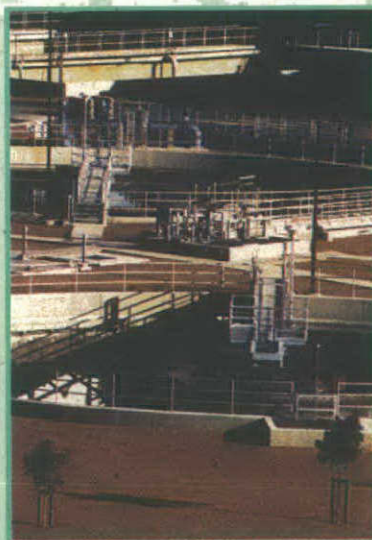
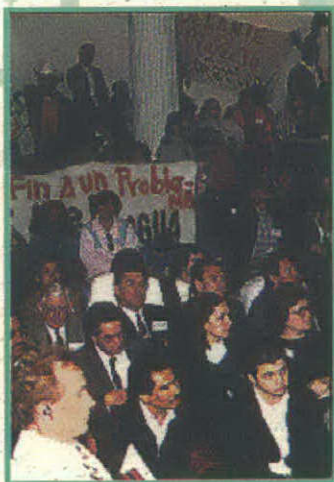

**BECC
ANNUAL
REPORT
1995**



BORDER ENVIRONMENT COOPERATION COMMISSION

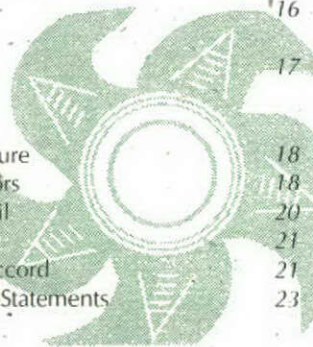
Serving the United States and Mexico Border Region





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**BECC
ANNUAL
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1995**



BORDER ENVIRONMENT COOPERATION COMMISSION

Serving the United States and Mexico Border Region





Message from the Chairman of the Board

As a longtime resident of and advocate for the U.S.-Mexico border region, it is with great pleasure that I report the accomplishments of the Border Environment Cooperation Commission (BECC) during its historic first year of operation.

For the border region, where environmental problems continue to persist in the face of rapid industrial and population growth, the BECC represents a long-awaited opportunity and hope. First, consider that the environmental infrastructure needs in the border region exceed \$6 billion dollars. Second, take into account that environmental problems require a new problem-solving approach.

This new approach was affirmed when the Governments of the United States and Mexico signed the bilateral Agreement creating BECC and its sister institution, the North American Development Bank (NAD Bank), to develop and finance border environmental infrastructure.

Included in this Annual Report are the highlights and accomplishments of the BECC during its first year. In 1995, the BECC established its headquarters, hired staff, developed rules and criteria, identified environmental needs, assisted with project development, reviewed project proposals, and certified three environmental infrastructure projects for NADBank financing - at the direction of the Board of Directors and Advisory Council. However, these activities were not taken in isolation. Throughout the year border residents provided valuable input and advice.

In 1995, the BECC also incorporated principles into its operation that make it unique from other institutions. For example, the BECC criteria for project certification requires that community participation and sustainable development are integral components of projects. As such, border communities are obligated to include their residents in developing projects. Communities must also ensure that projects are sustainable over the long-term. We want our children, and their children, to enjoy a better quality of life.

As the Board of Directors and Advisory Council met throughout the year, we faced numerous challenges in forming the institution in the binational open spirit in which it was created. I would like to extend my sincere thanks to the Board, its Executive Committee and Advisory Council, and the border residents, for their long hours and hard work to make this institution a success. Together, we have laid a strong foundation for the BECC and NADBank. We must now work together to build upon this foundation in 1996, and the years to come.

Jorge A. Bustamante,
Chairman of the Board of Directors

Message from the Co-Chairs of the Advisory Council

On behalf of the BECC Advisory Council, we are pleased to report on the achievements of the BECC in its first year. For years, we have witnessed, first hand, the pressing environmental needs of the border communities. Now, in our role as Advisors to the BECC, we have a new mechanism to solve them.

The BECC Advisory Council members represent the ten border states and bring a great diversity of professional backgrounds, from local government to private sector. As such, the Council provides sound advice, from a regional perspective, to the Board of Directors on the policies of the Board and the certification of projects.

The Advisors actively participate in environmental issues and project development in their regions of the border. The members give border residents greater opportunities for direct contact with the BECC and add another dimension to the openness and transparency of the organization. In 1995, Council members participated in BECC outreach meetings, community participation meetings on proposed projects, and public meetings of the Board of Directors.

We look forward to continuing our active role with the Board of Directors and border residents in 1996.



A stylized, handwritten signature of Oscar Romo in black ink.

Oscar Romo,
Co-Chairperson



A stylized, handwritten signature of Rick Reyes in black ink.

Rick Reyes,
Co-Chairperson

Message from the General Manager and Deputy General Manager

As you have read in the messages from the Chairman of the Board of Directors and Co-Chairs of the Advisory Council, the BECC is a new binational organization created to help the residents of the U.S.-Mexico border improve their environment. It is an organization that receives its work priorities from the border residents themselves and as such is a new paradigm for solving environmental problems in the border region.

Our aim is to be easily accessible, helpful, and responsive to the people, communities, and private investors that we represent along the entire length, and on both sides, of the border. Accordingly, the first major BECC action, the adoption of the Guidelines for Project Submission and Criteria for Project Certification, was made with extensive public participation following a series of public meetings. Also, three projects that were submitted to the BECC by local communities were certified with considerable advice from the public. Openness, transparency, and public participation are inherent to the operation of the BECC.

With this mandate, the BECC has worked to reduce the backlog of environmental infrastructure needs on the border. In 1995, the BECC received 41 project proposals with an estimated total cost exceeding \$577 million. The BECC Board of Directors certified three of these projects, with an aggregate cost of \$37 million. As a result, these projects are now eligible for financing consideration from the NADBank, or other funding sources.

We are proud of our first year's achievements. And in response to the needs of the border residents, we will continue to develop viable environmental infrastructure for the region.



