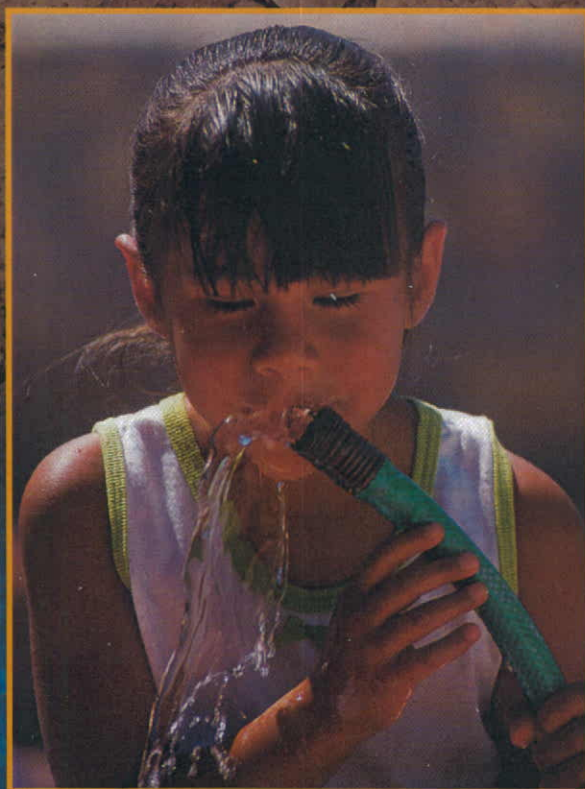
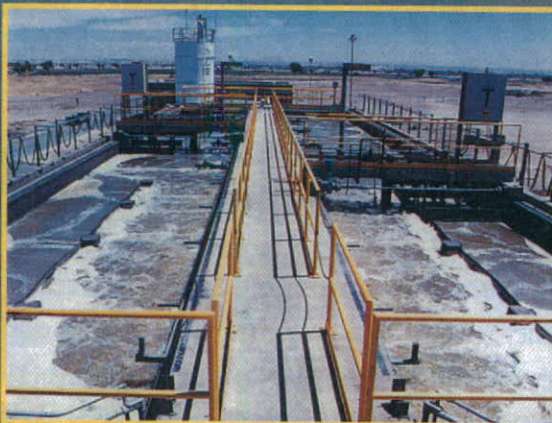


1999 ANNUAL REPORT



BORDER ENVIRONMENT COOPERATION COMMISSION



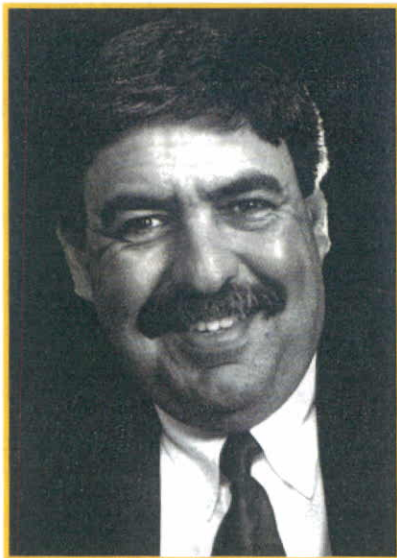
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**Message from the
Chairman of the
Board of Directors
Ygnacio Garza**



"Considering the BECC's successful track record, we are optimistic about the continued development of this binational organization into a viable alternative for environmental infrastructure development along the border."

With this Annual Report on the progress and activities of the BECC in 1999, we would like to summarize the accomplishments of the past five years.

The BECC is a young organization, born late in the 20th century, yet conceived in a form well suited to the requirements of the new millennium. It has developed into an organization that seeks to produce comprehensive solutions, incorporating a public participation process that guarantees the right of communities to be informed through open, neutral and transparent communication, while applying principles of sustainable development uniformly to all its programs and activities.

This binational organization has been characterized over these past five years as an institution that offers solutions that economically and technically are rational and appropriate, and which has a humane vision which respects the opinions of the communities and their historical development. Solutions are precise, efficient, and technologically appropriate.

In this way, border society is elevated to new levels of organization, self-awareness and habitability, strengthened with democratic values, and consolidated in a vision of sustainability, as a new form of defining its environmental condition and its eventual solution.

During the past five years, the BECC has achieved important advances in its efforts to resolve the lack of environmental infrastructure along the border and in the consolidation of its administrative structure. Highlights of these include:

- Certification of 32 projects, 12 in Mexico and 20 in the U.S., with an estimated financial commitment of \$695 million to benefit some 6.5 million residents.
- Award of \$16.3 million in technical assistance for 116 projects that will benefit 87 communities.
- Of the 32 certified projects, 13 are under construction, and five are operational. It is worth mentioning that the wastewater treatment plants in Cd. Juarez and its components of the certified sanitation project for this city, will be operational by the second quarter of 2000.
- Production, with participation from the U.S Environmental Protection Agency (USEPA), Southwest Center for Environmental Research Policy (SCERP) and University of Texas at El Paso (UTEP), of a needs assessment of the border area, that identifies the

infrastructure needs in the area of potable water, wastewater treatment, and collection and disposal of municipal solid waste, estimated at \$3.5 billion.

- Integration of the policies, procedures, and operational systems of the organization into an effective, dynamic, and modern structure.
- Consolidation of its information systems into a unified service that, provides a network of over 50 computers with internet access, email service, databases, and multiple programs. The Information Systems (IS) department also services and maintains the BECC Internet website and an internal intranet, offering a virtual library and a graphics-based browser of BECC projects. An information center and video of BECC and its mission were also developed.

While 1999 was undoubtedly a year marked by struggle and challenge, BECC succeeded in awarding \$7 million in contracts through its technical assistance program.

The level of institutional coordination among the various levels of government of both countries has been improved, particularly with the NADBank. Both the BECC and the NADBank have established an efficient review procedure for candidate projects for certification, whereby the financial analysis takes place concurrently with the development of the proposed project. Without a doubt, this has resulted in an improvement to the certification process, providing expeditious service to the border communities' demand for infrastructure solutions.

Public participation activities in the communities have been strengthened through better understanding of the dynamics of community organizations and their needs. The challenge in both countries is in creating more effective channels of communication between

state and local governments, as well as state and federal legislatures.

With regard to project development, in 1999, the staff project managers have succeeded, through their efforts in the five regions of the border, in having six infrastructure projects certified. Located on the U.S. side of the border, these projects have an estimated value of \$63.6 million, and will benefit 81,300 residents.

It is worth mentioning that the Procedures Manual that was created for project development has facilitated the certification process and has become an important resource for this binational organization. Another valuable tool used by the BECC as an aid in strategic planning for the border is the Infrastructure Needs Assessment, which helps identify opportune activities and its corresponding budgets.

Regarding sustainable development, this concept was promoted by encouraging a broad vision approach to infrastructure development and with the creation of master plans in various communities. Additionally, promotion of sustainable development as a concept was strengthened by the development of a guidance manual, the Guidelines for Applying the Sustainable Development Criteria, which allows BECC staff to help project sponsors include sustainable development indicators and alternatives when developing their projects.

The area of evaluation and equity of project certification was advanced by the implementation of certain operational procedures for the Board of Directors, thereby improving its ability to work more smoothly and with greater efficiency.

I'm pleased to announce that the U.S. General Accounting Office audit of the BECC and its activities was positive in its overall tone, and recommended that the BECC formulate and adopt a strategic plan to be more effective in carrying out its mission.

The Advisory Council added five new United States members to its remaining veteran member, Travis Johnson, who has been a member of the council since 1994, thus bringing the total membership to six from the U.S. and six from Mexico.



Ygnacio Garza has been an active Chairman of the Board

Highlights of its performance this year include assistance in the certification process, in assistance with the technical and financial evaluation of projects, and in collaborative work with BECC staff in promoting new approaches to community participation, such as opinion surveys and institutional involvement, all within the context of the BECC's public participation criteria. Another highlight of the council's activities this year has been the creation of a consensus-based Work Plan for the year 2000, which calls for active participation in project analysis and for strengthening the sustainability of projects in their technical, financial, and public participation components.

The year 2000 brings challenges and opportunities. If the BECC can work successfully in this period of federal elections in both countries, it

will emerge strengthened and improved.

The BECC is meeting the challenges of providing environmental infrastructure along the border with more experience and resolve, developed through serious, hard work. In order to certify all the projects in the pipeline over the next three years, it is estimated that BECC will need at least \$17 million in the BECC Project Development Assistance Program (PDAP), and for construction, an additional infusion of \$350 million in the NADbank Border Environmental Infrastructure Fund (BEIF), both funded by USEPA, and yet additional funds contributed from Mexico.

Considering the BECC's successful track record, we are optimistic about the continued development of this binational organization into a viable alternative for environmental infrastructure development

along the border. Its proximity to the affected communities, its integration with regional civic activities, its promotion of sustainable development and its strengthening of institutional coordination, provides the border community a strong opportunity to meet its environmental infrastructure challenges with realistic and viable solutions that take into consideration the environment, sustainability, technical and financial merit, and citizen involvement. In this way, the BECC is responsive to the expectations of the border community and meets the requirements established for it in the Side Accords of the North American Free Trade Agreement.

