

**AGREEMENT
TO RESOLVE THE ISSUE OF COMPETENCY OF MAINTENANCE AND
OVERSIGHT OF ROADS IN THE AREA OF BRCKO DISTRICT OF BIH
AND ALLOCATION OF REVENUES GENERATED FROM THOSE SOURCES**

BRCKO, September 26, 2001

The Government of the Brcko District of Bosnia and Herzegovina,

The Government of the Federation of Bosnia and Herzegovina,

The Government of Republic Srpska,

**Under the auspices of the Deputy High Representative and Supervisor
of Brcko , Ambassador Henry L. Clarke;**

**With a view to implementing the Final Award issued by the International Arbitration
Tribunal for Brcko dated March 5, 1999 and establishing the Brcko District of Bosnia
and Herzegovina (hereinafter: Brcko District) as a single administrative unit under the
exclusive sovereignty of Bosnia and Herzegovina;**

**In furtherance of the Memorandum of Understanding dated September 19,
2000, and Paragraph 1 of the Agreement on Implementation of Entity Obligations
Set Forth by the Final Arbitral Award for Brcko of October 24, according to which
"all public revenues, with the exception of pensions, including but not limited to
taxes, contributions, donations, fines, fees and rents from District owned property
collected within the Brcko District or on behalf of the Brcko District are the
property of the Brcko District".**

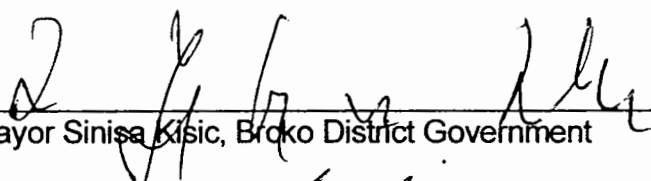
The Parties agree on the following:

- 1. Maintenance and oversight of primary roads that pass through the Brcko District,
except for the 9 km part of M.14.1 road in the city zone between Plazulje and Gredice,
and the 5,4 km part of M.1.8 road between Cerik and Porebrice, as well as the
revenues generated from this source shall remain the competency of the Entities.**
- 2. Maintenance and oversight of the regional and local roads in the area of the Brcko
District, the 9 km part of M.14.1 primary road between Plazulje and Gredice, and the
5,4 km part of M.1.8 primary road between Cerik and Porebrice, shall be the
competency of the Brcko District Government, as well as the collection and retention
of the revenues generated thereafter. In particular the Brcko District Government
takes over the following competencies:**
 - approval for installing road signs near the above roads;**
 - licensing for oversized transportation;**
 - consent for connecting access roads to the above roads;**

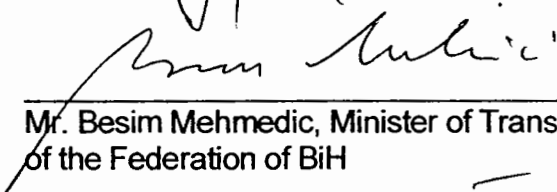
- consent for building pipelines, cables, water systems and construction of buildings in the easement zone of the road;
- consent for building vehicle parking lots;
- consent for performance of repair work on the above roads;
- planning, contracting and financing of the maintenance, protection and repair of roads
- any other competency necessary in the implementation of paragraph 2 of this Agreement.

3. All parties agree that a bypass road around Brcko town is necessary, and to commence negotiations about sharing the funding for the bypass road no later than December 31, 2001.

4. All parties agree that this Agreement shall be immediately implemented.



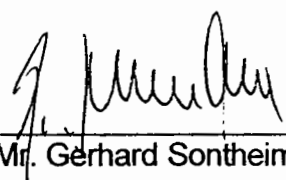
Mayor Sinisa Kistic, Brcko District Government



Mr. Besim Mehmedic, Minister of Transport and Communications
of the Federation of BiH



Mr. Miroslav Cicic, Assistant Minister, Ministry of Transport and Communications
of the Republic of Srpska



Mr. Gerhard Sontheim, Deputy Head of OHR - North