H. R. Frauenfelder

H. Roger Frauenfelder,
General Manager



L. R. Domínguez

Luis Raúl Domínguez,
Deputy General Manager



ROLE OF THE BECC

Threats to Border Environment and Health

The U.S.-Mexico border extends nearly 2,000 miles from the Pacific Ocean to the Gulf of Mexico, spanning diverse landscapes, natural resources, and cultures. Long before the North American Free Trade Agreement (NAFTA), accelerated industrial and population growth in the border region created serious environmental pressures, for the more than 10 million people living in the area, in six Mexican and four U.S. states.

If fact, colonias, or unincorporated settlements, developed on both sides of the border,

where a population boom quickly outpaced housing availability and basic sanitation infrastructure.

Many of these communities have inadequate or no drinking water, lack sewage collection and treatment

systems for municipal and industrial wastewater, and are in need of landfills for municipal and industrial wastes.

It has been estimated by several organizations that \$6 to \$8 billion dollars should be invested in environmental infrastructure in the border area over the next 10 years to raise the region up to acceptable environmental and health standards and to achieve sustainable economic growth.

Mission

- Preserve, protect, and enhance the environment in the U.S.-Mexico border region.

Priorities

- Prevention of Water Pollution
- Wastewater Treatment
- Municipal Solid Waste Management

Creation

To address these pressing environmental infrastructure needs, the BECC, and its sister institution, the North American Development Bank (NADBank), were established by the Governments of the United States and Mexico in November 1993, by a parallel Agreement to NAFTA. As the "first of its kind" binational institutions, BECC and NADBank offer border states, communities, and residents an innovative vehicle and an opportunity to address common environmental problems.

Both institutions are autonomous, created to support the development of environmental infrastructure projects in the 100 km region on either side of the U.S.-Mexico border from Brownsville, Texas - Matamoros, Tamaulipas to San Diego, California - Tijuana, Baja California.

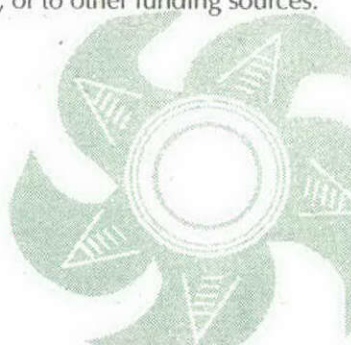
Functions

Under the Agreement, BECC will:

◆ assist states, localities, and other public entities and private investors to:

- coordinate, prepare, develop, implement, and oversee projects;
- analyze the financial and technical feasibility and the environmental aspects of projects;
- evaluate the social, sustainable, and economic benefits of the projects;

◆ certify, ie: approve, the applications for financing to be submitted to the NADBank, or to other funding sources.





Principles

• ***Binational Cooperation.***

BECC's unique structure promotes binational cooperation and enables the institution to respond to binational challenges head on. Human and industrial pollution do not recognize international borders. As such, improving environmental conditions on one side of the border invariably leads to better conditions on the other. Border nations must employ a binational approach to solve shared pollution problems.

• ***Bottom-Up Approach.***

Environmental infrastructure projects are initiated and developed by individuals, municipalities, institutions, and private investors located on the border addressing BECC's priority areas. This bottom-up approach empowers border communities to take an active role in solving their own pollution problems.

• ***Efficiency.***

In line with existing economic and budget realities, the BECC is a lean organization with low overhead and a small staff. BECC's application process is simple and straight forward. These two qualities allow the BECC to operate efficiently and effectively.

• ***Public Participation.***

No one knows border environmental problems better than the border residents themselves. BECC actively solicits participation from the public on all projects under BECC consideration, as well as on the rules of procedure and policies of the institution.

• ***Sustainable Development.***

BECC recognizes that future generations will benefit from projects that include sustainable development principles. For example, using appropriate technology, reducing energy consumption, reusing and conserving precious water resources, and enabling local communities to better assess and manage projects themselves will help improve life in the border region for future generations.



1995 HIGHLIGHTS & ACCOMPLISHMENTS

Environmental Infrastructure Projects Certified by the Board of Directors

The BECC Board of Directors certified the first two projects - located in Brawley, California, and Ensenada, B.C. - at a public meeting in

Brownsville, Texas. The total estimated cost of the projects was \$25 million dollars. U.S. Ambassador to Mexico James Jones and Tamaulipas

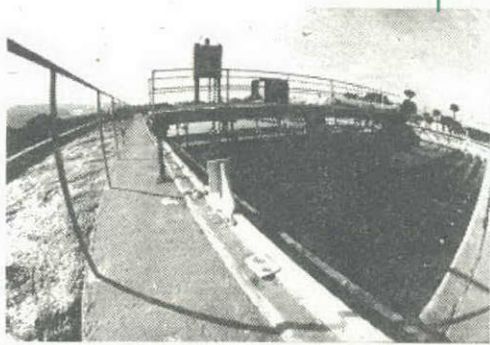
Governor Manuel Cavazos attended the meeting and applauded the BECC on these certifications and its historic first step toward improving environmental conditions along the U.S.-Mexico border. More than 300 people participated in the meeting, many offering constructive comments for the Board to consider in rendering its certification.

The Board of Directors certified the third project during a public meeting held in El Paso, Texas. Again, several hundred people attended the meeting and engaged the Board in an open discussion on the \$11.7 million dollar project before it was unanimously approved by

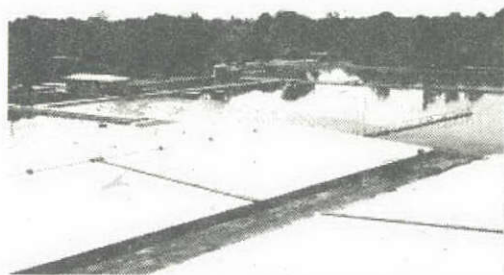
the Board.

The three certified projects were:

- **Wastewater Treatment Plant, Ensenada, B.C.;** Estimated Capital Cost: \$8 million dollars. The proposed wastewater treatment plant will treat wastewater which is currently being discharged to the Ensenada Bay without adequate treatment. The project will enable this port city to promote clean beaches, protect public health, strengthening its tourism industry and protecting its fishing waters. The new treatment plant will have the capacity to treat 11.4 million gallons per day and will benefit 250,000 residents. (Note: The Ensenada project is now in the process of re-design and may require a new BECC certification.)



