



1996 Annual Report



Border Environment Cooperation Commission

Leading citizens of the United States and Mexico toward a cleaner, healthier border.



*The
Government
of the United
States of
America
and the
Government
of the United
Mexican
States...*

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Message from the Chairman of the Board of Directors



Dr. Jorge A. Bustamante
Chairman of the Board of Directors

Jorge A. Bustamante

In 1996, the Border Environment Cooperation Commission (BECC) celebrated two years of operation, during which I have had the honor to serve as Chairman of the Board of Directors. This binational organization has already been recognized for its direct work with border communities along the entire border. Without a doubt, the positive aspects of this institution have helped promote border development and strengthened cooperation between the United States and Mexico.

In 1996, the BECC entered an important era of consolidation and work with the local, state and federal governments of both countries to identify the problems and find solutions for the urgent environmental infrastructure needs of the region.

To date, the BECC has received more than 79 proposals for project financing with an estimated cost of US\$930 million. In just two years of operation, twelve of these projects have been certified (six in Mexico and six in the U.S.), with a total estimated cost of almost US\$100 million. Of these projects, four have been approved for financing by the North American Development Bank (NADBank), BECC's partner in the process of developing and funding viable environmental infrastructure projects. The twelve certified projects will benefit nearly 800,000 border residents.

This success, thanks to the application of a body of criteria known as the Project Certification Criteria, which were publicly reviewed, supported and approved in November, requires public participation and community support for projects, and strengthens project sustainability. The Criteria have made the BECC an innovative institution, marking a new direction for the border, highlighted by responsible citizenship.

Among the challenges confronting the BECC's work on the border is the development of proposals to be considered for Board approval. Proposals to the BECC require a coordinated effort among the three levels of government, NADBank, as well as the private sector, so that border communities can count on assistance for planning and design of projects and strengthen their technical, administrative, financial and human resources capabilities. In this context, BECC's technical assistance efforts will be expanded in 1997.

The BECC moves forward as an institution that promotes coordinated efforts and participation of community representatives in an open public process, confronting the backlog and inertia that has slowed down the development of environmental infrastructure on the border. Together with the NADBank, the two institutions will contribute to improved conditions in the border region.

Message from Sandra Ferniza, Advisory Council Co-Chair

The BECC has continuously strived to uphold the principles of the Agreement that created the organization three years ago: to ensure an open and public process for broad community involvement; to coordinate with local, state and federal institutions to maximize resources for the benefit of local communities; to create stringent but fair criteria for the development of quality projects; and to assist border communities with the development of their infrastructure projects for a sustainable environment. On behalf of my colleagues on the Advisory Council, I am pleased with the direction in which the BECC is moving to improve health and environmental conditions on the border as we move together into the 21st century.

Message from Oscar Romo, Advisory Council Co-Chair

The BECC stands out among other environmental organizations for its serious and decided efforts towards sustainable development. The BECC's commitment is evident when reviewing its basic documents and attending its public meetings, during which the BECC has openly addressed the need for a change in the way infrastructure is developed and improvements are made in the quality of life in the border region. In meeting its mission, the BECC has confronted numerous obstacles that have been limiting. But, after two years in operation, we can say with satisfaction, that the BECC is meeting the public's expectations to promote public participation, improve communication with border communities, and aid in the development of border environmental infrastructure.

Message from Roger Frauenfelder, General Manager

This first full year of BECC operation witnessed important successes, with twelve projects certified, four projects approved by NADBank for financing, and nearly eighty projects in the pipeline. Few organizations are able to start up at such a pace while providing for ample public participation. Initial operations usually encounter rough spots; but, lest we forget, the main reason we were established was to protect, preserve and enhance the border environment by assisting the development of priority infrastructure projects. I am proud of the BECC staff and the progress we have made in accomplishing this goal.

Message from Luis Raúl Domínguez, Deputy General Manager

The first two years of BECC operation have been characterized by its direct work with nearly 60 communities on both sides of the border. This work has provided the Commission with valuable knowledge about the needs of different cities and localities. This intense effort allows the BECC to have an inventory of projects, priorities, available forms of support, and funding schemes. Coordination efforts at the BECC have been essential to provide the border with a development platform, with the concurrence of different agencies, and the federal and state governments of both countries. BECC enters with firm steps into a new phase, where projects must be developed within a regional and sustainable planning framework to ensure a rational use of natural resources in the border and broad community participation in environmental decision-making.

*Have agreed
to create:
a Border
Environment
Cooperation
Commission
(BECC) and
North American
Development Bank
(NADBank).*



Environmental Conditions along 2,000 Mile U.S.- Mexico Border

-  Current border population exceeds 10 million people.
-  Border population expected to double between 1990 and 2010.
-  Influx of new residents and businesses exacerbates adverse environmental conditions.
-  Substandard health and living conditions suffered by thousands of residents of "colonias."
-  Estimated US\$5.7 - 8.7 billion needed to address environmental problems over the next decade.

Introduction

The immediacy of border environmental problems was recognized in 1993 with the creation of two environmental institutions: the BECC and NADBank. Both institutions were specifically created to address the U.S.-Mexico border's deteriorating or non-existent environmental infrastructure.

The two institutions provide a new, bilateral approach for the development and financing of environmental infrastructure projects related to water supply, wastewater treatment, municipal solid waste, and other related matters.

Border Environment Cooperation Commission

The BECC identifies, assists with, evaluates and approves environmental improvement projects for financing consideration by the NADBank, or other sources. In its work, the BECC promotes “bottom-up” project development to serve the border region for the long-term.

The BECC evaluates project applications, based on a set of technical, environmental, financial, community participation and sustainable development criteria.

The BECC process is open and transparent, encouraging broad participation from the border communities, to achieve a sustainable border environment.

Above-all, the BECC wants to guarantee that projects built today will meet the needs of present and future generations.

Located in Cd. Juarez, Chihuahua.

North American Development Bank

The NADBank works hand-in-hand with the BECC and project sponsors to develop viable financing packages to support project development, construction, operation and maintenance, for projects approved by the BECC.

