ministry of Finance, the only time it responded to this repeated request, claimed that there was no such study.

The cornerstone for the National Stadium was laid on May 1, 2024, although it is not certain that a feasibility study for the project has been completed. Namely, the public was very confused by the fact that on February 26, 2024, the Ministry of Finance [canceled the public procurement](#) of the study, after contradictory [information](#) in previous years about [whether the study existed](#). A month later, on March 26, 2024, a notice was published about the concluded contract for drafting a feasibility study worth 9.6 million dinars, in a 54-day term. That term was later extended.

However, the journalists of Radio Free Europe came across the study, which was [published](#) in a supplement from the end of May 2024. The study was not presented to the public, and the journalists found it in the publicly available documentation archive of the Belgrade Urban Planning Institute, a city company responsible, among other things, for monitoring the implementation of spatial and urban plans.

According to the findings of that study (pre-feasibility study), the stadium would cost 257 million euros, and the return on the invested money is expected in 37 years. One of the conclusions from the document is that Serbia does not need a stadium of the designed size, but that it will still be built because it is the "vision of the client", that is, the client of the study.

As stated in the document, the study was commissioned by the Government of Serbia, and was carried out by the Chinese company China Railway 14th Bureau Group Co.Ltd. With China Railway 14th Bureau Group Co.Ltd, as stated in [the report](#) on the work of the Government of Serbia for the year 2020, the Government signed a Memorandum of Understanding regarding the implementation of the Project for the Construction of Urban Infrastructure with the National Stadium. What is meant by "realization of the project" and whether this company will also be the contractor for the stadium is unknown, because this Memorandum is not available to the public.

By the way, the study was produced in August 2021, two years after Minister Mali first claimed that it exists.

Serbia has been chosen to host the EXPO exhibition in June 2023. However, in the pre-feasibility study for the National Stadium from 2021, it can be seen that the construction of a fairground was planned in the vicinity of the National Stadium even then. That was before Serbia even applied for the organization of [the EXPO 2027](#) exhibition, according to RFE.

RFE also dealt with the issue of permits for the start of construction. On May 20, Finance Minister Siniša Mali announced on his [Instagram profile](#) that "the piles for the National Stadium have started to be placed", although until that day, according to data from the database of the Business Registers Agency, temporary construction permits were issued for access roads and parking, but not a building permit for the stadium itself. One of the documents required for obtaining a permit is the feasibility study, which is more detailed than the pre- feasibility study and analyzes the costs and potential revenues of the final version of a project. However, that study was not prepared at the time of construction.

# WHAT IS KNOWN SO FAR ABOUT PROCUREMENT UNDER THE SPECIAL LAW

In the section of the Public Procurement Portal, procurements carried out according to the EXPO Regulation are highlighted. The following companies have announced their procurement plans:

- EXPO 2027 d.o.o.
- SPV Akvatik centar d.o.o.
- SPV Galovica 1 d.o.o.
- SPV Petrac 2 d.o.o.
- SPV Galovica 2 d.o.o.
- SPV Galovica 3 d.o.o.
- SPV Petrac 1 d.o.o.
- SPV Petrac 3 d.o.o.

As of July 4, 2024, these companies planned to make 82 purchases during 2024. The company EXPO 2027 d.o.o. has the largest share

However, **none of these procurements refer to the execution of works.** For 23 procurements from the plans, the estimated value was not published.

When the value of purchases for which the valuation has been published is added, the amount is very modest compared to the estimated value of the project - 531 million dinars. Those purchases range from 70 thousand to 117 million dinars. However, among the acquisitions whose valuation was not published, there are some far more valuable ones.

Nineteen procurement procedures were published, all of them related to **the provision of services and none of them contained a value estimate.** This amount could be deduced only on the basis of the type of procedure that was applied (public call for bids, invitation to at least three economic entities or "invitation to one or more economic entities"). An important difference in these announcements is that only in the case of a public call can the tender documents be seen.

1. [The procurement of legal services](#) from May 2024 ended with the award of the contract to attorney at law Igor Isailović, for a price of 11.94 million dinars. Bids were submitted by two more invited attorneys (Filip Mirić and Aleksandar Kovačević), and both of their bids were deemed unacceptable, as they were higher than 12 million dinars. The competition was merely make-believe. Although the estimated value was not published, the lawyers had to know that exactly 12 million dinars was the maximum fee that the client wanted to pay, since this is the limit prescribed by the Regulation for this type of procedure (Article 16).
2. For [the creation of technical documentation with the creation of catalogs, 3D models, apartment furnishing projects and works authorized by the Client, a residential complex with E2 - accompanying accommodation facilities, within the "Expo 2027" complex](#), the work estimated at 468 million dinars was awarded to one of two groups bidder. The winners offered to do the work for about 425 million dinars, while the second-placed consortium asked for about one million dinars more than the estimated value (which was not published) and its offer was not considered further. However, it should be noted that the outcome would have been the same if the bid had been taken into consideration, because it was worse according to the other criteria that were evaluated.
3. Only one bid was received for the procurement [of bookkeeping services](#), so the contract, worth slightly more than 15 million dinars, was awarded to Deloitte Advisory d.o.o. Firms with a total revenue of 30 million dinars in the previous three years, who had experience, could apply for the job, keeping the books for at least three clients in the field of high-rise construction, which have ten employed economists and two lawyers. However, in addition to all that, the company was required to **have at least 50 employees** - a criterion the relevance of which is much more difficult to justify.



