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DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

Directorate B - Investment, Innovative & Sustainable Transport
The Director

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By email only

Your letter to Director-General Henrik Hololei of 14 January 2021

Dear Mr Sepp, Kangur, Kõljalg, Tarand and Humal,

Thank you for your joint letter of 14 January 2021 to our Director-General Henrik Hololei, who asked me to reply to you on his behalf.

First of all, I would like to recall that Rail Baltica is a project promoted and implemented by Estonia, Latvia, Lithuania and Poland. The European Commission supports the project, inter alia by providing EU co-financing, as Rail Baltica is a transport infrastructure that

contributes to the achievement of the EU's transport policy objectives as set out in the TEN-T Regulation. In this context, Estonia is a beneficiary of EU co-funding from the Connecting Europe Facility (CEF).

So far, the applications for CEF co-funding concerning Rail Baltica were evaluated positively (by the external experts as well as by the internal evaluation panels). The applications sufficiently demonstrated that the Global Project Rail Baltica to which the individual Actions contribute will ultimately be economically viable.

Due to applicable EU legislation information or personal data of neither internal nor external persons can be disclosed as disclosure would undermine the privacy and the integrity of the individuals. However, INEA publishes once a year the list of all external experts used.

Regarding the CBA, the Commission has replied to the authors of the document "Major mistakes in Rail Baltica Cost-Benefit Analysis made by Ernst & Young" and could not confirm that this CBA by Ernst & Young contains major errors. As for the AECOM 2011 study, the Commission has confirmed in previous correspondence that the methodology is in line with the Commission's guidelines for CBAs.

Furthermore, I would like to note that the European Court of Auditors (ECA) 2020 audit report on "EU transport infrastructures: more speed needed in megaproject implementation to deliver network effects on time", did not identify specific shortcomings in the methodology of the CBA of the Rail Baltica project or its traffic forecast. In its reply to the audit, the Commission stressed that the Rail Baltica project should be assessed in view of its future use by both passenger and freight traffic and not against separate freight or passenger benchmarks in isolation.

I would also like to clarify that Art. 24.1 of the CEF Regulation refers to checks by the Commission concerning fraud, corruption and any other illegal activities in the framework of the implementation of actions financed by the CEF. This provision does not apply to the co-financing decision as such.

With regard to your three questions:

- 1) It is not clear which weaknesses you refer to, but the Commission has replied to the above-mentioned audit and the replies are part of the report published by the ECA. The evaluation and selection process for projects to be co-funded by the EU through the CEF programme is based on the principle of equal treatment of the proposals. This process has proven to be robust and efficient. It foresees that for each proposal's evaluation, external experts form an opinion on the proposals following the award criteria. However, the experts do not take decisions. They are not subject of penalties.
- 2) The technical expertise involved in the evaluation process of CEF proposals is deemed appropriate to gather an expert opinion as foreseen in the procedures. There is no intention to involve additional individuals or organisations in this process.
- 3) The European Court of Auditors (ECA) has stated "*Traffic forecasts have a risk of being overly optimistic and half of them are not well coordinated*". Traffic forecast and modal shift calculations are assessed by external experts as part of the CBA, which is only one of several elements of the applications for funding. The assessment of CEF applications is done in accordance with the evaluation process stipulated in the relevant work programmes and calls for proposals. The Commission replies to the audits and their

recommendations are part of the reports published by the ECA. The Commission follows up accordingly on the relevant ECA audit recommendations.

With kind regards,



Herald RUIJTERS

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