When the NADBank is fully capitalized, with equal contributions from the United States and Mexico, it will have \$3 billion in subscribed capital to leverage financing and provide loan guarantees for the border projects.

The NADBank can serve as a financial advisor, investment banker, and partial lender, and encourages the investment of private capital or equity capital to complement its resources.

Located in San Antonio, Texas.

** Convinced of the importance of the conservation, protection and enhancement of their environments and the essential role of cooperation in these areas in achieving sustainable development for the well-being of present and future generations;*



U.S.
Congressman
Esteban Torres

"The BECC and NADBank represent a more responsible and effective approach to helping improve environmental and health conditions along our border with Mexico. The BECC's project certification criteria document is on point - especially important is its definition of sustainable development and commitment to open processes. Furthermore, the BECC has developed an innovative mechanism to ensure that private-sponsored projects benefit local communities."

1996 Accomplishments

In 1995, after recounting the accomplishments of its first year, the BECC outlined a number of important challenges for 1996.

With outstanding cooperation from both the U.S. and Mexican Governments and "roll-up-your-sleeves" participation from the public, the BECC has begun to meet every one of these challenges.

Certified Projects

The BECC Board of Directors certified nine environmental infrastructure projects during 1996, bringing the total number of certified projects to twelve. Four of the projects were approved for financing by the NADBank; three of the projects received funding from other sources. Each of these projects will solve a critical environmental or human health need in the area it serves.

Project Pipeline

Through aggressive outreach efforts, the BECC encouraged border communities to face head-on their environmental infrastructure needs. As a catalyst for project development, the BECC worked with border states and municipalities on both sides of the border to develop a steady stream of needed projects now in the certification pipeline.

Rio Grande / Rio Bravo

Technical Assistance Program

Recognizing that border communities lack the resources to develop projects on their own, the BECC secured a \$10 million dollar grant from the U.S. Environmental Protection Agency (EPA) to support technical assistance for the development of border water and wastewater projects. The BECC provided numerous technical assistance grants in 1996 to communities to further project development.

Criteria for Project Certification

Following a year's operating experience, the BECC improved its Project Certification Criteria (Criteria).

The result is an enhanced, community-accepted version of the Criteria that includes greater degrees of environmental protection and community participation, a policy for private-sector projects and unprecedented criteria for sustainable development.

Bilateral Relations

The BECC's outreach program and public participation process has helped to foster stronger relationships between local, state, and federal governments and border residents. At any given time, government officials and residents from either side of the border collaborate with each other on projects to meet BECC's Criteria.

Public Interaction and Outreach

The BECC stepped up its outreach efforts in 1996 with an initiative to address small community issues and targeted community outreach related to specific projects. The BECC met with representatives from 42 communities and more than 2,500 border residents. Additionally, the BECC improved its interaction with the public by expanding the usefulness of its Home Page, increasing its data base of border organizations, and adopting procedures to ensure constant dialogue with the public by publishing project and meeting information in local newspapers, monthly newsletters, federal registers, and on the internet.

Recognizing the bilateral nature of many transboundary environmental issues, and that such issues can be most effectively addressed jointly;

Acknowledging that the border region of the United States and Mexico is experiencing environmental problems which must be addressed in order to promote sustainable development;



Environmental Infrastructure Projects Certified

The Board of Directors certified nine environmental infrastructure projects during 1996, bringing the total number of certified projects to twelve: six in the United States and six in Mexico. The combined cost of the twelve projects is nearly \$100 million. Four of these projects have been approved for financing by the NADBank.

1
Wastewater Treatment Plant, Ensenada, B.C.

The \$14 million project will treat wastewater which is currently being discharged to the Ensenada Bay without adequate treatment. With a capacity of 11.6 million gallons per day, the project will enable this port city to promote its clean beaches, thus strengthening its tourism industry and will benefit Ensenada's water supply by providing for water reuse. Population benefited: 250,000 residents.

[Special Note: The Ensenada project is currently undergoing revisions which will require a re-evaluation of the project for certification in the future.]

2
Water Treatment Plant, Brawley, CA

The \$24.8 million project will replace the city's existing water treatment plant with a modern facility that will supply cleaner water to enable the city to meet both federal and state standards for water quality. Capacity of 1.5 million gallons per day with capability to expand. The project will provide much needed water to a colonia located in the extrajurisdictional area of Brawley. Population benefited: 24,000 residents.

Financing approved by NADBank.

3
Wastewater Reclamation and Reuse Project, El Paso, TX

The \$11.7 million project will reuse treated wastewater for irrigation and industrial uses in Northwest El Paso. The water reuse system's capacity is 1.5 million gallons per day. The project will lessen dependence on underground water sources shared by both countries. Population benefited: 90,000 residents.

4
Water Supply and Distribution Project (Phase I), Nogales, Son.

The \$39 million project finds a solution to the chronic water supply and distribution problems in Nogales, Sonora. The phase I project will rehabilitate existing water lines, construct 33 km of new distribution lines, improve pumping efficiency, and construct elevated water tanks. BECC Certification Condition on the project will ensure binational/regional groundwater planning before advancement into Phase II of the project. Population benefited: 134,000 residents.

5
Upgrade of Water & Wastewater Treatment Facilities, Douglas, AZ

The \$2 million project will improve the collection systems for water supply and wastewater, including water main improvements, new wastewater interceptor lines, extensions of water lines to the Fairview Colonia and extensions of wastewater lines to Sunnyside Colonia, both adjacent to the city. Population benefited: 1,250 residents.

6
Wastewater Treatment Plant for the FINSA Industrial Park, Matamoros, Tamps.

The \$1 million project will provide wastewater treatment for municipal wastewater generated by the more than 22,000 employees that work within the industrial park. BECC Certification Condition requires the project sponsor to invest an additional \$50,000 in environmental infrastructure planning for the colonias adjacent to the industrial park. The negotiations were spearheaded by the "Comité 13 Colonias", an organization based in the communities surrounding the FINSA Industrial Park.