4. [Consulting services in the field of designing the audio-visual system for the specialized exhibition EXPO 2027 Belgrade](#) were awarded in a procedure based on invitations sent to only two participants. The contract was awarded to Sky Solutions d.o.o., which submitted an offer. The second invited participant was an entrepreneur operating under the name Prolight, and the contracted value of the work is slightly less than 3.5 million dinars.
5. [Consulting services for monitoring and coordinating the process of designing facilities within zone B of the specialized exhibition EXPO 2027 Belgrade](#) were estimated at 12 million dinars, the invitation was sent to three addresses, and two bids were received, one which was 100 thousand dinars below the threshold, and the other only two thousand dinars below the threshold.
6. [Media services and media buying services, for the period until December 31, 2027](#), a contract the value of which is estimated at up to 1.41 billion dinars (the estimate has not been published), was awarded to the only bidder - Universal media d.o.o. The framework agreement was concluded at an estimated value. The financial capacity in the previous three years was requested at the level of 1.5 billion dinars, which seems reasonable. In addition, it was requested that the company had provided media planning and buying services for at least three clients in at least three countries of the former Yugoslavia, that it had provided similar services for at least five clients (in any country), that it had implemented at least one socially responsible project and received at least one award at international media festivals. Other requirements concern the number and profile of individual employees (10) and software tools.
7. [The provision of marketing services \(creative, digital, PR and consulting services\) for the period until December 31, 2027](#) was also awarded through a framework agreement, and the estimated value was 1.51 billion dinars. Only one consortium, headed by the McCANN company, responded. With this procurement, it was requested that the bidder has generated a three-year income of 800 million dinars, that is, half the amount of the contracted work, which is in contradiction with the terms of the previous tender. The conditions are similar in terms of experiences in the region (certain types of campaigns). Furthermore, two socially responsible projects, two projects of planning and implementation of crisis communication and two projects in the field of public relations and corporate communications were requested. The hiring of at least 23 staff with certain qualifications and specific software tools was also requested.
8. [For accounting and software services](#) worth 3.5 million dinars, an invitation was sent to KPMG A.S.S. d.o.o. and KPMG D.O.O., which subsequently **submitted a joint bid** of 3.4 million dinars.
9. [Advisory and consulting services for the purpose of organizing and realizing the EXPO 2027 specialized exhibition project for a period of three years](#) were estimated at 60 million dinars, and the only bidder was the company Beogradski sajam d.o.o., which requested 59.4 million dinars.
10. [Specialist advisory services in the field of cooperation with the International Bureau of Exhibitions \("BIE"\) and relevant legal regulations](#) were estimated at 12 million dinars, and the invitation was sent to the addresses of three attorneys. However, two of them had calculation errors (Vladimir Popović and Marko Došen), and their bids were later rejected because they "did not agree with the correction of the calculation error". Thus, the contract was awarded to lawyer Miluša R. Okiljević, for an amount slightly less than 10.5 million dinars.
11. [The technical control of the technical documentation of the housing complex unit E2 - accompanying accommodation facilities, within the "Expo 2027" complex](#), estimated at 46.9 million dinars, was awarded to the consortium that requested 39.5 million dinars (the sole bid).
12. [The mail delivery service, for a period of three years](#), was awarded to JP "Pošta Srbije", for an estimated value of 2 million dinars.
13. [The intermediary service in the organization of business trips in the country and abroad with accompanying services, for a period of two years](#), worth 60 million dinars, attracted four bidders. However, three bids were rejected as inadmissible (lack of certain required evidence), so the job went to BIG BLUE d.o.o.
14. [The personnel recruitment service](#) was contracted on the basis of a purchase order sent to one bidder, for 1.5 million dinars.
15. In the same way, [the service of professional development in the field of foreign languages](#) was contracted to Kolar's Endowment for 1.2 million dinars.
16. [The lease of the office space](#) was estimated at 12 million dinars and three bids were requested. However, only one bid was submitted, and for a ten times smaller amount - 1.17 million dinars (Marera Coworking d.o.o.).
18. [Translation and proofreading services are also contracted](#), but it is not possible to access data about them.

# RECOMMENDATIONS

1. Develop the "Leap into the Future - Serbia 2027" Program in the manner prescribed by the Law on the Planning System, or cease the practice of creating the impression in the public as if it were a program developed and implemented by the state authorities of Serbia;
2. Remove dilemmas about what constitutes the EXPO 2027 project, i.e. which procurements will be carried out for its realization and at what approximate value;
3. Release information on all procurements related to the EXPO 2027 exhibition, including those that are not carried out according to the Regulation, but based on direct agreements (intergovernmental agreements) or (eventually) based on standard public procurement procedures;
4. Urgent decision of the Constitutional Court based on the initiative to evaluate the constitutionality of Article 14 of the Special Law for EXPO and the decree adopted on the basis thereof;
5. Prepare and publish the analysis of corruption risks in the adopted Special Law (Agency for the Prevention of Corruption);
6. Audit of public procurements carried out on the basis of the Regulation by the State Audit Institution;
7. Release information on current procedures in a manner that will enable greater competition, even in cases where this is not required by the Regulation.





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