PROJECT DEVELOPMENT IN 1995-1999

The primary focus of the BECC is Project Development; projects are carefully reviewed according to the BECC interdisciplinary Project Certification Criteria. Projects that fully meet these Criteria on Environment and Human Health, Technical Feasibility, Financial Viability, Sustainable Development and Public Participation reach BECC certification. Six project applications were certified in 1999, bringing the total figure of projects certified since BECC's creation to thirty two. From the project funding perspective, project applicants that seek grant funds or loans from the North American Development Bank (NADB) need to be certified by the BECC as established by the agreement.

Applications have been classified in two major categories: concept development and project development. Once an application is reviewed and accepted by the staff, an evaluation is conducted to assess its level of development. Based on this assessment, the application is then classified as a "concept", as would be the case for master plans or facility plans, or it may be mature enough to be considered as a formal "project" with major planning actions completed.

The BECC has received a total of 296 applications for certification since 1995 through 1999, covering all 10 Border States in both countries. Of those applications, 170 qualified according to the BECC criteria. 32 projects have been certified so far, leaving 138 projects in the pipeline in different phases of development. Table 1.0 shows the number of projects certified each year since 1995.

Table 1.0. Distribution of project applications submitted to the BECC, projects in the pipeline and certified projects (1995-1999)

Year	¹ Submitted applications	² Qualified Step I	³ Projects in the Pipeline	⁴ Certified projects in current year
1995	52	19	16	3
1996	58	23	30	9
1997	43	24	47	7
1998	67	47	87	7
1999	76	57	138	6
TOTAL	296	170		32

1. Potential project applications ("Step I").
2. Number of Step I applications that meet the BECC General Criteria, entering into the BECC pipeline.
3. Cumulative Step I's in the BECC pipeline as of December 31 each year, less any projects certified that year.
4. Number of projects certified by the BECC Board of Directors in current year.

Additionally, the estimated cost of projects in the pipeline has grown from \$420 million in 1995 with 19 projects (including the 3 certified projects), to \$1.94 billion in 1999 with 170 projects and concepts in the pipeline. Certified projects during the period 1995-1999 account for \$689 million (see Table 2.0).

Table 2.0. Total estimated cost of projects in the pipeline (1995-1999)

Year	Projects in the Pipeline	Total Cost	Certified Projects	Total Cost	Pipeline+ Certified Costs
1995	16	375	3	45	420
1996	30	590	12	100	690
1997	47	643	19	353	996
1998	87	701	26	626	1,327
1999	138	1,251	32	690	1,941

Project estimated costs are updated every year based on project development progress.

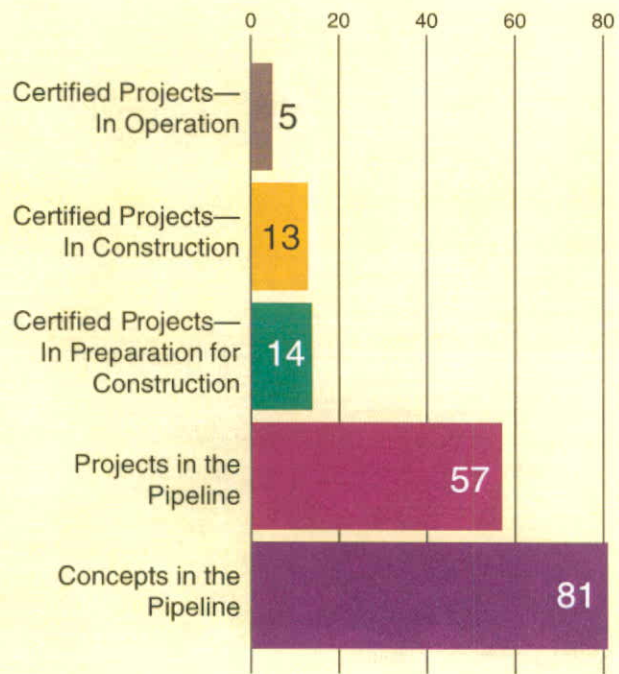
Figures in \$US millions

On a sectorial basis, 78% of the projects and concepts in the pipeline correspond to water and wastewater needs, and 22% to solid waste management needs. In the same perspective, 91% of the certified projects are water and wastewater related, and 9% are solid waste.

The BECC has certified a total of 32 projects through 1999. Five of these projects have been built and are currently in operation, 13 projects are under construction and 14 are in preparation for construction.

The BECC estimates that a total of 7 projects under development are very likely to be certified in the year 2000.

Graph 1.0. Distribution of projects at different project development phases.



Ernesto Zedillo, President of Mexico, visits the South Wastewater Treatment Plant in Juarez, Chihuahua



View of Northwest Wastewater Treatment Plant and pumping station for the reuse project of reclaimed water



Construction of Wastewater Treatment Plant of Piedras Negras, Coahuila

Technical Assistance 1995-1999

The BECC has established a grant-based Technical Assistance Program to help border communities lacking the resources and capacity to finance and carry out a project qualify for BECC certification. In 1998, the BECC received \$10 million from the United States Environmental Protection Agency (USEPA) for potable water, sewage and sanitation system projects. In 1999, the BECC received an additional \$10 million from the USEPA to expand the Technical Assistance Program. This supplement brings the total amount of Technical Assistance funds to \$20 million. Technical Assistance for water supply and waste water projects is provided by the USEPA through the Project Development Assistance Program (PDAP). Solid waste projects on the other hand receive Technical Assistance directly from the BECC's operating budget.

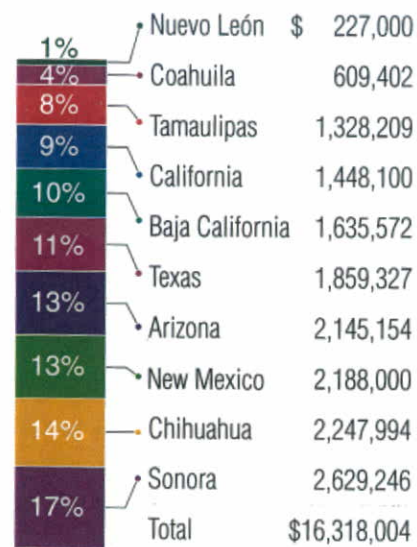
Technical Assistance Awards

The following communities were approved for Technical Assistance grants during the period 1995-1999:

Baja California	<i>Mexicali, Ensenada, Tijuana and Tecate</i>
California	<i>Palo Verde, Blythe, Seeley, Desert Shores, Brawley and Sweetwater</i>
Sonora	<i>Agua Prieta, Naco, San Luis Rio Colorado, Nogales, Sonoyta, Altar, Cananea, Magdalena, Santa Ana, Sásabe and Puerto Peñasco</i>
Arizona	<i>Patagonia, Tombstone, Somerton, Bisbee, Douglas, Yuma and Nogales</i>
Chihuahua	<i>Ciudad Juárez, Ojinaga, Palomas, Ahumada, Ascensión, Janos, Manuel Benavides, Nuevo Casas Grandes, Valle de Juárez and Coyame</i>
New Mexico	<i>Berino, Chamberino, Dona Ana, La Union, Salem/Ogaz, San Pablo, Vado/Del Cerro, Chaparral and San Miguel</i>
Coahuila	<i>Región Carbonífera, Región 5 Manantiales, Ciudad Acuña and Piedras Negras</i>
Texas	<i>Mercedes, Donna, El Paso, Middle Rio Grande, Sanderson, Presidio, Brownsville,</i>

Nuevo Leon	<i>Horizon City, Fabens and Los Fresnos China/General Bravo, Los Ramones, Los Aldama, Cerralvo, Agualeguas, Anahuac, Vallecillo and Sabinas</i>
Tamaulipas	<i>Frontera Chica, Valle Hermoso, Camargo, Reynosa, Río Bravo, Miguel Alemán, Nueva Ciudad Guerrero, Matamoros, Díaz Ordaz, Mier and Nuevo Progreso</i>

Technical Assistance grants approved for these communities, 1995-1999, has reached a total of \$16,318,004, distributed by state as indicated in the following chart :



The Technical Assistance Program has been the foundation for the development of studies and/or projects that have benefited more than 85 communities throughout the border region.

Of the \$20 million provided by the USEPA, 68% have already been obligated. Additional USEPA funding or funding from other sources is necessary to provide continuity to the Program.

In order to provide more balance and efficiency in the use of consultants for Technical Assistance, the Commission decided to eliminate its registry of 167 pre-qualified consultants in favor of a new system based on indefinite delivery/indefinite quantity (IDIQ) contracts. This new system will be implemented in the year 2000.

Public Participation 1995-1999

Since the inception of the BECC, community participation has been one of its most important achievements. In addition to direct community outreach related to specific projects, members of border communities have also participated in the design and implementation of outreach strategies for the candidate projects for certification.

