



Border Environment Cooperation Commission

2001 Annual Report



***Building a
Better Future
Today***

The Border Environment Cooperation Commission (BECC)

is an international organization that was established by the governments of the United States and Mexico under the framework of the North American Free Trade Agreement. Its purpose is to promote the conservation, protection and improvement of the environment in the border region, by developing and certifying sustainable environmental infrastructure projects through an open and transparent process and with broad public participation. Once a project is certified by BECC, it is qualified to seek funding from the North American Development Bank or from other financial institutions.

BECC is currently authorized to work in an area covering 62 miles on either side of the border. Its mandate includes environmental infrastructure projects in the areas of water pollution, wastewater

treatment, solid waste management and related matters, which has been defined to include hazardous waste, water conservation, water and wastewater hook-ups, and waste reduction and recycling. In addition to these areas, BECC may also address problems related to air quality, transportation, clean and efficient energy, and municipal planning and development, including water management.

BECC's operating budget consists of contributions from the U.S. and Mexico. In addition, BECC manages the Project Development Assistance Program (PDAP), funded by the U.S. Environmental Protection Agency, which is used to provide

technical assistance to communities in developing projects for reducing water pollution and for wastewater treatment.

BECC is governed by a ten-member binational board of directors, with representation from federal, state and local levels of government as well as from the public. BECC also has an advisory council with nine members from each country. Day to day operations at BECC are overseen by a general manager and a deputy general manager, with the support of a 45-member highly specialized binational staff who oversee the work of dozens of engineering consultants involved in the development of individual projects.

From seven years of gained experience, BECC possesses a clear understanding of the environmental and human health problems facing the more than 12 million people that live in the border region.

Limited natural resources, water, air and soil pollution, as well as the lack of strategic planning and adequate development, are all challenges that BECC is helping solve in order to secure a good quality of life for all border residents.

BECC has managed to direct funding and effectively promote partnerships at all levels of government and the general public. This effort has promoted comprehensive solutions to these environmental challenges.

The unique process based on partnerships and community involvement have made BECC a successful model of international cooperation.



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"BECC is making a formidable contribution to improve quality of life in our border: it's changing lives of men, women and children, all the results speaks for themselves. It will become a model emulated in the future."

—Gwyne Shea
Secretary of Texas State
March 20, 2002



Message from the Board of Directors and Management

In 2001, all three levels of government along with border communities began a comprehensive review process of the strengths and weaknesses of the existing cooperation framework for environmental infrastructure development along the U.S.-Mexico border. The project development and financing process carried out by BECC (Border Environment Cooperation Commission) and NADB (North American Development Bank) has been evaluated and specific reforms to the process have been proposed. These changes are aimed at enhancing ongoing binational efforts and maximizing available resources for addressing needs along the border, both in the traditional sectors of water, wastewater and solid waste, as well as in those covered by BECC and NADB Mandate Expansion.

BECC actively participated in this process. It assisted in the efforts to enhance project development, while continuing to ensure compliance with the principles of sustainable development and public participation. Despite its active role in this review process, BECC has continued to focus on helping border communities address the serious environmental problems they face.

Last year BECC certified a total of twelve projects, six in the United States and six in Mexico, at an estimated cost of \$110 million and benefiting more than 2.2 million people. Seven of these projects relate to water and wastewater service needs, while five address solid waste management. Additionally, BECC granted more than \$3.9 million in technical assistance for project development in more than 30 communities.

In 2001, we began developing a new approach to improve our internal processes. At the center of this strategy was an effort to further streamline our project development and certification process. At the same time we have made significant progress towards a more efficient and timely coordination with all stakeholders through a Rapid Assessment Process.

