



Border Environment Cooperation Commission and
North American Development Bank



Public Meeting of the Board of Directors

October 30, 2007
Ciudad Juárez, Chihuahua

ENGLISH VERSION

[TRANSLATED FROM SPANISH¹]

MR. BRAVO: Please take your seats. We are going to begin the meeting.

Thank you for joining us for the second annual meeting of the Board of Directors of the Border Environment Cooperation Commission and the North American Development Bank.

With the permission of the Chairman of the Board, on the dais we would like to acknowledge the presence of Mr. Miguel Ángel Jurado, representing the Governor of the State of Chihuahua. He is the chair of the Chihuahua state water and wastewater board.

(Applause)

We would also like to acknowledge the presence of Mr. Bernardo Escudero. He is the Director General of Environment and Civil Protection of the City of Juárez and is here on behalf of the mayor.

(Applause)

For the Board of Directors, we are of course honored by the presence of Mr. Ricardo Ochoa. He is the chairman of the Board of Directors of these institutions.

(Applause)

Liza Morris, from the Department of the Treasury.

(Applause)

Dan Darrach, from the Department of State.

(Applause)

¹ Text shown in blue indicates that the original comments were made in Spanish and have been translated into English.

MR. BRAVO: Lisa Almodóvar, from the U.S. Environmental Protection Agency.

(Applause)

Enrique Lendo Fuentes, from the Ministry of Environment and Natural Resources.

(Applause)

Larry Larrañaga. He is a Representative of the New Mexico State Congress, U.S. state representative on the Board.

(Applause)

I'm sorry, it is Scott Fulton from the U.S. Environmental Protection Agency, who is with us here, excuse me.

(Applause)

And Jacob Monty. He represents the U.S. border residents on the Board.

Thanks to all the board members.

(Applause)

We would also like to acknowledge the presence of the mayors of Miguel Alemán, Tamaulipas; Ascensión and Guadalupe, Chihuahua; and Naco, Sonora: Alfonso Ramírez, Rafael Lorenzo Camarillo, Jesús Manuel Lara, and José Lorenzo Villegas. Thank you very much, mayors.

(Applause)

We had confirmation from Ed Archuleta, I don't know if he is here. He is the manager of the El Paso utility. Ambassador Francisco Javier Alejo from Nuevo León, he's not here, right? Yes, he is, excuse me. Welcome, ambassador.

(Applause)

He comes from the Government of the State of Nuevo León.

Mr. Jesús De la Garza, he is the general manager of the water utility in Matamoros.

(Applause)

Joining us from the Mexican national water commission are Mr. Mario López and Mr. Milton Henestrosa.

(Applause)

MR. BRAVO: Dr. Gustavo Córdova, he is the northwest regional director of the *Colegio de la Frontera Norte*.

(Applause)

Ignacio Legarreta, a state delegate of SEMARNAT, is joining us.

(Applause)

Ricardo Martínez, on behalf of the Municipality of Chihuahua, Ricardo.

(Applause)

Tom Davis, manager of the Yuma County Water Users' Association.

(Applause)

Mr. Ernesto Mendoza Viveros, from the local water utility and his entire team that are joining us.

(Applause)

Everto Cavazos Lliteras, Director General of Environment of the State of Tamaulipas.

(Applause)

I don't know if Kathy Walz has arrived from the office de Liaisons of the U.S. Consulate here in Juárez.

(Applause)

And the new Consul General of México in El Paso, Roberto Rodríguez, welcome.

(Applause)

Patricia Ramírez is the director of the utility in Tecate; I don't know if she has arrived, Patricia.

Well, we appreciate the presence of all you representatives from the three levels of government and the general public. As always, it is an honor to have you at this event. We now respectfully ask our chairman of the Board, Mr. Ricardo Ochoa, to make some welcoming remarks.

MR. OCHOA: Okay, thank you. First of all I want to welcome everyone to this public session of the meeting of the BECC-NADB Board.

I would like to give you a very brief summary of the results of this meeting. I believe it has been a very productive meeting; it reflects, to a great extent, the reforms that we have been implementing recently, both at the Bank and at BECC, so that they can work in a more coordinated manner from project identification, certification and

funding approval. I want to thank my colleagues from the Mexican side of the Board for their support so that this meeting might be productive, and also thank the members of the Board from the United States for the support that they have given us so that this meeting would yield good results.

Among the results that I would like to report is that during this meeting we approved support for eight environmental infrastructure projects. These eight projects have a total investment of just over \$100 million dollars, of which \$50 million dollars will be financed with NADBank loans, and \$3.15 million dollars are being provided through NADBank grants.

With these results, the cumulative results of the two institutions are also very satisfactory. For BECC, we have 134 certified projects for a total investment of \$2.8 billion dollars. For the Bank, we have 116 projects which have funding from the Bank for a total of almost \$950 million dollars.

The projects that we approved today are going to benefit approximately one million residents, and when added to the projects that I have just mentioned, the total population benefiting from BECC and NADBank is almost 10 million residents.

Also, among the items approved today, we designated funding to the solid waste program so that it can continue developing projects within that sector, and these projects will probably be submitted for consideration by the NADB-BECC Board during the coming year.

So, I believe that the results that we've achieved have been very encouraging, have been satisfactory and, well, for the next few years present us with the challenging task of continuing to improve and continuing to work for the good of the border community.

These are the results that I have to announce. I would like to pass the microphone to the director of the Bank and to the general manager of BECC so that they may give us their points of view.

MR. BRAVO: Excuse me, Mr. Chairman, we had considered having the president of the state water agency and the representative of the mayor say a few words, if we have time.

MR. OCHOA: Yes.

MR. BRAVO: Okay, then with your permission, Mr. Chairman, Mr. Miguel Ángel Jurado has the floor. He is the president of the state water agency, *Junta Central de Agua y Saneamiento*.

We also recognize the presence of the mayor of Bisbee, Ronald Oertle.

(Applause)

MR. JURADO: Good afternoon. First, I would like to thank you for the invitation to attend this meeting. The Governor of the State of Chihuahua, Mr. José Reyes Baeza Terrazas, sends his greetings and we would like to take this opportunity to bear witness to and

endorse the work that is being developed by both the Border Environment Cooperation Commission and the North American Development Bank.

To briefly summarize, recapitulate, what has been done in Chihuahua, until 2006, four projects were developed and certified for a sum of \$444 million pesos, of which \$174 million were grants and \$270 million pesos were provided by the Mexican government through the State of Chihuahua and Mexican water agency, CONAGUA, on behalf of the federal government. In 2007, six projects were certified for almost \$180 million pesos, of which \$51 million pesos will be in grants and \$129 million pesos will be provided by the State government and CONAGUA. In other words, 10 projects have been certified for \$624 million pesos, a very large amount, which will allow us to access \$225 million pesos in grants.

We also have a list of anticipated projects for the period of 2008-2009. There are six additional projects for some \$220 million pesos. Upon certification of these projects in 2009, the state of Chihuahua will have, in the water and wastewater sector alone, certified projects totaling \$880 million pesos.

These \$850 million pesos will, of course, be used in the border region as per the regulations, but with the exception of Palomas in the municipality of Ascension and Ojinaga in the municipality of the same name, the rest of the projects are for the Juarez Valley, here where we are, which is where 45% of the population of the state of Chihuahua is located. Of the 3,400,000 inhabitants in Chihuahua, 45% live in this region.