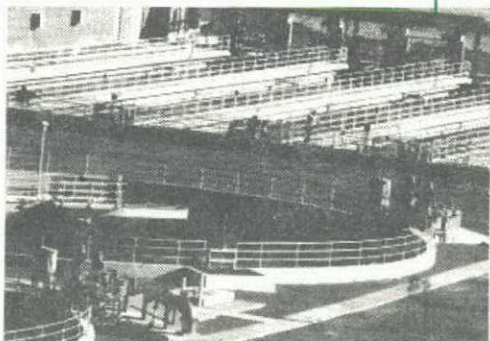
Ensenada Treatment Plant will reduce pollution to bay.



Brawley Plant will provide clean drinking water to city and neighboring colonia.

- **Water Treatment Plant in Brawley, CA;** Estimated Capital Cost: \$17 million dollars. The proposed water treatment plant will replace the city's existing plant with a modern facility that will supply cleaner water to enable the city to meet both federal and state

standards for water quality and ensure safe drinking water for the residents. The proposed plant has a capacity of 15 million gallons per day and the capability to expand to 30 million gallons per day. The project will benefit 24,000 residents in three communities.

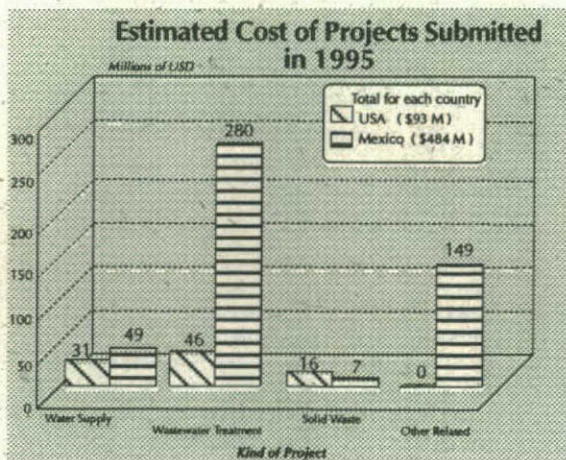
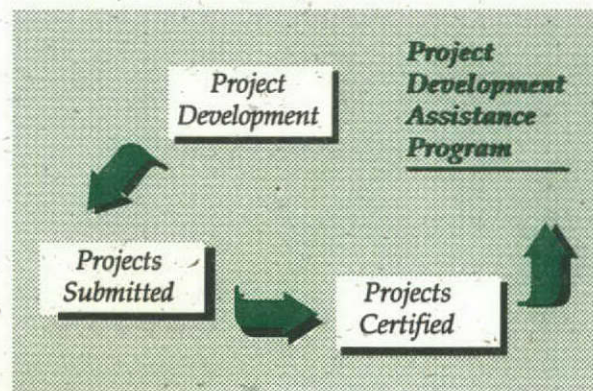
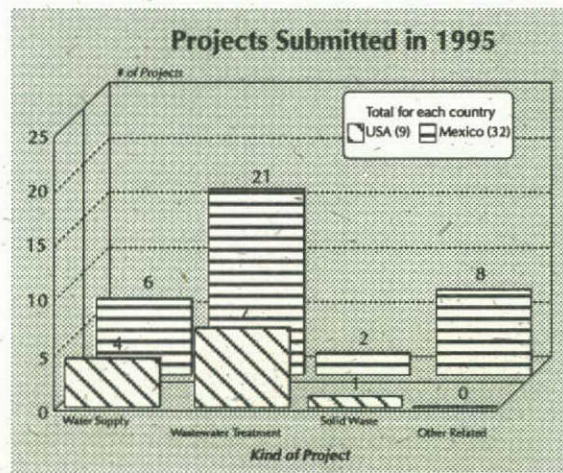


Reclamation Project will help conserve precious groundwater resources in the El Paso region.

- **Wastewater Reuse Project, El Paso, TX;** Estimated Capital Cost: \$11.7 million dollars. The project will treat wastewater to be reused for irrigation and industrial uses in Northwest El Paso. The project will also lead to reduced dependence on underground water reserves shared by both countries. The water reuse system capacity is 1.5 million gallons per day and will benefit 90,000 residents, including colonia populations in the upper valley region.

Projects Submitted to the BECC

The three projects certified by the Board of Directors were among 41 project proposals submitted to the BECC in 1995, with an estimated combined cost of \$577 million dollars. As evidenced in the bar graphs, the majority of requests were submitted by communities on the Mexican side of the border, where rapid population increases over the last decade have resulted in an acute lack of water supply, wastewater, and solid waste facilities. Improvements in the environment on the Mexican side of the border will improve the quality of life for both countries.



Project Development Assistance Program

As border infrastructure projects took shape throughout 1995, the Board became increasingly aware of two important challenges in the development of projects. First, serving the large urban areas and bringing relief to small rural communities is complex and expensive. Second, border communities carrying the greatest environmental or health burdens are often the least equipped to confront these threats. To address these challenges, technical assistance, both direct in-house and by expert consultants, is critical.

Thus the Board established a technical assistance program, now called the Project Development Assistance Program (PDAP), to enable communities to analyze

environmental dangers and identify viable, cost-effective solutions. Additionally, the PDAP will help strengthen existing institutional capacity for equitable-accepted loan repayment through user fees.

The beneficial effects of technical assistance has been repeatedly demonstrated throughout the border. In the small border city of Somerton, Arizona, for example, the Commission funded a consultant to work with City officials and review present and future waste

water treatment needs. The result was the identification of an alternative technology, bringing a \$1 million dollar savings to the City, and cutting previously anticipated project costs in half.

In another instance, BECC helped prepare a financial analysis to define differential rate structures based on the economic realities faced by Mexican communities, in order to evaluate the potential impact on lower income rate payers. The results of this holistic approach to financing infrastructure in Mexico will be used as a model for a number of water and wastewater authorities along the Mexican side of the border.

Recognizing the limited ability of many border communities to develop infrastructure projects and project proposals for BECC certification, BECC realizes that project development assistance is one of the most important aspects of its work on the border.

In order to effectively assist border communities in entering the BECC process to develop viable infrastructure solutions to environmental problems, the BECC's PDAP program must be expanded for communities in need.

