THE BRATISLAVA BYPASS

A PPP to get around traffic problems and debt statistics

Meant to be a flagship for the rehabilitation of public-private partnership [PPP] motorway projects and their future expansion in Slovakia, the D4/R7 Bratislava bypass adds to the series of overpriced PPP motorway projects\(^1\) planned in recent years in the country.

Partly guaranteed by the European Fund for Strategic Investments (EFSI)\(^2\) - the strategic investment initiative launched jointly by the European Investment Bank (EIB) Group and the Juncker Commission to mobilise private financing across Europe - the Bratislava Bypass features among the 68\% of EFSI’s transport investment destined for carbon-intensive projects\(^3\). It is the largest EFSI project so far for central and eastern Europe\(^4\).

But the Bratislava Bypass is problematic on various levels. From the procurement process for the feasibility study to the project development being carried out through opaque practices - the project deserves a closer look.

**1 Corruption allegations and conflict of interest**

While there have been other examples of projects developed without respect for legal requirements for transparency and fair competition in Slovakia, what makes the D4 motorway singular is that the PPP project was announced even before a full assessment of the various options had been undertaken. In addition, it was given the go-ahead on the basis of manipulated data and in a situation of conflict of interest\(^7,8,9\).

We have identified improper practices in the joint procurement process on the feasibility study and the tendering documentation\(^10\). Indeed, not only was the procurement process carried out through unlawful practices formally criticised by the Supreme Audit Office of the Slovak Republic (SAO)\(^11\), but on several occasions throughout the

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\(^3\) We have identified improper practices in the joint procurement process on the feasibility study and the tendering documentation. Indeed, not only was the procurement process carried out through unlawful practices formally criticised by the Supreme Audit Office of the Slovak Republic (SAO), but on several occasions throughout the
project development more suspicious practices of “legal corruption” can be identified. Despite formally abiding by the law, the set conditions led to unfair and biased choices.

Firstly, the Ministry of Transport, Construction and Regional Development [the Ministry of Transport] announced its intention to implement the Bratislava Bypass with the PPP project option in 2011 and 2013 before even having conducted the feasibility study. Then, in 2014 the Ministry of Transport appears to have strongly “encouraged” the bidders for the procurement of the feasibility study to present the PPP option as the best suited for the project by allocating EUR 0.75 million (as the maximum amount) for the study itself and a package of EUR 5.35 million for a series of consultancy services, mainly focused on the PPP scheme development, both commissioned to the same bidder. What is more, the only alternative that the ‘overall project’ option is compared against in the study is the so called “zero option”, which is the scenario where the project would not be implemented at all.

Such premises obviously put the winner of the procurement into a conflict of interest: it is hardly likely that any consultant would find a PPP scheme to be less suitable than the “zero option” and thus forego a further EUR 5.35 million worth of work. This set-up jeopardises the reliability of the data on which the assessment of the PPP as the best option was based. In May 2016 this dubious procurement process was criticised by the Supreme Audit Office of the Slovak Republic (SAO), who submitted a draft of its audit report findings to the Ministry of Transport in order to grant the possibility to raise any objections to such accusations by the deadline of 19 May 2016. The Ministry of Transport then requested an extension of the deadline until 23 May 2016. Coincidentally enough, the Slovak government officially signed the contract with the concessionaire Zero Bypass Limited under a PPP scheme on 20 May, thus avoiding the publication of the SAO investigation results before the agreement was signed.

Besides the numerous problems spotted in relation to the State’s choice of the PPP financing option for the project, several issues have been raised concerning the purchase of land to build the motorway. The National Criminal Agency started an investigation on this in autumn 2016.

### 1. 2 Public spending for questionable benefit

Even if labelled by the feasibility study as the best option, the PPP scheme for the development of the project seems overpriced and very unfavourable
to the government – according to available information. The Slovak NGO INEKO\textsuperscript{22} has analysed the background data and calculated several options. It concluded that other options might have saved taxpayers hundreds of millions of Euros\textsuperscript{23}.