But what effect have these investments had? I think that is the important thing. Aside from meeting the legal and moral obligation that we have to provide these basic services to the population, the treatment of wastewater has been fully complied with, which is a concept that is not too well understood. What does complying with wastewater treatment mean? It means reducing water-borne illnesses, reducing mortality rates which are very high for gastrointestinal illnesses, and complying with an obligation of the three levels of government.

In Chihuahua, we have been able to position ourselves in first place nationally in the treatment of wastewater. In this area, Mexico has 34% wastewater treatment coverage. Recent figures indicate that only 23% of the treatment infrastructure is in operation, but the official figure is that there is 34% wastewater treatment coverage. In Chihuahua, 65% of the wastewater in the state is now treated and by the end of Governor Reyes Baeza's administration in 2010, we aspire to treat between 85 and 90% of the wastewater.

Why do we aspire to this? Because right now we are building six treatment plants; many of them with this prior certification and financing work from BECC and North American Development Bank.

The figures in the other two areas, drinking water and wastewater collection, have also put Chihuahua in a good, very important place. Here in Juarez 72% of the wastewater is treated, but for 2009 we are going to have 100% of the wastewater treated. Right now investments for \$2 billion pesos are planned. Two existing treatment plants are going to be expanded and a third treatment plant is going to be built.

Finally, these numbers are proof of the work that has been done and the Chihuahua State Government, through me and on behalf of the governor, recognizes the work developed by BECC and by the Bank. And I believe that the results are obvious and have become a reality.

Thank you for your kind attention.

(Applause)

MR. BRAVO: Thank you Mr. Jurado. Mr. Bernardo Escudero, representing the mayor of Juárez, now has the floor. Incidentally, his administration began just a week ago.

MR. ESCUDERO: Thank you. Good afternoon, everyone, distinguished members on the dais, representatives of the border states, water utilities, academics, friends all. On behalf of the mayor of Ciudad Juarez, Jose Reyes Estrada and myself, we would like to acknowledge the hard work being done by the Border Environment Cooperation Commission and North American Development Bank, which, together with the Cooperation Commission located in Montreal, have been the three key agencies arising out of North American Free Trade Agreement, which have made an outstanding economic and infrastructure contribution to our communities.

We have heard from our BECC director the accomplishments that have been achieved, and it is very satisfying to hear that among the projects that have been approved, six are exclusively for the Juarez Valley. A region that we have seen has been served very expeditiously by the water utility by now providing wastewater treatment and beginning to attack a problem we have had for a long time.

The mayor's administration—as Mr. Bravo mentioned, we just took office barely 10 days, two weeks, ago—and we have been instructed by the mayor to find a comprehensive solution to the problem of the environment. Therefore, we have been renewing agreements, we've been participating in the disposal of used tires for confinement, and with the support of Mr. Daniel Chacon we are pleased to be able to create a program aimed at putting an end to the stockpile of tires that is considered to be the largest, right now, along the northern border.

We have also tried to tackle problems originating in and fundamental to our community and one that has often been requested by the community is to try to improve the appearance and operability of the so-called salvage yards, often called "junkyards". Today, we would like to inform you that a voluntary environmental audit program has been initiated on the part of the union of junkyard owners in Ciudad Juarez, which is going to look into having these organizations do voluntary audits, which considers an average of 250 organizations. This is a step that, even though we have started recently, is very important for the municipality of Juarez because it is going to help us address an overall problem; it will look at the aspect of appearance, the aspect of emissions and a very important aspect which is soil contamination, and also the appropriate handling of waste. In this program, we will also integrate the appropriate handling of oils and lubricants, which as all of you know continue to affect the city's sewage system. Collectors will be installed there so that they may be adequately managed and handled by organizations authorized by SEMARNAT and PROFEPA for their final disposal.

Thus, we are trying to contribute our small grain of sand to the great activity and enormous spectrum that BECC and NADBank are covering in solving problems for our community. And all we have left to do is congratulate you and to reiterate our willingness to continue working also with the federal government, to continue to count on the cooperation of the State government as we have had in specific cases through the director of the state water agency and obviously on institutions and organizations such as yours, that are concerned with preserving and protecting the environment. Thank you very much.

(Applause)

MR. BRAVO: Thank you, sir and also thanks for the support that we are receiving from the Municipality of Juárez. Next, Mr. Jorge Garcés is going to present a report on the funding results of the North American Development Bank.

[IN ENGLISH]

MR. GARCÉS: Thank you.

[TRANSLATED FROM SPANISH]

Good afternoon and welcome everyone.

[IN ENGLISH]

I'm going to try to be brief, because this is your meeting. I want to give you an opportunity to speak out and tell us what you're thinking about the job that we're doing so our board members can hear what you are saying about us.

I'm going to give you a summary of what has been the activities of the Bank since the last board meeting and also a report of the total progress of where the Bank is as of today since it began operations.

Someone has the presentation?

While we are waiting for the presentation, I want to thank the COCEF, in particular, Daniel Chacon and his staff, for being such a gracious host. This has been a tremendous meeting. Thank you, Daniel.

Next, please.

Since the last Board meeting, the Board has approved \$20.6 million dollars in new loans. They are listed here in the slide that you see here. What's important to note here is that there are some projects there that, as much as \$16 million dollars for Pharr, Texas, and small projects, such as the one for Chihuahua, for the communities in Chihuahua for \$137,000 dollars. Approvals: the Board has approved, since the last board meeting, \$29.6 million dollars in loans and \$31.9 million dollars in new grants: \$29.6 million dollars of these grants are new EPA-approved BEIF funds and \$2.3 million is in new grants for solid waste projects in Matamoros, Tamaulipas, and Patagonia, Arizona.

Today, the president, Ricardo, has indicated that we approved several projects. And the projects that were approved today were a water conservation project in Engleman, Texas; a water conservation project in Hidalgo; a wastewater project in Agua Prieta, Sonora; a wastewater project in Miguel Alemán; a wastewater project in Mexicali, Baja California; a wastewater project in Tecate, Baja California; an air quality in Naco, Sonora; and another project in air quality in Playas de Rosarito. That makes eight projects that were approved today. So the figures are going to be varying from the ones that you see here in my slides. So the total right now of all the projects up-to-date since the beginning of the Bank's operation, we have now,... we're now financing 117 projects, total projects. I don't have the breakdown in the U.S. and Mexico, but those figures are different. While the number of projects is greater for the U.S. than for Mexico, you can see that the financing, particularly with loans, is greater in Mexico. The Bank's total financing is now up to \$945.5 million dollars. That has increased from the figure that you see there, \$891 million dollars. Of that figure, approximately \$560 million dollars have been disbursed or approximately 74 percent of all the financing has been disbursed. Next, please.

This pie chart just gives you a picture of where the Bank has come in the last five years. And one area that I want to really emphasize here is that in October 2003 the percentage of loans of our Bank, the Bank portfolio, was 15 percent, whereas today that is increasing to 32 percent with the corresponding decline in the percentage of BEIF or grants. The SWEP continues to increase slowly. We have right now—those are very important projects—and we have now 11 solid waste projects on both sides of the border. Next one, please.

Of the 117 projects, we have 47 projects completed and 43 projects under construction; and with the projects that were approved today, we now have 27 projects in bidding or design or that will be in bidding or design. Next, please.

When I talk about the Bank's and the BECC's activities, I don't want to talk only about the financing because it's kind of sort of impersonal. So I want to talk more about these projects... what do they mean for the... how do they benefit the people in the border region. We estimate that 10.6 million residents are benefiting today from our water and wastewater projects, with many of these residents receiving water and wastewater services for the first time. That's very, very important. We're also averting the discharge of over 13,000 liters per second of raw sewage through our treatment plants, which is equivalent to a community of approximately 6 million people.