Community support is the foundation for BECC certification. The BECC must be assured that participation has been significant enough to guarantee the community's acceptance of the project.

The BECC certification process is innovative because the organization works directly with communities along the border, which strengthens the sustainability of the infrastructure projects.

The BECC establishes two principles that must be followed in public outreach and interaction:

- Guarantee the communities' right to be informed
- Public consultation and participation

In following these two principles the BECC has made its general policies, rules and procedures, guidelines for certification, and project documentation available to the public. These same principles are also an integral part of the organization's work in the border communities, and ensure that the public process is open with extensive community participation.

The public participation requirement for projects sponsored by border communities is designed to show that the community understands the technical, financial and environmental aspects of the project, and that a majority of the community accepts the benefits, costs, risks and impacts that the project will bring to the area.

The project sponsor must prepare a *Comprehensive Public Participation Program*, indicating how it will work with a local steering committee to accomplish the following:

- Communicate the nature of these projects, their importance, as well as benefits and impact
- Inform the community about the nature and importance of proposed projects by hosting local

public meetings as well as meetings with specific groups

- Promote public infrastructure projects in the community

Increasingly project sponsors are incorporating an opinion survey in their community participation plans. This is a significant advance, since they can use those preliminary results to develop communication strategies that can be applied and adjusted as necessary throughout the public outreach and interaction process.

As the local steering committees develop, they create a consensus on the projects under consideration and unite the community around the project's benefits and impacts.

There have been changes in public outreach and interaction strategies designed to ensure that communities are knowledgeable about proposed projects from the initial planning stages. Such efforts have included local citizen planning-certification committees. These committees broaden the circle of communication and strengthen the sustainability of the proposed projects.

In working with local steering committees, the BECC seeks to involve them in the discussion and evaluation of projects as soon as the project concept is defined. As a result, the committees have direct ties to the technical staff and the project sponsor. They become familiar with the technical and financial aspects of the project, along with the evaluation of environmental impact and the process of seeking funds that will make the project feasible. As a result, a consensus can emerge while the project is still being defined.

The goal of the BECC is for community leaders to be involved in the planning studies funded by the BECC's Technical Assistance Program, something heretofore not commonly done.

Citizen involvement in the initial stages of a project is especially crucial when considering complex and environmental controversial issues. The nature of these projects require that the community participate from the very beginning, so that residents are made aware of potential consequences to the community's environment. The request for the project must come from a fully

informed community; the local population should not feel that the project is being imposed on it.

Among the BECC's accomplishments in nearly five years of operations are 45 public outreach initiatives in 43 communities on both sides of the border; 45 local steering committees have been established during that time period. Working with nearly 300 civic organizations they have been able to inform approximately 30% of the border population. It should also be noted that as part of the public outreach efforts, public opinion surveys have been developed and implemented in 16 Mexican projects and 5 U.S. projects; 23 media campaigns have been conducted, nearly 400 local meetings have been held, in addition to 104 general public meetings in border communities.

These statistics undoubtedly reflect the enormous impact that the BECC's public participation process has had on the U.S.-Mexico border. The impact goes beyond the promotion and open discussion of projects being considered for certification. The process has also helped strengthen democratic procedures and created networks for the discussion and analysis of environmental problems and sustainable solutions. It has brought neighboring communities which by their very nature are regional with transborder impacts closer together on these issues. This has been the case in Tijuana-San Diego, both Nogales, El Paso-Juárez, Acuña-Del Rio, Piedras-Negras-Eagle Pass, Reynosa-McAllen, Ojinaga-Presidio and Matamoros-Brownsville.



Inter-institutional meeting for the Sonora border presided by Governor Armando Lopez Nogales



Inter-institutional meeting for the Chihuahua border

The BECC Sustainable Development Program: 1995-1999

Sustainable Development, as a concept and as an approach to producing better outcomes in project development, is an integral part of the BECC's process of environmental infrastructure development and certification. Since the BECC's inception, the concept of sustainable development and the methods used by the institution to promote its core values in the development of projects has been under a continual process of refinement and strengthening. Making sustainable development (SD) a real and practical concept that results in better projects has been the goal of staff, board members and advisors alike.

Early on, a single staff person was responsible for promoting and overseeing the SD criteria in BECC project development. A second position was created to help manage the increasing load of projects entering the development pipeline. In September 1999, that second position was filled. With two staffers, BECC has been able to devote more time and attention to Sustainable Development program objectives than previously.

Secondly, an internal Work Group made up of Board Members, Advisory Council members and staff was created to develop a work plan to promote the BECC's High Sustainable

Development program, a voluntary program for recognizing those projects that go beyond the BECC's standard SD criteria. With input from the public, the Work Group drafted the work plan and the BECC Board of Directors adopted the plan in June 1998.

By the fall of 1999, the High Sustainable Development Work group was reorganized to focus on sustainable development issues in general. As the BECC works to integrate the basic sustainable development criteria into project development at all levels, the work group decided to act as a special unit to encourage, facilitate and explore new avenues for that objective. "High Sustainability," still an important program, will be incorporated into the work group's new expanded scope.

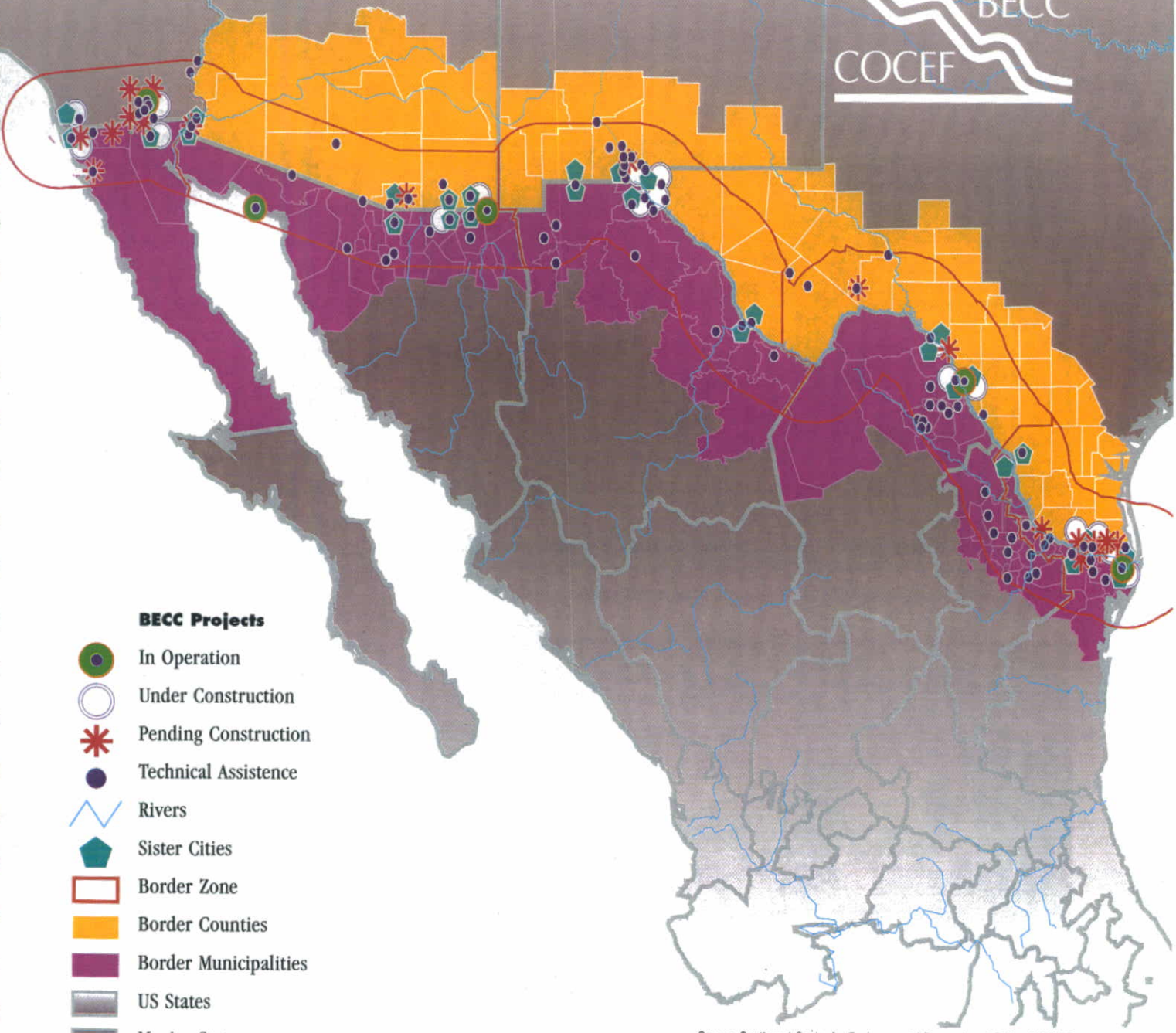
In 1998, BECC staff, together with Work Group members and others, developed a manual called the "Guidelines for Applying the Sustainable Development Criteria." Intended as a working manual for use by staff, the guidelines manual is an important step forward toward a more practical implementation of sustainable development criteria, particularly because it offers a methodology for engineers and project developers. One of its distinguishing features is the identification of community and environmental stress indicators, and the manual offers a wide variety of

sustainability indicators for use in decision-making. Furthermore, the methodology suggests methods of weighting and evaluating the indicators to help select the best project alternatives.

