

Audit of the procurement of the 12cm mortar 16 armasuisse

Key facts

Following the rejection of the fund to procure the Gripen fighter aircraft (Federal Act on the Fund to procure the Gripen Fighter Aircraft) in 2014, the Department of Defence, Civil Protection and Sport (DDPS) decided to use the freed-up funds to remedy the shortfalls in military equipment for the indirect fire support of combat battalions, among other things.

In 2016, Parliament approved a credit of CHF 404 million for the procurement of 32 mortar systems and other components. The Federal Office for Defence Procurement (armasuisse) procures the system from General Dynamics European Land Systems – Mowag GmbH (GDELS). Overall, the Swiss Federal Audit Office (SFAO) found that there were some deficiencies in the procedure and that the procurement was difficult to retrace.

Mortar project applied an extraordinary procurement process

When acquiring the 12cm mortar 16, the DDPS applied a different time schedule for the procurement process. This allows the procedure to be shortened for material available on the open market. However, shortened procedures are unsuitable for new and further developments as their procurement involves higher risks than standard material. Continuous risk reduction with a regular process would be more appropriate to the circumstances of such procurements.

Against this background, the SFAO recommends that complex procurements should only be submitted to Parliament when they are ready for procurement, which has not yet been done in this case.

Military assessment and requirements

In February 2015, the DDPS explained to the Federal Council the need to accelerate arms procurement due to the "necessity to close equipment and capability gaps in the armed forces as quickly as possible". The 12cm mortar 16 was explicitly mentioned as a procurement of increased urgency. However, the subsequent selection of a product that is currently under development means that the lack of indirect fire support with 12cm mortars will probably not be fully resolved until 2026 at the earliest.

The military requirements are an important basis for armasuisse's procurement. They have been revised several times during the ongoing process in the present tender. As a general rule, the objectives and needs must be defined in the requirements. In addition, product descriptions are to be avoided in future as they restrict competition.

Legally valid decision on the choice of procedure must be ensured in due time

From the longlist of 14 providers, armasuisse drew up a shortlist with one GDELS vehicle and two different weapons systems ("roof hatch" from Ruag/"tower" from Patria). The choice of suppliers is not sufficiently documented on the shortlist and, according to various statements, was politically influenced.

Lack of justification in the procedural decision

The 12cm mortar 16 is war material which can be procured by armasuisse through the invitation procedure in accordance with the Ordinance on Public Procurement. In the present case, the direct award of contracts to domestic companies which are indispensable for national defence is in principle possible, provided justification is given. However, the procedural decision document for the 12cm mortar 16 lacks such case-specific justifications. The connection between the facts of the case and the legal provisions must in future be explained in a comprehensible manner in the relevant document.

There was no actual competition in the procurement of the mortar. armasuisse awarded the contract for vehicle and general contractor services to GDELS directly. As regards the weapons system, armasuisse only asked two suppliers (instead of the usual three) for budget quotes. The systems offered (tower and roof hatch) differ considerably from each other and are therefore only comparable to a limited extent.

Bases for evaluation are incomplete

In armasuisse's "Application for the choice of carrier vehicle, mortar system and general contractor", the technical and commercial risk assessment, as well as the life cycle costs, are missing. This creates the risk that the contract was not awarded to the bid which was economically most advantageous. In future, armasuisse must always consider life cycle management before awarding a contract.

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