In terms of water savings from water conservation projects, we see an annual water savings of 443 million cubic meters or about 358 acre-feet of water. To put this in perspective, this is approximately the amount of water that a city like... half the amount of water the city of the size of L.A. uses per year. As for our solid waste projects, we have over 2.5 million residents with better waste collection and disposal services and less health risk as a result of landfill fires and other hazards. Our street paving projects are resulting in almost 5 million residents with reduced exposure to air pollution from unpaved streets.

That concludes my presentation. I want to thank again our president, Ricardo Ochoa—I forgot his last name when I first introduced him but I apologize for that—and for all the other members of the Board. Thank you.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: Thank you, Mr. Garcés. Now we ask that Mr. Daniel Chacón say a few words. He is going to present a report on the Border Environment Cooperation Commission.

MR. CHACÓN: Thank you, Gonzalo. Careful with the plants or they will charge us afterwards.

Thank you to our Board of Directors. With due respect and your permission, I would also like to thank everyone present. We truly recognize the effort that some of you have made to come, even from places far away. Thank you for your attendance, which is very encouraging for us, and also thanks for the comments that you will be making about the management of both institutions.

BECC, as part of the streamlining plan we are undertaking, intends and is obligated to begin reporting our results and our budgets based on programs. That is a trend in modern management, and we are now following it; that is why I'm going to present the results of our institution grouped by the different programs we have. As you can see in our slides, a bunch of children; they are the children of our employees—my granddaughter's there, of whom I'm the very proud grandfather—where we have tried to also involve our children in this effort of taking care of the environment so that new generations will have this awareness, which is perhaps part of what we need to make progress on these issues. Next, please.

Our main program is project certification and technical assistance. That has basically been the way this institution has become known during all the years of its existence. Next. But we are also undertaking complementary tasks and, in some cases, tasks that in and of themselves have value. And in that sense, we have a strategic planning effort, another for environmental project management in general, another for managing the knowledge we have accumulated over the years. Next, please.

And we also have another facet that goes with community participation and the administrative aspects of the institution itself, such as public participation and institutional strengthening, improving our own institutional performance, and general support programs for all the functions in a transversal manner. Next.

In the technical assistance and project certification program, we have certified 126 projects to date. This figure is a bit different from what Jorge Garcés showed because these are the projects certified, and the figure Jorge Garcés showed is that of the projects funded. Some of the certified projects end up obtaining funding from another source or perhaps at some point a project is canceled for some reason. But that is the reason for the difference.

And here you can see some interesting statistics. The projects certified prior to this Board meeting were 126 projects for a total investment of \$2.7 billion or \$2,791,000 dollars. In the meeting, in the public meeting 7 projects were certified. We have, excuse me, in the private meeting, seven projects. Our goal is to certify four more projects in

what's left of the year, which would bring our figure to 137 projects with an investment of almost \$3 billion dollars.

And between Board meetings, the one in March and this one in October, 8 projects were certified. We estimate that we are going to certify 22 projects for the year, and since we have had the joint Board, with a new dynamic and a new mandate or expanded mandate, 32 projects have been certified. This means that over time, a year and a half or a little more, our rate of project approval or certification is one project every 3.3 weeks. This represents a big improvement in the productivity of both institutions and is also an acknowledgement of the hard work and effort made by the Board to certify these projects.

And here is the list of the projects that Jorge already mentioned that were certified during this meeting. As you can see, they are spread along the entire border and on both sides as well. The total amount is approximately \$60 million dollars in benefit of a million people.

We also have technical assistance that we have provided to different communities. 139 communities have already received this technical assistance. Now we have a BECC fund, plus another fund that the Environmental Protection Agency, EPA, provided for technical assistance. Both funds have already provided, historically, \$33 million dollars, and the BECC's funds have come from the money that the institution has saved by streamlining its structure and better adapting its goals and priorities within the organization itself.

And we also have 62 projects in the pipeline and here you can see how they are distributed. There are 27 projects in water and wastewater, 13 in solid waste, and 22 projects in the new sectors. Next.

Now, we have a program, also very interesting, for the management of environmental projects. Thanks to the Environmental Protection Agency, EPA, which has honored us by entrusting us with the administration of the Border 2012 projects, and many of you are familiar with it. We have been able to begin working in this vein with staff, which is now dedicated 100% to the management of these projects, and we've had very good results so far. We have 33 projects, of which 26 are in the pipeline, 7 have been completed to date, and several more are coming in a few months, for a cost of \$1.8... or an investment of \$1.8 million dollars. Twenty-two new projects that are also going to be carried out this year... that are going to start this year for \$1.1 million dollars, including the elimination of the used tire dumps at different points along the border.

With EPA Region 4, we have seven projects, 4 of which are in the pipeline and three completed. A logistics program for everything related to Border 2012 meetings and, something new for us, involvement with the methane-to-market program. We have funds designated for feasibility studies for two sanitary landfills, probably in Nogales and in Saltillo, where we are going to see the feasibility of recovering methane in order to increase electrical power generation, thereby eliminating the emission of a greenhouse gas, 21, 22 times worse than carbon monoxide in the atmosphere. Next.

We also have an interesting task that we began developing during the latter half of this year and that is a strategic infrastructure plan per state, regional strategic and infrastructure plans. We just completed the strategic plan or the needs assessment

phase for Coahuila. We have talked with the Coahuila authorities, who feel that this is a good approach. And we are working with them in continuing to adapt this strategic planning, which is aimed at seeing on the horizon the projects that are needed within a reasonable period of time and to be planning the investments with enough time. Here we also identify the neediest regions and communities and this is also a big help for prioritizing the use of funds—which are sometimes scarce—where they are most needed with different approaches and we have even be able to estimate the investments necessary, precisely for that. This project begins with Coahuila, and we will continue with Sonora and Chihuahua, and we are also already doing work, with quite a bit of progress, in the case of New Mexico. The next one, please.

We are also developing sector plans along the border. We want to tackle environmental problems in different sectors, so that as border residents we also adopt shared strategies. Next.

Here, we have a reference... we have different initiatives for the development of result measurements and indicators at the project level. One of the problems that we have—and that other institutions working in the environment have also had—is how to report results in the areas of the impact or the benefit that we seek to achieve, such as in human health and also in the health of ecosystems. And developing indicators and obtaining data and then reaching conclusions has been a very difficult task. We're trying to carry out this task in such a way that we will have a good idea of the impacts of the benefits that all the programs undertaken on the border are having and with that argue for more funds continue with this. It is clear to everyone that there have been benefits on both sides of the border. Now we need to quantify them in order to be able to argue with them.

Internally, we also have, for our part, a series of efficiency and follow-up measures. We are very interested in transparency, accountability and performance efficiency. We are working with fiscal funds, public money, and so we have to be accountable to our stakeholders in an open and transparent manner. And, here we are inaugurating some things, such as this screen which gives us a report of what is happening on a daily basis in the institution, how the indicators are doing and even how the projects are doing. On the last line, you can see a ticker tape that is continuously going around and reminding all the project managers and project engineers the level of progress of their projects and what they have to do everyday. Next.