In parallel, there is a clear example of how the legislative requirements for ensuring efficiency and sustainability of public investments were only formally respected in the project development: the feasibility study\textsuperscript{24} met the requirements for assessing alternative options only by assessing the zero option (meaning the project not taking place) as opposed to the so called overall option (all sections of the D4 and R7 combined). The Financial Policy Institute of the Ministry of Finance warned\textsuperscript{25} the Ministry of Transport that the State had not verified whether there were other cheaper or better alternatives (for the proposed project) as well as other type of projects altogether that could differently address the transport needs in Bratislava\textsuperscript{26,27}.

The main inadequacies of the PPP project D4/R7 are\textsuperscript{28}:

- Decisions made without taking into account relevant data on existing and expected traffic;
- The D4 motorway primarily serves transit traffic while Bratislava’s main transport problem is in its public passenger transport;
- It ignores multimodal transport approaches which focus on causes and possible improvements of the critical points for traffic;
- The forecast in traffic demand in various areas has been significantly overestimated;
- The key inputs for the feasibility study have been set largely in favour of the PPP alternative.
- The EU technical assistance service JASPERS\textsuperscript{29} was not used, which is very unusual for big EU funded projects in Slovakia\textsuperscript{30}.

The Slovak Republic will reportedly have to pay the concessionaire the agreed amounts whether the motorway is used intensively or not\textsuperscript{31}. On the one hand such an “availability fee” model mitigates the risks for the concessionaire of depending on notoriously inaccurate traffic projections for income, but it also means that the concessionaire carries hardly any risks at all after construction is complete. The map on page 11 shows that 59 per cent of all work places are situated in the central urban area, far from where the planned D4 bypass would be\textsuperscript{32}. Thus, there is no evidence proving that the implementation of the project will help solve one of the main transport issues in Bratislava, namely the traffic caused by commuters working in the central
area and living in the outskirts. It is argued by different transport experts that, for such an amount of money, Bratislava could put in place other alternatives and get a new modern integrated transport system enabling people to switch from cars to urban transport and contributing to the EU’s decarbonisation objectives.33,34,35,36

1.3 Low levels of transparency and public participation

The level of transparency and public participation has also been very low on almost all stages of project development. The Ministry of Transport and National Motorway Company (NMC) for example refused to publish information on recent traffic data, the models on which the project is based and the names of the beneficiaries in contracts related to land purchase.

A website for the project was launched only after the process of public procurement of the concessionaire had started. INEKO repeatedly tried to obtain information about the traffic forecast on which the D4/R7 project has been based. What is more, it remains unclear whether and at which stage the results of some public mobility surveys were actually taken into account in the Ministry of Transport’s assessment.37

2 Bratislava bypass – project

description

According to the European Commission, “the project is to construct 27 km of the D4 motorway and 32 km of the R7 expressway around Bratislava”38, thus creating a 59km long Bratislava bypass.

The D4 motorway is “part of the trans-European transport network and will connect with the planned R7 expressway linking western and eastern Slovakia, and the existing D1 and D2 motorways”. The project is supposed to “increase the transport capacity of Bratislava and surrounding areas, strengthen local and international road connections, improve safety, cut journey times and benefit the environment.”39 According to the public authorities, socio-economic benefits are expected to result from the improvement and the reliability of journey times.

The D4/R7 Bratislava project will reportedly cost the Slovak Republic in nominal payments approx. EUR 1.76 billion in total, during the three decades of concession.40,41,42 Indeed, the PPP will “include[s] the construction as well as 30 years of operation and maintenance of the D4 and R7.”43

2.1 A project heavily backed by public financial institutions
The Bratislava bypass is a PPP under the terms of a design-build-finance-operate (DBFO) contract. The current value of the project is EUR 1.33 billion\textsuperscript{44}, which obliges Slovak republic to pay approx. EUR 1.76 billion\textsuperscript{45} in nominal payments for 30 years of operation and maintenance.\textsuperscript{46,47,48}