Financing approved by NADBank.

7
Water Supply and Wastewater Treatment Project, Naco, Son.

The \$750,000 project will provide a comprehensive solution to existing water supply, wastewater collection and treatment problems and will eliminate fugitive wastewater flowing into the State of Arizona. The project will enable the City of Naco to address low efficiency of existing water pumping and distribution equipment, provide for metering, optimize the sewer system utilization, and strengthen institutional capacity needed to conserve water and operate and maintain the water supply, wastewater collection and treatment systems. Project will provide for water reuse for agricultural purposes. Population benefited: 6,000 residents.

Financing approved by NADBank.

8
On-Site Self-Help Wastewater Treatment System for the Colonias, sponsored by the El Paso Interreligious Sponsoring Organization (EPISO), El Paso County, TX

The \$213,000 on-site self-help project will provide no-interest loans to help 180 colonia families properly install septic tanks and treat household sewage. The innovative project is a cooperative effort among EPISO, the University of Texas at El Paso (UTEP), and the colonia families themselves to build septic systems. The project promotes self-help solutions in solving environmental problems. It will serve as a model for other communities on both sides of the border.

9
Wastewater Treatment Project, Somerton, AZ

The \$1.5 million "alternative technology" project will replace an existing system that is currently operating at capacity and experiencing problems meeting water quality requirements established by the EPA. The new system will result in a minimal production of biological solids, substantially reducing the cost of handling and disposing of sludge. Population benefited: 6,000 residents.

10
Water Supply And Sewage Collection Project, Mercedes, TX

The \$4.3 million project will improve an existing system that is operating close to design capacity. This is restricting the city's ability to provide service to new residential and commercial users. The project will enable the city to provide services to unserved colonia residents. Population benefited: 14,000 residents.

Financing approved by NADBank.

11
Sanitary Landfill Project, Puerto Peñasco, Son.

The \$1.7 million project will replace an existing open-air dump that experiences frequent fires due to uncontrolled releases of methane gas. Presently, the City collects 50 tons/day of domestic and commercial solid waste. The project will eliminate unsightly dispersion of plastics and other wind-blown materials and rodent infestation at old dump site. It will also reduce illegal dumping with increased collection. Population benefited: 27,200 residents.

12
Sanitary Landfill Project, Agua Prieta, Son.

The \$1.5 million project will replace an existing open-air dump with proper municipal solid waste collection and disposal services. The project will eliminate unsightly dispersion of plastics and other wind-blown materials at old dump site and reduce illegal dumping with increased collection. Population benefited: 56,000 residents.

** Recognizing the need for environmental infrastructure in the border region, especially in the areas of water pollution, wastewater treatment, municipal solid waste, and related matters;*

**Miquel Angel Gonzalez,
Enlace Ecológico**

"The BECC has certified six projects on the Mexican side of the border, four of which are in the state of Sonora. Enlace Ecológico, a non-governmental organization (NGO), has participated as a co-sponsor for two of these projects, one of which was the first project financed by the NADBank, demonstrating the importance of NGO's in the BECC process."

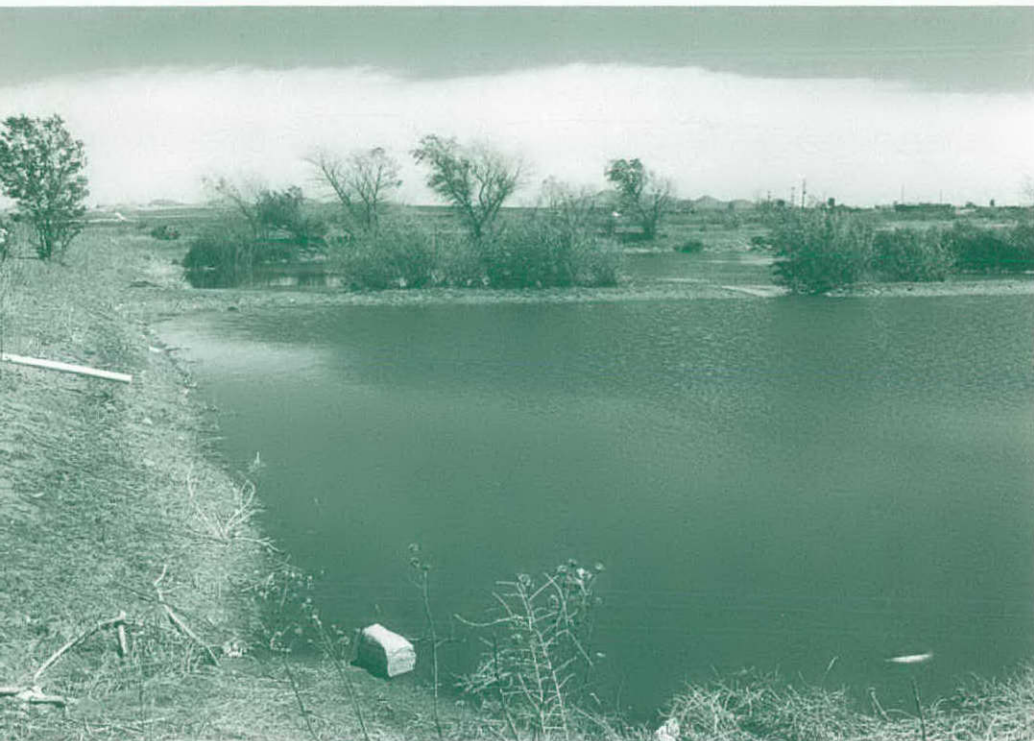
Broad Participation, Key to Success: Naco, Sonora



The \$750,000 Water Supply and Wastewater Treatment Project in Naco, Sonora, is urgently needed to improve the environmental conditions in this small community of 6,000 residents. Certified by the BECC Board of Directors in April 1996, the project launches a comprehensive solution to existing water supply, sewage collection and wastewater treatment problems in Naco. Treated wastewater will be used beneficially for agricultural irrigation, thus reducing the depletion of already scarce groundwater supplies. And, the project will eliminate fugitive wastewater flows into the state of Arizona.