We are in what would be the Knowledge Management Program, cataloguing all our information and putting it all electronically, in such a way that all institutions interested in obtaining information are able to access that information, which that has been developed over time. We have close to \$30 million dollars that have been invested in technical assistance. And that technical assistance has ended up in written documents that have important data that can be very useful for making decisions in the development of projects and for developing awareness about the region. In that sense, then, we are working to make it accessible to the public. Next.

Well, we are also working on the development of geographic information system capacities and have a project database with a link here that shows us that now on the institution's webpage—and I hope that you do this when you have a little time—you can see the location of the projects of both institutions in Google Earth with a fact sheet and,

in some cases, you can even see the facilities, with this marvelous tool, Google Earth. Next.

And also, well, one of the concerns that I already mentioned, to put all relevant information on line so that you can share it and use it. We are working on a public participation and institutional capacity building program for the communities and, as you will recall, not long ago Mr. Secretary and the Attorney General of PROFEPA visited us to launch a program for cleaning up the Rio Grande river basin; with the intention that all the municipalities along the Rio Grande and the counties on the U.S. side would adopt strategies aimed at cleaning up the basin, both with respect to wastewater and solid waste. So in that sense, we are working very hard with PROFEPA and we will begin working with TCEQ to obtain positive results in this effort to clean up the Rio Grande basin.

We have a liaison program for announcing all of our initiatives. We also now have... I would like to show you an initiative that we are developing for a pilot program in Samalayuca. Everyone from here knows Samalayuca. We know that it is an exceptional region with respect to its natural landscape and, with the collaboration of the community of San Elizario, we helped obtain a wastewater treatment plant that is going to be installed in Samalayuca. And from that, we want to anchor ourselves to start a sustainable community program that includes other areas, such as water conservation, solid waste, environmental education, health, etc. So, we are going to begin linking ourselves with other institutions, with the state government, with the municipality itself to develop this program and the local water utility, so that once this plan is developed, we can take it to other small communities along the border.

We are also developing sector workshops. Incidentally, you are cordially invited to the next workshop called, 'Health and Paving,' which is going to be held here in Centro Cibeles and with the participation of experts from around the world on topics relating to health and the negative effects of air pollution from particles due to the lack of paving. If we consider that our border, the cities have an average of 40% or less paving, then we can see, on the Mexican side, that a great effort needs to be made to combat this air pollution problem.

And we also have a utility operator training program that is just being initiated, along with the other institutions that are listed here. And as a pilot program we are going to use these six projects in the Juarez Valley, where treatment plants or treatment lagoons are going to be installed, and we are going to have this operator training program, for the people in the community who are going to work on the nuts and bolts of these facilities. We are confident that this program will be a success that can also serve as the basis for other communities.

Well, internally, we have a program that reviews our own processes in such a way that we are making ourselves more efficient even in our relationship with the Bank. We've made great progress in that sense. And I believe there are still some issues that we need to cover. But it's no longer like those bygone times when both institutions were divorced, even fighting like typical siblings. Now, we tolerate each other better and like each other more. And this will surely benefit the border. And the Board is also happier as they were seeing us like a father mediating between squabbling siblings. In this same sense, we are making progress in automating the projects with computer systems in

order to manage everything to do with projects electronically and were doing the same thing in the area of administration.

We also have a program to improve our own facilities. Next, please. This is an example... when you wish, visit us, please. And I also want to mention that we have a large room, that some of you are already familiar with, the Rio Grande/Rio Bravo room, which we are placing at your disposal for any meetings concerning environmental issues or similar matters. We are at your service. Free of charge. It's cheaper than Cibeles—I hope people from Cibeles are not listening to me—but we won't charge you, and we would be very happy to be the center for dealing with environmental issues on this part of the border, by providing this facility.

Well, and we also have the automation of the administrative programs. Next, please.

Also a performance-based budget. It's no longer the typical line-item budget, but rather states, we have these goals, it's going to cost us so much to achieve them and to report how much we achieve in a given year. So, this is part of the upgrade of the program to improve the performance of our institution.

We also have a program for general support to the rest of the functions; which has to do with the administrative part and considers matters such as coordination with the Board, ongoing ISO 9000 certification. We are a certified ISO 9000 company. Some people will think we are a *maquiladora* because when you go by our office, there is a ISO 9000 certified sign and so many people have said to me, 'that is a *maquiladora*' because it is ISO 9000 certified. That is not the case. Government institutions, binational institutions like ours, can certify their processes in ISO 9000. We have already done so; we have been certified for three years. This Friday it's time for our audit. We are a little nervous, but confident that we are going to come out fine.

With regards to budget management, I would like to say... a click please, there Edmundo. No, there, no, no, no. That's it, a click... Look here we are making reference to how we are spending our resources. You can see that 48% are going to the main process, to project certification and technical assistance. Next. Twenty-nine percent is for the category of innovation and strategy, and 23% is for administration. We're trying to reduce the administration side to the minimum necessary and dedicate our resources, which are always scarce, to the substance of our work and our mission.

This time on the button, Edmundo. A click there.

I made a presentation for Edmundo that is a little complicated, so, okay. The next one. We also have the part on Human Resources with the program for certification of our own capabilities. The next one, please. And the part on management and communications.

Finally, I would like to mention that BECC's employees started a philanthropic fund this month with our own funds, from our own pockets. We want to recognize the support that we have always received from the community on both sides of the border, by giving back a little of what we have received from this very generous community on both sides of the border, and we want this philanthropic fund to go to institutions that need funding to solve problems for all those people who have not been as fortunate as

we have in some aspect of their lives and in this way we want to insert ourselves by recognizing our social responsibility as an institution. That's all. Thank you very much.

(Applause)

MR. BRAVO: Okay, and as an example of what Daniel was saying about the Bank and BECC being brothers, and we really are good friends—Daniel and Jorge if you would come here to the front— they are going to hand out tokens of recognition to the representatives of the communities that today received the benefit of certification and funding approval from this Board.

Daniel, if you can please come here.

First, we would call the representative from the community of Tecate, the chairman of the Citizens Committee, Alejandro Perez. The project was water and wastewater collection, which is certified and funded today. We are going to give you a token of recognition, if you would come forward, please.

(Applause)

MR. CHACÓN: This is a bottle of “sotol.”² No, I’m kidding. No, it’s a small Mata Ortiz vase. I imagine all of you are familiar with the pottery from this very special community near here in the region of Casas Grandes. So, this little vase has an engraving referring to the project itself, and we want to give it to you as a token of recognition for your effort.

(Applause)

MR. BRAVO: We now ask Ms. María de Jesús Moedano to come up and receive a token of recognition for the wastewater project...

Yes. Okay, if you would wait here just a minute. He is going to say a few brief words because he has to catch a plane soon.

MR. PÉREZ: Thank you. Good afternoon to all the members of the Board of Directors of BECC, Bank officials. We appreciate this very much. I, in my capacity as chairman of the Citizens Committee, on behalf of the more than 8,000 people benefited by this program, we want to thank you, first for having considered the analysis of this project; second, for having then certified it because it is of great benefit to this community. For our part, we agree to be responsible for actively participating in the development of this project, and, second, be responsible for the proper management of the funds that will be used. For your participation, for your consideration thank you very much, it's very good of you.

(Applause)

MR. BRAVO: Thank you, Alejandro. Here is María de Jesús Moedano. She represents Mexicali for the expansion of the wastewater treatment plant, please.

² A distilled spirit made from the *dasyliirion wheeleri* plant, commonly known as Desert Spoon or, in Spanish, *sotol*, that grows in the wilds of northern Mexico, West Texas and New Mexico.

