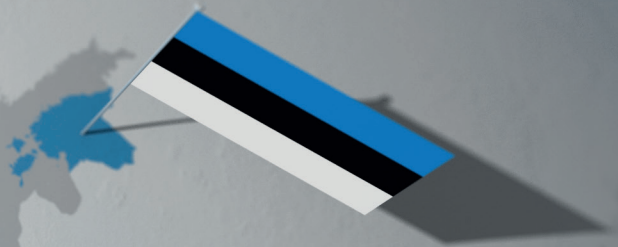




**Government Defence
Integrity Index**



2020



Country Brief:

ESTONIA

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.¹ Spending is largely driven by concerns related to an increasingly belligerent Russia, which has already targeted Estonia with industrial scale cyber-attacks,² in the midst of a significant deterioration of relations between the two neighbours.³

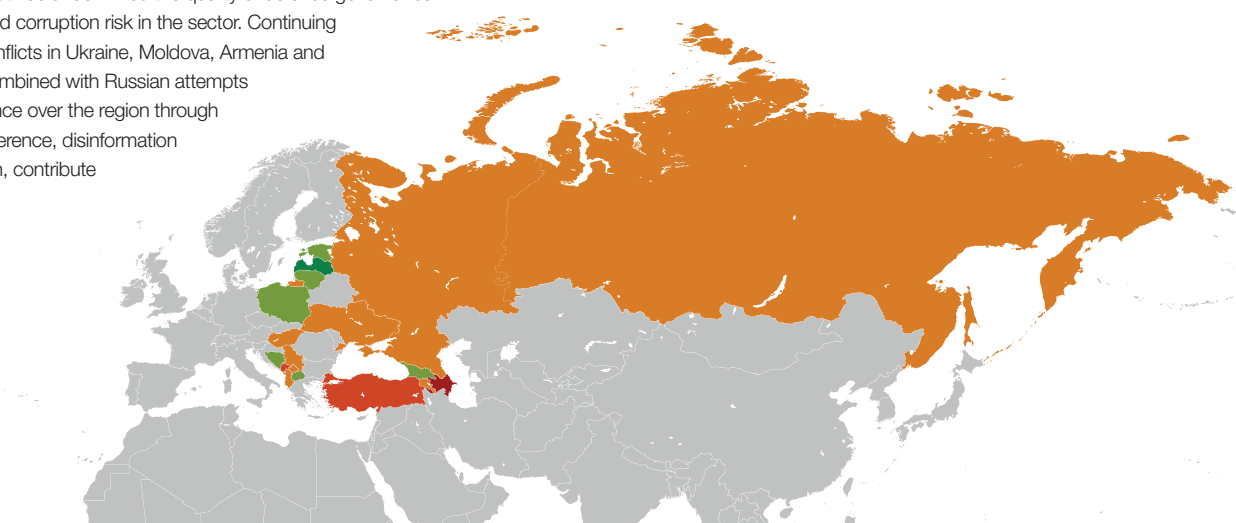
Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2010
Arms Trade Treaty	Ratified in 2014

Estonia's strategic location on NATO's north-eastern border has also seen it become a key location for joint military exercises,⁴ 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.⁵ 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.⁶ 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.



¹ NATO, 'Defence Expenditure of NATO Countries (2012-2019)', *Press Release 69*, 25 June 2019, p. 8.

² Samuel Stoltz, 'Estonian Intelligence: Russians Will Develop Deepfake Threats', *Euractiv*, 18 February 2021.

³ RFE/RL, 'Estonia Expels Another Russian Diplomat in Latest Tit-for-Tat Move', 30 August 2021.

⁴ NATO, 'Exercise Spring Storm Unfolds in Estonia', 20 May 2021.

⁵ Invest in Estonia, 'How Estonia Became a Global Heavyweight in Cyber Security', *Invest in Estonia*, June 2017.

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.