Naco was not alone in designing its project. The Naco community received an extraordinary level of assistance from organizations on both sides of the border including government officials, non-governmental organizations, foundations, academic institutions and local residents. Worth noting are the International City and County Managers' Association, Inter American Foundation, the North American Integration and Development Center of UCLA and the BECC. Additionally, non-governmental organizations such as Enlace Ecológico, Border Ecology Project and Arizona Toxics Information donated their time, resources and expertise to assist Naco with an aggressive outreach campaign.

Ultimately, the project was approved for financing by the NADBank, in partnership with grants from the U.S. and Mexican Governments and a willingness on the part of the local community to contribute to the project through increased user fees.



Existing lagoon in Naco, Sonora

A Model for Replication: EPISO Self-Help Project

 The On-Site Self-Help Wastewater Treatment System Project for the Colonias of El Paso County, Texas, sponsored by the El Paso Interreligious Sponsoring Organization (EPISO), will enable at least 180 colonia families to properly install septic systems to treat household sewage at the lowest possible cost. Currently, thousands of border residents on the U.S.-Mexico border live in colonia developments which lack basic services including drinking water treatment, sewage collection and wastewater treatment, a condition which promotes disease and environmental degradation. Although there are aggressive state and federal programs to provide conventional sewage service in the colonias in Texas and New Mexico, the residents benefited by the project live outside of projected service areas.

One solution to this problem is the innovative collaborative effort among EPISO, the University of Texas at El Paso (UTEP), and the colonia families themselves. EPISO provides the organization and management, UTEP provides engineering design and supervision, and the families provide the necessary "sweat equity." The project received outside assistance from the Texas Center for Policy Studies who guided EPISO through the BECC process and provided resources to develop its BECC application.



Colonia families work to build septic system.

The EPISO project highlights the BECC and NADBank's ability to pursue new avenues of project financing, outside of the usual funding mechanisms like loans. Thus, as requested by EPISO, the BECC and NADBank are working to secure grants from outside funding sources to support the project. The grant funding will provide critical seed money to families to construct their systems. The families in turn will reimburse the fund with small payments, at zero-percent interest, enabling the fund to support additional families in the future.

The project serves as a model that can be replicated throughout the border region, to provide a low-cost alternative to conventional wastewater treatment systems in certain areas, and reduce the risk of environmental and health contamination for families living without any treatment.

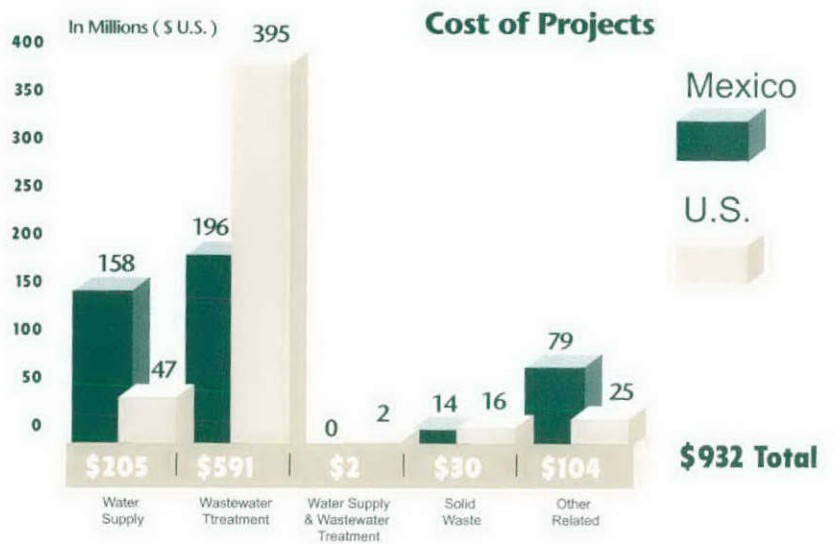
**Teddy Trujillo, Co-Chair,
El Paso Interreligious
Sponsoring Organization
(EPISO)**

"I am very excited about BECC certification. It means more services to more people than we were able to serve in the past. The project will help prevent diseases caused by lack of adequate wastewater systems in the colonias."

** Affirming that, to the extent practicable, environmental infrastructure projects should be financed by the private sector, but that the urgency of environmental problems in the border region requires that the Parties be prepared to assist in supporting these projects;*

Project Pipeline

The twelve projects certified by the Board of Directors were among 79 project proposals submitted to the BECC, with an estimated combined cost of more than \$930 million. Since BECC began receiving project proposals in early 1995, it has received an average of 4.5 proposals per month. The steady volume of projects submitted to the BECC demonstrates the effectiveness of the BECC's aggressive outreach efforts and underscores how anxious border communities are to address their infrastructure needs. Communities are convinced that the BECC/NADBank process will work for them.



Technical Assistance

Recognizing the limited ability of many border communities to develop infrastructure projects for BECC certification, the BECC responded by providing direct assistance to help communities develop projects. Assistance is provided by the BECC to communities in two forms: 1) direct BECC staff assistance; 2) consultant services hired by the BECC to provide needed expertise such as engineering design, environmental assessments and financial feasibility studies. Indeed, seven of the nine projects certified in 1996 would not have been certified without technical assistance.

Assistance to Communities

In 1996, the BECC learned that exclusive reliance on in-house resources to assist each border community would be insufficient in the long-run. The BECC actively sought additional resources for technical assistance to supplement its own.

Thus, in 1996, with resources designated by the U.S. Congress for border water and wastewater infrastructure, the EPA awarded the BECC a \$10 million grant to support the BECC's Technical Assistance Program on both sides of the border.

As the \$10 million grant is limited to water and wastewater projects, the BECC will utilize its own resources and is working with other funding sources, including Mexico's Secretary for Social Development (SEDESOL), to support the development of municipal solid waste projects. For all projects, border communities will be assisted with, but not limited to, project planning and design, environmental assessments, financial analysis, community participation, human and institutional capacity building, and other measures to sustainably develop the projects.