MS. MOLINA: Good afternoon everyone. First of all, I want to thank, on behalf of the water utility, *Comisión Estatal de Servicios Públicos de Mexicali* and Director Carlos Flores Vásquez, we thank the Board of Directors for this certification. The sanitary sewer system project in Mexicali Zone IV will benefit approximately 337,000 residents. For them, thank you very much.

(Applause)

MR. BRAVO: We now ask Jesus Flores from Irrigation District No. 6 in Hidalgo County, known as Engelman, to please come forward.

It is one of the water conservation projects that, as Jorge Garcés mentioned, is already having an impact on water savings now.

MR. FLORES: Even though I'm from Texas, I'm short, but that's okay. First, thanks for being here this afternoon. We greatly appreciate, both BECC, COCEF and the Board of Directors that are here for the support that they have given us, the Engelman Irrigation District. It is in South Texas, very close to Mexico, there. But anyways we are here and we appreciate it.

There are three projects that were certified or are going to be certified today, as they have already announced to us. One is going to be for the water conservation, one that is called a 'lift station' that is coming and we are going to save water there that was leaking and not being used. So, the lift station is going to be a pump there and it's going to recover water that was being wasted.

Another project that we have, we have a 60-acre reservoir. This reservoir, it was built about six years ago; there was something that wasn't right, it's leaking water from the bottom, it's going to be sealed and there's going to be a great savings in water there, which is something very good for us also and for the community.

The other project—this is a district that is more than 60 years old and the pipes we have there are pretty bad. We are going to replace, I don't know, about four miles or so or more of new pipes. For all of this we thank Ms. Arizpe, engineer; Mr. Torres and Mr. Cabra and everyone who has been giving us technical assistance for our district. It is going to be very good, and thanks very much to everyone who participated and helped us in this project. Thank you and viva Ciudad Juarez!

(Applause)

MR. BRAVO: Don Jesus is also going to take the token of recognition for District No. 2, in San Juan.

We now ask Mr. Jesús Manuel Lopez Rivera, from Agua Prieta, to come forward to receive a token of recognition for the wastewater collection project that was certified and approved for funding today.

MR. RIVERA: Good afternoon. On behalf of the municipal government of Agua Prieta, we would like to thank the Board of Directors, the members of BECC, of the Bank, who have, in one way or another and for our good, collaborated very satisfactorily so that this project may be carried out.

This project covers the southeast part of Agua Prieta on the south side of the federal highway that divides Agua Prieta. With 12 kilometers of sewer lines, 164 manholes and a total of 774 homes to be benefited, resulting in a total population of about 3,000 people who will benefit directly and indirectly around 75,000 people.

So, on behalf of the municipal government, we are thankful for having achieved the certification of this project. Thank you very much.

(Applause)

MR. BRAVO: Now, we ask the municipal president of Naco, José Lorenzo Villegas, to come receive his token of recognition for a street paving project.

MR. VILLEGAS: Good afternoon. First of all I would like to thank engineer Bernardo, who is representing the mayor of Ciudad Juárez, above all for his hospitality. Thank you very much.

But, speaking very specifically to the Board of Directors, Naco is very pleased, as municipal president, on two occasions—actually prior to being municipal president, the first one I was secretary—and I have been through three very important projects: that of the oxidation lagoons, an investment of more than a million dollars, for which most of the funding was in grants. Then came what is the sanitary landfill, solid waste improvement, funded completely with grants for \$600,000 dollars. And now we have what is paving in a project to improve air quality, where the Municipality would now achieve these three very necessary projects. In Naco, I think, the only thing now would be employment, but these three fundamental points have been resolved.

I would just like, so that you may see the importance, I would like address the Chairman of the Board of Directors, Ricardo Ochoa, to tell him that for Naco, the assistance provided by BECC and by the North American Development Bank for these projects has been an enormous trigger, because Naco is very small. We are about 8,000 residents, but with the problems that we had with the old oxidation lagoons, and with what was the dump, well we were very big, right?, in terms of problems. In those days we had calls even from Washington about the large burning dump; the border was closed. So, it was a huge problem. Thanks to God and to all of you, BECC, NADB, EPA, of course, and also it is worth recognizing the State government, which matched funds on occasion, so now we can say that Naco is competent in terms of air quality.

I thank you, Mr. Chairman, the Board, Ricardo, because, in fact, Naco now can move forward with paving, because it is small. Agua Prieta, for example, has grown a lot already and now a lot of money is needed to pave the entire city. But Naco, I feel that with this million dollars—today a half million is being approved in a first phase, but we will come back to request the other half next year—we will now be able to have a very small backlog in paving.

Thank you very much. Thanks to everyone here. And I must mention Jorge Garcés from the North American Development Bank; Oscar Cabra, who I met when I was mayor the first time in about 2000; and Mr. Daniel Chacon from BECC. Thank you very much. God bless you and, well, Naco has been greatly improved because of the great efforts of both institutions.

(Applause)

[IN ENGLISH]

MR. GARCÉS: You know, if I may say something, Naco is very close to my heart because when I started working for the Bank in 2001, the first week at the office I got calls from Washington, I got calls from the governor's office in Arizona, I got calls from all over the place, and they said: 'Please help us with Naco.' And I remember calling Oscar Cabra at the office and saying: 'Oscar, what do we need to do to take care of this and let's do it.' And I'm happy to see that.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: We now call for the mayor of Miguel Aleman, Mr. Alfonso Ramírez, whose community is benefiting today with a wastewater treatment project, that is a wastewater treatment plant. Mr. Ramírez.

MR. RAMÍREZ: A very good afternoon to everyone. Mr. Ricardo Ochoa, chairman of the Board of Directors; distinguished members on the dais who are joining us, officials and friends of the Border Environment Cooperation Commission, of the North America Development Bank; the people of Miguel Aleman, through me, express their sincere gratitude to everyone involved in this project, to everyone who made it possible for these projects to become a reality, and, above all, to those who with their enthusiasm never stopped insisting that this serious pollution problem be solved. The clean up of Miguel Aleman is a reality with the help of all of you. The start-up of a wastewater treatment plant will be the trigger for the comprehensive clean up of our municipality.

And we're not just talking about wastewater. We are also bringing a solid waste disposal project and, thanks to you, the development of the final design of the regional sanitary landfill for Frontera Chica, Tamaulipas, and the environmental impact statement, did not cost us anything. And thanks to the vision of the governor, Mr. Eugenio Hernández Flores, this regional sanitary landfill has now been in operation three months.

We know beforehand that the work does not end here. And we know that these projects are going to be strongly supported, not only economically but also culturally, because many people have not seen the dimension of the problem facing us. Thank you very much and I appreciate the consideration you have shown the people of Miguel Aleman, Tamaulipas. Thank you very much.

(Applause)

SR. BRAVO: Now, with the permission of the Chairman of the Board, we're moving on to the public participation. These forms were passed around so that you could write down your topics and names. I have several completed forms here. The first one today is from a community very close to Naco, actually. The mayor of Bisbee, Arizona, Mayor Ronald Oertle, has the floor. If you would care to come forward, mayor.

[IN ENGLISH]

MR. OERTLE: Honorable members of the Board of Directors of the Border Environment Cooperation Commission and the North American Development Bank, my name is Ronald Oertle, mayor of the city of Bisbee, Arizona. The City of Bisbee used a grant from the Border Environment Cooperation Commission to pay for a master plan for the rehabilitation of the city's wastewater infrastructure and the construction of a new wastewater treatment facility. The project was successfully completed early last year and the grant funds authorized by the Border Environment Cooperation Commission and supplied by the North American Development Bank offset a large portion of the cost of that project to the ratepayers of the city of Bisbee. For that, we thank you very much.

