

# **FBiH Intervention Storage: Money for Procurement of Food and Fuel Redirected**

An audit of the Federation of Bosnia and Herzegovina (FBiH) Commodity Storage Authority last year shows that the FBiH government would not be able to respond to the needs of citizens because the planned funds for the purchase of food, fuel and equipment were redirected for other purposes.

These and other amenities should be at the Government's disposal in great amounts at all time so that they could be distributed to citizens in cases of major natural disasters, such as floods. But, the government has not seen to it.

Last year, the Government allocated 15.5 million KM for the needs of the FBiH Buffer Stock Authority. Of this amount 6,640,000 KM was planned for food reserves while 7,000,000 KM for fuel reserves and 25,000 KM for procurement of equipment.

However, the government has spent only 1.67 million KM on filling its intervention storages in the end – mere one-tenth of what had been earmarked. The remaining 1.88 million KM of the budget money was spent on the Authority's employees' salaries and on its utility and other bills.

"We almost made no purchases last year and we got hit by this and now we have a problem," said Tončo Bavrka, a director of the FBiH Buffer Stock Authority in a brief statement to The Center for Investigative Reporting (CIN).

The auditors found that the Authority is not completing its procurement based on a one-year to five-year programs as stipulated by the Law on the Buffer Stocks. The Government was supposed to sign off on these programs after they would have been submitted by the Authority. They are necessary, because

through them the type, quantity and the value of buffer stock is designated, as well as the lowest amount of stock that must be available at all times should natural disasters or war occur.

Considering that the organization and quantity of buffers stocks are considered confidential information according to the Law on Buffer Stocks, Bavrka could not give an exact figure of the goods that the Authority was handling at the moment.

“This is intervention storage: fuel, wheat, oil, sugar, detergents, salt, tins...We have supplies worth around 20 million (KM),” said Bavrka adding that the some supplies like fuel have already been out of stock because of the floods.

The Authority has sent 70 tons of fuel to Zenica Dobož Canton after the floods.

According to the Law, buffer stock should includes goods such as: staple agricultural products; meat reserves in livestock; food products for feeding the population; industrial raw materials; transport fuel, drugs as well as cash in local and foreign reserves.

The case of fuel procurement shows how the FBiH government treats the Authority. In Oct. 2013, the government commissioned the Authority to start public procurement process to get diesel fuel worth around 4.5 million KM. After the consultations with the FBiH Terminals where the fuel should've been stockpiled, the Authority requested 3,365,000 KM from the Finance Ministry for the procurement of diesel. However, the money was not signed off until the end of 2013.

People in the flooded areas depend on humanitarian



to: CIN)

Neither has the internal audit office done their job efficiently enough. There has been no regular monitoring of stocks which led to the expiration of sugar stocks on shelves, while the Authority was left for a period of time without the stocks of seeding wheat because the procurement deadlines were pushed back.

Such issues have carried over from the previous years. In the beginning of 2011, the price of flour and wheat increased significantly. In such a situation the intervention storage should have been used to stabilize prices, but the stock wheat was not of good quality.

After this the FBiH Bureau for Inspection Affairs carried out an inspection of all 16 warehouses in FBiH and Brčko District. They found that a Žepče-based Zovko held insufficient supplies of oil, that a Stolac-based Zlatna Dolina did not have the amount of wheat according to the contract on stock, while a Široki Brijeg-based Farmko lacked a great quantity of canned meat.

The government is drafting a new Bill on Buffer Stocks with a provision that would exclude from further contracts the firms that have broken contracts' provisions or because their negligence led to the decrease in quality and value of FBiH-owned intervention storage.