This "guidelines" document was adopted in the spring of 1999, and BECC staff attended a training workshop on the methodology. By the fall of 1999, the city of Presidio, Texas, agreed with BECC staff to apply the guidelines on a project to improve or replace the city's wastewater treatment system. This pilot will be done on a voluntary basis to help BECC staff measure what works and what needs modification.

Plans for the new year include intensifying the application of the guidelines manual by integrating the guidelines and methodology into the daily work process of the BECC project development managers. The goal is to create a seamless integration of the sustainable development criteria into the technical criteria normally associated with public works engineering projects. In addition, the Work Group will update the High Sustainable Development Work Plan to integrate new developments related to the revised Sustainable Development Work Group and recent activities by BECC staff and Board and Advisory Council representatives.

BECC Projects along the US-Mexico Border 1995-1999



- BECC Projects**
- In Operation
 - Under Construction
 - Pending Construction
 - Technical Assistance
 - Rivers
 - Sister Cities
 - Border Zone
 - Border Counties
 - Border Municipalities
 - US States
 - Mexico States

Source: Southwest Center for Environmental Research and Policy (SCERP)
Border Environmental Infrastructure Needs Assessment

CERTIFIED PROJECTS IN 1999

In 1999 the BECC received 57 applications, meeting BECC criteria and falling within BECC priorities, with an estimated total cost of \$610 million. Of these, 13 applications were classified under Project Development and 44 were classified under Concept Development.



Public meeting for the wastewater treatment plant of Westmorland, California Project



Public meeting for the sanitation project of Heber, California

Wastewater Treatment Plant Construction and Sewer Main Replacement Program, Heber, CA

Project cost \$3.4 million

The objective of this project is to provide a new wastewater treatment plant for the community of Heber, California, to benefit 3,400 local residents. Additionally, the sewer replacement program will alleviate

1 the aging sewer collection and its ancillary structures. The BECC provided a technical assistance grant of \$179,150 dollars through the Program Development Assistance Program (PDAP) to produce a water and wastewater master plan, the financial analysis, the preliminary design and the Step II document. 77% of the project is to be funded with a USEPA/BEIF grant of \$800,000, administered by the North American Development Bank (NADB), and a grant from the U.S. Department of Agriculture (USDA) Rural Development in the amount of \$1.81 million. The rest of the project financing will be in the form of loans from USDA. This project was certified in March 26, 1999.

Wastewater Treatment Plant Expansion for Westmorland, CA

Project cost \$5.0 million

The project objective is to help the 1,700 residents of Westmorland, California, with the expansion of the city's wastewater treatment plant. This project will provide wastewater treatment for existing and future

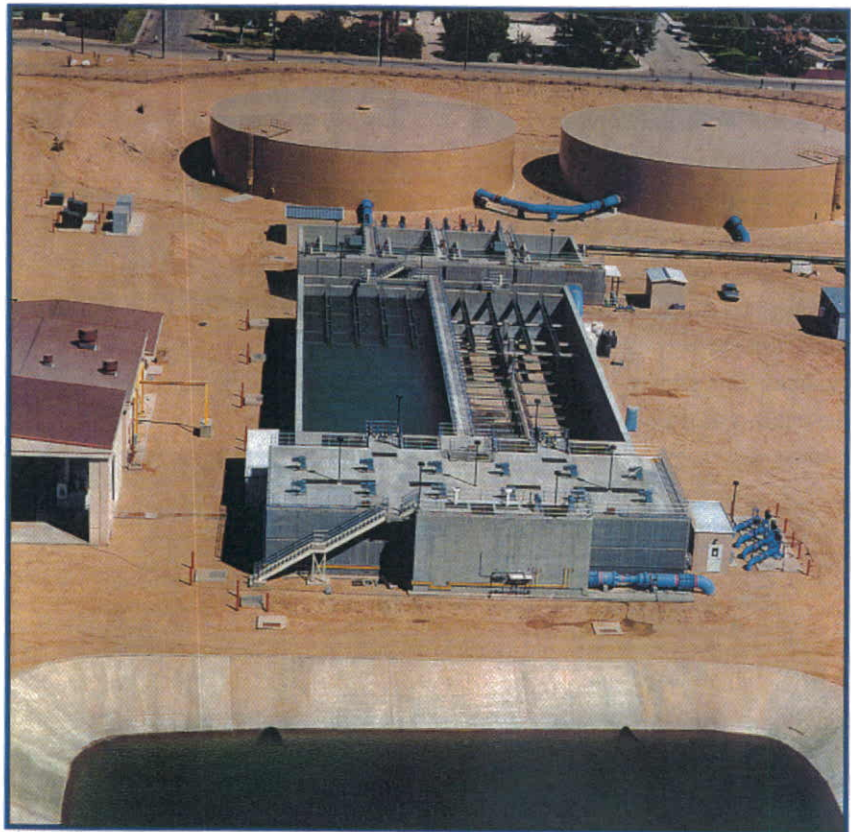
2 needs in a community experiencing a 5.7% population growth rate. The BECC's staff provided support to prepare the project certification documents. In order to make the project feasible, the project was structured with grants accounting for 66% of the total cost of the project. The project will be financed with a combined grant subsidy of \$3.31 million from the USDA, the State of California and the NADB-administered USEPA/BEIF program. The rest will be funded by a USDA loan. This project was certified in August 11, 1999.

Wastewater Treatment Plant Expansion and Water and Wastewater Collection System Improvements, Brawley, CA

Project cost \$13.6 million

The principal objective of this project is to improve the water and wastewater system of Brawley, California, to benefit 21,000 local **3** residents. The program entails the expansion of the wastewater treatment plant with a hydraulic capacity to perform adequately in combined storm and

dry-weather flow conditions. The project will also rehabilitate the aging water distribution and wastewater collection infrastructure. The BECC contributed \$300,000 dollars in a technical assistance grant (PDAP) to complete the wastewater master plan and Step II documentation needed for certification. The project funding entails a grant of \$7.97 million from the USDA, NADB (USEPA/BEIF) and the Economic Development Agency. The rest of the funds will be a contribution from the City. This project was certified in September 30, 1999.



The new water treatment plant is part of the comprehensive water and sanitation project of Brawley, California

Water, Sewer, and Wastewater Treatment System Improvements in Colonias of Roma, TX

Project cost \$34.1 million

The main scope of this project is to increase the capacity of the water, sewer and treatment system to adequately serve the population and meet state design criteria. More than 20,000 residents in the area will benefit from this project. BECC assisted the City of Roma in developing the documentation and guidance needed for certification.

4 Funding for this project was composed of 71% grants, \$4.0 million from the NADB-administered USEPA/BEIF program and \$20 million total combined from the Texas Water Development Board (TWDB-EDAP), Colonias WWT Assistance Program (CWTAP) and USDA-Rural Development programs. It also has a loan component of \$9.7 million from the State Revolving Fund and the Texas Water Supply Account. This project was certified on September 30, 1999.



The ground-breaking ceremony for the wastewater project of Roma, Texas in October, 1999

Water Treatment and Distribution and Wastewater Collection System Improvements, Heber, CA

Project cost \$4.3 million

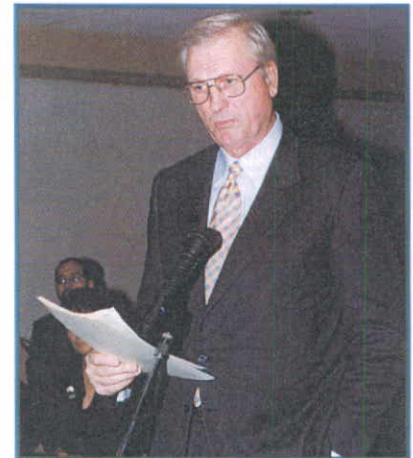
The project objective is to increase the capacity of the water treatment plant and expand the wastewater collection system. This project will serve both the existing and future needs within the City's sphere of influence. When operational, the project will benefit 3,400 local residents. The BECC provided

5 \$179,150 dollars in technical assistance from the PDAP, to develop a water and wastewater master plan and the Step II documentation for certification. The project was structured with 74% grant funding from the USEPA/BEIF and from USDA. The remaining 26% of project funding will be financed with a USDA loan. The project was certified on September 30, 1999.