There is another project on the horizon for the City of Bisbee that involves the area of the city known as Tin Town. When we were in the process of rehabilitating the wastewater system, Tin Town was an area where the property was owned by the Phelps Dodge Corporation and leased annually to the residents who had their homes on the property. This area unfortunately had to be left out of the project. After the wastewater project was completed, the mining company sold or gave the property to the homeowners of Tin Town, opening up the area for development. Of the 22 properties, only two have septic systems. One has an outhouse and the rest use cesspools. The City of Bisbee has applied for a technical assistance grant to fund a preliminary engineering report to determine what would be necessary to be done to connect this area to the new San Jose Wastewater Treatment Plant and the associated cost of that project. We feel that the public and the environmental health is at risk in this area, and we want to correct that situation. We've had the good fortune to be assisted in this endeavor by project engineer, Mr. Mario Modesto, and we thank him for his efforts on our behalf.

Again, we would like to thank the Border Environment Cooperation Commission and the North American Development Bank for their help and support in our past successful project and are looking forward to working with you again on another much-needed project. And from the bottoms of the hearts of the people of Bisbee, we thank you very much. We appreciate that.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: Thank you very much, mayor. And next Enrique Urueta Gándara from the Chihuahua state institute of city planning, *Instituto Estatal del Urbanismo de Chihuahua*, has the floor.

MR. URUETA: Good afternoon. The petition that we are making concerns the NADB agreements that you have made with CIDE, which is the research and teaching center, *Centro de Investigación y Docencia* and the graduate school of public administration and policy, *Escuela de Graduados de Administración Pública y Política* at the TEC in Monterrey.

Why do we dare make this request? I'm going to give you a brief overview of what we are at the state institute of city planning. We are made up purely of people [cough] excuse me, who only have to meet two requirements to become a member. The

first is very simple, a graduate degree, and the second is difficult, work, work, and work. To what are we dedicated, both the individual offices, as well as the institute as a whole? We are dedicated to land management, to analyzing what is happening in regions, and urban planning with everything that it entails. That is...we have to create a framework in which we can offer mayors, not a monograph, but rather actions, and you are a great opportunity for managing actions. We are also linked to what is the Ministry of Social Development, which supports you.

I would really bore you with what we have achieved in four years. This started 11 years ago, we were seven years planning how we would manage it, and it's been four years since we were legally incorporated. Our latest achievement was to bring... 15 days ago the National Congress of Urban Soil began, the second conference, which is named such, but it goes from the Rio Grande to Patagonia, all of Latin America. We brought first-rate speakers. For what purpose? For the purpose of offering a service that is really meaningful, because as I said earlier, there are plenty of monographs.

And here, for example, allow me to find... CIDE says to make the distribution of resources efficient—there are lots of ways make things efficient, right?—and the other, identify successful projects in Mexico. Why? If we're talking about a problem that is worldwide, why be limited to Mexico? There are lots of successful projects that one can gather, but to process them, not to identify them. That is the reason why we, if you deem it appropriate, give us the opportunity to join you, just as these other two groups did. Of course, we would forward to you all the curricula of the members and our achievements. This is our intent.

And we just finished updating the plan for the Director of Ciudad Cuauhtémoc, who did me the favor of accompanying me, the Secretary of Urban Development and Ecology, Architect Guadalupe Gonzalez, please stand up. Because we have to have the framework, as I mentioned earlier, so that we can offer results.

Finally, this is one of the angles and one of the sides of the equilateral triangle that all authors agree is required for sustainable development: 1) taking care of the environment; 2) the use of the social capital; and 3) respecting the knowledge and cultures of the place where the improvements are made. And we have infinite examples, such as we can see in Porto Alegre in Brazil or in San Francisco de los Arenales in Peru, where the impact of respecting cultural roots was successful for the few cities in the world that can boast of sustainable development. Thank you very much.

(Applause)

Excuse me, if I may, I'm going to leave some information here in case anyone is interested.

MR. BRAVO: I would like to offer an apology, I did not present the representative from the Mexican Foreign Relations Ministry, the Director General for North America, Mr. Alejandro Estivill, I apologize. He is here with us.

(Applause)

Next James Elium III has the floor. It says here, from the Olmito Wastewater Project. If you would please come forward.

[IN ENGLISH]

MR. ELIUM: Good afternoon, Mr. President and members of the Board. My name is James Elium. I am the general manager for the Olmito Water Supply Corporation. The Olmito Water Supply Corporation is located in deep South Texas in the Rio Grande Valley approximately five miles from the Mexican border, right across the border from Matamoros, Texas.

We have recently been approved, after beginning this project in 2004, as a Priority I project. We missed the priority last year, and we were at the cut-off line, and this year we were supposed to be at the top. The project consists of approximately 280 residences, which translates to somewhere around 1100 residents that currently do not have wastewater service that currently have our water service. We have been through many hoops, we've had surveys done by the Cameron County Health Department and the State of Texas Health Department, which both have certified that these are hazardous health conditions and need to be corrected. We have worked diligently with the BECC now for the last three or four years and I want to congratulate them. They have been just nothing but help to us, and we appreciate their help tremendously.

Our situation today exists that we are now seeking final design funds, and we've been approved by the BECC for \$200,000, which is 50 percent of the required funds for design. We have filed an application with the NADBank for the remaining portion. We currently have a contract with our consulting engineer who has been with us for many years and knows our system very well. We did the procurement process as required by the BECC. We've held all the public meetings. We did the scoring, both with them and my Board and myself.

And our problem is that we think that the procurement process established by the BECC should suffice as procurement for the NADBank. However, we've been advised that we got to start all over again. This kind of puts us back to 2004. What I have in my hand are four separate documents of about 25 pages each, which are the procurement requirements for the NADBank, to redo all the things that we've already done. We, therefore, request the Board approve the procurement process from BECC as equal of that to the Board or the Bank and remove this large roadblock that's in our way.

Looking at the schedule provided to us by the BECC, with the two-year window, this process would probably take us—since we don't have a large staff and you're looking at it; I happen to be the only person who could work on this project—would probably take us a year, which would ruin us completely and almost kill the project if we had to go through this other procurement process, in order to maintain the schedule provided for us by the BECC on their two-year time limit.

Most importantly, we would like to thank the Board for all its past help and our 1,000-plus citizens who would receive this service would also thank you. And we seriously request that you consider that the procurement done is satisfactory to both BECC and NADBank. Thank you very much.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: Thank you very much. Next Mr. Francisco Octavio Gastelum Ceballos, from *Control Urbano y Ecología de Nogales, Sonora*, has the floor. He is going to talk about the emerging municipal solid waste management project for that community. Is he here?

MR. GASTELUM: Yes, is here okay?

MR. BRAVO: Wherever you like.

MR. GASTELUM: Good afternoon. Can you hear me? I'm representing the Municipality of Nogales, a city that has been working very hard for thirteen months. We appreciate the invitation to this public meeting from NADBank and BECC and we would like to congratulate the municipalities that obtained the certification of their projects today.

We currently are working very hard to reduce the high rates of pollution on the border. We share the border with Nogales, Arizona. Eighty-five percent of the pollution generated in Arizona is caused, according to the analyzed data, by our municipality of Nogales, Sonora. Currently we are planning, as early as this coming month of November, to start up a project that has been under development for many years and that's PIPCA, a comprehensive paving and air quality project, with a goal—given the investment of part of the funding through a NADBank loan and the Municipality's own resources—a goal of more than 400,000 square meters of paving that will greatly reduce the dust generated in the streets of our city.

At the same time, we have been working very hard on projects to rehabilitate the transmission lines, the collectors and subcollectors of the city, and at the same time conditioning the storage tanks and the transmission lines for a more appropriate distribution of drinking water in our city.

However, our project that is currently in the certification process, that we are confident will be successful, is the city's emerging sanitation, solid waste disposal and treatment project. It is a project that we have been working on also from the start. From garbage collection, through the trucks that have already been bid out and purchased, and we're just waiting for the project certification, which also consists of conditioning a new transfer station, closing the existing one which is completely substandard, and also closing Cell A which has already exceeded its capacity in the sanitary landfill in order to start up Cell B. That is really the project that we have for consideration of BECC and NADBank, and we hope will be certified for our benefit, the benefit of the entire population of both Nogales and, well, I would once again like to congratulate those who have already obtained their certification. Thank you very much.

(Applause)

MR. BRAVO: Luis Javier Pinto from COMAPA-Reynosa, which is a utility, is going to speak on the topic of wastewater treatment in that community.

MR. PINTO: Good afternoon, board members; ladies and gentlemen. My name is Luis Pinto. I'm in charge of the wastewater treatment project in the city of Reynosa.

Coming to this meeting of the Board and having the privilege of participating is a pleasure and requires me to go directly to the essence of what it means to the life of the border communities, the existence and strengthening of organizations like BECC and its sister institution, NADBank; two countries that are focusing on a strategic area: the border; and that a healthy border is the impetus for new horizons in the binational relationship; that a healthy border implies that all of its spaces are clean, fundamentally the water and the air; and that it is hard for border municipalities, mainly those on the Mexican side, to contribute to this vision basically for lack of infrastructure.

Such is our case in Reynosa, with an annual population growth rate of almost 6 percent. The result is very impressive: a growing backlog of needs and scarce resources. But since 1997, Reynosa has had two strong arms that help it contribute to public health and the vision of having a healthy and clean border. BECC and NADBank are now part of the municipal body.

But let me clarify that it would be a mistake to see these binational organizations only in the light of financing, because certification is the security that the projects are not the product of some unknown person's idea or do not serve interests other than those of improving living conditions. A certification that fundamentally forces technical improvement, to protect our natural resources, and social approval, elements that engender confidence in the public policies of the municipalities.

The funding, even though it encourages municipalities to create infrastructure that improves public health conditions, it also improves the financial health of the water utilities and local governments. We do not hesitate to confirm it. NADBank, as a development bank and its low-interest rates are there, at the center of the solution to our health and environmental problems. Therefore, we assure you that without these types of binational organizations, the municipalities would be in an extremely vulnerable and highly risky position in their fight against everything that threatens the quality of life, the health and the environment of northern border.

In Reynosa, the presence of these institutions now means that next year we will no longer be spilling untreated wastewater into the Rio Grande. In other words, we will be at more than 90% wastewater treatment, and moreover the water supply will be increased with the exchange of this resource for agricultural use. And there is no doubt, we can and we want to go further. The path is set to continue making improvements in wastewater treatment, including our lagoon.

With regards to air quality through massive paving, we will continue working to obtain the pending financing. We will do it because Reynosa is now committed to health and we believe that binational institutions and the federal, state and local governments, as well as water utilities, should become a team, a team fully committed to meeting the challenge of making our northern border a leader in friendly coexistence in a clean and orderly place. Thank you very much.

(Applause)

MR. BRAVO: The Director General of the Environment for the State of Tamaulipas, Mr. Heberto Cavazos Llitas, has asked to speak. He is going to talk about the Frontera Chica sanitary landfill.

MR. CAVAZOS: Good afternoon. Mr. Eugenio Hernández Flores, Governor of Tamaulipas, sends his regards; to the members of the Board, and also to Jorge Garcés from the Bank and Daniel Chacon from BECC, a big thank you. Why? Because Tamaulipas has been a big beneficiary of all the projects that, through the Bank and BECC, have helped make progress in the serious problem we had with the lack of environmental infrastructure.

However, of all the success that we have had, I think it is important to make a special effort and recognize the effort that five municipalities on the *Frontera Chica* (the small border) are achieving through an initiative for a comprehensive waste management plan. In this sense, the State Governor is very interested in being able to come up with the necessary complementary funds and have a comprehensive project that not only brings the five municipalities together, but also will provide a large benefit to communities on the other side of the border, since it also includes, of course, the closure of the dumpsites currently used in these municipalities, thus putting a stop to the health problems stemming from their burning and inadequate management.

Therefore, through his offices, we are using,... we have come to express and to stress Tamaulipas' interest in supporting the Frontera Chica waste management project and also the need that the municipalities have, given their financial capacity,... they will not be able to get it off the ground if they are unable to access the SWEP funding, which will allow them, along with the assistance provided by the state government, to successfully carry out this project.

Once again thank you for this opportunity to participate and reiterate the interest of the state government, through Mr. Eugenio Hernández, of supporting these municipalities and, completely cleaning up the problem of managing the waste of five border municipalities. Thank you very much.

(Applause)

MR. BRAVO: We have one last request. Mr. Jesús Enrique Salazar from the Coahuila state water agency, *Comisión Estatal de Agua y Saneamiento de Coahuila*, would like to make a proposal regarding the Laguna aqueduct and alternative energy for Coahuila.

We would ask that he be very brief because we also have some board members who are leaving now by plane, from here to the Ciudad Juárez airport.

MR. SALAZAR: Thank you, Gonzalo. Well, we thank BECC to some extent for the benefits that we have had for Coahuila. And very respectfully, on behalf of our governor, Humberto Moreira, I am asking you to look into the possibility of including these two important projects for Coahuila and its people.

The Laguna Aqueduct: Here in what is the lake region of Coahuila we have a big problem, the overexploitation of the aquifers. The sources of supply—the deeper they are the more problems we have with arsenic. Lately, we have been expecting the Ministry of Health to regulate and further reduce what has already been implemented for arsenic, reducing it from .025 milligrams to .010. This is to some extent going to generate many problems. The current volume pumped from the lake area to the water utilities is approximately 100 hectometers a year. Well, we also have a problem with the operation of the utilities themselves, because of the deeper pumping, the worse it is.

Also, the problem of wastewater treatment, the lack of wastewater treatment coverage. Next, please.

These are some of the... we didn't want to be very... in some ways this gives a good idea of the skin problems because of the arsenic problem. This is something, this is nothing new. Even here on the dais there is a person who is very familiar with this problem, because he spent a lot of time at the lake region and that is Mr. Jurado. These are very serious problems and have to some extent been detected for many years in the lake region. Next, please.

What is the goal? Well, the goal is to stop taking water out of the aquifers. They have very serious problems. It is to somehow make use of the energy, of surface water from the Lázaro Cardenas and Francisco Zarco reservoirs. This is a project that to some extent the general public is now asking for. It's a macro-project that we are considering for a population of 1,169,000 future inhabitants. Currently, in the area of Coahuila alone, we're talking about 840,000 people. With this advantage, well, to some extent, the overexploitation of the lake basin will be prevented, well to some extent the aquifers that are so depleted will recover. Next please.