The details of the expanded technical assistance program will be released for public review in early 1997, followed by immediate implementation.

** Affirming that, to the extent practicable, environmental infrastructure projects in the border region should be operated and maintained through user fees paid by polluters and those who benefit from the projects, and should be subject to local or private control:*

Project Pipeline




An Integrated Approach to Solid Waste Management: Agua Prieta, Sonora

 The BECC collaborated with SEDESOL and the state of Sonora to advance this important project. By providing technical assistance to the project sponsor, BECC enabled the City of Agua Prieta to move forward in completing essential components of its application to the BECC, including preliminary design. With certification, the project is well on its way to receive financing in order to begin construction.

The proposed \$1.5 million sanitary landfill project for Agua Prieta, Sonora will provide municipal solid waste collection and disposal services for the Agua Prieta community of 56,000 people. It is estimated that presently about 80 tons/day of solid waste is generated from domestic, commercial, and other sources. The maquiladora industry generates about 6 tons/day. The current open-air dump has a remaining useful lifetime of only 18-24 months.

Supporting Partnerships: Water and Wastewater System Improvements for the City of Mercedes, Texas

 Recognizing that the City of Mercedes could lose a grant from the Economic Development Agency (EDA) without a viable local match, the BECC went to work on helping the community develop a proposal for the certification of a project to expand its existing water and wastewater systems to under-served residents. BECC staff hired a technical expert and provided in-house services to help the city of nearly 13,000 people comply with BECC's certification criteria.

The result was a solid project to help the community, with a nearly 18-20% unemployment rate, and address community health and infrastructure problems and economic development needs. The project was benefited by a partnership with EDA, as well as the Texas Water Development Board who worked to connect thousands of nearby colonias residents to Mercedes' system. With BECC certification, the NADBank was able to step in and provide a loan to Mercedes. The final result: Mercedes could expand their system so that residents within the city and surrounding colonias would receive water and wastewater service for the first time in their lives.

Future site of the Agua Prieta landfill.



Additional Grant Funding

Additional grant funding is available to border communities from EPA, and other sources, such as SEDESOL and Mexico's National Water Commission (CNA). To qualify for EPA grant funds, projects must be certified by the BECC Board of Directors. EPA will work through the NADBank to administer these funds. The International Boundary and Water Commission (IBWC) is also involved in the facilities planning and construction of targeted border communities and is working on these projects in coordination with the BECC, NADBank, EPA and CNA.

Breakdown of Available EPA Funding

Construction Grants:

**\$170 Million for water and
wastewater projects**

(to be administered by the NADBank)

BECC Technical

Assistance Program:

**\$10 Million for direct grants
to communities for project
development**

(administered by the BECC)

Project Certification Criteria

Human Health and Environment

Technical Feasibility

Financial Feasibility and Project Management

Community Participation

Sustainable Development

The BECC spent a considerable part of 1996 working with the public to improve its Project Certification Criteria. The revised Criteria were approved by the BECC Board of Directors following a five-month period of public review and comment. The BECC received more than fifty public comments and incorporated nearly all into the document. The original Criteria were first adopted by the BECC Board of Directors in August 1995.

The changes in this document reflect the knowledge gained from a year's operating experience. The BECC has incorporated suggestions from the governments of the United States and Mexico, border states and municipalities, project sponsors, non-governmental organizations, and border residents to streamline the process without disturbing the integrity of the document. Furthermore, the format of the document was adjusted to be easier to understand and duplication was eliminated.

** Noting that the International Boundary and Water Commission, established pursuant to the Treaty between the United States and Mexico, plays an important role in efforts to preserve the health and vitality of the river water of the border region;*

Highlights of the new document include enhancements in the following areas:

Human Health and Environment:

Environmental assessment criteria were revised to allow project sponsors to submit assessment documents provided to appropriate governmental authorities to the BECC. Criteria for compliance with cultural resource and environmental laws and regulations were combined. Also, a request for important information on general community health was added.

Technical Feasibility:

Enhanced to include a definition of appropriate technology. Section now requires the completion of the project through at least preliminary design. Criteria for project operation and maintenance plans were also added.

Financial Feasibility and Project Management:

Enhanced to include requirements to demonstrate the applicant's ability to manage a project. Applicants must demonstrate that they have the capacity to provide service at a reasonable price, implement capital improvement programs and undertake necessary accounting and financial reporting.

Community Participation:

Enhanced to require a local steering committee, public access to information, and at least two public meetings. Furthermore, the project sponsor's report to the BECC must indicate the public's support for a project as opposed to mere acceptance.

Sustainable Development:

Improved to include a stronger definition of institutional and human capacity building, as well as additional criteria for natural resource conservation and community development. Furthermore, a new

principle of sustainable development was incorporated, requiring stakeholders to be part of any related activity.

High Sustainability Recognition:

To underscore the importance of sustainable projects, BECC enhanced its program for High Sustainability Recognition and created a special section in the Criteria. To qualify for recognition, an applicant must demonstrate how the project effectively promotes sustainable development beyond the sustainable development criteria required for certification.

Policy for Private Projects:

Although not a criterion for certification, this policy was added to the document. It states that private projects must address environmental and/or health needs of a surrounding community and provide a "substantial community benefit" based on total project cost via an in-kind or other contributions.

BECC Community Participation

Community participation is the foundation upon which all BECC initiatives and decisions are made. BECC outreach efforts resulted in a steady stream of project submissions and certifications.

Public Meetings of the Board of Directors

Public meetings are a forum for the Board of Directors to make decisions affecting the institution. They vividly demonstrate the BECC's interactive and participatory character. The Board held five public meetings during 1996 to consider projects for certification, adopt the improved criteria, and adopt procedures of the BECC. Meetings were held in changing locations along the border including Nogales, Sonora, Cd. Juarez, Chihuahua, San Diego, California, and Laredo, Texas, with nearly 1,000 participants.