Potable Water and Wastewater Hook-up Program in Seven Texas Communities

Project cost \$8.8 million

The project objective was to provide household hook-ups to wastewater collection systems in seven colonias in the counties of Cameron, Hidalgo and Val Verde, Texas. The project will benefit more than 33,600 residents. BECC provided assistance through the certification process. Funding for this project includes 90% grants from the USEPA/BEIF program and the Texas Water Development Board (TWDB). The remaining funds will be provided by loans from USEPA and TWDB. The project was certified on December 2, 1999.



"Without BECC certification and grant assistance from NADB, the connections (for seven communities of Texas) would not have been funded. The participation of these organizations was the key element in accomplishing the project's objective."

Elton Bomer, Texas Secretary of State

Other Accomplishments in the Project Development Area in 1999

The BECC produced three major project management tools in 1999 that will facilitate staff

assistance to project applicants. The first is the BECC Environmental Needs Assessment (BENA), a Geographical Information System (GIS) software tool that provides a preliminary assessment of the projected environmental infrastructure needs by municipalities and counties. The BENA provides the capability to calculate infrastructure costs and benefits and population growth curves. It

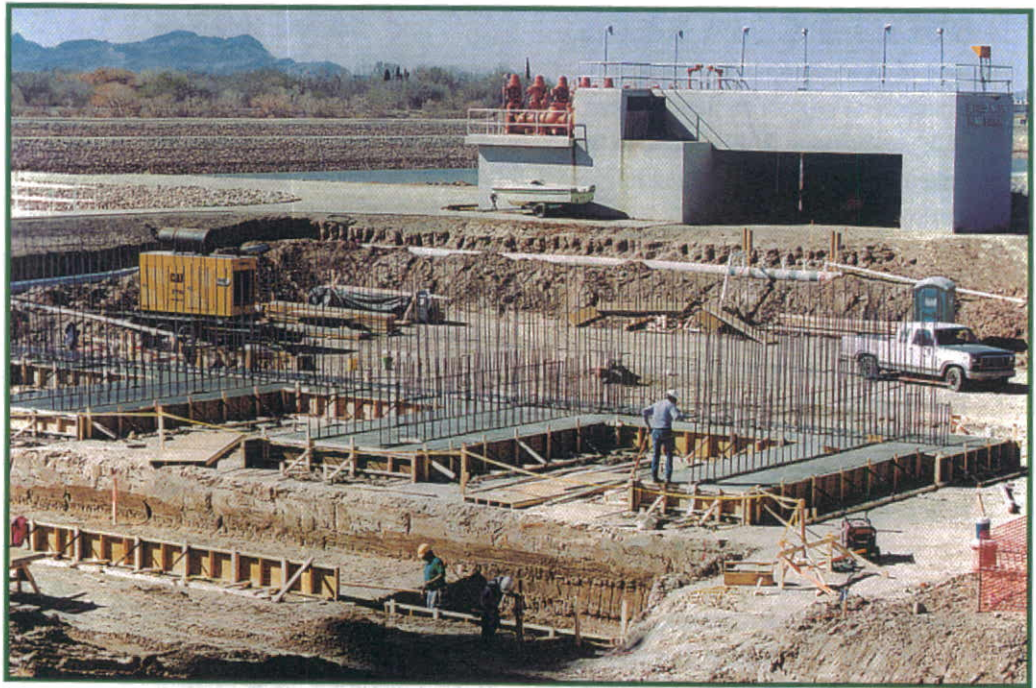
provides sustainable development indicators such as, water resources, ground water levels, water borne diseases statistics, among others.

The second tool is the Project Management Procedures Manual designed to improve the efficiency of the project development process. Activities such as providing technical assistance, managing project information, identifying staff responsibilities, and the distribution of information and reports are now

documented and standardized in this manual. The next phase of this tool is to develop a Project Management System with the dual objective of systemizing and automating the information flow while providing appropriate access levels to BECC staff, directors, consultants, state and federal agencies and the general

application of the SD guidelines. The next step is to adjust and expand the application of these guidelines with more projects at differing development stages to evaluate performance and results.

A fourth tool under development in 1999, with an estimated



Expansion of the Jonathan Rogers water treatment plant in El Paso is underway

public.

The third tool is the Guidelines for Applying the Sustainable Development Criteria. The Guidelines will assist staff and project sponsors in developing the project using sustainable development (SD) indicators. A variety of SD indicators were collected into an evaluation mechanism that enables project managers to better assess the sustainability of projects. The wastewater project in Presidio, Texas was identified as a pilot project for

completion date of February, 2000, is a set of guidance documents on the NEPA process, designed to be used by BECC consultants retained under the Technical Assistance program for project development. These documents will compare and contrast the environmental analysis requirements of the U.S. and Mexico, identify any gaps in data and analysis requirements, and provide a template for environmental assessments submitted for regulatory review and findings.

Technical Assistance Report for 1999

In 1999 the BECC approved a total of \$7.4 million in technical assistance through the PDAP and the direct operational budget of BECC. This amount was distributed among the border communities with \$2.55 million to the US and \$4.88 million to Mexico. Of the \$7.4 million, BECC contracted a total of \$5.8 million in technical assistance to support the development of 35 applications: \$1.87 million to the United States and \$3.93 million to Mexico.

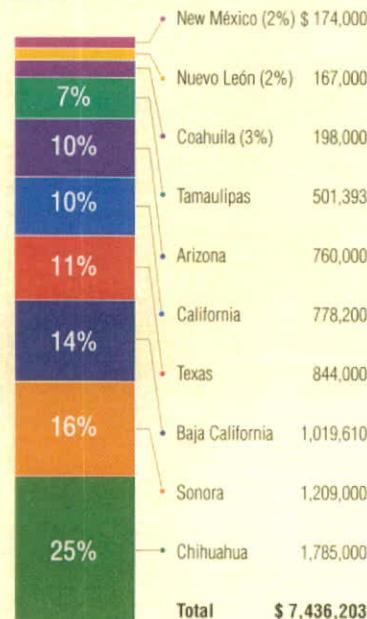
TECHNICAL ASSISTANCE GRANTS

Communities that were awarded Technical Assistance Grants in 1999:

Baja California	Ensenada, Tijuana and Tecate
California	Palo Verde, Blythe, Seeley, Desert Shores and Sweetwater
Sonora	Altar, Cananea, Magdalena, Nogales, Santa Ana, Sásabe and Puerto Peñasco
Arizona	Bisbee, Douglas, Yuma and Nogales
Chihuahua	Ciudad Juárez, Ojinaga, Palomas, Ahumada, Ascensión, Janos, Manuel Benavides, Nuevo Casas Grandes, Valle de Juárez and Coyame
New Mexico	Chaparral, Salem/Ogaz and San Miguel
Coahuila	Región Carbonífera, Región 5 Manantiales, Ciudad Acuña and Piedras Negras

Texas	Presidio, Brownsville, Horizon City, Fabens and Los Fresnos
Nuevo Leon	China General Bravo, Los Ramones, Los Aldama, Cerralvo, Agualeguas, Anahuac, Vallecillo and Sabinas
Tamaulipas	Reynosa, Miguel Alemán, Nueva Ciudad Guerrero, Matamoros, Díaz Ordaz

Technical Assistance awarded for these communities in 1999 has reached \$7,436,203, distributed by state, as indicated in the following chart:



EXPECTATIONS OF THE TECHNICAL ASSISTANCE PROGRAM

By the end of 1999, the following projects were under the bid review process, and were expected to be awarded in early 2000.

COMMUNITY	DESCRIPTION
Douglas, AZ	Improvements to water, sewer, and wastewater treatment system
Yuma, AZ	Improvements to water, sewer, and wastewater treatment system
San Miguel, NM	Rehabilitation of potable water system
San Luis Río Colorado, Son.	Solid Waste management system
Puerto Peñasco, Son.	Improvements to water, sewer, and wastewater treatment system

In May 1999, announcements were published in newspapers in several states on both sides of the border calling for bids for consultants. Ten consultants will be contracted; two for each region. This process will replace the registry of consultants established in 1996. Once the consultants are selected, the following pending projects will be awarded:

COMMUNITY	DESCRIPTION
Palo Verde, CA	Wastewater Facility Plan
Blythe, CA	Water system improvements
Seeley, CA	Improvements to water and wastewater treatment system
DesertShores, CA	Rehabilitation of wastewater system
Sweetwater, CA	Improvements to potable water system
Brawley, CA	Solid Waste management system

Somerton, AZ	Upgrade wastewater system plant
Nogales, AZ	Improvements to water, sewer and wastewater treatment system
Horizon City, TX	Expansion of the water and wastewater system
Fabens, TX	Rehabilitation of potable water system
Los Fresnos, TX	Comprehensive planning and capacity study for water infrastructure
Ensenada, BC	Municipal solid waste management program
Tecate, BC	Municipal solid waste master plan; water leak detection program
Los Ramones, Los Aldama, Vallecillo, Cerralvo, Anahuac, Agualeguas, y Sabinas, NL	Development of diagnostic studies for water, wastewater and solid waste
China, Gral. Bravo, NL	Solid Waste management system
Nva. Cd. Guerrero, Tamps	Solid Waste management system
Matamoros, Tamps	Leak detection and control in water distribution system
Díaz Ordaz, Tamps	Solid Waste management system

Public Participation Report for 1999

Among the most significant accomplishments in 1999 were the consolidation of the community participation model and the promotion of the organization's programs and activities, with an increase in citizen involvement. Twelve public outreach and interaction processes were held, six on each side of the border. As a result, six projects were certified. Particularly noteworthy were the public opinion studies in Ojinaga and Palomas conducted by the Colegio de la Frontera Norte, the creation of Planning Committees for solid waste and water and sanitation projects in Reynosa and Matamoros.