BECC Criteria for Project Certification

- ◆ General Project Information
- ◆ Environment and Human Health
- ◆ Technical Feasibility
- ◆ Economic and Financial Feasibility
- ◆ Social Issues
- ◆ Community Participation
- ◆ Operation and Maintenance
- ◆ Sustainable Development

Development of Criteria for BECC Projects

To provide standards by which to evaluate and certify environmental infrastructure projects, the BECC developed *Guidelines for Project Submission and Criteria for Certification*. The Criteria were developed with extensive participation from the public, exemplified by one session during which more than 300 participants, in round table discussions, exchanged views on BECC's priorities.

A draft Criteria was created after this meeting. Two public meetings with public comments, and several iterations, the BECC Board of Directors unanimously adopted the Criteria during a public Board meeting in El Paso - an achievement shared by several hundred meeting participants.

The BECC Criteria requires that all projects proposed for BECC certification satisfy eight criteria, including rigorous environmental, technical and financial standards. Additionally, the BECC introduced two pathbreaking criteria to the development of environmental infrastructure projects and the border region: (1) strong

community participation; and (2) a demonstration that a project meets sustainable development principles, carrying forward the international standard adopted at the 1992 Rio Conference on the Environment: "Sustainable development is that which meets the needs of the present without compromising the ability of future generations to meet their own needs."

The Board recognizes that community participation and sustainable development criteria challenge communities to take a new, fresh approach to developing projects. These ambitious and forward-looking guidelines elevate community support and sustainable development to a level as important as environmental, technical and financial excellence.

BECC's Certified Projects, Public Meetings, Public Outreach Meetings and Projects Submitted



Map of the Border Region.



Certified Projects :

1. Ensenada Treatment Plant
Ensenada, B.C., Mexico
Wastewater Treatment Plant
2. Brawley Plant
Brawley, CA, USA
Water Treatment Plant
3. El Paso Plant
El Paso, TX, USA
Wastewater Reuse Plant



Public Meetings :

1. Brownsville, TX, USA
2. El Paso, TX, USA
3. Tijuana, B.C., Mexico
4. Cd. Juárez, Chih., Mexico



Public Outreach Meetings :

1. San Diego, CA, USA
2. Tijuana, B.C., Mexico
3. Mexicali, B.C., Mexico
4. El Centro, CA, USA
5. Nogales, Son., Mexico



Projects Submitted :

U.S.

Texas
El Paso
Spofford
Socorro

New Mexico
Columbus

Arizona
Douglas
Somerton

California
Brawley
Tecate

Mexico

Tamaulipas
Matamoros
Nuevo Laredo
Reynosa
Nuevo Leon
Bravo
Coahuila
Cd. Acuña
Piedras Negras
Chihuahua
Cd. Juárez
Palomas
Ojinaga
Sonora
Naco
Nogales
San Luis Rio Colorado
Agua Prieta
Baja California
Mexicali
Tijuana
Ensenada

INTERACTION WITH THE PUBLIC

Public Meetings of the Board of Directors

Public meetings of the Board of Directors are dynamic events, characterized by extensive participation from the public. Conducted in cities on the U.S. and Mexican border on a rotating basis, the meetings serve as an opportunity for the 10-member Board to interact with border residents. Notice of public meetings, together with a complete agenda including all projects to be considered for certification are published forty-five days in advance of the meetings. All oral and written public presentations are translated into English and Spanish.

During the meetings, time is made available for the public to provide direct comments to the Board, in either language, on projects for certification, procedures, rules, criteria, and other items for which public comment is sought. In 1995, the BECC Board conducted five public meetings in the border cities of Cd. Juárez, Tijuana, Brownsville, and El Paso, with a combined attendance of 1,000 border residents.

Public Outreach

As a new border institution, effective public outreach was critical in 1995, to teach border communities about the BECC and NADBank, and to solicit project proposals. BECC received a \$30,000 grant from the U.S. Environmental Protection Agency to support an aggressive outreach program in communities on both sides of the border. Under the grant, the BECC conducted five general public outreach meetings, in addition to the five public meetings of the Board of Directors and Advisory Council. More than 1,000 people attended the public outreach meetings which took place in San Diego, Tijuana, Mexicali, El Centro, and Nogales, Sonora.

Additionally, EPA grant funds supported BECC participation in other outreach meetings and conferences border-wide. In all, BECC gave

more than 50 presentations at meetings throughout the year, reaching more than 4,000 people.

BECC Board members, Advisory Council members, and staff, and NADBank staff, also met individually with project sponsors throughout the entire border region, to guide them in developing project proposals to the BECC. These meetings, in addition to the general outreach, helped generate the 41 project proposals submitted to BECC in 1995.

BECC also utilized the grant funds to expand its database so that by the end of 1995 it included more than 1,900 organizations and individuals. The database is used to distribute a bilingual monthly newsletter called BECCNEWS/NOTICOCEF, which provides updates on BECC activities, projects, notices of public meetings, proposed project certifications, and draft documents for public comment.

One of the most effective communication tools of 1995 was the Internet, on which BECC communicates regularly, in English and Spanish, by means of a bulletin board listserver called BECCNET, sponsored by the Udall Center of the University of Arizona, and funded by the Mott Foundation. BECCNET has over 340 subscribers.

Procedures Adopted by the Board of Directors

During the latter part of 1995, BECC staff drafted a number of rules, procedures, and guidelines for internal and external operating purposes and public participation in the BECC process. The draft procedures were circulated for written and oral public comments. These procedures clarify how the BECC notifies the public of its public meetings and of projects proposed for certification. The procedures also address other issues of keen public interest, such as the process for disclosing project information, handling complaints, and addressing conflicts of interest. Because of the potential impact of the rules on both the Board of Directors and the public, and in the spirit of openness and transparency, the Board adopted procedures governing the notice of public meetings and conflicts of interest on an interim basis, giving the public an opportunity to comment before finalization. As such, five sets of procedures were circulated to the public and valuable input was generated for consideration by the Board during 1996.



