Country Brief:

ESTONIA
Recent years have seen Estonia cement its place as a key member of NATO, increasing investment in modernising its defence and security forces and expanding its involvement in international military operations. Since 2015, Estonia has been one of the few NATO members to consistently hit the target of spending 2% of GDP on defence. Spending is largely driven by concerns related to an increasingly belligerent Russia, which has already targeted Estonia with industrial scale cyber-attacks, in the midst of a significant deterioration of relations between the two neighbours.

Estonia’s strategic location on NATO’s north-eastern border has also seen it become a key location for joint military exercises, while heavy investment in cyber-security has enabled Estonia to become a leader in the field and position itself as an important player in defending itself and the alliance from new forms of cyber warfare. Estonia’s sustained investment in its defence forces has largely been matched by a commitment to strong standards of defence governance, in line with the country’s commitment to open, transparent and technologically advanced governance. Though gains remain to be made in furthering transparency of the sector and reducing corruption risks on operations, Estonia is a top performer in the region. Parliamentary oversight is strong, safeguards to corruption have largely been strengthened across the board and significant efforts have been made to improve scrutiny of defence procurement procedures.

### Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent’s future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.

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6. E-Estonia, ‘We Have Built a Digital Society and We Can Show You How’. 
ESTONIA

Overall scores
The size of the colour band corresponds to number of countries that fall into that category.

Risk Comparison

ESTONIA SCORE
MODERATE
RISK

REGIONAL AGGREGATE
INDEX AGGREGATE

POLITICAL

FINANCIAL

PERSONNEL

OPERATIONAL

PROCUREMENT

ESTONIA

A • 83-100 VERY LOW
B • 67-82 LOW
C • 50-66 MODERATE
D • 33-49 HIGH
E • 17-32 VERY HIGH
F • 0-16 CRITICAL
As a result, issues of defence are regularly on the table and there is a tradition of strong parliamentary oversight over such matters. The National Defence Committee (NDC) is the permanent parliamentary committee dedicated to defence and security. It has extensive formal powers of oversight, high levels of expertise amongst its members and it meets three times per week to review and scrutinise policies and decisions. It carries out hearings with members of the Ministry of Defence (MoD) every few months to track implementation of its recommendations and action plan and also has a say in nominating officers at senior positions in the Defence Forces. Although its oversight over draft laws and policies is strong, it deals less frequently with budgetary issues. For instance, it is rare for any budget amendments to be made after the proposal has been submitted. The Committee’s oversight is complemented by external and internal audit functions. Internal audits are carried out by the MoD’s Internal Audit and Development Department. Though Parliament does not have access to full reports, the Internal Audit Department does provide short summaries of its reports to the National Audit Office (NAO), which is responsible for external auditing. Parliament’s relationship with the NAO is well-established and it reviews the NAO’s reports on an annual basis. Though internal and external audit bodies cooperate closely, the lack of transparency around internal audit reports restricts the information available to oversight bodies, including the parliamentary committee. Moreover, the NAO’s budget is set by the Ministry of Finance, and not by Parliament, meaning that its financial independence is limited in practice. The NAO itself has made a proposal to change this situation, which it sees as undermining its independence.

Government institutions in Estonia have high levels of transparency, in part due to digitalisation, although there is still room for improvement when it comes to defence. Estonia’s defence budget, whilst submitted to parliament and published in a timely manner, lacks detail and some parts are highly aggregated. Explanations are sometimes provided but they largely justify the expenditure rather than specify exactly what the budget item will be spent on. Furthermore, over the past three years, the share of budget expenses dedicated to secret item spending has tripled and now accounts for 9% of the whole budget, or 45 million euros of opaque “other operating expenses”. This represents a pattern which, if unchecked, could result in sizeable amounts of Estonia’s budget being spent in opaque ways with little oversight or controls. Similarly, while details on actual spending are published monthly by the Ministry of Finance, the data is aggregated. Published figures only provide information on the overall implementation of the defence budget across three broad categories: ‘labour costs’, ‘infrastructure and procurement’ and ‘other spending’, providing little clarity as to the precise allocation of defence spending. Transparency is also undermined by irregular implementation of access to information legislation. Access to defence information is regulated under the Public Information Act, which describes how information can be accessed and by whom, as well as appeals procedures. The Ministry of Defence also has procedures for accessing related information on its website. However, there is a trend towards overclassification. The first Public Information Act listed 11 restrictions to access to information, with one relating to defence. In 2018, there were already 26 restrictions, seven of which pertain to defence.

This is an indication of the growing restriction on access to information that could further hamper defence transparency and accountability.