Other important accomplishments include four public meetings



Public meeting of the comprehensive sanitation project of Ciudad Acuña, Coahuila

and a special session of the Board of Directors, as well as participation in 16 conferences or workshops. Among the most significant:

- Installation of the Rio Bravo Basin Council, Chihuahua, January 21
- Sustainable Development Conference, Brownsville, March 24
- Congress on Water in the Desert, organized by the NGO Aqua 21, Ciudad Juárez, May 22-23
- 3rd Mexico-U.S.-Border Infrastructure Conference, Tijuana, June 2 -3
- SEMARNAP (Secretariat of the Environment, Natural Resources and Fisheries) Workshops on Sustainable Development, Ciudad Juárez, Nogales y San Luis Río Colorado

In addition, the BECC participated in nearly 50 media interviews, three press conferences, and produced 36 press releases. In collaboration with the NADBank, the institution produced five status reports. Three editions of the BECCNews newsletter were prepared and distributed to more than 3,000 readers in the United States, Mexico, Canada, Colombia, and France.



Director Rogelio Ramos participates in the installation of the Rio Bravo Watershed Council in the State Palace of Chihuahua, Chihuahua

Board of Directors

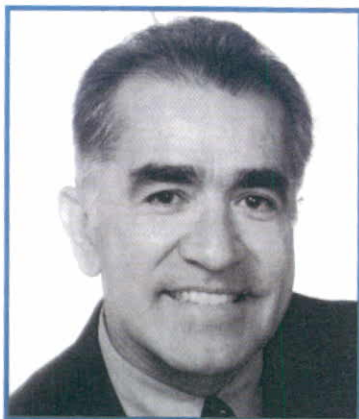
United States



Ygnacio Garza
Chairman
Partner, Long & Cheton
Brownsville, Texas



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



John M. Bernal
Ex-Officio Member
U.S. Commissioner
International Boundary and Water
Commission, El Paso, Texas



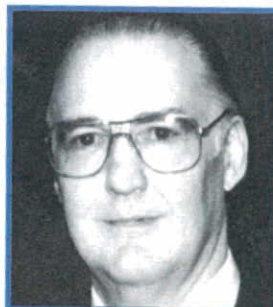
Thomas L. Soto
Chairman, PS Enterprises
Santa Monica, California



Lynda Taylor
Public Representative, Southwest
Research and Information Center
Albuquerque, New Mexico

Advisory Council

Leo Victor Valdez
Co-Chair
Hutchinson, Shockey, Erley & Co.
Phoenix, Arizona



Travis C. Johnson
Attorney at Law, Johnson & Bowen
Law Office, El Paso, Texas



Theresa Trujeque
Executive Director, Hispanic Culture
Foundation, Albuquerque, New Mexico



Lori Saldaña
Instructor of Information Technology,
San Diego Community College,
California



Diane Takvorian
Executive Director
Environmental Health Coalition
San Diego, California



Roberto D. Ortega
Attorney at Law
Albuquerque, New Mexico

Board of Directors

México



Jorge A. Bustamante
Public Representative
Colegio de la Frontera Norte
Tijuana, Baja California



Julia Carabias
Ex-Officio Member
Secretary, Environment, Natural Resources
and Fisheries, Mexico City



Guadalupe Osuna Millan
Hydraulic Infrastructure Coordinator
State Government of Baja California



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



Rogelio Ramos*
State Representative
Social Development Secretary
State of Coahuila



Manuel Ibarra Legarreta
Secretary of Urban Infrastructure
and Ecology, Hermosillo, Sonora



Oscar Romo
Environmentalist, Baja California



Advisory Council

Francisco Abel Treviño Cisneros
Co-Chair
Executive General Director
Universidad México-Americana del Norte A.C.
Reynosa, Tamaulipas



Manuel Flores Revuelta
Rector, Universidad Tecnológica
de Coahuila, Ramos Arizpe, Coah.



Maria Josefina Guerrero
Environmentalist, Nogales, Sonora



Arturo Limón
Chairman, Movimiento Ecologista
Mexicano, State of Chihuahua

**Upon completion of Rogelio Ramos' duties as Secretary of Social Development for the State of Coahuila on January 31, 2000, Julian de la Garza, Deputy Secretary of Ecology for the State of Nuevo Leon, was installed to assume the duties of this position.*

Advisory Council Report

The members of the Advisory Council to the Border Environment Cooperation Commission are pleased to report significant progress for 1999. We anticipate that momentum from last year will produce further gains in the coming year. Our accomplishments are essentially two-fold: the long awaited completion of membership from the United States, and a new plan of action that will further our mandate to advise and provide input to the Board and the administration of the BECC.



*Co-Chairmen Francisco Treviño and
Leo Valdez*

NEW MEMBERSHIP

The roster of United States Advisory Council members changed significantly and positively in 1999. President Clinton appointed five (5) new members to enhance the U.S. participation in the work of the Council: Leo Valdez from Arizona; Lori Saldaña and Diane Takvorian from California; Roberto Ortega and Theresa Trujeque from New Mexico. Stalwart advisor Travis Johnson of Texas was re-appointed for an additional 2 year term. While members from Mexico have been stable participants over the last 3 years, the incorporation of the American members has enabled the Council to move forward and consolidate its 2000 Work Plan. The new members also filled their roles by representing the BECC in their communities to develop new-found support to the Commission.

2000 WORK PLAN

The strengthening of membership on

the Council was the catalyst for the negotiation and consolidation of the 2000 work-plan previously proposed. Members from both countries came to the table to jointly determine how the Council can function effectively and how all of us can actively assist our border communities in their efforts to develop certification projects for BECC. To this end, we resolved to participate on environmental project development and certification processes; to promote public participation at all levels; and to explain and promote the BECC's sustainable development criteria for projects.

In order to best utilize the distinct talents and interests of Advisory Council members, we organized the Council into three (3) subcommittees:

1. Public Participation and Public Affairs
2. Budget and Finance
3. Sustainable Development.

The Public Participation subcommittee will assist in the development of a public participation manual; provide support in media relations; engage in governmental relations activities; promote the use of opinion surveys and post-certification processes, and provide project follow-up and reporting. The Budget and Finance Subcommittee will develop the Council budget and will identify and seek additional funding sources for the BECC from governments and other sources. The Sustainable Development Subcommittee will promote sustainability criteria in the

BECC project certification process. We will continue to meet as a whole pursuant to our Rules of Procedure, and in the interim between regular BECC meetings, our subcommittees will work on specific tasks and projects in border communities where there are projects under development or where municipalities are seeking to benefit from the BECC programs and initiatives.

SUBSTANTIVE ACTIVITIES

Advisory Council members all have engaged in activities in their communities that will promote the BECC mandate and mission: to help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico.

Public Outreach

To date, our work has focused on providing broad and timely information to communities regarding on-going BECC projects, and advising Board Members on the impacts of prospective projects. To this end during 1999, Council members actively provided information, orientation and training for the BECC certification processes in numerous border communities including:

- Patagonia, ARIZONA
- Tecate & Ensenada, BAJA CALIFORNIA
- San Diego, CALIFORNIA
- Nogales, Puerto Peñasco, El Sasabe, San Luis Rio Colorado, SONORA

- Cd. Acuña and Piedras Negras, COAHUILA
- Cd. Juarez, CHIHUAHUA
- Reynosa, Matamoros, Valle Hermoso, TAMAULIPAS
- Eagle Pass and Donna, TEXAS

In addition, the BECC outreach and public relations has been increased by Council members hosting and attending public meetings; by providing seminars and training on the BECC programs; and by interaction with local, state and federal officials to ensure dialogue and communication between the BECC and these officials. These efforts will allow the BECC to leverage its funding capabilities and therefore fund more projects and technical assistance initiatives.

Public Participation

One of our most significant achievements for 1999 was our promotion of public participation in border communities in the analysis of environmental infrastructure projects. In fact, the management of public participation and public training programs is becoming a comprehensive part of every project and we believe this is where we have made our greatest contribution to the BECC.

Another facet of the public participation effort has been to design verification instruments and opinion surveys to measure public interest and acceptance of infrastructure projects in their communities. We believe that all of our efforts in this area have yielded positive results because there

is more acceptance of the changes that environmental improvements may cause in a community, including construction disruption, water and sewer rate increases, and joint decision-making among community leaders.