The Board and border residents at a public meeting in Cd. Juárez

**BORDER ENVIRONMENT COOPERATION COMMISSION
STATEMENTS OF CONTRIBUTIONS AND EXPENSES
FOR THE PERIOD FROM NOVEMBER 1, 1994 TO DECEMBER 31, 1995
U.S. Dollars**

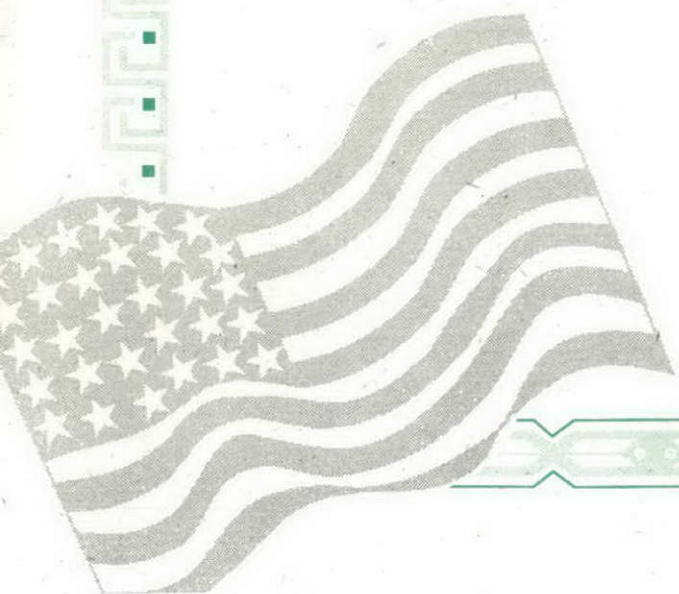
Contributions:	
From the United States of America	\$1,510,000
From the United States of Mexico	1,144,737
Other	58,861
Total Contributions	<u>2,713,598</u>
Expenses:	
Wages and Benefits	894,212
Traveling	189,684
Studies of Projects and Advice	263,426
Public Conferences	117,617
General	340,649
Total Expenses	<u>1,805,588</u>
Excess of Contributions over Expenses	<u>\$ 908,010</u>

**BORDER ENVIRONMENT COOPERATION COMMISSION
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD FROM NOVEMBER 1, 1994 TO DECEMBER 31, 1995
U.S. Dollars**

Operating Activities:	
Excess of Contributions over Expenses	\$ 908,010
Items which do not Require the Use of Funds:	
Depreciation	39,686
Liabilities at end of Period	<u>145,729</u>
Total From Operating Activities	<u>1,093,425</u>
Investment Activities:	
Prepaid Expenses	20,054
Office Equipment	<u>420,149</u>
Total Funds Used	<u>440,653</u>
Cash and Short Term Investments at End of Period	<u>\$ 652,772</u>



**ANNUAL
REPORT
1995**



To the Board Directors of
Border Environment Cooperation Commission

We have audited the Balance Sheet of the Border Environment Cooperation Commission, as of December 31, 1995, along with related statement of contributions and expenses, and the changes in financial position for the period from November 1, 1994 to December 31, 1995. These financial statements are the responsibility of the Border Environment Cooperation Commission's management. Our responsibility is to render an opinion on these financial statements based on our audit.

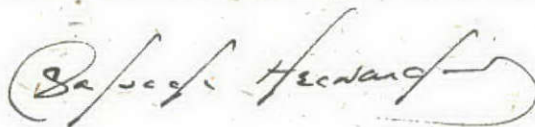
We conducted our audit in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit in order to determine, with reasonable assurance, whether the financial statements are accurate. An audit examines on a sample basis evidence supporting the amounts and disclosures in the financial statements. An audit also assesses the accounting principles used and the estimates made by management; it also evaluates the overall documentation. We feel that our analysis has provided a reasonable foundation for our opinion.

The accompanying financial statements were prepared in accordance with the historical-cost basis of accounting and do not include the inflationary effects on the financial information as required by accounting principles generally accepted in Mexico. Therefore, the statements do not present a financial situation, contributions and expenses, and do not reflect the changes in financial position in accordance with such principles.

In our opinion, the aforementioned financial statements are accurate in conformance with the accounting practices followed in their preparation and reflect the financial status of the Border Environment Cooperation Commission as of December 31, 1995, the excess of contributions over expenses, and the changes in its financial position for the period from November 1, 1994 to December 31, 1995.

Such financial statements have been translated into English, for the benefit of non Spanish speakers of the Board of Directors or management of the Commission.

GALLARDO HERNANDEZ SOLIS, Y CIA., S.C.



C.P. Salvador Hernandez, I.

Ciudad Juárez, Chihuahua
March 8, 1996

BORDER ENVIRONMENT COOPERATION COMMISSION
BALANCE SHEET
AS OF DECEMBER 31, 1995
U.S. Dollars

Assets

Current:

Cash and Short Term Investments	\$ 652,772
Prepaid Expenses	<u>20,504</u>

Total Current Assets	673,276
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Office Equipment and Equipment-Net	<u>380,463</u>
------------------------------------	----------------

	<u>\$1,053,739</u>
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Liabilities and Capital

Current:

Accounts Payable	\$ <u>145,729</u>
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Total Current Liabilities	<u>145,729</u>
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Capital:

Excess of Contributions Over Expenses of the Period	<u>908,010</u>
--------------------------------------------------------	----------------

Total Equity	<u>908,010</u>
--------------	----------------

	<u>\$1,053,739</u>
--	--------------------

Staff

The BECC staff is managed by a General Manager and Deputy General Manager who are selected by the Board of Directors and rotate nationalities. To oversee the day-to-day business of the BECC, the Managers hired an 18-member staff, with citizens from both countries.

BECC staff works in teams to maintain the efficient characteristic of the BECC, ensure personal interaction and dialogue with project sponsors, provide technical assistance, respond quickly to requests for information, as well as to develop rules and procedures, and handle administrative issues.

Headquarters Accord

The BECC was officially recognized in Mexico as an international institution, with the signing of the Headquarters Accord in October 1995. The BECC General Manager and Mexico's Secretary of Foreign Affairs signed the Accord to confirm BECC's location in Ciudad Juarez, Chihuahua, and its status as an international organization. The Accord was ratified by the Mexican Congress in December 1995.