ESTONIA SCORE
MODERATE RISK

58

C



A > 83-100 VERY LOW

B > 67-82 LOW

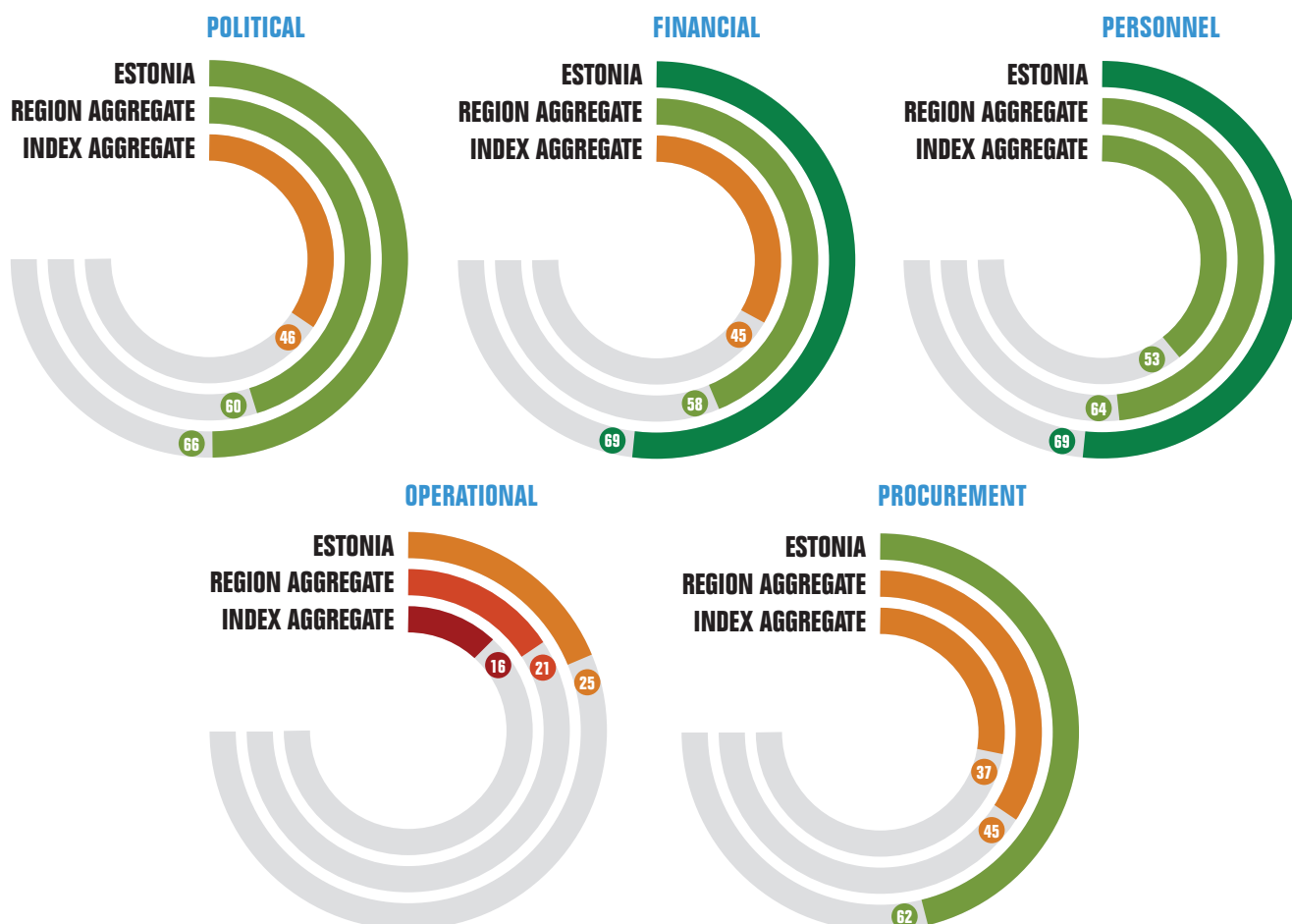
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison



ESTONIA

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.⁷ 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. As a result, issues of defence are regularly on the table and there is a tradition of strong parliamentary oversight over such matters.⁸ 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.⁹ 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.¹⁰ 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 auditing 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.¹¹ 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.¹²

Financial Transparency

Defence-related access to information response rates (2019)	(1) % granted full or partial access: 42% (13 of 31 requests) (2) # subject to backlog: 0
Defence-related complaints to ombudsman/commissioner #	Data not available (the last time this was published was in 2012)
Does the commissioner have authority over the MoD?	Yes
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

Government institutions in Estonia have high levels of transparency,¹³ 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".¹⁴ This represents a pattern which, if left 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.¹⁵ 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.¹⁶ 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.¹⁷ This is an indication of the growing restriction on access to information that could further hamper defence transparency and accountability.