2.2 Timeline of the project

Below is a summary of the main dates of the project\textsuperscript{55}:

- 2013: The Ministry of Transport announces its intention to finance the Bratislava Bypass via a PPP project.
- April 2014: a joint procurement for the feasibility study and a PPP project is announced.
- 16 January 2015: the feasibility study of the PPP project D4/R7 is published.
- 21 January 2015: the PPP project is approved by the Slovak Government.
- 30 January 2015: the Public procurement for the PPP concessionaire is announced.
- 24 April 2015: the Ministry of Transport contracts the Transport Research Institute to calculate the socio-economic benefits of the D4/R7 project (The Transport Model of the D4/R7)\textsuperscript{56}.
- 27 January 2016: the concessionaire Zero Bypass Limited is selected.
- May 2016: the Supreme Audit Office of the Slovak Republic (SAO)\textsuperscript{57} criticises the procurement procedures.
- 19 May 2016: deadline for the Ministry of Transport to raise objections.

The financiers for this project are\textsuperscript{49}:

- The Slovak Investment Holding (SIH), which is a Slovakian state investment fund that acted as a mezzanine lender [EUR 28 million for equity]\textsuperscript{50};
- The European Investment Bank (EIB), providing a loan of EUR 426 million\textsuperscript{51} guaranteed through the European Fund for Strategic Investments (EFSI);
- The European Bank for Reconstruction and Development (EBRD), lending EUR 148.5 million\textsuperscript{52};
- The Instituto de Credito Oficial (ICO);
- And four commercial banks – Credit Agricole, UniCredit, ČSOB, and SMBC.

SIH and the EIB each provided fixed rate facilities, while the commercial banks, ICO and the EBRD provided floating rate facilities, split into three tranches – short term (10 years), medium term (20 years) and long term (32 years).\textsuperscript{53} The EIB also provided technical assistance for the project\textsuperscript{54}. 

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In addition, it was given the go-ahead on a basis of manipulated data and in a situation of conflict of interest.\textsuperscript{60, 61, 62}

We have identified improper practices in the joint procurement process on the feasibility study as well as in the tendering documentation\textsuperscript{63}. Indeed, not only was the procurement process carried out through unlawful practices formally criticised by the Supreme Audit Office of the Slovak Republic (SAO)\textsuperscript{64}, but on several occasions more suspicious practices of “legal corruption” have been identified in which, despite formally abiding by the law, the set conditions led to unfair and biased choices.

Firstly, the Ministry of Transport announced its intention to develop the Bratislava Bypass with the PPP project option – as opposed to standard public procurement - in 2011 and 2013\textsuperscript{65} before even having conducted the feasibility study.\textsuperscript{66} Then, in 2014 the Ministry of Transport appears to have strongly “encouraged” the bidders for the procurement of the feasibility study to present the PPP option as the best suited for the project by allocating EUR 0.75 million (as the maximum amount) for the study itself – and a package of EUR 5.35 million for a series of consultancy services, mainly focused on the PPP scheme development \textsuperscript{67, 68}, both commissioned to the same bidder\textsuperscript{69}. Such premises

The launch of the preparatory works and construction was postponed from spring to autumn 2016.

The feasibility study from 2014 estimated this construction schedule:

- first section of the project to enter into early operation in November 2018.
- full operation on May 2020.

3 Corruption and conflict of interest

While there have been other examples of projects developed without respect for legal requirements for transparency and fair competition in Slovakia, what makes the D4 motorway singular is that the PPP project was announced even before a full assessment of the various options had been undertaken. The launch of the preparatory works and construction was postponed from spring to autumn 2016.

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obviously put the winner of the procurement into a conflict of interest. It is hard to imagine that a consultant would willingly forego EUR 5.35 million worth of further work by failing to find that a PPP would be the best option. This jeopardises the reliability of the data on which the assessment of the PPP as the best option was based.\textsuperscript{70}

3.1 The Supreme Audit Office announced a possible conflict of interest

The suspicion that the qualification requirements were tailored to the needs of few subjects\textsuperscript{71} arises when considering the challenging conditions set by the Ministry of Transport to carry out the procurement for the feasibility study.