Border Environment Cooperation Commission Staff

H. Roger Frauenfelder	General Manager (U.S.)
Luis Raúl Domínguez	Deputy General Manager (MEX)
Elva Hipolito	Executive Assistant, General Manager (U.S.)
Myriam Cruz Aguirre	Executive Assistant, Deputy General Manager (MEX)
Chuck Sheehan	General Counsel (U.S.)
Gonzalo Bravo	Public Outreach Coordinator (MEX)
Tracy Williams	Public Outreach Coordinator (U.S.)
Ramon Peña	Information Systems Coordinator (MEX)
Luis Ayala	Administrative Director (MEX)
Rita Ruvalcaba	Administrative Assistant (MEX)
Jorge Aguirre	Technical Director (MEX)
Irma Valenzuela	Secretary, Technical Division (MEX)
Adolfo Urias	Program Manager Engineering (MEX)
April Lander	Program Manager Environment (U.S.)
Edgardo Tovilla	Technical Coordinator (MEX)
Alberto Perez Shoelly	Program Manager Local Finance (MEX)
Hector Gonzalez	Program Manager (MEX)
Angeles Villarreal	Strategic Planning (U.S.)
Estela Jara	Project Evaluation Coordinator (U.S.)
	Receptionist (MEX)

For more information please contact:

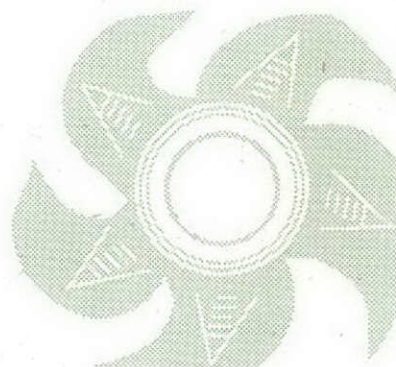
Border Environment Cooperation Commission

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Board of Directors

MEXICO

Jorge Bustamante
Chairman
of the Board
(Public
Representative)
College of the
Northern Border
Tijuana, B.C.



Horacio Garza Garza
(Local
Representative)
Mayor, Nuevo Laredo, Tamps.
Succeeded by
Guadalupe Osuna Millan,
Mayor, Tijuana, B.C.



Rogelio Ramos
Oranday
(State
Representative)
Secretary of
Social Development,
Saltillo, Coah.
Succeeded
Rogelio Montemayor
Seguy, Governor
of Coahuila



**Antonio Azuela
de la Cueva**
(Ex-officio
Member-Alternate)
Attorney General
for Environmental
Enforcement,
Mexico City

Julia Carabias
(Ex-officio
Member)
Secretary of the
Environment,
Natural Resources
& Fisheries,
Mexico City



Arturo Herrera
Solis
(Ex-officio
Member)
Mexican
Commissioner
International Boundary
& Water Commission,
Cd. Juarez, Chih.



UNITED STATES

Lynda Taylor
(Public
Representative)
Director,
Southwest Research
and Information Center,
Albuquerque, NM



Peter Silva
(Local
Representative)
Deputy Director,
San Diego
Water Utilities
San Diego, CA



Ygnacio Garza
(State
Representative)
Commissioner
Texas Parks
and Wildlife
Brownsville, TX



Carol Browner
(Ex-officio
Member)
Administrator,
Environmental
Protection Agency,
Washington, D.C.



John M. Bernal
(Ex-officio
Member)
U.S. Commissioner
International
Boundary
& Water
Commission
El Paso, TX



William A. Nitz
(Ex-officio
Member-Alternate)
Assistant
Administrator,
International Activities
Environmental Protection
Agency, Washington, D.C.

Board of Directors

The ten-member binational Board of Directors consists of four ex-officio members and six other members, including the Commissioners of the U.S. and Mexican sections of the International Boundary and Water Commission (IBWC); the Administrators of the U.S. Environmental Protection Agency (EPA) and the Secretary of Environment, Natural Resources, and Fisheries (SEMARNAP); and representatives of the border states, localities, and the public, with equal representation from both countries.

The principle function of the Board of Directors is to review and certify environmental infrastructure projects for financing consideration by the NADBank, or other funding sources. Within this function is included the Board's responsibility to set policies and procedures. In the spirit of the Agreement creating the BECC, the Board of Directors renders its decisions during public meetings.



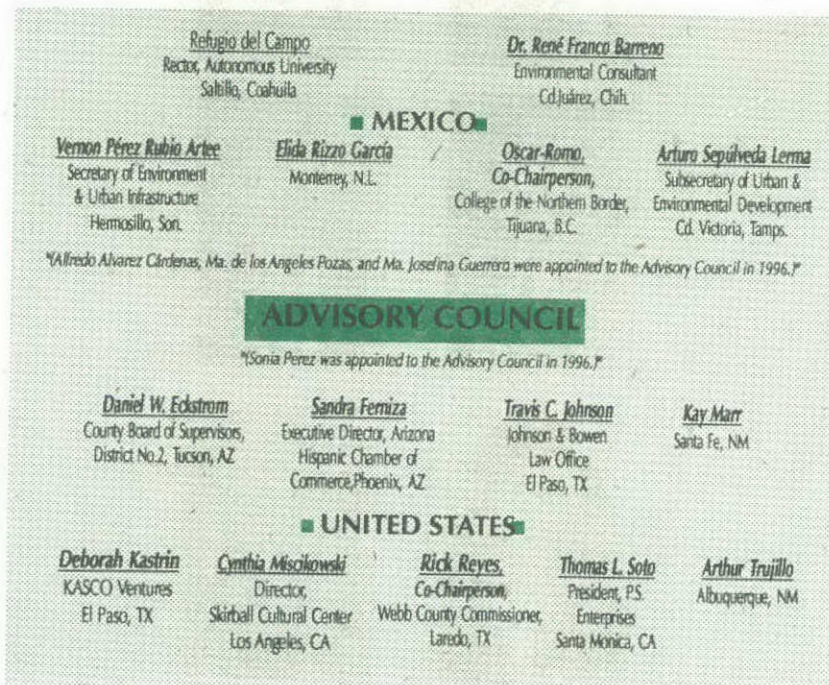
Advisory Council meeting, BECC offices in Cd. Juarez

Advisory Council

The Board of Directors receives advice from an 18-member, binational Advisory Council, with equal representation from the United States and Mexico. The Advisory Council meets quarterly during the regular sessions of the Board and at other times during the year. The Advisory Council met six times during 1995. Additionally, members of the Advisory Council participated in numerous public outreach activities in their localities.