Meetings with Community Leaders

During 1996, the BECC hosted outreach meetings to inform community leaders about the BECC-NADBank process. Five meetings were conducted in Del Rio, Texas, Piedras Negras, Coahuila, the "Frontera Chica" (small border) of Tamaulipas, Puerto Peñasco, Sonora, and Tijuana, Baja California. The BECC also participated in two seminars hosted by the NADBank, in Reynosa, Tamaulipas and Mexicali, Baja California.

Local Public Meetings

The BECC actively participated in local public meetings conducted by project sponsors. Overall, 19 local public meetings were held with nearly 950 participants attending. During these meetings, residents had the opportunity to learn about proposed projects and provide input directly to the project sponsors.

Small Communities Initiative

With funding from the Western Governor's Association, the BECC hosted the Small Communities Initiative. The initiative involved three meetings hosted by the BECC and the NADBank, and was attended by representatives from each of the ten border states to discuss, in particular, the concerns small communities have in developing infrastructure projects. At the urging of border states, two follow-up meetings were held with Sonora and New Mexico, during which state officials identified the most pressing environmental needs on their respective borders and submitted numerous infrastructure projects for BECC consideration.

On-Going Public Interaction

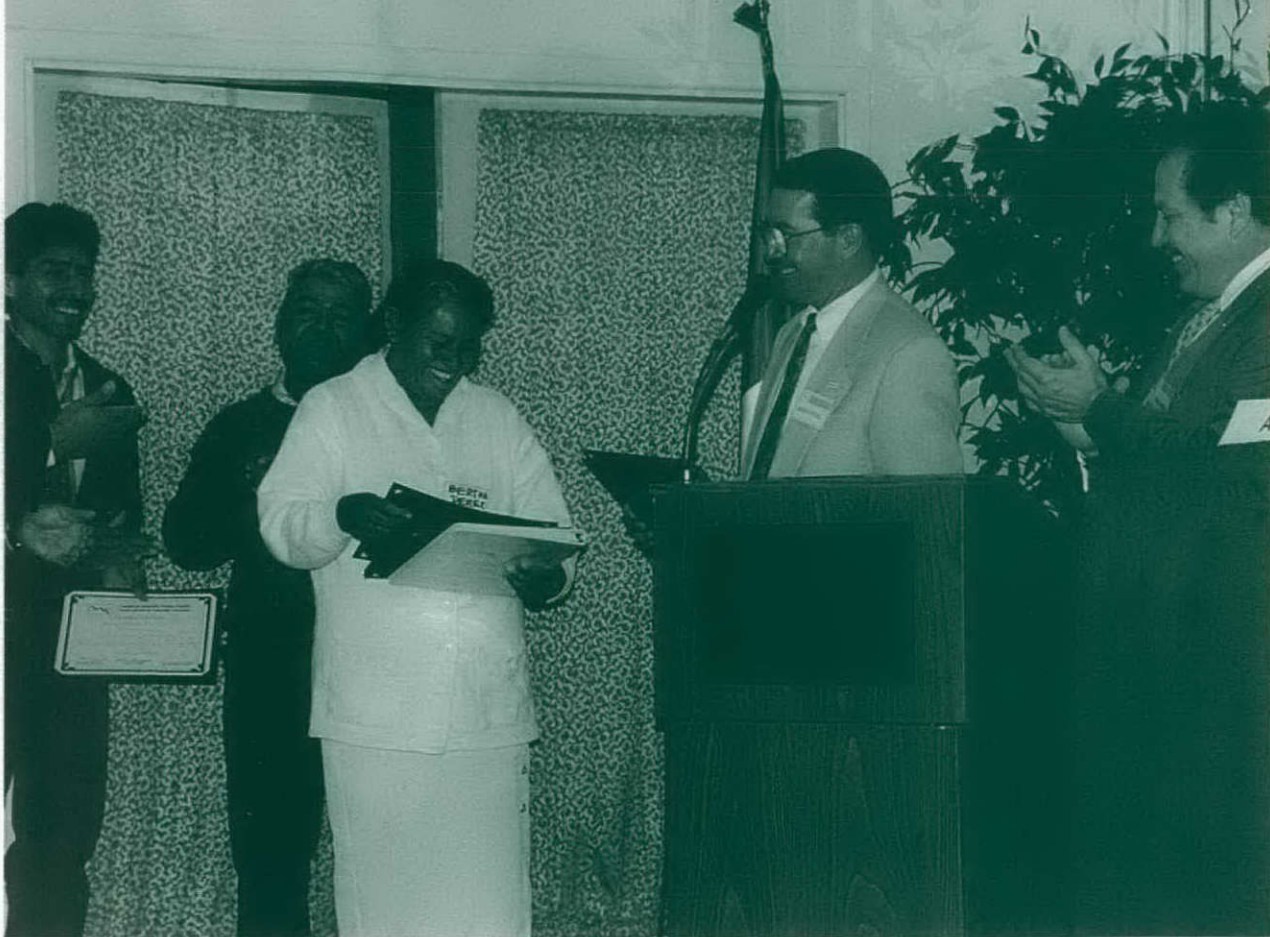
In addition to outreach meetings, the BECC used other forums to communicate with the public. BECC's monthly newsletter called BECCNEWS expanded its distribution to 2,200 organizations and individuals in 1996.

The BECC continued to communicate through an electronic mailing list called BECCNET, which has nearly 400 subscribers. The BECCNET is run by the University of Arizona's Udall Center for Public Policy Studies, through a grant from the C.S. Mott Foundation.

Also, the BECC developed a Web Site (<http://cocef.interjuarez.com>) which includes a wealth of information related to the organization, projects, and activities. More than 3,000 people have visited the site to date.