Indeed, granting merely 37 days (only 21 of which were actually working days, due to coincidence with various holiday periods) for the submission of the bids\textsuperscript{72}, the Ministry of transport only formally respected the existing regulation on public procurement, failing to guarantee a fair competition for the selection of the bidders. In addition, by granting only a six-week window for the preparation of the feasibility study, the Ministry heavily limited the capacity of the Slovak government to properly assess the best suited option for the EUR 1.76 billion project.

Such a view finds legal backing in the final audit report performed by the Supreme Audit Office of the Slovak Republic [SAO] in 2016, which states\textsuperscript{73}:

\textit{In the implementation of the public procurement for Provision of comprehensive consultancy on the D4/R7 project the Ministry of Transport has not complied with the law on public procurement in particular in the following cases:}

- The Ministry of Transport combined tendering of two contracts of different complexity in a single procurement. Combining services into one procurement procedure (in which the contract was not divided into sections) could have distorted the competition and caused the submission of only one bid.
- The Ministry of Transport merged the elaboration of a feasibility study with consulting services related to the commissioning and the implementation of the concession for construction works, thus not guaranteeing an objective and unbiased selection of the candidate for the feasibility study. At the same time, it implemented the tendering procedure in a manner that did not allow the assessment of the scope and quality to which the feasibility study would be elaborated when concluding the contract for the provision of consulting services.
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The Ministry of Transport did not adequately specify the conditions for participation to demonstrate the bidder’s technical or professional capacity in the tendering procedure.

The Ministry of Transport defined an incomplete and ambiguous description of the contract’s subject.

The Ministry of Transport disregarded the complexity of the subject of the contract when setting the deadline for the submission of requests to participate.

The Ministry of Transport did not assess the fulfillment of conditions for participation in public procurement in line with the text of the call for tenders.

Documents submitted by the Ministry of Transport to the SAO did not allow checking of the feasibility of the estimated contract value.

The Ministry of Transport did not adequately specify the conditions for participation to demonstrate the bidder’s technical or professional capacity in the tendering procedure.

The Ministry of Transport requested an extension of the deadline until 23 May 2016. Written objections were received after the agreed deadline, on 24 May 2016.74

The Government officially signed the contract with the concessionaire Zero Bypass Limited under a PPP scheme on 20 May75 thus avoiding the publication of SAO’s investigation results before the agreement was signed. Even after the publication, the Government’s choices related to the PPP option and the concessionaire have never been re-discussed.

3.2 Suspicions around the land purchase

And “According to the SAO SR it is important to have a regulatory mechanism for approving PPP projects, which would provide sustainability of public finance in a way that does not threaten the state’s own investment activities.”

As mentioned earlier, the SAO submitted a draft of its audit report findings to the Ministry of Transport on 16 May 2016 to allow a pre-emptive evaluation of these shortcomings and grant the possibility to raise any objection to the truthfulness, completeness and the verification of the findings of the report by the deadline of 19 May 2016. The Ministry of Transport requested an extension of the deadline until 23 May 2016. Written objections were received after the agreed deadline, on 24 May 2016.74

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3.2 Suspicions around the land purchase

Besides the numerous problems spotted in relation to the State’s choice of the PPP financing option for the project, several issues were raised concerning the purchase of land to build the motorway.