Sustainable Development

The BECC sustainable development initiative for every project not only has received great support because its application serves to improve the environmental infrastructure in communities, but it will also provide the foundation for an environmentally responsible economic infrastructure along the border. Prior to the BECC's existence, potential impacts from economic growth along the border were generally not linked with environmental issues. Increased traffic, urban sprawl and strained infrastructure were seen as the natural result of economic development. However, through application of the BECC's sustainable development criteria, there is more thought given to how economic development may impact the environment.

Advisory Council members have participated in communicating this initiative by meeting with city officials, public works departments, mayors and community groups. With increased local awareness of what sustainable development is, it is now very common for border residents to be concerned about the demands created by industrial, commercial and agricultural growth and how such growth affects natural resources.

FUTURE PLANS

At the opening of the 21st century, our goal is to help strengthen the BECC as a key player in the U.S.-Mexico border region as it continues to address environmental infrastructure needs. We are aware



Advisory council members actively participates in the public process

that the price tag to improve environmental infrastructure in the areas of potable water, waste water systems and solid waste disposal systems is estimated at more than \$5 billion dollars. The present deficiencies in these three areas will not be resolved in the short run, but with a sustained effort from the BECC, the environmental needs can be prioritized and addressed in an orderly fashion.

The members of the Advisory Council will help in this effort by continuing to promote project criteria and sustainable development criteria in communities, by communicating

with community and municipal leaders about the BECC initiatives, and by assisting Board Members in setting a strategic vision focusing on how the BECC will lead the environmental improvements efforts in this region. We will also be committed to project post-certification issues including

project follow-up and completion; communication between communities and the Commission; and, assistance to the Board Members to further enhance the BECC's role in the border region.

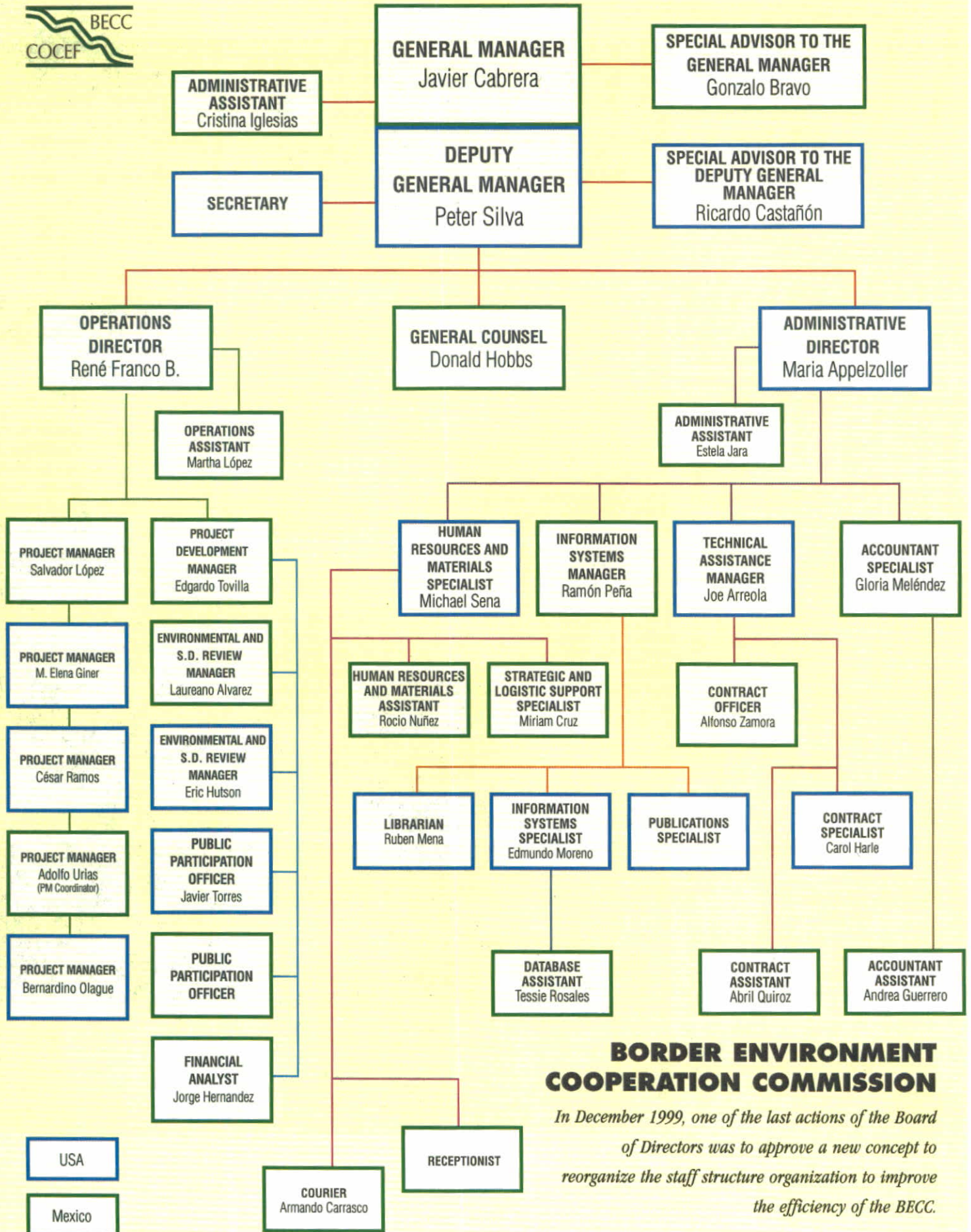
We also realize the many obstacles that lie ahead and the actions that are being taken by the BECC to deal with them including:

- Limited funding for projects and as a related issue, United States and Mexico funding capacities;
- The long term price tag for border environmental infrastructure projects;
- The importance of sustainable

development criteria for every project;

- Community participation and cooperation;
- Project follow-up, completion and issue resolution;
- The need for strategic planning and priority setting;
- Development of strategic alliances with other environmental, development and funding agencies.

Certainly, there are many challenges ahead for the BECC. The Advisory Council members have entered, along with the Commissioners, a consolidation phase. In addition to our advisory role to the Board, we will continue to play an important role to ensure communities have adequate and proper information for proposed projects with broad, open and transparent public processes. We will continue to contribute by raising public awareness concerning the BECC policies and programs and we will continue to coordinate with community members to ensure that the BECC succeeds. Finally, we will continue to fulfill our statutory role as an articulated element between the BECC board and the border community so that local questions, concerns and priorities are considered in every project.



BORDER ENVIRONMENT COOPERATION COMMISSION

In December 1999, one of the last actions of the Board of Directors was to approve a new concept to reorganize the staff structure organization to improve the efficiency of the BECC.

**General Manager
and Staff**

*Ricardo Castañón,
Cristina Iglesias, Javier
Cabrera, Gonzalo Bravo,
and Donald Hobbs (Not
shown: Peter Silva)*



Senior Staff

*Ricardo Castañón, Maria
Appelzoller, Javier Cabrera,
René Franco, Donald Hobbs,
and Gonzalo Bravo (Not
shown: Peter Silva)*



**BECC
Personnel**

**Operations
Directorate**

*Standing: Javier Torres,
Jorge Hernández, Cesar
Ramos, Rene Franco,
Laureano Alvarez, Eric
Hutson, and Salvador Lopez;
seated: Carlos Quintero,
Edgardo Tovilla, Maria Elena
Giner, Martha López, and
Aldolfo Urias (Not shown:
Bernadino Olague)*



**Administrative
Directorate**

*Standing: Joe Arreola, Alfonso
Zamora, Abril Quiroz,
Michael Sena, Tessie Rosales,
Armando Carrasco, Edmundo
Moreno, and Ruben Mena;
seated: Miriam Cruz, Gabriela
Ortiz, Estela Jara, Maria
Appelzoller, Rocío Nuñez,
Gloria Meléndez, and Andrea
Guerrero. (Not shown:
Ramón Peña)*



Audited Financial Statement

Managers' Statement Regarding the 1999 BECC Audit and Financial Statements



Javier Cabrera
General Manager



Peter Silva
Deputy General Manager

The Agreement that created the BECC and the Rules of Procedures of the Board of Directors establish the need to employ an outside accounting firm to audit BECC financial statements in order to ensure the appropriate use of funds assigned by the parties for the fulfillment of BECC duties and functions. The 1999 Audit was conducted by the accounting firm Mancera Ernst & Young.

The accounting firm Mancera Ernst & Young found the 1999 financial statements accurately reflect the financial situation of the BECC as of December 31, 1999.

Additionally, the audit found the BECC operations conform to internal control standards, rules, and procedures established for the Commission.

TO THE BOARD OF DIRECTORS OF THE
BORDER ENVIRONMENT COOPERATION COMMISSION:

We have audited the accompanying statements of patrimonial situation of Border Environment Cooperation Commission (the Commission), as of December 31, 1999, and the related statements of the excess (insufficiency) of contributions over expenditures and of changes in the financial situation for the year then ended. These financial statements are the responsibility of the Commission management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 1998, were examined by other auditors, whose report dated March 8, 1999 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these statements were prepared on a modified cash basis, which is an accepted accounting practice, different to the generally accepted accounting principles.