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### Parliamentary Oversight

| Legislative oversight of budget (Open Budget Survey, 2019) | Not rated |
| Military expenditure as share of government spending (SIPRI, 2020) | 5.7% |
| Committee members with defence expertise (%) | 63% (7 of 11) |
| # of meetings/year | 86 (2018); 57 (2019) |
| Last review of defence policy/strategy | 2017 |

Estonia’s parliament has full formal powers of oversight over the defence sector, although it does not review major arms procurements. Debates on defence policies are held regularly and there is a broad consensus amongst the major parties when it comes to the direction of Estonian defence policy. This makes Estonia fairly unique compared to many other countries and underlines how defence is considered a key priority by all parties in Parliament, largely influenced by the perceived threat of Russia.

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### Financial Transparency

| Defence-related access to information response rates (2019) | (1) % granted full or partial access: 42% (13 of 31 requests) |
| Defence-related complaints to ombudsman/commissioner # | Data not available (the last time this was published was in 2012) |
| Audit reports on defence (2018-2020) # | 5 (2018); 3 (2019); 7 (2020) |
| Open Budget Index (IBP, 2019) | Not rated |
| World Press Freedom Index (2021) | 15th out of 180 |

10 Mirjam Mäekivi, “Luik käis uue kaitseväe juhatajana välja Heremi” [“The swan came out as Herem’s new commander”], ERR, January 10, 2018.
15 Ministry of Defence, ‘Defence Budget’.
Personnel Ethics Framework

<table>
<thead>
<tr>
<th>Whistleblowing legislation</th>
<th>Draft bill submitted (August 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td># defence-sector whistleblower cases</td>
<td>Data is not publicly available</td>
</tr>
<tr>
<td># Code of conduct violations</td>
<td>Military: Data is not publicly available</td>
</tr>
<tr>
<td></td>
<td>Civilian: Data is not publicly available</td>
</tr>
<tr>
<td>Financial disclosure system</td>
<td># submitted: Data is not publicly available</td>
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<tr>
<td></td>
<td># of violations: Data is not publicly available</td>
</tr>
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</table>

Operations

<table>
<thead>
<tr>
<th>Total armed forces personnel (World Bank, 2018)</th>
<th>6,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troops deployed on operations #</td>
<td>91 in Mali (Operation Barkhane), 5 in Iraq (NATO NMI), 3 in Israel (UNTOS), 2 in Mali (MINUSMA), 1 in Lebanon (UNIFIL), Unknown in Mali (EUTM).</td>
</tr>
</tbody>
</table>

Estonia contributes troops to UN (UNIFIL, UNTSO, MINUSMA), NATO (NMI Iraq) and EU (EUTM Mali, EUNAVFOR Mediterranean) operations. Alongside these, Estonia is also involved in Inherent Resolve in Iraq and Operation Barkhane in Mali, to which it doubled its commitment from 2020 onwards. However, Estonia’s ability to handle corruption risks in the context of military operations is uncertain. Corruption is covered in the National Security Concept, essentially Estonia’s military doctrine, but not as a strategic issue for operations. It is merely referred to as something that must be prevented, with no mention of how it can impact armed forces deployments. Consequently, addressing corruption is not considered as a priority in the planning of operations, although the EU Security Strategy, which Estonia follows, does list corruption as a key risk factor. Commanders do receive some pre-deployment training that covers corruption risks, however there is no well-known and deep-rooted structure of courses on corruption issues, and the training appears largely ad-hoc. Moreover, there is no evidence of experts being deployed to monitor corruption risks in the field or of there being a monitoring and evaluation policy for corruption risk in the military. As a result, personnel are ill-equipped to identify and mitigate such risks in the field.

Defence personnel management systems are generally robust in Estonia and help to minimise the risk of corruption. Anti-corruption provisions are generally well-established in codes of conduct and training programmes. Civilian personnel are subject to the Civil Service Code of Ethics, which contains clear reference to corruption and other related issues and provides guidance on how to proceed in such instances. Military personnel are subject to the Internal Regulations and the Code of Ethics which provide some reference to corruption, although guidance is limited. Cases of prosecutions against defence personnel for corruption also suggest that codes of conduct and anti-bribery regulations are enforced. There is also no evidence of undue political influence in any of these investigations. Anti-corruption training is also available to defence personnel, particularly at the National Defence College. Chief amongst the weaker areas of defence personnel management is whistleblowing. Some protection is provided by the 2014 Anti-Corruption Act, however it does not cover the full scope of whistleblowing activities and does not offer the same protection as dedicated whistleblowing legislation would. Moreover, Estonia’s Personal Data Protection Act has been interpreted by the Data Protection Inspectorate as making whistleblowing impossible and against the law. According to the Inspectorate, creating a system that allows employees to report wrongdoing and remain anonymous is illegal. The lack of clarity surrounding whistleblowing compounds the already negative view held on whistleblowing in Estonia, where problems are expected to be handled within an organisation or institution. In recent years, there have been numerous cases of public sector whistleblowers losing their jobs as a result of their reporting. However, there are signs that this is beginning to change. In August 2021, the Estonia Ministry of Justice initiated public consultation on a draft transposition bill that would implement the provisions of the EU Directive on Whistleblowing into national law.

