

## Security of supply and safeguards during the COVID-19 pandemic

Performance and compliance audit

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FULL REPORT (FI)



SUMMARY (EN)



### What we assessed and why

From the perspective of central government finances and the Finnish economy, it is important that society can function as normally as possible during a pandemic. The operating expenses of the key actor, the National Emergency Supply Agency (NESA), are covered by revenue from the strategic stockpile levy and the return on the strategic investments of the National Emergency Supply Fund (NESF). The NESF exists particularly for projects and crises that require swift financing.

Security of supply is usually associated with stockpiling various critical supplies of materials and ensuring they are available. During the COVID-19 pandemic, the spotlight has been on the risks associated with staff and human resources in key sectors.

We conducted an audit of Finland's security of supply and the way it was safeguarded during the COVID-19 pandemic. The audit focused particularly on those supply sectors thought to have been affected most by the pandemic. These included healthcare, transport and logistics, food supply, and the critical manufacturing sector.

### What we found

The COVID-19 pandemic showed how important the NESF is for financing rapid measures to guarantee security of supply. In the early stages of the pandemic, the Fund was used, among other things, to support maritime transport, which is of key importance in Finland for handling freight. The pandemic has also shown the importance of human resources for safeguarding security of supply. Finland has very successfully dealt with the challenge of ensuring that staff in key sectors of society are healthy and that there are enough people to do the necessary work.

From the perspective of security of supply, legislation has largely given the authorities adequate operating capability to manage the COVID-19 pandemic. During the pandemic, EU State aid rules have made it possible to provide companies with the necessary support relating to security of supply. The most significant aid came in the form of support for air and maritime transport, thus allowing them to continue handling freight.

NESA is organised into different sectors and pools. During the pandemic, and under the agency's lead, the focus was on obtaining a situational picture of the different sectors. There have been improvements in this area in all sectors during the pandemic.





Initially the demand for personal protective equipment (PPE) significantly exceeded supply. There was international competition for equipment available on the global market and little cooperation between different countries. At first, NESAs and the hospital districts, among others, made significant direct purchases on the basis of urgency, within the meaning of the Public Procurement Act. The problem at the beginning was that the criteria for direct procurement took no account of a situation where the products needed were not available through normal procurement channels.

Furthermore, in the early stages of the pandemic, the division of responsibilities between the hospital districts and NESAs for procuring healthcare materials was unclear.

The costs of security of supply and the measures to guarantee it are not monitored systematically at state level. Estimating the costs of security of supply is made all the harder by the fact that those involved in maintaining supply include the public sector, private companies and ordinary citizens, as well as the state.

## What we concluded

In the future, more attention should be paid to the role and responsibilities that private service providers have in the area of preparedness. An alternative to contract-based preparedness would be to impose legal obligations on companies that have an important role in security of supply. Contract-based preparedness is an option not only for healthcare and social welfare, but also for other sectors.

Measures to improve security of supply were already in place before the COVID-19 pandemic. The pandemic has meant that development projects have been partly reassessed, for example by NESAs. The pandemic has resulted in speedier development of the various sectors associated with security of supply.

As regards the organisation of NESAs with its different sectors and pools, it is important that the situational picture should be shared with all those who need it in their work. Similarly, those who actually produce the situational picture should receive feedback on their work and suggestions for improvements. We also deemed it necessary, for example, continuing the work to obtain sector-specific snapshots and making improvements that would endure even after the pandemic.

As the pandemic is still ongoing, development measures should be targeted at addressing the problems identified. We therefore recommended that NESAs should be better prepared to organise key procurement in the event of a crisis, so that, if necessary, it can promptly organise the human resources, skills and expertise needed to carry out procurement exercises. When public administration tasks are being outsourced, the corresponding contracts should also take systematically account of security-of-supply obligations.