Also as indicated in Note 2 to the financial statements, these statements have been prepared in U. S. dollars in view of the fact that contributions are received, in that currency and the majority of the expenditures are related to this currency.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial situation of the Border Environment Cooperation Commission, as of December 31, 1999, the result of the difference of the contributions over expenditures, and changes in its financial situation for the year then ended, in accordance with the accounting policies and practices used in its preparation.

Those financial statements have been translated into english for the convenience of readers in the United States of America.

Mancera/Ernst & Young International


C.P. Salvador Hernández L.

Cd. Juarez, Chih.

February 22, 2000.

Balance Sheets

As of December 31, 1999 and 1998

In U.S. Dollars

	1999	1998
Assets		
Current assets		
Cash and temporary investments (notes 1, 2)	\$ 1,951,960	\$ 2,512,586
Accounts receivable:		
Value added tax	395,931	76,859
Other	91,214	71,311
	<hr/>	<hr/>
Total accounts receivable	487,145	148,170
	<hr/>	<hr/>
Prepaid expenses	7,903	17,021
	<hr/>	<hr/>
Furniture and equipment, net (Note 1, 3)	327,236	289,599
	<hr/>	<hr/>
Total	<u>\$ 2,774,244</u>	<u>\$ 2,967,376</u>
Liabilities and contributions		
Current liabilities:		
Accounts payable (note 7)	\$ 1,836,021	\$ 1,300,341
Total current liabilities	<u>1,836,021</u>	<u>1,300,341</u>
Contributions:		
At the beginning of the year	1,667,035	1,808,478
Excess (insufficiency) of contributions over the year's expenditures	<u>(728,812)</u>	<u>(141,443)</u>
Total contributions	938,223	1,667,035
	<hr/>	<hr/>
Total	<u>\$ 2,774,244</u>	<u>\$ 2,967,376</u>

The accompanying notes are an integral part of these financial statements.

Statements of Excess (insufficiency) of Contributions over Expenditures

For the years ended December 31, 1999 and 1998

In U.S. Dollars

	1999	1998
Contributions (Note 1, 4)	\$ 3,311,915	\$ 2,914,249
Projects' costs and expenditures		
Salaries and benefits	2,143,915	1,689,954
Fixed travel allowances and transportation	317,773	251,747
Project studies and consultation	1,020,924	813,555
Public meetings	58,816	48,852
Consultation committee expenses	52,294	31,905
General expenditures	540,055	640,409
Total costs and expenditures	4,133,777	3,476,422
Contributions (insufficiency) over costs and expenditures	(821,862)	(562,173)
Interest, net	59,420	69,126
Other income, net	33,630	351,604
	93,050	420,730
Contributions (insufficiency) at the end of the year	\$ (728,812)	\$ (141,443)

The accompanying notes are an integral part of these financial statements.

Statements of changes in the financial situation

(For the years ended December 31, 1999 and 1998

In U.S. Dollars

	1999	1998
Operating activities		
Contribution (insufficiency) over expenditures	\$ (728,812)	\$ (141,443)
Items which do not require the use of resources:		
Depreciation	69,603	88,338
	(659,209)	(53,105)
Changes in assets and liabilities:		
Accounts receivable	(338,975)	(105,941)
Prepaid expenses	9,118	(10,531)
Accrued liabilities	468,785	(117,646)
	138,928	(234,118)
Resources used in operating activities	(520,281)	(287,223)
Investment activities:		
Furniture and equipment	(40,345)	(59,821)
Reduction on Cash and temporary investments	(560,626)	(347,044)
Cash and temporary investment at beginning of the year	2,512,586	2,859,630
Cash and temporary investment at end of the year	<u>\$ 1,951,960</u>	<u>\$ 2,512,586</u>

The accompanying notes are an integral part of these financial statements.

1. Activity

Border Environment Cooperation Commission (the "Commission") was incorporated in 1993 as a result of the agreement between the governments of the United States of America and of the United Mexican States. The main activity of the Commission is the development and coordination of environmental infrastructure projects along the Mexico and United States of America border rim.

The Border Environment Cooperation Commission, in accordance with the constitution by-laws has its own legal personality and total capacity to contract, acquire and dispose of chattels and real estate and initiate legal procedures. The properties and other assets, its capital and transactions are exempt from any taxation and customs duties. Also, the Commission is exempt from any responsibility related to the payment, withholding or collection of any taxes, contributions or duties.

2. Summary of significant accounting policies and practices

The significant accounting policies and practices are summarized below:

Basis for presentation

The attached financial statements have been prepared over a modified cash basis, which is an accepted accounting practice different from the generally accepted accounting principles. This modified base consists in registering the contributions from the federal governments when the cash is received and the cash expenditures (expenses) are registered over the accrual basis.

Currency

The Commission's management selected the U. S. Dollar to prepare the financial statements and enter registries in the operational accounting books, in view of the fact that the main transactions and all contributions from both governments are made in U. S. Dollars.

Uses of estimates

The preparation of the financial statements in accordance with accounting principles and other comprehensive basis required that the management make estimates and assumptions. Actual results could differ from those estimates.

Temporary investments

The temporary investments are shown at their cost plus accumulated interests, which are registered as they are earned. They are highly liquid and have terms of 90 days or less.

The Commission has not experienced losses on this concept.

Furniture and equipment

The depreciation is computed by the straight-line method according to the useful life of the assets at the rates mentioned on note 3.

Benefit plan and savings fund

The Border Environment Cooperation Commission established in 1995 a retirement plan - Savings fund, with definite benefits for its staff. An independent expert determined the mentioned plan and it contemplates contributions from the Commission and the staff. The benefits are based on contributions that take the salary as its basis. For the year ended on December 31, 1999 the contributions to the mentioned trust fund were \$144,691 from the Commission and \$112,587 from the staff.

The rest of compensations to which the staff has a right to, in case of termination, disability or death, are charged to the results of the year when they are paid.

3. Cash and temporary investment

As of December 31, 1999 the cash and temporary investments are analyzed below:

Cash:

In Mexican Currency Denomination	\$	29,999
In U. S. Currency Denomination		730,471
		<u>760,470</u>

Investments:

In Mexican Currency Denomination		39,954
In U. S. Currency Denomination		1,149,827
		<u>1,189,781</u>
	\$	<u>1,950,251</u>

The temporary investments denominated, in U.S. dollars, include \$680,125, with restricted use for the payment of rent or the acquisition of the building where the Commission's office are located (see notes 7, 8)

4. Furniture and Equipment

As of December 31, 1999 and 1998, this account is integrated as follows:

	Rates	1999	1998
Office Equipment	10 %	\$ 304,007	\$ 316,157
Transportation Equipment	20%	220,662	208,245
Computer Equipment	25% to 30%	83,043	50,325
		<u>607,712</u>	<u>574,727</u>
Accumulated Depreciation		(280,476)	(285,128)
Furniture and equipment-net		<u>\$ 327,236</u>	<u>\$ 289,599</u>

Annual depreciation amounted to \$69,603 and \$88,838 in 1999 and 1998 respectively.

5. Contributions

The contributions from the United States of America and the United Mexican States are summarized as follows:

	1999	1998
United States of America	\$ 1,780,000	\$ 1,300,000
United Mexican States	1,531,915	1,614,249
	<u>\$ 3,311,915</u>	<u>\$ 2,914,249</u>

The United States of America contributions include \$240,000, which corresponds to the 1998 contribution budget

6. Commitments

Rent

For the fiscal year ended December 31, 1999 the commission has commitments deriving from the rent contract for the location of their offices. This contract will expire on March 2000 and as it is indicated on Note 7, the Commission acquired the lot and building by exercising the purchase option established in the mentioned contract.

The 1999 expenditures for rent amounted to \$82,498 and \$89,194 in 1999 and 1998 respectively; the payments for rent were decreased by the contribution made by the Mexican government for the purchasing of the building.

Project certification

The United States Environmental Protection Agency (EPA) has established a technical assistance program for the certification of environmental projects (hydraulic only) up to \$20,000,000. Through this program EPA will reimburse the Commission the expenditures made for those projects that comply with the established specifications contained in the EPA program. Until 1999 \$5,545,006 have been applied for programs approved by EPA.

As of December 31, 1999 the accounts receivable from EPA amount to \$88,277.

7 Accounts Payable

As of December 31, 1999, the accounts payable are as follows:

Contribution for Building	\$ 680,125
EPA - Ad Valorem Tax	277,972
Accumulated Project Expenditures	877,924
	<u>\$ 1,836,821</u>

8. Subsequent events

On January 28, 2000 the building where the Commission's offices are located was purchased. The funds to close the purchase arise from contributions made during previous years by the government of the United Mexican States.



BORDER ENVIRONMENT
COOPERATION COMMISSION

Bldv. Tomás Fernández, No. 8069

Fracc. Los Parques

Cd. Juárez, Chihuahua, C.P. 32470

México

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