

**Memorandum of Understanding on the
Monitoring of the Preparation and Implementation of the Rail Baltic/Rail Baltica project
between Supreme Audit Institutions of Estonia, Latvia and Lithuania**

Preamble

This Memorandum of Understanding (MoU) has been agreed between the Supreme Audit Institutions (SAIs) of Estonia, Latvia and Lithuania hereinafter referred to as „Parties“. This MoU shall be guided by the aims and principles of the International Organization of Supreme Audit Institutions (INTOSAI), based on the principles of mutual respect, trust and partnership, and mutual intention to cooperate on the basis of respect to the national legislation of each Party.

A. Background

The focus of the MoU is the European Union Trans-European Transport Networks (TEN-T) Core Network Pre-Identified Project Rail Baltic/Rail Baltica as part of the international North Sea – Baltic corridor (from hereon also referred as RB). This is a strategic rail project with a goal to develop a sustainable 1,435 mm standard gauge, double-track, electrified railway corridor through Estonia, Latvia and Lithuania linking Poland, Lithuania, Latvia, Estonia, and Finland with the rest of the EU.

The building of the Rail Baltica railway in the three Baltic States is managed by the Joint Stock Company RB Rail registered in Latvia. Estonia, Latvia and Lithuania have established national Holding Companies which are shareholders in this Joint Stock Company RB Rail. The large scale and complexity of the RB project entail also a number of major risks that might hamper or even become critical to its successful implementation. The absence of financing to ensure the functioning of the Rail Baltic/Rail Baltica project until its completion, the RB Rail management and financing as well as environmental issues are seen as the project’s key risk factors.

With regard to this background and correspondence on this matter between the Parties since July 2014, the heads of SAIs of Estonia, Latvia and Lithuania in their meeting in January 2016 in Riga (Latvia) agreed to set up a joint task force of auditors hereinafter referred to as “TF Rail Baltica” to monitor the implementation of the Rail Baltic/Rail Baltica project. The objectives of this monitoring activity are set out in this MoU.

B. Objectives of monitoring activity

The Parties have agreed that when carrying out the monitoring of the Rail Baltic/Rail Baltica project, the TF Rail Baltica shall:

- assess the project risk factors;
- monitor the activities of the joint venture established by the three Baltic countries for the implementation of the Rail Baltic/Rail Baltica project;
- act as an early warning point regarding major RB risks;
- assess the need for SAIs to conduct a coordinated audit/audits of the Rail Baltica preparation and implementation;
- share information on the RB-related actions of the Parties, results and experiences from unilateral monitoring activities and audits focusing on the implementation of the Rail Baltic/Rail Baltica project in each country;
- exchange the information regarding the planned upcoming audit activities of each Party.

C. Organisation and Timetable

The TF Rail Baltica plans to meet at least twice a year for expert level meetings to present a summary of developments in the area of implementation of the Rail Baltic/Rail Baltica project in each of participating countries.

By the end of the current year the Task Force will agree the annual meeting schedule and action plan for the next year based on the assessment of risks and needs carried out by the Task Force members.

The meetings will be organised in one of the three Baltic countries on a rotation basis in an alphabetic order (starting with Estonia, Latvia and continuing subsequently with Lithuania). A possibility to use other international formats to arrange a side meeting of the Task Force could be also considered.

The monitoring of the Rail Baltic/Rail Baltica project will be carried out and the meetings of the TF Rail Baltica will be organised until the end of the Project unless the Parties agree otherwise.

D. Members of the TF Rail Baltica

The TF Rail Baltica will consist of team members from SAIs of Estonia, Latvia and Lithuania nominated by their respective SAIs as deemed necessary for the purpose. The Task Force members will follow the accepted standards of professional conduct, ethics and practice as laid down in the ISSAIs. The members of the team will respect the confidentiality of the audit matters and all findings.

The participating SAIs should appoint a contact person and make contact details available to the other participating SAIs.

Final provisions

Amendments and supplements to this Memorandum of Understanding are subject to mutual agreement in writing among parties.

The Memorandum of Understanding is done in three original copies in English language, one for each party. It shall come into effect from the date of its signing by all the parties.

On behalf of the National Audit Office of Estonia,

Name:

Title: (Auditor General or a designated person)

Date:

On behalf of the State Audit Office of Latvia,

Name:

Title: (Auditor General or a designated person)

Date:

On behalf of the National Audit Office of Lithuania,

Name:

Title: (Auditor General or a designated person)

Date: