



## Public Meeting of the Board of Directors

December 10, 2009  
Ciudad Juárez, Chihuahua  
Videoconference

ENGLISH VERSION

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### [TRANSLATED FROM SPANISH<sup>1</sup>]

**MR. BRAVO:** Okay, we are going to start now. On the Mexican side we are only missing the officials from the Ministry of Foreign Affairs at this time,... some place.

**MR. HOBBS:** Are all the participants ready now?

### [IN ENGLISH]

Treasury, are you ready?

### [TRANSLATED FROM SPANISH]

**MR. BRAVO:** There they are.

**MR. OCHOA:** Daniel, can you hear me? Can you hear me Daniel?

**MR. CHACÓN:** Yes, perfectly.

**MR. OCHOA:** Here in Mexico City we are ready now.

**MR. CHACÓN:** Except we cannot see you. I only see the tops of your head.

**MR. OCHOA:** Sorry, I don't know what to do.

**MR. CHACÓN:** Now we can.

**MS. JACOBSON:** Are we ready now?

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<sup>1</sup> Text shown in blue indicates that the original comments were made in Spanish and were translated into English.

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**MR. OCHOA:** Daniel, before we begin, why don't you tell us briefly how this is going to work? How is it going to be for us? Before you start the meeting.

**MR. CHACÓN:** Okay, look, we are now in the BECC facilities.

**[IN ENGLISH]**

We are now in the BECC facilities and we set up our meeting room as a TV studio with the audience in the front and everybody is going to be listening to what we have to present, to inform. After that we're going to have the question and answer part of the session and the public is going to be invited to participate in that.

We have two cameras. I hopefully expect that you can see the whole room, and also this table, and that it's going to be easy for everybody to see who is participating, and we are going to have certainly the name of the organization of the people that are going to make some questions, so you are going to be able to see the total, the whole room and the participation of people. I don't know if you are seeing the whole room right now?

**MR. OCHOA:** In my case, I just see what I think is the... I think the presidium, you and Maria Elena.

**MR. CHACÓN:** Okay, let me see...

**MR. OCHOA:** One more question, do we have translation?

**MS. JACOBSON:** We have interpreters here in Washington, so they can talk to us in Spanish.

**MR. CHACÓN:** Yes, here we have translation in this room also.

**MR. OCHOA:** Okay. So are we ready to start?

**MR. CHACÓN:** Yes. We are ready according to the program.

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** Good morning. Today the Board of Directors of the Border Environment Cooperation Commission and the North American Development Bank is meeting for the first time by videoconference, here in the Río Bravo Room of the Border Environment Cooperation Commission.

We were created 15 years ago. We are achieving important results. And before we begin, we would like to invite the Chairman of the Board of Directors, Mr. Ricardo Ochoa—he is the head of the International Affairs Unit of the Ministry of Finance and Public Credit—to make some opening remarks, please.

**MR. OCHOA:** Thank you very much. I would like to welcome, in this instance virtually—as we are holding the public meeting using state-of-the-art technology—all of the participants, both the members of the Board and the general public who are in Ciudad Juarez attending this meeting.

I would like to say that this morning we had a very productive meeting of the BECC-NADBank Board. As already mentioned, this year is a particularly important year because the two sister institutions are turning 15 years old. And within that period, well, we have had very interesting results.

Just to give you two figures that may be substantive. Well, I would like to mention that in terms of certifications, well, we are having certifications worth a total investment of more than \$3.6 billion dollars, and of that amount the Bank's financing has now reached one billion in financing, in both loans and grants, over the course of these 15 years.

At the meeting that we just concluded, we certified and approved financing for five new projects, worth a total investment of almost \$180 million dollars, which are going to benefit nearly two million residents. Among these projects that have been approved, the Bank is providing nearly \$80 million dollars in financing. So, we think that we are really moving in the right direction. The effort that has been made by both the Board and management of both BECC and the Bank, has, well, produced interesting results. I think that we are on the right track.

I would also like to note that at this meeting we just approved the first project having to do with solar energy and that opens up a new and interesting area of activity, both in terms of the financial benefits, as well as the environmental benefits, that may be obtained.

With this introduction, well, I would like to ask if my co-chair from the United States Treasury has any introductory remarks for this meeting.

**[IN ENGLISH]**

**MS. MATHIASSEN:** Thank you very much. I simply want to concur with everything that my Mexican counterpart has said and that we feel that we had a successful session and that NADBank and BECC continue to perform well.

**[TRANSLATED FROM SPANISH]**

**MR. OCHOA:** Well, then we can proceed with the public meeting, please.

**MR. BRAVO:** Okay. Thank you very much. I would like to mention, for the benefit of our guests, this videoconference is being transmitted to various locations in the United States and Mexico. On the Mexican side, at the Ministry of Foreign Affairs, we have at this time the Chairman of our Board, Ricardo Ochoa of the Ministry of Finance. We have Armando Yáñez, from the Ministry of the Environment and Natural Resources—he is the Deputy General Director of Border Affairs. We have Carlos Cázares, Director of Border Affairs for the Ministry of Foreign Affairs.

In Monterrey, Nuevo León, we have our resident representative, Roberto Zambrano. There he is.

In the United States, at the offices of the United States Treasury we are joined by Karen Mathiasen. She is the Director of the Office of Multilateral Development Banks.

We have, from the United States Environmental Protection Agency, Michael Stahl, Director of Regional and Bilateral Affairs. And from the State Department we have Roberta Jacobson, Deputy Assistant Secretary for Canada, Mexico and Free Trade Issues, along with officials from these federal agencies and departments.

In San Antonio, Texas, we have the Managing Director of the North American Development Bank, Jorge Garcés, and the Deputy Managing Director, Héctor Ochoa.

Here, of course, at the BECC, we have Daniel Chacón, General Manager; María Elena Giner, Deputy General Manager. We have Mario Vázquez as well as Arkelao López.

I would like to note the presence here in the audience of Mr. Ernesto Mendoza. He is President of the *Junta Municipal de Agua y Saneamiento*<sup>2</sup> and today, as you know, two treatment plants are now certified: the expansion of the South plant and the new South-South plant. He is accompanied by Jorge Fitzmaurice. He is a member of the board of the *Junta Municipal de Agua y Saneamiento*.

I would like to note the presence of Ana Córdova from the *Colegio de la Frontera Norte*. We also have an official from *Grupo Cementos de Chihuahua*. I also see good friends, also from the university, consultants; in short, we have very important guests here. We also have friends from the media. There is going to be a question and answer session. You can participate in this press conference, more or less a videoconference, to ask your specific questions.

Now that this information and the remarks from our Chairman of the Board have been made, we would, then, proceed to the presentation by the General Manager of the Border Environment Cooperation Commission, Mr. Daniel Chacón Anaya.

**MR. CHACÓN:** Thank you very much, Gonzalo. I would like to point out that the presentation is in English, but I am going to address you in Spanish, knowing that we border residents are bilingual practically by birth. I don't think there is going to be any problem with this small proviso.

The Cooperation Commission and the North American Development Bank are holding our biannual public meeting and through this meeting we are pleased to comply with the principle of accountability and transparency, two themes that have characterized BECC since its creation, and which now, as a public requirement, as we continue maturing from a public participation standpoint in government affairs, it can also serve and we can also consider as an example of what society and agencies, in this case we as a binational agency, can do together.

In this report I am going to give you the overall numbers. But if you would like to have more information in greater detail, we are very happy to provide it, and we also have at your disposal the electronic means by which we normally communicate, so, in that sense, do not have any reservations about whatever you want to know. The next one, please.

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<sup>2</sup> Local water utility in Ciudad Juárez, CHIH.

We at BECC have packaged our work in what we call programs. We have seven programs. The thickest orange bar represents the Project Certification and Technical Assistance Program, which in many ways is the basic program of our institution, requires the most attention and the most resources and the one that is perfectly and explicitly referred to in the charter documents of our institution.

We also have the Environmental Project Management Program, which, to a great extent, refers to the work that we do with Border 2012, which is a program that all of us border residents know very well. We are familiar with it. With funding from the U.S. Environmental Agency and at the behest of the same U.S. Environmental Agency, BECC manages a large part of the activities that are carried out under this program in the two corresponding EPA regions. As you know, the Ministry of the Environment in Mexico and state and municipal governments, as well as the cities and counties on the U.S. side, also participate in this program.

We also have our Public Participation and Community Capacity Building Program, which has also been characterized as one of the pillars of BECC's work during the 15 years that we are celebrating precisely this year and in this month of the founding of the institution. Through this program, you know, the community participates in each project. It has the opportunity to become thoroughly familiar with and express its opinion on the projects themselves. And this mechanism, this tool, has been fundamental to getting the vast majority of the projects implemented and to having community support for their implementation.

We also have the Strategic Planning Program, an activity recently established by BECC, just as in many other places, and where we realize that only through medium- and long-term planning can we give meaning and direction to the actions of these agencies such as ours. And working jointly with the governments we are able to develop, within a framework of this planning based on a needs assessment, the programs that we must undertake, particularly in the case of infrastructure programs, which usually take a relatively long time to establish and implement, strategic planning is a fundamental component. And knowledge of environmental needs on the border is also a key ingredient for achieving the fundamental objectives of improving the well-being of border residents.

In addition, in the process of carrying out all the work that we do, the institution also generates a large amount of information. This information often went unused, was put away somewhere in files, was not made public, was not of use for more people. We are trying to make all of this information public so that everyone can access it. We are also working on enhancing the information with data and with more conclusive evidence and facts so that the entire community can also use it for other purposes other than its original purpose, in this case, infrastructure development.

As the basis of all of our community-oriented processes, for the communities, for the border itself, we have two internal processes, which are Continuous Improvement within the institution itself, where, through a series of tools, particularly assessment tools, we are constantly seeing opportunities to improve our processes and find new ways of serving the communities. We want to add value to all of our processes so that we can deliver more with the funds allocated to us, which ultimately are fiscal funds from both countries.

And besides all of this, we have mission support, which is all the work that allows us to have the financial resources, administrate them properly, have the facilities required for this and the means for performing our function from a logistical and material standpoint.

That is generally, more or less, the purpose of the seven BECC programs, and I have given you a bit of a breakdown, as a way of reporting to you precisely what we do. Next, please.

To date—and this number has now changed, fortunately, just today—we now have 161 plus five certified projects, which, including the investment of nearly \$180 million dollars, we could now be talking about more than 3.5, 3.6 billion dollars as the value of the projects that have been certified at BECC. That is, 166 projects for an investment of more than 3.6 billion dollars.

In addition to the historic achievement of this figure, right now, on our drawing boards, we have 100 projects in our pipeline, also with quite a high value of nearly six billion dollars. Many of them, projects in the renewable energy sector with very considerable investments, which is what makes this figure such a high investment figure.

In addition to this, a fundamental part of our work is technical assistance for the communities. Precisely, without technical assistance the projects cannot be developed. And in this sense we have provided assistance that was or has been required by 150, almost, 149, communities in order to develop their infrastructure projects and bring them to fruition. Next, please.

This is a map that shows the distribution to date—well, right before today's meeting in which projects were certified. You can see the breakdown there, the number of projects for the two countries and in investments. And we also have the breakdown by state. And in this case, we can see that, specifically, the state of Chihuahua, where right now we are holding our meeting, we have counted 18 projects there, plus the projects that have been certified today, and we are going to have specific information about them.

As you can see, it has been a beneficial arrangement for the border that has helped this region in both countries to have much better environmental conditions now than it had 15 years ago, when these institutions began. So we can say that it was a wise move on the part of the societies and governments at that time to have envisioned two institutions such as ours, which have been able to produce results. And these results are here to see. Next, please.

This is a few statistics regarding the performance of our own Board, who are the ones that certify the projects. And we can see here, if you will, on the last line, the rate, the ratio of project certification. And here you can see that the 'record' or the rate of project certification is one every 2.9 weeks; that is, as if it were an assembly line. Of course, they don't all come out like that, one after another. Some come out in bunches, as we are doing right now in some cases. But this year has been a year that, at the end of December, we will have 15 projects certified for an investment of \$458 million dollars. These projects are in addition to those that we had mentioned. I should clarify that at this meeting five were certified but we are confident that in a few days, next week, we will

certify one more project, which will give us six for this end-of-the-year period and 15 all together for 2009. Next, please.

This is a little bit about the breakdown of the projects that we have in our planning phase. You can see there are close to 100 projects at this time. The breakdown of the projects is interesting. With one topic, that of clean energy, for example, where we have a total of nine projects. Air quality projects, which are also very relevant and are of great interest to border residents because of our unpaved cities, and that is ten projects, which is a problem that clearly manifests itself on the Mexican side but also on the U.S. side. We also have a good number of water projects subsidized by the grant provided by the U.S. Environmental Agency, the BEIF, and that is a total of 39 projects, as well. So, as you can see, the figures are significant figures. They give an idea of the dynamism and of the work being done on the northern border. Next, please.

This is the technical assistance part, which is also, as I was saying, an important complement in project development. Here we have had a considerable investment of \$32 million dollars from the U.S. Environmental Agency, EPA, where these funds have been invested in order to develop the project planning phases, which subsequently have been implemented with a grant from the Border Environmental Infrastructure Fund. From BECC, from its own budget, right now we can add five million dollars in technical assistance, so that, between the two items, we have a total of \$37 million dollars. This is information generation. It is generation, pure information, which has required this effort and this amount of money and which is now available to the communities.

This is the section on the Border 2012 Program, which has also been so important for the border and has allowed us to carry out progressive information gathering work and, in some cases, the implementation of ideas that have improved the living conditions of border residents. All together, we have had 130 projects, of which 44 have now been completed. Right now we still have 74 in planning, in the implementation process, and 12 of these projects have been canceled, as might be expected in a program as broad and diverse as the Border 2012 Program. And the funds that have been provided, largely by the U.S. Environmental Agency, come to nearly five million dollars.

The importance of this program is clear, and we can see it here, in the number of applications that we have received. There is a great deal of interest from academics, NGOs, government entities and agencies in accessing funds to carry out specific projects aimed at improving some aspect of the environment or public health. One hundred fifty-five applications were received for this 2009 period. Next, please.

This is the performance report of the institution itself, of BECC. In these bars you can see the amount of work that is done with the staff that we have. Initially, in 2004, we had as many as 39, 37, sorry, 47 people working at the institution, which, even then, was a small institution, but we reduced the staff even more in order to free up funds and provide technical assistance, in particular. And in 2009 we ended up with a staff of 40 people. With these 40 people, you can see, we are carrying out 174 identifiable projects plus another series of tasks that always come up along the way. And you can see, by the size of the bars, how we have been increasing our output, our performance. So, with less staff, with the same funding, we can be delivering better results to the border community. Next, please.



And this also has something to do with this streamlining process. The pie chart shows where our funds are going based on the seven programs that we have, and we can see here in the reddest section of the pie and in the yellow section, the two core areas of our performance, that we are giving our funds the priority use that they should have in accordance with our mission and that, to a large extent, we have been able to make our administrative and support processes more efficient; such that they are much less important in terms of cost but more effective in terms of results. The other sections of the pie show the other activities, such as Knowledge Management, the Strategic Planning area and Public Participation. Next, please.

This is the funding that we have received to date. You can see here the contribution from the U.S. State Department, \$2.12 million dollars, for the institution's operating budget, and from Mexico, \$1.75 million dollars, leaving, on the Mexican side, a contribution of nearly \$630,000 dollars still pending for this fiscal year, 2009. Next, please.

Here—we intentionally put this in a very small font so that it couldn't be seen. No, the truth is that it is difficult to include a table with this information, even with the screens that we have. But, in general terms, let me say that the budget we are requesting for 2010 has an increase of only 3%, taking into account certain aspects of inflation, cost of living, but which, in general, is the same.

There are in this, in the budget itself, adjustments with respect to the previous year, shown on the one hand as certain savings, particularly the administrative part for the building. These savings translate into greater investments in terms of studies. We believe that, this year, 2010, climate change mitigation and adaptation is going to be a hot topic, which is where we include renewable energy, for example, or energy efficiencies or water conservation, flood prevention. And that this entire range of requirements coming from world and regional events forces us to invest money to gain knowledge about them and to generate basic information from which projects may be developed, to provide assurance to those who at some point are going to participate in the investments needed in these sectors, whether public entities or private entities. In this sense, we are giving this quite a bit of importance. We have our Technical Assistance Fund that we have established based on institutional savings and efficiency, a significant fund now, which at the end of 2010 will total close to \$2.4 million dollars. Next, please.

This also reflects the funding that we receive, particularly for the BEIF program, which is the subsidized infrastructure program for the border where we have very significant grants. This program has invested just over 600 million dollars. And more than 50% of this program has been invested in Mexico through grants for infrastructure development, particularly water lines, sewer lines and wastewater treatment plants, which has been a very strong indicator of the actions of the entire border community and of our institutions, of our Board, and where we have been able to make a large leap in coverages. Next, please.

These are some examples of the information that we have been generating, as fundamental, basic information for infrastructure development. Next, please.

They are available in hard copy and on our webpage, as well. Lastly, to announce that we have been certified as an ISO 14000 institution. We have already, we



have the ISO 9001 quality certification. We have had it for a little more than four years. This new certification is a certification that ensures that we have an environmental management program for our own environment, of our building where we are making a series of commitments, particularly in the area of energy efficiency to reduce our carbon footprint. And we hope that very soon we will even be able to replace the electricity that we need to operate with renewable energy through an innovative scheme that will hopefully prove to be productive, and which we will be reporting about afterwards. Next, please.

Thank you.

**MR. BRAVO:** Thank you very much, Mr. Chacón. BECC is becoming a green institution, from what we can see. That pleases us very much.

And now we will take a very quick trip to San Antonio, Texas, where we are joined by...

**MS. ALMODOVAR:** Gonzalo...

**MR. BRAVO:** ...the Managing Director, Jorge Garcés, and Héctor Camacho, Deputy Managing Director, to whom I apologize, I introduced him incorrectly. My apologies, please. ...

**MS. ALMODOVAR:** Gonzalo...

**MR. BRAVO:** ...Let's go to the report by Jorge Garcés, please.

**MS. ALMODOVAR:** Gonzalo, this is Lisa, with EPA. I wanted to make a request. The interpreters here in Washington cannot hear you very well. Could you use the same microphone that Daniel had? Thank you.

**MR. GARCÉS:** Great, thank you very much, thank you very much, Gonzalo. Good afternoon to all the participants.

**[IN ENGLISH]**

I am the U.S. representative of the NADBank, so I'm going to be making my presentation in English. So I'm going to go slow so the translator is able to translate.

What I want to emphasize in my presentation is the accomplishments of the Bank during this last year, which was a record year as far as lending is concerned; something that we're very proud of because the Bank is really now beginning to perform as a Bank, to lend to a lot of the projects that need our financing.

Last year, as of November of this year, we have contracted 14 projects through the US/Mexico border where we financed \$218 million dollars in loans, \$218 million total. I just want to say that, out of those \$218 million dollars of financing, \$212 million dollars were in loans. The remaining \$6 million dollars were grants.

Some of the projects include the port-of-entry with NADBank in San Luis Rio Colorado, financing from NADBank for \$10 million dollars. This is our first port-of-entry

that we have financed and we look forward to financing many of these types of projects in the future.

Other projects financed in 2009 include the street paving in Nuevo Laredo, Playas de Rosarito, in Tijuana; the storm water project in El Paso; the water and wastewater project in Tijuana, and Colonia Esperanza, Chihuahua; solid waste projects for Nuevo Leon and Tamaulipas, and water conservation project in Cameron County, Texas.

Today we, as it has been mentioned before—I think Daniel already mentioned and our Chairman, Ricardo, also mentioned—we approved, the Board approved the FronteraFirst, which is a clean energy municipal financed program in San Diego County, California, for 60 million dollars; the South-South Wastewater Treatment Plant in Ciudad Juarez, Chihuahua, with a \$7.35 million dollar loan and \$8 million dollars in BEIF; the expansion and upgrade of the South Water Treatment Plant in Ciudad Juarez, Chihuahua, for \$8 million dollars in BEIF; the Wastewater Collection System for B&C Colonia in Yuma County, Arizona for \$2.25 million dollars in BEIF; the Wastewater Collection Improvement Project in Clint, El Paso County, Texas for \$2.3 million dollars in BEIF; and pending is the Solid Waste Project, Sanitary Landfill and Transfer Station, for Nogales. That's pending a further review of the Board sometime next week.

As far as the history of the NADBank..., I hope you all hear me correctly because I'm getting a lot of feedback from...

**UNKNOWN SPEAKER:** Somebody needs to turn their microphone off.

**MR. GARCÉS:** Somebody needs to turn their microphone off if you're not using it because otherwise... thank you very much Maria Elena.

The NADBank financing for the whole year, we have 132 projects, with a total cost of approximately \$3 billion dollars. We have, the Bank has participated with over one billion dollars, of which \$456 million dollars are in loans, and \$621 million dollars are in grants. As you can see, our loan portfolio has grown considerably over the last few years. Whereas a few years back our loan portfolio consisted of only about \$52 million dollars in loans, and about \$500 million dollars in grants. The loans have been increasing much more rapidly than the grants over the last few years.

As far as the loan portfolio statistics, we have, like I said, we have contracted \$456 million dollars in loans. We have disbursed \$348 million dollars of that, and we have received principal repayments of almost \$41 million dollars. And the principal outstanding is \$307 million dollars.

Here you can see—I hope you are able to see clearly—a breakdown of where our loans are going. And as you can see, the air quality sector is rapidly catching up with water/wastewater. And also I can say the same for storm water and for clean energy. I expect those three sectors to increase considerably over the next few years. That's not to say that we don't have water/wastewater projects. There will be many, many water and wastewater projects, but they will require mostly grants and fewer loans, whereas the other sectors will require more loans.

Technical assistance, this is a part of the programs that help us develop and create sustainability for the projects that we finance. Over the years we have had almost \$30 million dollars that have been authorized by the Board from our retained earnings. Those have gone to fund approximately 229 studies for 119 communities. And we have trained over 1,400 water utility professionals in 168 communities. This is the UMI program that we plan to continue and expand in the next few years by offering more technical training for the operators and managers of these utilities.

We estimate that we have \$183, almost \$184, million dollars in contracted loans being supported by technical assistance. So this program has been very essential in our lending.

Okay, I've talked so far, I've talked about the record year that we had as far as lending, but it's not lost on the Bank's personnel and management the reason why this institution was created; that this institution was created to provide affordable financing for communities along the US/Mexico border to bring quality of life to the residents of those communities. So, therefore, because of... this is what has resulted in the record lending from the Bank over the few years.

Because of that lending, 47 wastewater treatment plants and 61 sewer collection systems have been constructed. Eighteen water treatment plants and 26 water distribution systems have also been constructed. As a result of that, we estimate that almost 11 million residents have benefited directly or indirectly from these facilities. Many of them have been first-time water and sewer services. And also we are preventing the discharge...we are estimating that we're preventing the discharge of 300 million gallons per day of untreated sewage into the rivers and springs of the border region. The prevention of these 300 million gallons of untreated raw sewage per day is the equivalent of the discharges of a city of seven million residents.

What have been the social effects of this in Mexico? Well, 26 wastewater treatment plants and 34 sewer collection systems have been built. Three water treatment plants and ten water distribution systems have also been built. Over 300,000 sewer connections to wastewater treatment systems that will prevent the discharge of untreated sewage into many rivers and streams have also been connected. And almost 56,000 households received these types of services for the first time. As a result of all this, we have been able to increase the coverage of potable water from 91 percent to 96 percent in the border region, and the treatment of wastewater from 31 percent to 80 percent—that figure I believe has been upgraded to 82 or 83 percent now. And just to give you an idea, put everything in perspective, the national average in Mexico is 36 percent.

What have been the effects of the water projects financed by NADBank in the US border? We have built 21 wastewater treatment plants, and 27 sewer collection systems; 15 water treatment plants and 16 water distribution systems have been built or some old have been rehabilitated. We have over 11,000 sewer connections, and we have over 3,500 households in *colonias* that are receiving first-time water service. And this is an ongoing program. So in the years to come, these figures will increase.

In addition to that, we have been able to save over 357,000 acre-feet of water in the region through our Water Conservation Infrastructure Fund, that monies were

invested in the irrigation districts in Mexico as well as irrigation districts in the United States.

And 4.6 million square meters of paved streets. As you know we have several projects in the air quality sector that are mainly street paving. And this we estimate that 3.3 million residents... will reduce exposure of these residents to air pollution from vehicular traffic and unpaved streets.

And the creation...the construction of new landfills will assist or benefit over three million residents with better waste collection facilities and less health risk from landfill fires, vectors, etc.

This is my presentation, and I would be very happy to answer any questions.

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** Thank you very much, Jorge.

**[IN ENGLISH]**

**MR. GARCÉS:** Hector is not...

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** Oh, sorry.

**[IN ENGLISH]**

**MR. GARCÉS:** Hector, do you want to say anything? Hector?

**[TRANSLATED FROM SPANISH]**

**MR. CAMACHO:** Well, I would only like to add, as Jorge Garcés says, we are very proud because the Bank has had four consecutive years of record lending. In 2009, by far, it has been an exceptional year, with loans for more than \$200 million dollars. This means growth of around 90% in the portfolio in just one year. And because of this rapid growth in loans, we also want to note that at the beginning of next year we are planning to issue bonds in order to access funds on the market and maintain this rate of growth for the Bank. Thank you very much.

**MR. BRAVO:** Okay, thank you very much. Does any other Board member have any remarks?

**[ PAUSE ]**

No? Okay, then we are now going to move on to questions and answers. We have to use these microphones here because this is the one that they can hear there and, of course, you have to turn on the switch correctly.

So, with these two microphones we can proceed with questions and answers from the public and also from the media. If you want to ask a question please come up

here to the podium, introduce yourselves and also indicate what institution you represent or what media outlet you represent. So let's begin, please.

Ana Córdova, from the *Colegio de la Frontera Norte*.

**MS. CÓRDOVA:** Thank you. Good morning. I am Ana Córdova, from the *Colegio de la Frontera Norte*. I want to congratulate BECC for now having certified a solar energy project. And I would like to know if there are more of these types of projects with alternative technologies in the pipeline under evaluation and if BECC is thinking of strategies to provide incentives for applications of this type in the region.

**MR. CHACÓN:** Thank you very much. Thank you very much for the question. The program that was just certified today is a very novel program that has certain regulatory components that are very appropriate within the U.S. government framework.

In the case of Mexico, I am sure that we can find a similar program, where basically the idea is that people at the residential level can obtain photovoltaic solar power generation equipment without having to spend a dime upfront—an enormous advantage because of the cost of this equipment—but which, in addition, allows them to pay for these units at a cost that is even lower than the electricity rate. And in the financing program, this type of facilities and loan for equipment that is given to people is going to be taken out of their property tax payment. So, this guarantees repayment in an unusual manner, making this a truly advantageous situation for developing and decentralizing electricity and generating the so-called intelligent networks or “smart grids” that are being planned as a model for the future, in this case, right? So, if it could be replicated with the necessary legal adjustments on the Mexican side, I believe that this approach is going to make a—to use a somewhat hackneyed term—“quantum” leap to the model for replacing conventional carbon-based energies.

Within what in general might be energy efficiency and the generation of renewable energy, both at BECC and at the Bank, we have in our pipeline a series of projects, particularly wind energy, where, from a cost-benefit standpoint, we are seeing a greater benefit. One example is the state of Tamaulipas, where a large investment is being made in order to generate the power needed for street lighting in all cities and towns in the state of Tamaulipas on a renewable basis. This same model is being replicated in Tijuana, in Baja California, in the area of Rumorosa, and we also have out there the proposal for a project for a mini-hydroelectric plant that takes advantage of the water coming down from the mountains, precisely through the Mexicali-Tijuana aqueduct.

So, all of this gives us an idea of the renewable energy projects related to the climate change mitigation strategy that is being generated. There is a great deal of interest in doing it. And, I just think that in both countries the fiscal, financial, incentives required for initial start-up just need to be put in place, and it is anticipated that in four or five years, with a sustained plan of this nature, we can turn the corner on cost-benefits and ultimately come up with very advantageous generation systems as a real option for the use of coal, right? I don't know if anyone else on the Board and at the Bank would like to add to this response?

**MR. BRAVO:** Apparently not. Then, is there anyone else who would like to participate here? Any questions?

No? Mr. Mendoza, don't you have any remarks to make?

No? Okay, the public participation is concluded, as is the Mexican media participation. Mr. Chairman, we will then move on to the closing of this meeting.

**MR. OCHOA:** Very well, many thanks to all of you for your participation. Simply, thanks to all of the members of the Board who participated in the meeting of the Board, as well as in this public meeting, and to all of the members of management, both from BECC and the Bank, and to the participants in the public meeting, as well.

We hope to continue working at the same pace next year, with the same tendencies and with the same commitment that, once again, has been seen up until now.

Thank you very much everyone and Merry Christmas.

**MR. BRAVO:** Best wishes everyone.

**MR. CHACÓN:** Thanks, Roberto.

**MR. BRAVO:** Thanks, Merry Christmas.

[IN ENGLISH]

**MR. GARCÉS:** Merry Christmas to everyone.

[TRANSLATED FROM SPANISH]

**MS. MATHIASSEN, MS. JACOBSON, MS. ALMODOVAR:** Merry Christmas.

**MR. OCHOA:** Merry Christmas everyone.

[IN ENGLISH]

**MR. CHACÓN:** Did you notice our poinsettias?

**MS. MATHIASSEN:** Yes, beautiful.

**MR. CHACÓN:** Okay.

[TRANSLATED FROM SPANISH]

**MR. CHACÓN:** Did you see our poinsettias Ricardo?

**MR. OCHOA:** Excuse me?

**MR. CHACÓN:** The poinsettias, poinsettias.

**MR. OCHOA:** Yes, yes, I saw them. They are very nice.

**MR. CHACÓN:** We invite our guests here at the public meetings to a delicious snack, meal, here in the BECC's courtyard, so please don't leave.

[ MEETING ADJOURNED ]