⁷ Parliament of the Republic of Estonia, 'National Defense Committee'.

⁸ SGI Network, 'Estonia Sustainable Governance Indicators', 2018.

⁹ Parliament, 'Rules of Procedure and Internal Rules Act', 11 February 2003.

¹⁰ Mirjam Mäekivi, "Luik käis uue kaitseväge juhatajana välja Heremi" ["The swan came out as Herem's new commander"], *ERR*, January 10, 2018.

¹¹ Parliament, 'National Audit Office Act', 29 January 2002.

¹² The National Audit Office, 'Budget of the National Audit Office', 28 February 2018.

¹³ Freedom House, 'Estonia Country Report', 2019.

¹⁴ State Budget Explanatory Memorandum 2019. Tallinn, January 2019. Finance Ministry. Kaitseministeeriumi Valitsemisala. Defence Ministry's area of government.

¹⁵ Ministry of Defence, 'Defence Budget'.

¹⁶ Public Information Act, § 35. Grounds for classification of information as internal, November 15, 2000.

¹⁷ Vahter, Tarmo. "Kes kurat loob Eestis riiki, kus keegi midagi teada ei tohi?!" *Eesti Ekspress*, 20 June 2018.

ESTONIA

Personnel Ethics Framework

Whistleblowing legislation	Draft bill submitted (August 2021)
# defence-sector whistleblower cases	Data is not publicly available
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

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.¹⁸ Military personnel are subject to the Internal Regulations¹⁹ and the Code of Ethics²⁰ 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.²¹ 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.²² 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.²³ 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 wrongdoings and remain anonymous is illegal.²⁴ 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.²⁵ In recent years, there have been numerous cases of public sector whistleblowers losing their jobs as a result of their reporting.²⁶ 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.²⁷

Operations

Total armed forces personnel (World Bank, 2018)	6,000
Troops deployed on operations #	91 in Mali (Operation Barkhane), 5 in Iraq (NATO NMI), 3 in Israel (UNTSO), 2 in Mali (MINUSMA), 1 in Lebanon (UNIFIL), Unknown in Mali (EUTM).

Estonia contributes troops to UN (UNIFIL, UNTSO, MINUSMA),²⁸ NATO (NMI Iraq) and EU (EUTM Mali, EUNAVFOR Mediterranean) operations.²⁹ 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.³⁰ 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.³¹ 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.³² 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.

¹⁸ Civil Service Commission, 'Code of Ethics'.

¹⁹ Commander of the Defense Forces, 'Internal regulations of the Defense Forces', 5 April 2013.

²⁰ Ministry of Defence, 'Code of Ethics', 27 April 2018.

²¹ Joosep Värk, 'The doctor who released the young men from military service was charged', *Postimees*, 28 May 2017.

²² National Defence College, 'Courses'.

²³ Parliament, 'Anti-Corruption Act', July 2014.

²⁴ Äripäev, 'Lawyer: AKI's position hampers the implementation of an appeal system', 1 February 2016.

²⁵ Council of Ministers, 'The Protection of Whistleblowers: Challenges and Opportunities for Local and Regional Government', Report 36th Session, 3 April 2019.

²⁶ A Change of Direction, 'Whistleblower Protection in Estonia', 2018.

²⁷ Ministry of Justice, 'Drafts Submitted for Public Consultation', August 2021.

²⁸ United Nations Peacekeeping, 'Troop Contributing Countries', 31 August 2021.

²⁹ ERR, 'Up to 160 Estonian Troops'.

³⁰ ICDS, 'Estonia's 2020 Budget'.

³¹ Ministry of Defence, 'National Security Concept', 12 May 2010.

³² EU, 'European Security Strategy: A Secure Europe in A Better World', 2009.