In addition to providing advice to the Board of Directors on project certification and policy issues, the Advisory Council serves

as an auxiliary body to the Board of Directors for public participation. As such, they bring first hand knowledge of the environmental problems in their area and add a personal dimension in communication



with border residents.



CHALLENGES FOR 1996

Re-evaluation of Criteria for Project Certification.

In mid-1996, the BECC will review, evaluate, and publish for comment its Criteria for Project Certification. This process, in accord with the one-year review period adopted by the Board, will ensure that the criteria are working and serving the BECC's mandates effectively.

Sustainable Development.

BECC took a giant first step in 1995 towards a sustainable border region by incorporating principles of sustainable development into its criteria. The challenge for 1996 is to incorporate these principles and additional elements meaningfully into every certified project.

Project Development Assistance Program.

In 1996, the BECC will complete the development of the Project Development Assistance Program (PDAP) and an accompanying manual to provide assistance to border communities, large and small. BECC will work closely with the ten border states in identifying the communities that need special assistance.

Private Sector Participation.

BECC, together with NADBank, will involve the private sector in the development and financing of projects. BECC and NADBank will provide opportunities for businesses to become more involved in projects at early stages. They will encourage capital investments from businesses to lessen the financial burden on communities. BECC will also encourage industry, including Maquiladoras, to be good corporate citizens and support municipal efforts to improve the quality of their environment.

Bilateral Relations.

The BECC will strive to uphold the spirit of the Agreement creating the BECC and NADBank in improving the quality of the border environment. As such, BECC will build upon the relationships it developed in 1995, to maintain strong bilateral environmental relations between the two nations.

Communication.

Improved communication through the Internet will help increase the public's awareness of projects being proposed to the BECC. In 1996, the BECC will develop a "home page" on the internet which will allow increased public access to BECC projects under review, as well as a wide range of other information such as meeting notices, agendas, and minutes, and rules of procedure. Taking advantage of useful technology and spreading that technology to the border region will be a challenge for the BECC.

Public Outreach.

Recognizing that many border residents do not have access to new technology, BECC will also engage in more traditional outreach activities on the border. Outreach in 1996 will focus on providing opportunities and assistance to more border communities, particularly small communities and colonias.

The BECC is prepared to meet these challenges to help border residents alleviate environmental and health problems in their communities, for present and future generations.





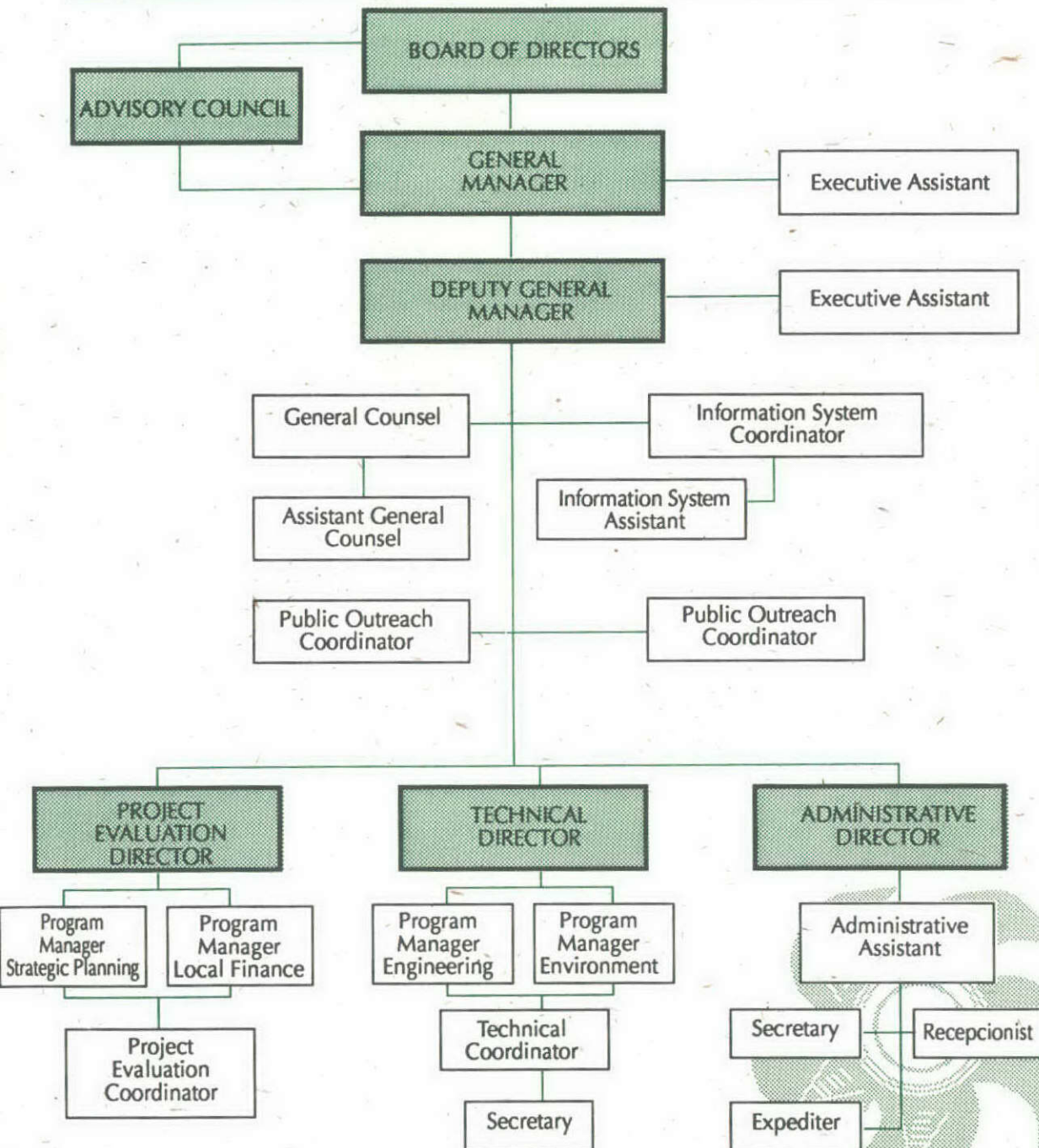
APPENDICES

Organization and Structure

The make-up of the Commission, as established by the Agreement, consists of a Board of Directors, which has an Executive

Committee, Advisory Council, General Manager, Deputy General Manager, and staff.

