

Attainment of Combat Readiness of the Defence Forces (Audit Summary Report)

*Have the planning and attainment of combat
readiness of the Defence Forces improved over the
four-year period?*

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Have the planning and attainment of combat readiness of the Defence Forces improved over the four-year period?

Summary of audit results

What did we audit?

The NAO assessed the planning of activities for attaining the objectives of the National Defence Development Plan 2013-2022 and the interim results achieved by 2016, and examined whether the system for reporting the results supports the entities responsible for these matters. The auditors compared the actual staff and equipment of war-time units of the Defence Forces in 2016 to the data for 2012 by using the analysis contained in NAO's audit on "Effectiveness of formation, maintenance and replenishment of resources required for increasing military capability and mobilisation of Defence Forces from 2009-2012" conducted in 2013. Further, the NAO examined whether the recommendations made in the 2013 audit report have been implemented.

The auditors did not assess whether the objective to develop defence capabilities (incl. the extent of war-time structures of Defence Forces) as set out in the National Defence Development Plan (NDDP) is in line with military threats.

Why is this important for the taxpayers?

As from 2012, Estonia's planned defence budget has reached the target level recommended by NATO, i.e. at least 2% of GDP. However, the actual level of defence expenditure has been lower in relation to GDP because the defence budget is planned in view of the GDP forecast and usually the GDP growth has exceeded the forecast. In 2015, the defence expenditure reached the 2% target for the first time (2.07%).

In 2016, the budget for the government area of the Ministry of Defence amounted to 451 million euros that, according to the forecast, exceeds 2% of GDP and accounts for approx. 5% of total state budget.

Independent defence capabilities are built in line with the long-term NDDP. Money spent on national defence is spent well only if staff have been trained, the units have been equipped as required, and the Defence Forces are able to quickly form war-time units in emergency situations. To maximise defence capabilities with limited funding it is essential to implement the NDDP in a well-reasoned and coordinated manner.

What did we find and conclude as a result of the audit?

The NAO finds that the long-term objectives of the NDDP have been respected in developing the combat readiness of Defence Forces. The staffing and equipment of the units of Defence Forces have improved during 2012-2016. There are shortcomings in reports that do not provide adequate and comprehensive feedback on the progress of attaining the long-term objectives of the NDDP.

The plans for staffing and equipping the Defence Forces are based on the threat assessments in NDDP 2013-2022, the relevant long-term objectives and timelines.

Compared to the Military Defence Development Plan 2009-2018 applicable during the 2012 audit by the NAO, the NDDP 2013-2022 is much more realistic and its implementation has been more effective. The drafters of NDDP 2013-2022 lowered notably the previous ambitious targets and set the objective to completely staff and equip war-time structures amounting to 21,000 men by 2022 (that is 50% less than the earlier target).

The drafters of NDDP 2013-2022 set realistic targets in conformity with the economic forecast published by the Ministry of Finance at the time. Over the period of 2013-2016, the economy has grown slower than initially expected but the NDDP activities and procurement plans have been annually revised in the Development Plan for the Government Area of the Ministry of Defence (DPGAMD) in line with the available funding. In 2012 there were no long-term procurement plans but as from 2013 there are coordinated procurement plans in place: the NDDP long-term (10-year) procurement plan, the DPGAMD medium term (4-year) procurement plan, and the budget year (1-year) procurement plan. The 10-year and 4-year plans distinguish between procurements for building new and maintaining the current military capabilities.

On central government level, the NDDP 2013-2022 has been one of the best examples of aligning long-term objectives with available means, thus allowing its gradual implementation.

- **The level of staffing and equipment of the Defence Forces' units has improved in comparison to 2012 - mostly in conformity with the timelines set out in NDDP 2013-2022.**

The staffing and equipment of war-time structures across the audited equipment categories (armaments, ammunition, means of transport, IT and communication equipment, other special equipment) has improved in almost all units over the last four years. As of April 2016, the highest priority units (based on NDDP 2013-2022) are significantly better equipped and staffed.

- **The combat readiness of the units of Defence Forces is checked in a planned and regular manner in the course of the annual large-scale exercise as well as during more specific inspections in certain units.**

Exercises or complete readiness inspections are used to evaluate the units' formation capability and their capability to perform combat functions. Exercises are conducted regularly and recorded in the Defence Forces' annual plans and training and rotation schedules have become an integral part of defence capabilities development. The more specific or partial readiness inspections look into several details related to combat readiness, e.g. whether the positions within the unit have been filled and whether the equipment has been serviced and accessibly stored.

- **Conscript and reservist training is mainly organised according to the priority of the units set out in the NDDP 2013-2022. However, it has not been ensured that a sufficient number of people pass compulsory military service and attend reservist training.**

The problem in the case of compulsory military service is that conscripts are assigned to reserve units earlier than planned, primarily for health reasons. This is why the number of reservists suitable in terms of their training and health is smaller than it has been specified for war-time units. The share of conscripts assigned to reserve units early has increased in recent years: from 11.6% of all conscripts in 2011 to 19.4% in 2015. Also, the number of people attending reservist training is lower than planned but the situation has improved over the recent years.

The Estonian Defence Forces are a military reserve force in its essence. Therefore, its combat readiness depends directly on the number and skills of the conscripts trained and their subsequent inclusion in training exercises. Given the low number of youth attaining proper age over the next decade and the current trend (growing share of people assigned to reserve units early) it will be increasingly more difficult to ensure that a sufficient number of people pass compulsory military service and attend reservist training.

