

Overview of the use of the emergency reserve for COVID-19 by the Government of the Republic as at 31 July 2020

What is the size of the targeted part of the Government of the Republic's reserve for COVID-19 and how much of it has been used for resolving the crisis and obtaining personal protective equipment?

Summary of the results

Which questions are answered in the overview?

The overview has been prepared in the framework of the audit "Economic impact of crisis measures". The overview answers the following questions:

- What is the reserve of the Government of the Republic and what is it composed of?
- Who were allocated funds out of the targeted reserve for battling COVID-19, and how has it been used?
- How much out of the COVID-19 reserve is spent on personal protective equipment and how have these funds been used?

Why is this important to taxpayers?

Pursuant to the State Budget Act, the Riigikogu approves a budget for the constitutional institutions, the Government Office and the areas of government for their programme costs and investments, while the reserve of the Government of the Republic is allocated for the government as a single limit for emergency or unforeseen expenditure, and the government is free to decide on the use of such funds. As there is no public consolidated overview of the emergency reserve of the government, the National Audit Office deems it important to monitor the use of the reserve, to guarantee transparency.

Reserve of the Government of the Republic

Compared to last year, the [reserve of the Government of the Republic](#) in 2020 has increased by nearly 5 times, to 359.9 million euros. In comparison, the entire state budget for 1994 was in the same order of magnitude.

Year	Amount, million euros
2017	25.7
2018	23.7
2019	76.3
2020	359.9

The government decided to designate a total of 79.7 million euros out of the Government of the Republic's reserve to the COVID-19 reserve.

The Government of the Republic has put a substantial proportion of the 79.7 million euro COVID-19 reserve to use. According to the information provided to the National Audit Office, as at 31 July 2020, there is a buffer of approximately 18 million euros in the COVID-19 reserve. Added to this are the funds from the non-committed share (150 million) of the Government of the Republic's reserve, which can be used to incur additional expenses, if necessary, for resolving issues caused by the coronavirus disease. Furthermore, it is probably possible to cover some of the reserve expenditure from foreign funds, which, in turn, vacates additional funds from the reserve. 50.4 million euros had been planned for obtaining and transporting personal protective equipment and so far, expenditure has been made in the amount of 33 million euros.

What did we notice as a result of the overview?

As at the preparation of the overview, the entire COVID-19 reserve has not been needed to manage the crisis. According to the National Audit Office, the intended purpose of the reserve should not be changed while making further decisions and using the reserve, and any expenditure should be avoided which is not linked to the resolution of the issues caused by the coronavirus disease.

The National Audit Office emphasises that the reserve must be used sustainably and investments ensuring readiness for the potential second wave of the virus and for increasing capacity for resolving the crisis caused by COVID-19 must be made advisedly. According to the National Audit Office, the resolutions adopted at the beginning of the emergency situation should not be attempted to be implemented at any cost, and the aim should not be set at using up the entire reserve because it is funded out of state loans.

The National Audit Office emphasises that the information about the reserve and its use should reach the public and the government members in more detail and more promptly, as prescribed in the Regulation of the Government of the Republic of 28 April 2020.¹

The National Audit Office will continue monitoring use of the Government of the Republic's reserve and will selectively check, in auditing the accuracy of the annual accounts for 2020 and lawfulness of the transactions of the state, the organisation of procurements, entry into contracts, receipt of goods and compliance thereof with contracts to verify whether the purchased goods were actually received.

¹ The Government of the Republic Regulation No. 31 of 28 April 2020 "General terms and conditions of support measures for alleviating the impact of the crisis related to the spread of the coronavirus causing the COVID-19 disease and the emergency situation arising therefrom".