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Riga

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Our Ref: 1.14o/LV-2024-38

## **State Audit Office of the Republic of Latvia**

### **On additional information regarding review of the draft Joint Review report on the Rail Baltica Project**

RB Rail AS would like to express appreciation to the Supreme Audit Institutions of Estonia, Latvia, and Lithuania (hereinafter referred to as SAIs) for the opportunity to provide more detailed explanations regarding RB Rail's submitted comments (Letter No. 1.14o/LV-2024-36 dated of 4 June 2024) on the draft Joint Review report on the Rail Baltica Project during the joint meeting held on 6 June 2024.

Considering requests made from the SAIs during the meeting to provide additional information regarding inflation calculation and confirmation on the cost of a risk management system Primavera please find following comments:

1. Regarding inflation calculation: Rail Baltica's Cost Benefit Analysis (CBA) 2017 values were adjusted for inflation between 2017 and 2022, considering the average inflation of 40% in the Baltic States during this period. The increase according to the CBA study is related to the following factors: 31% of the increase stemmed from increased cost predictions due to design development between 2017 and 2023 (e.g., additional regional mobility connections, changes in technical standards in accordance with unified design guidelines, increased safety, and performance enhancements). 51% of the increase arose from more holistic calculations and the lack of contingencies in the original estimation. 18% arose from additional external requirements and factors such as third-party

requirements, various institutional technical regulations, interoperability technical specifications, and other changes. Taking 40% inflation into account, the cost drivers would respectively add 18.6% for scope changes, 30.6% for contingencies, and 10.8% for additional external requirements.

2. Regarding the cost of Primavera risk module, the cost indicated by the auditors in the paragraph 51 of the draft Joint Review report is correct. Primavera risk module has been used all along and RB Rail AS kindly request the SAls to remove the reference to the cost itself which gives the impression that the Project has wasted that money.

In addition, considering that the SAls may decide to make public also RB Rail AS written opinion regarding review of the draft Joint Review report, RB Rail AS would like to kindly request SAls to replace cover letter of the previously submitted Letter No. 1.14o/LV-2024-36 dated of 4 June 2024 with the following updated version attached in the Annex 1. If relevant decision will be made by the SAls please use this updated cover letter for publicity as official reference of RB Rail AS opinion on to the draft Joint Review report on the Rail Baltica Project.

Finally, regarding upcoming public communication activities foreseen by the SAls RB Rail AS would like inform that contact person from RB Rail side for necessary alignment is Head of the Communication and International relations department, Signe Nigale ([signe.nigale@railbaltica.org](mailto:signe.nigale@railbaltica.org), GSM +371-29116146).

**Enclosures:**

**Annex 1:** RB Rail AS updated cover letter of the previously submitted Letter No. 1.14o/LV-2024-36 dated of 4 June 2024 to be used as official reference for RB Rail AS position. (5 pages).

Sincerely,

Marko Kivila  
Acting CEO,  
Chairperson of the Management Board  
RB Rail AS

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