BECC Board of Directors






Convinced of the need to collaborate with states and localities, non-governmental organizations, and other members of the public in the effort to address environmental problems in the border region;

Dynamic Interaction: Nogales, Sonora

 As evidenced by the first public meeting of 1996, in Nogales, Sonora, public meetings of the Board of Directors are dynamic events. More than 500 people attended BECC's first public meeting on the Arizona-Sonora border, during which the Board considered three procedures and three projects for certification. The Board received more than 60 comments from the public, ranging from the Governor of Sonora to residents of Nogales colonias and members of grass-roots non-governmental organizations. The speakers were a mix of seasoned veterans of public speaking and first-time participants in such a democratic forum.

Comprehensive Community Benefit: FINSA Industrial Park

 The first privately-sponsored project certified by the BECC ignited a lively debate on BECC's role in private projects. Ultimately the Board determined that the BECC can consider private projects as long as they meet the BECC criteria and include provisions for larger community benefits.

In this regard, the BECC Board certified a Wastewater Treatment Project for the FINSA Industrial Park in Matamoros, Tamaulipas, with the condition that FINSA commit \$50,000 worth of in-kind environmental infrastructure services to the thirteen colonias surrounding the industrial park.

FINSA representatives worked closely with the "Comité 13 Colonias", a community-based organization, to explore ways in which these resources would be committed to the benefit of the community. The result was "everybody wins": FINSA was certified by the BECC, financing was approved by the NADBank, and the community received a \$50,000 investment for infrastructure improvements.

Representatives of Comité 13 Colonias received recognition for their work on the FINSA project



Mayor of Nogales, Abraham Saied Dabdou, welcomes meeting participants to Ambos Nogales

Procedures Governing Relationships: NADBank and the Public

Four procedures were adopted by the Board of Directors in 1996 which govern the BECC's relationship with the public and establish fundamental internal policies of the BECC. Each of the procedures were provided to the public for review and comment.



Victor Miramontes, Deputy Managing Director and Alfredo Phillips Olmedo, Managing Director of the NADBank

Memorandum of Understanding:

Signed by the BECC and NADBank, the agreement establishes mechanisms to ensure the highest degree of communication and cooperation between the two institutions with respect to information sharing, project development and certification, and technical assistance.

Procedures Regarding the Public Notice and Comment Procedures on Project Applications:

These procedures require the BECC to provide 45 day notice of projects to be considered for certification during public meetings of the Board of Directors.

Procedures Regarding Publication of Notice of Public Meetings:

These procedures require the BECC to provide 30 day notice of public board meetings in the Federal Register and Diario Oficial and border newspapers.

Procedures Regarding Conflict of Interest:

These procedures require that members of the Board of Directors, Advisory Council and staff refrain from engaging in certain activities.

Procedures Regarding Disclosure and Confidentiality:

These procedures govern the process by which information is disclosed to the public or determined confidential.



Mexican Senator Luis H. Alvarez, President of Senate Border Commission

"Mexico and the United States count on diverse instruments that form the basis of cooperation, improvement and conservation of the border environment...the Border Environment Cooperation Commission is one of these instruments whose work will strengthen sustainable development."

Board of Directors

The principle function of the ten-member binational Board of Directors is to review and certify environmental infrastructure projects for financing consideration by the NADBank, or other funding sources. In the spirit of the Treaty creating the BECC, the Board of Directors renders its decisions during public meetings.

During 1996, the Board of Directors formed a four-member Executive Committee, including two Directors from the U.S. and two from Mexico. The ExCom meets monthly to review project applications and address major policy decisions facing the BECC.



Dr. Jorge A. Bustamante

*Chairman of the Board
Public Representative
College of the
Northern Border
Tijuana, B.C.*



Guadalupe Osuna Millan

*Local Representative
Mayor, Tijuana, B.C.*



Rogelio Ramos Oranday

*State Representative
Secretary of Social
Development
Saltillo, Coahuila*



Mexico



Arturo Herrera Solis

*Ex-Officio Member
Mexican Commissioner,
International Boundary
and Water Commission
Cd. Juarez, Chihuahua*



Julia Carabias

*Ex-Officio Member
Secretary of the
Environment,
Natural Resources and
Fisheries, Mexico City*



Antonio Azuela de la Cueva

*Ex-Officio Member-
Alternate
Attorney General for
Environmental
Enforcement, Mexico City*



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*



United States



John M. Bernal

*Ex-Officio Member
U.S. Commissioner,
International Boundary
and Water Commission
El Paso, TX*



Carol Browner

*Ex-Officio Member
Administrator,
Environmental Protection
Agency, Washington, D.C.*



William A. Nitze

*Ex-Officio Member-
Alternate
Assistant Administrator,
International Activities,
Environmental Protection
Agency, Washington, D.C.*

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 to review projects and policies of the BECC. The Advisory Council is also instrumental in its work with border communities and local outreach activities.



United States

Dan Eckstrom, *Arizona*

Sandra Ferniza, *Arizona (Co-Chair beginning Nov. 1996)*

Travis Johnson, *Texas*

Kay Marr, *New Mexico*

Sonia Perez, *Texas*

Rick Reyes, *Texas (Co-Chair until Nov. 1996)*

Tom Soto, *California*

Arturo Trujillo, *New Mexico*



Advisory Council members Oscar Romo and Travis Johnson discuss a project.



Mexico

Alfredo Alvarez, *Baja California (Co-Chair beginning Nov. 1996)*

Manuel Flores, *Coahuila*

Rene Franco, *Chihuahua*

Maria Josefina Guerrero, *Sonora*

Vernon Perez Rubio, *Sonora*

Maria de los Angeles Pozas, *Nuevo Leon*

Elida Rizzo, *Nuevo Leon*

Oscar Romo, *Baja California (Co-Chair until Nov. 1996)*

Arturo Sepulveda, *Tamaulipas*

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 have hired a 25-member staff, with citizens from both countries.