Indeed, the property on which the motorway is going to be built is mostly agricultural land, normally worth around EUR 1 per square meter. Obviously, due to the state motorway project, the value of that land rose enormously. Entrepreneurs, well know
from other scandalous land purchase\textsuperscript{7}6, bought the land from uninformed owners at the price of agricultural land and subsequently sold the very same land to the State as land for construction site. The price of such real estate property near Bratislava can exceed EUR 100 per square meter and the area at stake accounts for up to 100 thousand square meters. While the Ministry of Transport has not fully disclosed the purchase contracts for the land, the total value of the purchase has been estimated to be more than EUR 350 million.\textsuperscript{77,78} Slovak media reported that the National Criminal Agency started an investigation on this matter in Autumn 2016.\textsuperscript{79}

4 A questionable use of public funding

Even if labelled by the feasibility study as the best option, the PPP scheme for the development of the project seems to be overpriced and very unfavourable to the government – according to available information. The Slovak NGO INEKO\textsuperscript{80} has analysed the background data and calculated several options and concluded that other options might have saved taxpayers hundreds of millions of Euros.\textsuperscript{81}

In parallel, there is a clear example of how the legislative requirements for ensuring efficiency and sustainability of public investments were only formally respected in the project development: the feasibility study\textsuperscript{82} met the requirements for assessing alternative options only by assessing the zero option [meaning the project not taking place] as opposed to the so called overall option [all sections of the D4 and R7 combined]. Moreover, the Ministry of Transport contracted the Transport Research Institute\textsuperscript{83} to elaborate the Transport Model of the D4/R7 project more than two months after the public procurement for the concessionaire had been announced.\textsuperscript{84} The Transport Research Institute reportedly does not have suitable equipment and experience for that and its Transport Model has several inadequacies and errors of bias.\textsuperscript{85} According to INEKO\textsuperscript{86}, for example, the Transport Model does not include data from the toll system; does not consider essential traffic differences in specific intersections; overestimates the foreseen inhabitants’ increase in a nearby village; and uses misleading speed calculations. These biased inputs most likely resulted in an overestimation of the socio-economic benefits and the value-for-money of the ring road project.\textsuperscript{87} INEKO\textsuperscript{88} calculated several scenarios which showcase that other alternatives would be considerably\textsuperscript{89} more favourable in comparison with the PPP option selected and
procured by the Ministry of Transport. A detailed analysis of the alternatives might provide even better solutions, especially by including a multimodal approach to solving traffic problems in Bratislava and its surroundings.

4.1 Warnings from the Financial Policy Institute of the Ministry of Finance

The Financial Policy Institute [FPI] of the Ministry of Finance warned the Ministry of Transport that the State had not verified whether there were other cheaper or better alternatives to the proposed project to facilitate the transport in Bratislava.90 Indeed, in the results of its audit, SAO declared: “... the Ministry of Finance warned about the possibility of conflict of interest, if a single public procurement is executed for the elaborator of the feasibility study and consultancy for other project phases”.91

Moreover, Martink Filko, who was the head of the FPI at the time the project was assessed, pointed to other inconsistencies in an interview to the Trend magazine92:

Calculations of the shorter variant, just the R7, which goes to the southeast, were made at our request. Results from our colleagues from the transport sector have proven it as a less effective alternative. More creative options based on public transport have not yet been reviewed. One option, on the supply side, could be strengthening tram, train and bus line extensions. Another option, on the demand side, could be limiting traffic by charging parking in the city, or, quite extreme, charging for entering the city.

4.2 Therapy decided without a proper diagnosis

What is more, the Government has taken its decision on the basis of improper studies, based on manipulated data.94,95 The National Motorway Company [NMC] and the Ministry of Transport did not provide a transport routing survey neither during project preparation of the D4 motorway nor in the feasibility study of the PPP project D4/R7.96 The Ministry of Transport ordered the Transport Model too late, in spring 2015, when the decision to implement the project had already been taken and the procurement for the concessionaire was already ongoing.

Moreover, an alternative analysis of workplace distribution and traffic flows published in November 2015 shows [on map 1 below] that 59 per cent of all work places are situated in the central urban area, far from the planned D4 bypass.
have been the Regional Transport Master plan of Bratislava\textsuperscript{100} by the Transport Research Centre\textsuperscript{101} from August 2015, which provides for the first time complex transport routing information on individual transport and public passenger transport via a survey covering 5% of the city’s households. Only limited information was available until 2014, such as routing data from a toll system for trucks. But data for passenger cars - which account for 90% of vehicles on the most loaded sections of the D1 central motorway - were missing. Last, but not least, it is unclear if and to which extent the Ministry of Transport used the more complex data from surveys about the sources and destinations of the traffic in preparation of the D4/R7 project\textsuperscript{102}. Such data had been available since early 2015.

Although the preparation of the
Regional Transport Master plan of Bratislava was financed by the Operational programme Transport, whose Managing Authority is part of the Ministry of Transport, it does not include the D4 motorway, nor the R7 expressway. This appears odd, since the Ministry of Transport was the main authority in charge of the D4/R7, thus it was certainly aware of the plan to realise the new motorway.

A representative of the contractor of the Regional Transport Master plan of Bratislava explained at a public hearing in September 2015 that the Ministry of Transport, or more precisely its consultants for EU-funded projects, requested it this way.

4.4 The selected therapy ignores causes of transport problems

It is possible to calculate that the beltway would alleviate usage on the most-heavily used motorway by only 13% to 20%, and it would have zero positive impact on the city’s other heavily used routes. Hence, there is a risk that the transport congestion will only shift from the city’s peripheral areas and entry-points to the centre of the city.

The above-mentioned surveys confirmed that recurring traffic jams in the morning and afternoon rush hours are not caused by transit traffic, but due to people commuting to and within Bratislava. Approximately 53% of Bratislava inhabitants commute by car and only 34% using public transport. As a transport expert put it, solving Bratislava’s traffic problems by building a new motorway “is like quenching thirst with a luxurious whisky.”

4.5 Only formal assessment of other alternatives

Despite multimodal transport being a norm, the Ministry of Transport did not assess the potential of reducing traffic by increasing the attractiveness of public transportation. The project’s feasibility study from October 2014 [based on older data] shows that the D4/R7 would have an impact on the traffic in Bratislava. Calculations based on the data compared from two tables in the study show that the project will ease traffic on the I/63 road [an obvious benefit of the R7 expressway, not D4 motorway].

However, most sections of the D1 motorway in Bratislava will be relieved by less than a fifth and the number of vehicles per hour at the port bridge will decrease only by 13% in comparison to the zero option [without any project implementation] after the construction of the bypass. The option of building only the R7 expressway [probably the most useful] and supporting desperately needed improvement of the public transport solutions was
4.6 Overestimated traffic forecasts

The D4 motorway project is presented as particularly beneficial due to predictions of a strong increase in traffic intensity. One of the biggest sources of intensified traffic on the D4 motorway would be, according to forecasts, the alleged increasing congestion from new residential areas, the extent of which appears definitely overestimated by the project developers. For example, one of the villages considered is estimated to increase its number of inhabitants fourfold by 2020.

This overestimation also contrasts with the much more conservative forecast of the Regional Transport Master Plan of the capital, which is based on more comprehensive data. Although the Ministry of Transport itself, as a Managing Authority of the relevant Operational programme Transport, was providing financing for the Regional Transport Master Plan and was thus fully aware of the resulting forecasts from the very beginning, it still preferred relying on the unlikely D4 project estimation data, rather than taking into account the more comprehensive Regional ones.

not assessed at all. According to Jan Snopko, a leading designer of two tunnels in Bratislava, the capital needs to develop an elevated railway network which would serve as the main transport system and road radials to properly tackle car traffic. Such a project would replicate the current trend of rail transport development adopted in Zurich, London or Stuttgart, and might cost approx. EUR 1.2 billion.

