

Overview of preparations for building the eastern border of Estonia

How was the decision to build the eastern border made?

Summary of overview results

The National Audit Office believes that building the temporary control line between the Republic of Estonia and the Russian Federation (hereinafter the [eastern border](#)) is important, as the state must be able to control its territory.

As this is a significant investment in terms of content and cost, the Auditor General expressed his concerns in his letter to the Minister of the Interior of 17 July 2018 that the background of the selected solution had not been disclosed in the materials submitted to members of the Government in 2015 and 2018, which were the basis for the decision to build the eastern border. This did not allow the Government to make an informed and well-considered decision about the border.

In his response, the Minister of the Interior explained the solutions for building the eastern border that were considered in the Police and Border Guard Board and the Ministry of the Interior in 2014 and 2015, and why the decision submitted to the Government for its decision was preferred. Based on the information given in the letter of the Minister of the Interior, the Auditor General decided to prepare an overview of preparations for building the eastern border.

The [eastern border](#) – the temporary control line between the Republic of Estonia and the Russian Federation, which is governed by the provisions of § 22 of the State Borders Act concerning the marking and maintenance of the state border and the border strip as well as the conditions of guarding, protecting and crossing the external border, and the provisions of the Acquisition of Immovables in Public Interests Act concerning the state border.

What did we investigate?

The National Audit Office investigated the goal and criteria the Government of the Republic, the Ministry of the Interior and the Police and Border Guard Board had set for the construction of the border. We investigated the alternative solutions that had been considered and how the selection of the specific solution had been justified. The risks related to the construction and maintenance of the eastern border and the measures taken to manage them were also discussed in the overview. The overview covers the preparations for construction of the eastern border from September 2014 to December 2018.

Why is this important to taxpayers?

Building the eastern border of Estonia is a massive project – construction and future maintenance of the border will require a lot of money. According to the estimate prepared in the second half of 2018, construction of the border will cost approx. 250 million euros and maintenance of the infrastructure will require approx. 70 million euros until 2026, which will be on top of the present cost of guarding the border. It's important to the taxpayer that the preparation, implementation and later maintenance of each major project of the state is cost-

effective. This means that it's necessary to find a solution that is justified and optimal in terms of content and cost.

The National Audit Office made the following observations when preparing the overview:

- **No alternative solutions were developed for the construction of the eastern border, which is why it's impossible to assess whether the present solution for the establishment of the eastern border is optimal.** In the letter sent to the Auditor General in July 2018, the Minister of the Interior named four development directions as the variants that were initially considered. One of them was finally offered to the Government of the Republic, the second was to leave everything as it is and the remaining two were half-finished, non-contemporary solutions that lacked detailed descriptions, financial calculations or estimates in documented format. The alternative border solutions were not discussed in working groups or presented to the Government of the Republic. The Auditor General has said that it has actually been impossible for the Government to make a well-considered and informed decision about the border.
- **The construction of the eastern border is exposed to several risks, which may increase the duration and cost of construction.** The Police and Border Guard Board has tried to identify the risks related to the construction of the eastern border and come up with measures for reducing the risks the management of which depends directly on them. At the same time, many risks and options for reducing them remain outside the jurisdiction of the Police and Border Guard Board. For example, Riigi Kinnisvara Aktsiaselts highlighted in its "Assessment of the Volume and Cost of the Project for Construction of the Border Infrastructure of the Eastern Border" of 6 May 2018 that the projected cost of construction of the eastern border may be significantly increased by other major construction works in Estonia (e.g. Rail Baltic. roads).
- **It's still not clear to the Police and Border Guard Board how much guarding the eastern border will cost after the construction of the border infrastructure. The information presented about this has been contradictory.** The estimated maintenance costs (incl. labour costs) of the eastern border until 2026 total 70 million euros, which will be on top of the present cost of guarding the eastern border. In the opinion of the Police and Border Guard Board, preparing an accurate assessment of how much staff will be required and how much the maintenance of the infrastructure will cost is impossible right now. However, this is a very important input for the calculation of the cost of guarding the eastern border.
- **The Ministry of the Interior and the Police and Border Guard Board have predominantly justified the specific solution to the construction of the eastern border with threats related to illegal migration and smuggling, which according their own risk assessments as well as those of the other relevant authorities, however, are not frequent in the area between the border crossing points and have no significant impact.** In the opinion of the Ministry of the Interior and the Police and Border Guard Board, the eastern border must also be built in order to support guarding the air border; to reduce the costs associated with the obligations of a European Union Member State (e.g. when border cases are processed); to streamline environmental sites (transboundary water bodies); to solve the issues related to the ownership of land next to the border; to create the missing legal regulation and update the existing one; to guarantee the security of the NATO units staying in Estonia; etc. However, the scale of the problems has not been

assessed in the case of these needs and there has been no analysis of how much the selected eastern border solution supports these activities.

- **The Government approved the eastern border solution in 2015 on the basis of the initial cost estimate of the Police and Border Guard Board.** During the fourth-month preparations of the eastern border project, the Ministry of the Interior and the Police and Border Guard Board prepared an estimate of the cost of the project, which turned out to be too optimistic and did not consider the fact that giving reassurance about the scale of the cost was impossible due to inadequate preparations. Although the materials on the approval of the eastern border solution of the Government of 26 February 2015 state that cost will be specified after the design is finalised in autumn 2015, this was not separately emphasised in the presentation made to the members of the Government and amounts of tens of millions of euros were given to the accuracy of the last euro. When the Government made its decision, it proceeded from the knowledge that building the border infrastructure will cost *ca* 71.3 million euros and the amount required for operating expenses from 2016-2019 will be 8.2 million euros. The projected total cost of the project has increased four times by now and the Government of the Republic received information about the specified cost of the project in February 2018 instead of the promised autumn 2015.
- **The construction of the eastern border was not a priority for the Government of the Republic or the Ministry of the Interior before September 2014.** From 2010-2013, the development plans of the area of government of the Ministry of the Interior and the annual action plans of the Police and Border Guard Board included activities arising from the State Borders Act (e.g. marking the border and maintenance of the border strip). However, no money was found for these activities or for the functions set forth by law. The reason given for this was that the construction of the eastern border was not a priority for the Government of the Republic or the Ministry of the Interior, because the Republic of Estonia and the Russian Federation had not signed a border agreement. The incident that occurred on the border on 5 September 2014 brought the focus of the Government of the Republic and the Ministry of the Interior on the construction of the eastern border. On 26 September 2014 the Government of the Republic urgently initiated the activities for the maintenance, marking and construction of the eastern border (money was allocated for this as well). The Government approved the project on 26 February 2015.

As the activities were fast-tracked, it was objectively impossible for the Ministry of the Interior or the Police and Border Guard Board to thoroughly consider what kind of border infrastructure Estonia needs on the eastern border or to analyse alternatives and their cost. At the same time, there is no information that the Police and Border Guard Board have communicated to the Ministry of the Interior and the Ministry of the Interior in its turn to the Government of the Republic that the need considerably more time to ensure that the border solution(s) to be submitted were better thought through and prices as realistically as possible.

The strong political support of the Government of the Republic to the construction of the eastern border did not encourage the members of Government to question the optimality of the border solution submitted by the Ministry of the Interior and the Police and Border Guard Board.

Even in 2018, when it became evident that building the eastern border would cost considerably more than initially thought, the Government did not question whether the only solution to the construction of the eastern border was optimal after all.