H. Roger Frauenfelder, *General Manager*

Luis Raúl Domínguez, *Deputy General Manager*

Jorge Aguirre, *Technical Director*

Luis Ayala, *Administrative Director*

Gonzalo Bravo, *Public Outreach Coordinator*

Myriam Cruz Aguirre, *Executive Assistant, Deputy General Manager*

Albert Fernandez, *Information Systems Assistant*

Hector Gonzalez, *Program Manager Strategic Planning*

Elva Hipolito, *Executive Assistant, General Manager*

Donaldo Hobbs, *Assistant General Counsel*

Estela Jara, *Secretary, Project Evaluation Division*

April Lander, *Program Manager Environment*

Marta Lopez, *Secretary, Technical Division*

Gloria Melendez, *Secretary, Administrative Division*

Ramon Peña, *Information Systems Coordinator*

Alberto Perez Schoelly, *Program Manager Local Finance*

Juan Rangel, *Project Evaluation Director*

Rita Ruvalcaba, *Administrative Assistant*

Chuck Sheehan, *General Counsel*

Edgardo Tovilla, *Technical Coordinator*

Adolfo Urias, *Program Manager Engineering*

Angeles Villarreal, *Project Evaluation Coordinator*

Tracy Williams, *Public Outreach Coordinator*

Mexican Address:

No. 7940 Blvd. Tomás Fernández,
Torres Campestre, Piso 6o.
Cd. Juarez, Chihuahua C.P. 32470;

U.S. Address:

P.O. Box 221648
El Paso, Texas 79913

Tel: (011-52-16) 29-23-95;

Fax: (011-52-16) 29-23-97;

E-mail:

becc@cocef.interjuarez.com

Web Site:

<http://cocef.interjuarez.com>

**1996
Audited
Financial
Statements**



**Hernández Lozano
Marrón y Cía., S.C.**

Contadores Públicos y
Consultores de Empresas

Bldv. M. Gómez Morín 7045, 4.º Piso
Edificio Condak
32509 - Ciudad Juárez. Chihuahua
México
Teléfono: (16) 23 23 57
Telefax: (16) 23 2101
E-Mail: bdocjfg@infoInk.net

To the Board Directors of the
Border Environment Cooperation Commission:

We have audited the Balance Sheet of the Border Environment Cooperation Commission, as of December 31, 1996 and 1995, along with the related statements of the excess of the contributions over expenses, and the changes in financial position for the year ended December 31, 1996 and 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 audits.

We conducted our audits 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 practices used and the estimates made by management; it also evaluates the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements were prepared in accordance with the accounting policies and practices, indicated in Note 2, and therefore they do not pretend to the present the financial situation, the excess of contributions over expenses, and changes in the financial position in accordance with such principles.

In our opinion, the aforementioned financial statements are accurate, in all materials respects, 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, 1996 and 1995, and the excess of contributions over expenses, and the changes in its financial position for the year ended December 31, 1996 and for the period from November 1, 1994 to December 31, 1995.

HERNANDEZ LOZANO MARRONY CIA., S.C.

A handwritten signature in dark ink, appearing to read 'Salvador Hernandez, I.', written over a horizontal line.

C.P. Salvador Hernandez, I.

Ciudad Juarez, Chihuahua
January 31, 1997

In U.S. Dollars

BALANCE SHEET

AS OF DECEMBER 31, 1996 AND 1995

ASSETS	1996	1995
Current:		
Cash and Short Term Investments	<u>\$ 2,207,164</u>	<u>\$ 652,772</u>
Accounts Receivable:		
Value Added Tax - Collectible in Mexican Pesos	57,332	
Other	<u>362</u>	
	<u>57,694</u>	
Prepaid Expenses	<u>7,310</u>	<u>20,504</u>
Total Current Assets	2,272,168	673,276
Office Equipment - Net	<u>379,437</u>	<u>380,463</u>
	<u>\$ 2,651,605</u>	<u>\$ 1,053,739</u>
LIABILITIES AND PATRIMONY	1996	1995
Current:		
Accounts Payable	<u>\$ 705,970</u>	<u>\$ 145,729</u>
Total Current Liabilities	<u>705,970</u>	<u>145,729</u>
Patrimony:		
Excess of Contributions Over Expenses of the Period	<u>1,945,635</u>	<u>908,010</u>
Total Patrimony	<u>1,945,635</u>	<u>908,010</u>
	<u>\$ 2,651,605</u>	<u>\$ 1,053,739</u>

STATEMENTS OF THE EXCESS OF CONTRIBUTIONS OVER EXPENSES	1996	1995
Contributions:		
From the United States of America	\$1,797,000	\$1,510,000
From Mexico	2,071,851	1,144,737
Other	<u>88,795</u>	<u>58,861</u>
Total Contributions	<u>3,957,646</u>	<u>2,713,598</u>
Expenses:		
Wages and Benefits	1,506,951	894,212
Perdiem and Transportation	252,069	189,684
Technical Assistance	545,395	263,426
Public Meetings	38,519	117,617
General	<u>577,087</u>	<u>340,649</u>
Total Expenses	<u>2,920,021</u>	<u>1,805,588</u>
Excess of Contributions Over Expenses	1,037,625	908,010
Excess of Contributions Over Expenses at Beginning of the Year	<u>908,010</u>	
Excess of Contributions Over Expense at Year End	<u>\$1,945,635</u>	<u>\$908,010</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION	1996	1995
Excess of Contributions Over Expenses of the Year	\$1,037,625	\$ 908,010
Items which do not Require the Use of Funds: Depreciation	<u>74,790</u>	<u>39,686</u>
	<u>1,112,415</u>	<u>947,696</u>
Operating Activities:		
(Increase) in Accounts Receivable	(57,694)	
Decrease (Increase) in Prepaid Expenses	13,194	(20,504)
Increase in Accounts Payable	<u>560,241</u>	<u>145,729</u>
	<u>515,741</u>	<u>125,225</u>
Total From Operating Activities	<u>1,628,156</u>	<u>1,072,921</u>
Investing Activities: Office Equipment	<u>73,764</u>	<u>420,149</u>
Increase in Cash and Short Term Investments	1,554,392	652,772
Cash and Short Term Investments:		
At the Beginning of Year	<u>652,772</u>	
At End of the Year	<u>\$2,207,164</u>	<u>\$ 652,772</u>