- **Despite a few shortcomings, the established reporting system provides decision makers with an overview of the current combat readiness of the Defence Forces. Nevertheless, it fails to properly indicate the progress of attaining the long-term objectives of the NDDP.**

Entities making decisions in this field need to know the current status of Estonia's military defence capabilities and stay informed about the development of such capabilities in the light of the long-term objectives of the NDDP. The audit showed that the reporting system has improved over the last four years and that regular overviews of the current status of combat readiness are provided. As these reports are prepared manually on the basis of large spreadsheets, they contain inaccuracies or time-related misalignments caused by errors in data input, the different dates of approving spreadsheets concerning equipment for the units, etc. Therefore, the reporting system does not provide sufficiently

accurate or up-to-date information on the equipment and staffing of units.

The reporting format does not provide an overview of the progress of attaining the objectives of the NDDP 2013-2022. Although the NDDP includes the objective of fully equipping the 1st Infantry Brigade by a specific date, i.e. modernising the existing capabilities and developing new ones, there are no regular, up-to-date or unit-specific overviews on the advancement of this objective. Every year, in the context of renewing the DPGAMD (incl. in the course of renewing 4-year procurement plans), a very detailed overview is drafted (annex to the DPGAMD) but this does not provide sufficient comprehensive information on the progress of attaining long-term objectives. However, such information is essential for decision makers, especially given that country's economy has underperformed and the funds available for implementing the development plan are smaller than planned.

- **The mobilisation information system that was intended to become the central instrument for providing an overview of the staffing, training level and equipment of war-time units has not been purposefully developed over a period of more than ten years.**

The lack of the mobilisation information system is the root cause of a number of problems related to consolidating the reports. The Statutes of the National Central Register for Mobilisation were adopted already in 2004, whereby that register was supposed to include a database of the staff of war-time units and a database of tangible resources required for mobilisation. As of today, the said statutes as well as the subsequent mobilisation register statutes (adopted in 2013) are void, and a comprehensive vision and project for the mobilisation information system have been devised. As of October 2016, the information system is still under development and unavailable for consolidating the reports on the staffing, training and equipment of the Defence Forces' units - not even in the extent envisaged in 2004.

For years, the development of the mobilisation information system suffered from a standstill but work is being done now and, according to the plans, the core functionality of the system should be achieved by the end of 2017. As of November 2016, the development of the system is progressing according to the timetable.

- **The possibility of involving community resources has not been a viable option in developing national defence. The lack of a comprehensive overview of community resources available for national defence purposes has been one of the obstacles. Further, the necessary legislation for involving community resources has not been drafted.**

In the context of national defence duties, the powers of the Defence Resources Agency - being the entity responsible for this field - to collect information on community resources and conduct other necessary operations is essential. The current National Defence Duties Act and its implementing provisions are no longer up to date and fail to provide the Agency with sufficient authority. In the course of reviewing national defence legislation, the Ministry of Justice is coordinating the development of a completely recast National Defence Duties Act that should be submitted to the Riigikogu (Parliament of Estonia) for adoption in 2019. Until then, indispensable amendments to the current act can be made.

In 2012, the Defence Forces submitted to the Ministry of Defence the first consolidated report on the resources required by the Defence Forces from the civil community for enhancing defence readiness. The renewed consolidated report was submitted in 2015. This was followed by the Defence Resources Agency's analysis of the enforceability of national defence duties. In October 2016, the Government approved the first consolidated programme of national defence duties setting out the type and number of means of transport that the Defence Forces may take control of under the system of national defence duties.

Means of transport are the most important type of community resources for the Defence Forces and the mapping of this need and the analysis of enforceability of duties are sufficiently accurate to serve as valid input for decision-making. Consolidated programmes have not been adopted for other equipment categories.

In addition to legal impediments, the possibility of involving community resources has not been a viable option in developing national defence because the Defence Forces are of the opinion that the private sector does not have sufficient amounts of required equipment. According to the NDDP 2013-2022, quick response units must be formed within such a short time frame that it requires the Defence Forces to have most equipment in their own possession.

What did we recommend as a result of the audit?

NAO recommendations to the Minister of Defence (in coordination with the Commander of Defence Forces):

- improve the reporting system so that the report on the current status of units would reflect the actual situation more objectively, be based on up-to-date information, and provide a concise and clear overview of the progress of advancing long-term objectives;
- take the mobilisation information system into use at the end of 2017 to ensure that reports are up-to-date, accurate and could be compiled at short notice;
- enhance the management of reservist training which means, *inter alia*, increasing the rate of appearance of invitees.

NAO recommendation to the Minister of Defence: consider the possibility of involving community resources in the NDDP and its implementation, and provide the Defence Resources Agency with a clear legal basis for engaging in the involvement of community resources.

Response from the Minister of Defence: the Minister agreed that interim reporting on the implementation of the NDDP could be improved. Further, the Minister agreed that the overview of the current status of units should be more objective, and that the mobilisation information system should become operational.

On the Minister's instructions, the criteria for granting relief from training exercises and imposing penalties will be analysed in the near future, whereas alternative methods for delivering call-up notices were tested for the additional exercise conducted in December 2016. The legal basis for electronic delivery of call-up notices are being devised.

The Minister informed that additional powers required by the Defence Resources Agency for involving community resources have been identified. The legal basis for exercising such powers will be adopted in conjunction with revising other legislation related to national defence duties in the course of the review of national defence legislation (steered by the Ministry of Justice).

Response from the Commander of Defence Forces: the Commander of the Defence Forces explained the developments related to the system of reporting on the attainment of NDDP's objectives. The Commander informed that he is working with the Ministry of Justice to introduce the annual target levels for performance indicators for the 10-year NDDP.

The Commander agreed that the objectivity of the overview of the current status of units should be improved and, to this end, the mobilisation information system should be taken into use.