BECC Organization Chart





SPECIAL RELATIONSHIPS

I. BECC and NADBank

As sister institutions, the BECC and NADBank have a complementary working relationship. BECC serves as a central clearing house for project review; NADBank provides project financing. Although located in different cities, the two organizations communicate regularly to ensure that the Bank is involved in assessing the financial feasibility of projects at an early stage. In this way, project sponsors receive expert financial guidance from a professional banking institution.

NADBank, however, is not the sole source of financing along the border. The NADBank works in concert with other lending organizations to attract the investment of private capital and leverage its resources. By encouraging the participation of outside capital, NADBank's resources are available to provide assistance to more border communities.

By the end of 1995, NADBank had \$750 million in lending capacity, which reflects the first installment of callable capital and cash contributions made equally by the United States and Mexico. Once the bank is fully capitalized in 1998, it will have \$450 million in paid-in capital and \$2.55 billion in callable capital.

II. BECC and IBWC

The BECC complements the work of the bilateral International Boundary and Water Commission (IBWC). The BECC Agreement underscores the close relationship between the BECC and IBWC. In addition to including the U.S. and Mexican Commissioners of the IBWC as ex-officio members of the BECC Board of Directors, the Agreement encourages the institutions to cooperate in planning, developing, and carrying out border sanitation and water quality activities. For example, the U.S. and Mexican Sections of the IBWC are developing facilities planning for border wastewater treatment projects and coordinating these efforts with the BECC. Similarly, the BECC is working closely with the IBWC on its technical assistance program.

The two institutions have also made

arrangements to provide mutual support with regard to facilities, personnel, and services.

III. BECC and Federal Agencies

On the federal level, BECC has a close working relationship with the U.S. Environmental Protection Agency (EPA), and the Mexican Secretary of Environment, Natural Resources, and Fisheries (SEMARNAP). Again, this cooperation is facilitated by the fact that the Secretaries of EPA and SEMARNAP serve on the BECC Board of Directors as ex-officio members. These agencies provide valuable expertise in assessing projects for certification. Furthermore, EPA and SEMARNAP have solicited BECC participation in developing the Border XXI program, a binational governmental plan to achieve a number of transboundary environmental goals, focusing largely on wastewater, water pollution, and municipal solid waste.

BECC also works closely with federal organizations that do not serve on the Board of Directors. Mexico's National Water Commission (CNA) has been instrumental in working with the BECC to identify and evaluate priority projects. Mexico's Secretary for Social Development (SEDESOL) has been equally focused on border solid waste issues and finding solutions. Similarly, an Interagency Working Group of U.S. federal agencies, through the federal members of the Board, has provided valuable insight to the BECC on policies, procedures, and projects. Finally, the U.S. Department of State and Secretary of Foreign Affairs provided invaluable assistance and support to the BECC since its inception.

IV. BECC and Elected Officials

Congressional officials on both sides of the border were instrumental in creating the BECC. The BECC, in turn, has developed a relationship with the Congresses of both countries through constant communication. In Mexico, BECC staff met with the Border Affairs and Environmental Committees of both the House and Senate of the Mexican Congress. BECC also paid special visits to U.S. Congress-

sional delegates in Washington, D.C., who provided valuable input to the BECC on the criteria and project certifications throughout the year.

Border Governors and Mayors were key to many of BECC's successes in 1995. In addition to attending BECC public meetings, they provided environmental leadership in their communities through state and local border programs which helped identify their infrastructure needs and potential projects.

V. BECC and Border States

BECC works in concert with the ten U.S. and Mexican border states to identify environmental problems, potential solutions, and priority projects. The border states have facilitated a number of public outreach and technical meetings for the BECC to work with local communities and project sponsors. The border states are also engaged in helping the BECC develop a bilateral small communities program to assist with needs assessment, project identification, potential grant resources to complement a loan package, and certification.

VI. BECC and Local Authorities

Because the development of environmental infrastructure projects is intended for border communities, the BECC has established a working relationship with local authorities. Public works and planning officials in the border communities have been instrumental in identifying their environmental infrastructure needs and

proposing projects to the BECC as well as working closely with BECC staff in the proposal development phase. Furthermore, they have hosted meetings to help reach out to the border residents.

VII. BECC, NGOs and Border Residents

The BECC works closely with non-governmental organizations (NGOs) on both sides of the border. NGOs include academic institutions, and environmental, health, and social organizations. They have provided valuable input to the Board of Directors on the policies, procedures and projects of the BECC.

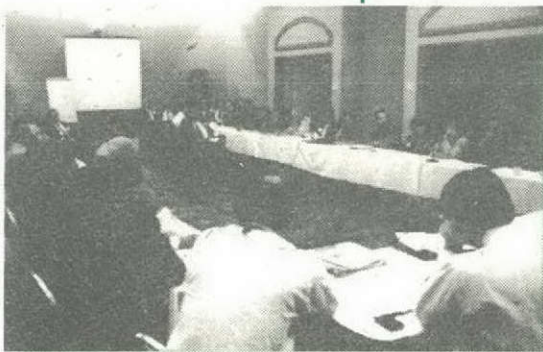
Written and oral comments from NGOs have helped shape BECC decisions on the certification of projects. As evidenced by a BECC-NGO Workshop, conducted in El Paso, Texas, in November 1996 on proposed policies and priorities, the BECC and NGOs have an important working relationship.

Participation from border residents in local meetings on specific projects and in public meetings has also been extremely valuable to

the development of sound environmental infrastructure projects border-wide.

VIII. BECC and Businesses

Businesses in the United States and Mexico recognize the vast opportunities there are in improving the environment in the border region. To facilitate business opportunities, BECC developed a resource list of businesses to provide to communities in the process of developing projects. Additionally, the BECC met with interested businesses throughout the year and participated in three binational workshops for businesses, sponsored by the U.S. Department of Commerce.



BECC and NGOs Work Together, November 15, 1995, El Paso, TX