ESTONIA

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 2019.³³ 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.³⁴ 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).³⁵ 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.³⁶ The majority of defence procurement is conducted through open competition, with single sourcing accounting for between

10 and 26% of procedures.³⁷ 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.³⁸ However, the internal audit unit of the Ministry of Defence is severely understaffed³⁹ 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

³³ International Centre for Defence and Security, 'Estonia's 2020 Draft Defence Budget', 26 September 2019.

³⁴ Ministry of Defence, 'Defence Budget: General Trends in Estonian Defence Expenditure', 2021.

³⁵ Ministry of Defence, 'Centre for Defence Investment', 2017.

³⁶ National Defence Committee, 'The National Defence Committee visited the Defense Forces Procurement and Real Estate Centre', 14 February 2017.

³⁷ Kati Orgmets, 'Inspection Report No 12.2-4 / 7 on the control of public procurement in the Ministry of Defense', *Ministry of Finance*, 3 March 2017.

³⁸ Parliament, 'Public Procurement Act', §187. Review Committee, 14 June 2017.

³⁹ Ministry of Defence, 'Audit and Development Department'.

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

Version 1.0, October 2021

GDI data collection for **Estonia** was conducted February 2020 to October 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

ESTONIA 2020 GDI Scorecard

		Grade	Score
Political Risk		C	66
Q1	Legislative Scrutiny	B	67
Q2	Defence Committee	A	96
Q3	Defence Policy Debate	C	50
Q4	CSO Engagement	C	58
Q5	Conventions: UNCAC / OECD	A	100
Q6	Public Debate	C	50
Q7	Anticorruption Policy	B	75
Q8	Compliance and Ethics Units	C	58
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	E	25
Q11	Acquisition Planning	B	75
Q12	Budget Transparency & Detail	B	75
Q13	Budget Scrutiny	A	100
Q14	Budget Availability	B	67
Q15	Defence Income	C	58
Q16	Internal Audit	C	50
Q17	External Audit	C	63
Q18	Natural Resources	B	67
Q19	Organised Crime Links	A	88
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	A	88
Q22	Intelligence Services Recruitment	C	50
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	F	0

		Grade	Score
Financial Risk		B	69
Q24	Asset Disposal Controls	A	92
Q25	Asset Disposal Scrutiny	A	92
Q26	Secret Spending	E	25
Q27	Legislative Access to Information	B	75
Q28	Secret Program Auditing	A	100
Q29	Off-budget Spending	D	42
Q30	Access to Information	C	63
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	B	75
Q33	Unauthorised Private Enterprise	D	38
Q77	Defence Spending	C	63

		Grade	Score
Personnel Risk		B	69
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	D	42
Q37	High-risk Positions	D	33
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	C	63
Q40	Payment System	A	100
Q41	Objective Appointments	C	50
Q42	Objective Promotions	D	44
Q43	Bribery to Avoid Conscription	A	83
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	C	50
Q46	Military Code of Conduct	A	88

OVERALL COUNTRY SCORE

MODERATE RISK

C

58

RISK GRADE

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



		Grade	Score
Personnel Risk		B	69
Q47	Civilian Code of Conduct	C	58
Q48	Anticorruption Training	D	42
Q49	Corruption Prosecutions	A	100
Q50	Facilitation Payments	A	100

		Grade	Score
Operational Risk		E	25
Q51	Military Doctrine	C	63
Q52	Operational Training	E	25
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	D	38
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		C	62
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	A	100
Q59	Procurement Oversight Mechanisms	A	83
Q60	Potential Purchases Disclosed	B	75
Q61	Actual Purchases Disclosed	A	88
Q62	Business Compliance Standards	D	38
Q63	Procurement Requirements	A	92
Q64	Competition in Procurement	C	63
Q65	Tender Board Controls	E	19
Q66	Anti-Collusion Controls	C	56
Q67	Contract Award / Delivery	D	44
Q68	Complaint Mechanisms	A	92
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	NEI	
Q71	Offset Contract Monitoring	NEI	
Q72	Offset Competition	NEI	
Q73	Agents and Intermediaries	E	25
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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