Okay, knowing the policies of BECC and knowing full well that we are a little further than 300 kilometers from here—we would like to be within the 300 kilometers—but well we are a little further away. But, to some extent, this is a transboundary request that we are asking that you extend out a bit more and, to some extent, study it so that the Board may consider whether its inclusion is possible, more than anything the feasibility of the validity of this project and, to some extent, look at sources of supply, er alternate sources of financing for this project. Next, please.

This is the project. It's a 16-kilometer aqueduct that would cover this area of Torreon and five municipalities, which are even within... four of them are within the 300-kilometer limit. Next.

Okay that is one project and thank you very much. The next project very quickly, I'm not going to take much time.

The next project is, to some extent, the possibility that Coahuila might be included within the alternative energy program, such as wind turbines. So these requests—to keep it short because I'm well aware that there are more speakers after me—are in the strategic planning that Daniel Chacon already mentioned. To some extent it is being worked on and, well, I only request that this project be included for the benefit of the utilities given the big problems deriving from the high cost of electricity. Thank you very much for your attention.

(Applause)

MR. BRAVO: Excuse me, Mr. Chairman, we have two more requests for... Tom Davis from the city of Yuma, and Harry Magallanez from the Elephant Butte Irrigation District, have asked to speak. If you would, please be very brief.

[IN ENGLISH]

MR. DAVIS: Thank you very much. It is an honor for me to address the Board of the NADBank and the Border Economic Development Corporation. My name is Tom Davis. I'm the manager of Yuma County Water Users' Association in Yuma, Arizona.

The Water Users' Association delivers water to 46,000 acres of irrigated land between the city of Yuma, bordered by the state of Sonora, Mexico, and Baja, Mexico. In 1984, the Board certified a project, a water savings project, water conservation project for the Yuma County Water Users' Association in the amount of \$3 million dollars. I would like to report to you that that project's been completed. The Yuma County Water Users' Association spent \$5 million dollars along with the \$3 million that was received from NADBank, and the water savings from the result of that project was 7600 acre-feet of water. And I really appreciate it, and I want to convey the sincere appreciation of my Board and all the members of the water users' association for that certified project.

I wanted to mention one project that I'll be submitting in the near future for certification that I would like for you to consider. The Yuma County Water Users' Association has a responsibility to pump water into the state of Sonora, Mexico. We pump 85,000 acre-feet of water every year at the international boundary near San Luis, Sonora, Mexico, into Mexico. That water is part of the obligation of the 1944 Treaty to deliver Colorado River water to Mexico. That pumping station was initially constructed at the turn of the century. It used huge pumps powered by diesel engines. That facility was revamped in 1952, and we use electric pumps and we use about 2 million kilowatts of electricity per year to pump 85,000 acre-feet of water. That pumping facility is only about 100 yards from the border, and it lifts the water 12 feet and pumps it into the Sanchez Mejorada canal that goes into Sonora, Mexico. That facility is in dire need of some improvements. We need some new electric pumps, we need new transformers, new substation facilities there and backup generation, and so I would like you to keep in mind a project that I'll be submitting soon for your consideration to revamp that particular pumping facility. It's a nominal amount compared to some you have heard discussed today. We're only looking at a quarter of a million dollars total to do what we think needs to be done there. If we could only get 50 percent of that from this Board, I think Yuma County Water Users' Association could match that. Thank you very much and thanks again for the projects in the past. Thank you.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: And the representative from the Elephant Butte Irrigation District who is there in front is going to say a few words to us.

[IN ENGLISH]

MR. MAGALLANEZ: Thank you very much. My name is Henry Magallanez, and I'm from the Elephant Butte Irrigation District. We were a recipient of a \$4 million-dollar grant from the Board of Directors from BECC and NADBank, and we have completed the project. And again thank you on behalf of our Board of Directors.

Again, like Mr. Tom Davis said, we will be proposing a project, but this project will be a little bit different from what we proposed before. What we want to do is propose a project in conjunction with Ciudad Juarez, with Dr. Alfaro Olivas, an advanced warning

system. As many of you are aware, especially those from Juarez, last year we had devastating floods in this area, as well as in New Mexico and El Paso. What we propose is a project to put some water measurement depth monitoring systems in these watersheds to give us an advance warning of what levels dams are, if they're approaching breach conditions, and also for evacuation purposes and also to maybe utilize that water.

You had a slide up here that said that there was about 433 million, I think, cubic meters of water savings through water conservation. Believe me, that's not enough. The drought we're in, the changing water patterns that experts are predicting, we need to start using the water from these intense localized storms that are happening and will happen again.

You'll be receiving a project from us. I don't know if it's going to be water conservation or maybe a special project. But, again, we hope, we want to work with Ciudad Juarez and again Mr. Olivas, and I defer any comments from him. But again, thank you very much for the \$4 million-dollar grant that you provided to us and we hope to work with you again.

(Applause)

[TRANSLATED FROM SPANISH]

MR. BRAVO: Chairman Ochoa, there are no more requests for public comment, so that concludes this item.

MR. OCHOA: I want to thank everyone who spoke for their participation. I would just like to ask Jorge Garcés if he could tell us something about the 'procurement process' issue that was mentioned a moment ago.

[IN ENGLISH]

MR. GARCÉS: This is not an unusual situation. There are many cases where technical assistance is provided by different institutions, and each institution has their own procurement policies. And we have a regulation in the Bank, when the Bank provides technical assistance, the Bank procurement policies apply.

This is the first time that we have heard any concerns or complaints about the way we operate. We had a conversation with Mr. Elium the last week, Oscar and I, and Fernando Escarcega, the person in charge of the project, and we explained the whole situation, and we made it very clear at the time to you that you didn't have to go and redo all those reports; that that was okay. But I'm going to ask Oscar Cabra, who's in charge of procurements for the Bank, to answer any questions that you may have or maybe provide a more clear explanation of why we are doing this. Oscar, will you please.

MR. CABRA: I'm another short Texan. Basically, the Bank's policies and guidelines very clearly state that anytime there's Bank financing, the Bank's procurement policies apply. In the case of Olmito, that was indicated to him, to Mr. Elium, in the context of the fact that... anytime. That's the policy and the only one that can make an exception to that policy is the Board. They... the documents Mr. Elium is referring to is our standard

documentation that applies to all types of procurement: studies, construction, and so forth.

The procurement process that's involved here is for the contracting of a design-engineering firm. It's a \$400,000 effort. The procurement process would only go, at best, 45 days. It wouldn't take a year. The fact that he has a contractor already on board, and I'm not aware of what the BECC's procurement policies are, but the fact that the design effort is a separate contract and it would be inclusive only to the design effort and it would be a sharing of the funds of the Bank, \$200,000, and the BECC's, \$200,000, the procurement policy would apply to that contractor. The present contract that Mr. Elium has with the firm in the valley is a contract that they have. It's an open-ended contract. The problem with the fact is that the scope of work that was developed for his project was by the contractor that he has under contract. That would eliminate any kind of openness or fair competition in an open competitive bidding, which our policies require. So that's the extent. But at the worst case the procurement process for the design engineer would only be about 45 days.

[TRANSLATED FROM SPANISH]

MR. OCHOA: Okay, thank you very much. I think with that we can conclude this public meeting. I thank you for your attendance and your participation. Thank you very much.

(Applause)

MR. BRAVO: Just a reminder that we are having a reception right here in the Cibeles Convention Center, to the left and at the end of the parking lot. We hope that you will join us and thank you very much for another public meeting. It was good of you.

[MEETING ADJOURNED]