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14 Civil Service Commission, ‘Code of Ethics’.
17 Joosep Võrk, ‘The doctor who released the young men from military service was charged’, Postimees, 28 May 2017.
18 National Defence College, ‘Courses’.
20 Aripäe, Lawyer: AN’s position hampers the implementation of an appeal system’, 1 February 2016.
27 ERR, ‘Up to 160 Estonian Troops’.
29 ICDS, ‘Estonia’s 2020 Budget’.
Defence Procurement

| Military expenditure (US$ mil) (SIPRI, 2020) | 687 |
| Open competition in defence procurement (%) | Exact data is not publicly available. |
| Main defence exports – to (SIPRI 2016-20) | N/A |
| Main defence imports - from (SIPRI 2016-20) | Netherlands, France, United States |

In line with NATO’s Defence Investment Pledge, Estonia plans to increase the share of its budget dedicated to major equipment acquisition to 21.17% in 2020, up from 19.37% in 2019. This comes alongside Estonia’s continued commitment to spending upwards of 2.29% of its GDP on defence since 2015 and represents a clear commitment to accelerating defence procurement. Encouragingly, this increased investment has been accompanied by efforts to increase transparency in defence procurement procedures, most notable of which was the 2017 creation of the Estonian Centre for Defence Investment (ECDI). The ECDI has centralised all defence procurement procedures in one place and has close ties with the parliamentary defence committee, improving transparency over procedures and avoiding cases where the contracting authority is also the tenderer, as happened previously. The majority of defence procurement is conducted through open competition, with single sourcing accounting for between 10 and 26% of procedures. Audit bodies regularly assess procurement procedures and the supreme audit institution’s reports are published and discussed in Parliament. In accordance with the Public Procurement Authority, a Review Committee also has the power to cancel certain defence contracts should they breach regulations. However, the internal audit unit of the Ministry of Defence is severely understaffed and the National Audit Office lacks specific technical expertise for defence procedures limiting the quality of the oversight provided. It also only has the capacity to scrutinise select samples of single-sourced procurements, raising the risk of some decisions being neglected. As for the Review Committee, it is appointed by the government and questions have been raised over its independence and the level of influence the government has over it.

40 The Review Committee is under the Ministry of Finance as per §187 of the Public Procurement Act.
ESTONIA 2020 GDI Scorecard

OVERALL COUNTRY SCORE
MODERATE RISK

Political Risk

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<td>C</td>
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01 Legislative Scrutiny
02 Defence Committee
03 Defence Policy Debate
04 CSD Engagement
05 Conventions: UNCAC / OECD
06 Public Debate
07 Anticorruption Policy
08 Compliance and Ethics Units
09 Public Trust in Institutions
10 Risk Assessments
11 Acquisition Planning
12 Budget Transparency & Detail
13 Budget Scrutiny
14 Budget Availability
15 Defence Income
16 Internal Audit
17 External Audit
18 Natural Resources
19 Organised Crime Links
20 Organised Crime Policing
21 Intelligence Services Oversight
22 Intelligence Services Recruitment
23 Export Controls (ATT)
24 Lobbying

Financial Risk

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25 Asset Disposal Scrutiny
26 Secret Spending
27 Legislative Access to Information
28 Secret Program Auditing
29 Off-budget Spending
30 Access to Information
31 Beneficial Ownership
32 Military-Owned Business Scrutiny
33 Unauthorised Private Enterprise
34 Defence Spending

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34 Public Commitment to Integrity
35 Disciplinary Measures for Personnel
36 Whistleblowing
37 High-risk Positions
38 Numbers of Personnel
39 Pay Rates and Allowances
40 Payment System
41 Objective Appointments
42 Objective Promotions
43 Bribery to Avoid Conscription
44 Bribery for Preferred Postings
45 Chains of Command and Payment
46 Military Code of Conduct

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57 Procurement Legislation
58 Procurement Cycle
59 Procurement Oversight Mechanisms
60 Potential Purchases Disclosed
61 Actual Purchases Disclosed
62 Business Compliance Standards
63 Procurement Requirements
64 Competition in Procurement
65 Tender Board Controls
66 Anti-Collusion Controls
67 Contract Award / Delivery
68 Complaint Mechanisms
69 Supplier Sanctions
70 Offset Contracts
71 Offset Contract Monitoring
72 Offset Competition
73 Agents and Intermediaries
74 Financing Packages
75 Political Pressure in Acquisitions

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7. GOVERNMENT DEFENCE INTEGRITY INDEX
We would like to thank the UK Foreign Commonwealth and Development Office (FCDO) and the Ministry of Foreign Affairs of the Kingdom of the Netherlands for their generous financial support of the production of the Government Defence Integrity Index. Thanks are also extended to the many country assessors and peer reviewers who contributed the underlying data for this index.

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