

Statement of Ambassador Gary L. Matthews Deputy High Representative and International Supervisor of Brcko on June 21, 2000 Addendum on Brcko District Finances

In consultation with the High Representative, I determined that the April 13 Supervisory Order on the Brcko District Financial System should be amended in order to give the Entities a greater role, together with the District, in planning and implementing a number of key aspects of the District Government's program and services. I want to foster a spirit of cooperation and encouragement to enable the District to engage in a dialogue and joint planning with both BiH Entities. Therefore, I issued an order temporarily allowing certain funds to continue to flow to both entities of BiH, pending agreements between the Government of the Brcko District and the Entities.

The June 21, 2000 Addendum is limited to the temporary allocation of funds generated within the District. It does not alter the District Government's organizational structure as prescribed in the District Statute. The obligation of the Entities to support and fund the Brcko District is well established and remains intact and serves the interest of all parties.

The Addendum does not change the Supervisor's intention to consolidate and reform all parallel government institutions

within the District as required under the Brcko Arbitration Award. The District Revenue Agency will continue to control, operate, manage, and exercise authority over finances and transactions of the Brcko District.

The Brcko Arbitration Award requires integration of the previously separate governments, utilities, payment bureaux, and services that existed in the territory of the pre-war Opstina prior to the creation of the Brcko District on March 8, 2000. I will not allow the situation in the Brcko District to return to one in which there are separate governments, electricity rates for consumers, or uneven levels in the quality of health care for citizens. I will, therefore, work with the District Government and the entities to insure that sufficient revenues, generated within the District and released to the Entities, are used to continue the integrated, equalized programs that have been started within the District, to date, or which may be organized in the future. Procedures for use of these revenues will be determined through discussion and consultations that the District Government, with assistance from my office, will carry out with both the Federation of Bosnia and Herzegovina and Republika Srpska.

Under the Brcko Final Award all public properties in the Brcko District came under the control and management of the District Government subject to approval of the Supervisor. I will work closely with the Brcko District Government and the entities to minimize any problems.

With the exception of electricity fees, pension contributions, health care contributions and the funds identified in paragraph 4 of the addendum, all other revenues derived within the District will continue to be used to fund the District budget until such time as a separate District taxation system is established in accordance with the Final Award.

The Brcko District Government, with the assistance of OHR and the USAID District Management Team is currently involved in

planning and consultations with the entities that will be necessary to provide a sound financial base for the future of the Brcko District.

Various agreements will be made with the Federation of Bosnia and Herzegovina and Republika Srpska in order to implement the scheme of funding the District that is in accordance with the Final Award and the April 13, 2000 Supervisory Order. I call upon the senior leaders of both Entities to work with the Brcko District Government and OHR to insure that adequate revenues are available to fulfill our joint obligations under the Brcko Final Arbitration Award and the Brcko District Statute. I look forward to my discussion with senior officials of the Entities on these matters, which will benefit all people of the District and the Entities.