According to the NGO Cyklokoalícia, with less money than what will be spent on the D4/R7 it would be possible to solve several transport problems of the capital, such as improving neglected tram lines and renovating almost the entire fleet of public transport. Firstly, their estimations show that Bratislava can have 100 new trams for EUR 270 million, 100 new modern trolley buses for EUR 87.5 million and 100 new buses for EUR 30.8 million. Secondly, the cost of the reconstruction of all tramlines in the capital is estimated at EUR 214.4 million. An additional EUR 580 million would allow the expansion of the line by 20 kilometres (half of its current size). Thirdly, park-and-ride facilities in Bratislava would cost approx. EUR 30 million and a bridge over Danube EUR 70 million. Fourthly, constructing 100 kilometres of separate bike lanes for EUR 37 million would significantly improve the conditions for cycling within Bratislava.
5 Low levels of transparency and public participation

5.1 Preventing early public scrutiny

The Ministry of Transport published several documents on the website of the D4/R7 project. Unfortunately, the website was launched only after the process of public procurement of the concessionaire had started. INEKO repeatedly tried to obtain information about the traffic prognosis on which the D4/R7 project has been based, as this information is key to calculate the benefits of the project and hence its effectiveness. The Ministry of Transport mentioned that NMC does not have an agreement on publishing copyrighted materials from third parties. Paradoxically, information about the architectural parts of the project (the supposed reason for the copyright protection) have been disclosed, but analytical ones about traffic benefits and the economic efficiency of the construction do not belong to the public domain, according to the NMC and the Ministry of Transport. The Financial Policy Institute (FPI) of the Ministry of Finance reportedly tried to obtain the background data for the calculations of the socio-economic benefits by the Transport Research Institute, but did not succeed.

The NMC did not disclose the beneficiaries of the land purchases, even if the contracts account to more than EUR 350 million. The Ministry of Transport justified this decision by mentioning an exemption on publishing these documents in the Central register of contracts, as well as the necessity to protect private data and a lack of capacities.

6 Conclusion

Given the variety of problems related to the Bratislava bypass, CEE Bankwatch Network and Counter Balance – as public finance watchdogs – are calling for public funders not to further support this project and re-consider their current involvement.

Presenting both problems of conflict of interest and misjudgement in the preparatory phases, the D4/R7 is hardly the kind of project the EU can showcase as landmark of the Union’s new path towards sustainable development.

On the contrary, the Bratislava Bypass case shows how political influence can play a crucial role in the approval of extremely expensive projects that do not even reflect the citizens’ actual needs.

In a recent interview to Euractiv, Wilhelm Molterer, managing director of EFSI, when asked what role national contributions play in a market driven
instrument like EFSI, specified that “national contributions go directly to EFSI projects. Take the D4 ring road around Bratislava – this is a perfect example of how various contributions can be combined. The project is a PPP structure supported by EIB contribution via EFSI, by a grant support from the Slovak government and by private capital.”

Ignoring both the National Audit Office’s criticism of issues related to the choice of a PPP scheme for the project and the broad civil society criticism, Mr Molterer defines the Bratislava bypass as a perfect example of the combination of different financing channels. Unfortunately, he omits that while the project does achieve the mobilisation of private money wished for by its conceivers, it will entail serious consequences for taxpayers, which will have to cover the costs for 30 years to come. While other options might have saved taxpayers hundreds of millions euros, the government favoured since the beginning the PPP financing scheme for the project.

Public transport projects, such as rail/underground system, trams, trolleybuses, buses, park & ride facilities etc. should have been financed instead, in accordance to EU’s climate and energy targets. That would have solved Bratislava’s main traffic problems, tackling the main streams of commuters instead of minor transit traffic. These major investments into road infrastructure significantly contribute to a lock-in of the less efficient, more expensive and polluting modes of transport, such as passenger cars.

We call on the EIB, the EBRD and SIH to finance projects which are not fraught with conflicts of interest, but whose financing decision is based on proper transparent analysis without manipulated background data and in accordance with EU’s climate and energy targets. Otherwise they risk supporting inefficient and costly solutions which privatise profits and socialise risks. Europe, in particular countries like Slovakia, cannot afford to fill in its investment gap at all costs.
Endnotes

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The initial price from the public procurement was EUR 1.89 billion, which then decreased to approx. EUR 1.76 billion due to the fluctuations of interest rates.
THE BRATISLAVA BYPASS: a PPP to get around traffic problems and debt statistics

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