Fernando R. Macias
General Manager



Julian de la Garza
Chairman of the Board

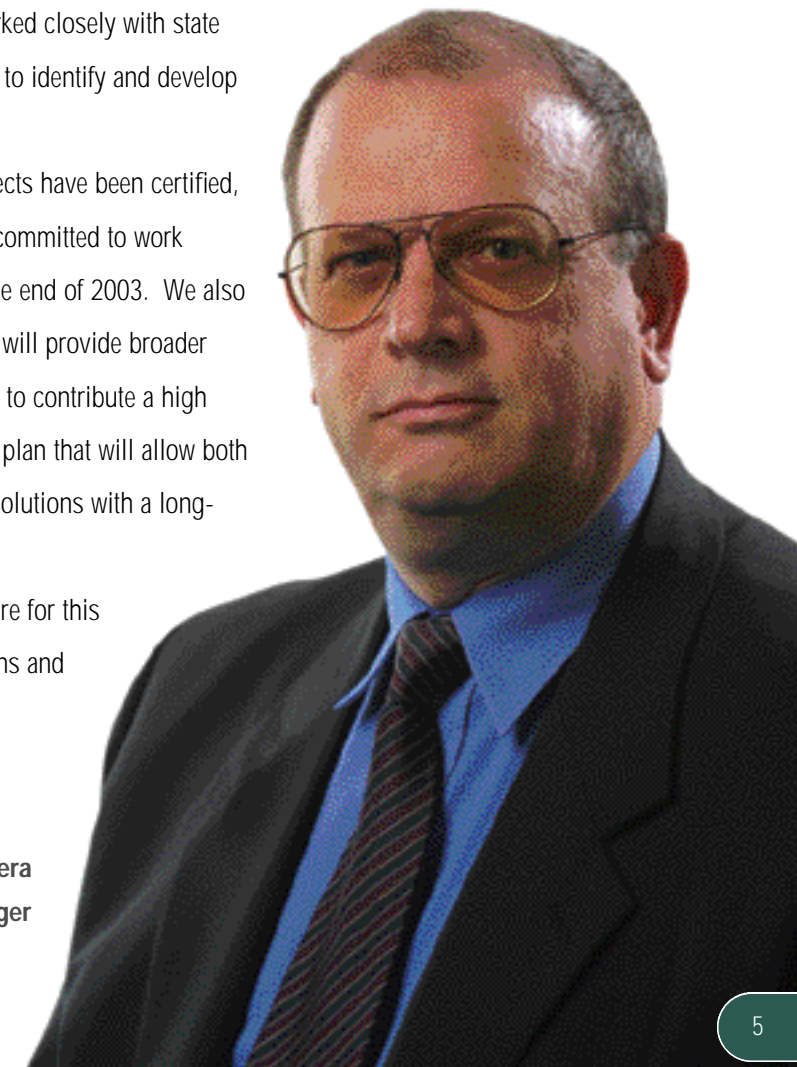
Another crucial step was setting up our new Quality Assurance Program. This program, along with our new and more efficient consultant selection process, has resulted in a strong system of checks and balances that ensures optimal technical quality, efficient use of available resources and, ultimately, a better project for the community.

Our relationship with the ten border states was also significantly strengthened during 2001. We have increased our presence in every state and we have worked closely with state officials in order to identify and develop high impact projects based on available state funding.

BECC has a vision for the future. Although nearly sixty projects have been certified, at an estimated cost of more than one billion dollars, we remain committed to work aggressively towards certification of another 40 projects before the end of 2003. We also plan to pursue projects falling under our mandate expansion that will provide broader opportunities for private sector participation. BECC will also seek to contribute a high level of involvement to the development of a bi-national strategic plan that will allow both countries to identify existing needs and develop comprehensive solutions with a long-term and regional perspective.

We remain committed and focused on helping build the future for this dynamic region, a future with sustainable environmental conditions and improved community health for everyone.

Javier Cabrera
Deputy General Manager



Mandate Expansion

Mandate expansion is the result of an intense effort undertaken by the BECC and the NADB. Its purpose was to identify other areas of environmental problems that could be addressed and that would help maximize the use of the NADB's lending capability, while at the same time offering new opportunities to apply BECC's innovative project development practices.

In addition to the traditional sectors of water pollution, wastewater treatment, and solid waste, BECC can consider sectors such as hazardous waste, water conservation, domestic water and wastewater hook-ups, and waste reduction and recycling. BECC can also consider projects related to air quality, transportation, clean and efficient energy, and municipal planning and development, including water management.

During 2001 BECC, in close coordination with NADB, made important progress in implementing mandate expansion. As a first step, BECC and NADB conducted a joint outreach effort aimed at identifying ideas regarding potential projects in each of the mandate expansion sectors. This outreach effort targeted federal, state and local officials, non-governmental organizations, academic institutions and the private sector. More than sixty responses were received, some containing specific projects, but with the majority proposing general concepts related to all sectors of mandate expansion.

BECC has also begun establishing internal procedures and criteria for selecting projects, and defining the process for advancing them. Additionally, BECC is working closely with highly specialized private and public organizations that can help identify the most technologically, financially and environmentally feasible projects, and help BECC acquire the level of expertise necessary to develop them effectively.

The BECC has received more than 13 applications for projects in the new sectors including several air quality projects, waste to energy projects, and transportation projects. BECC plans to certify several projects before March of 2003. An additional 40 potentially viable projects and concepts are also being analyzed.

The BECC will continue to work closely with NADB, regulatory agencies and the private sector to identify and develop high impact projects in all areas covered by the mandate expansion.

"Currently, we are working on more than 40 potential projects that fall under the mandate expansion."

—Donald Hobbs
General Counsel

Project Certification

BECC's primary **function** is developing and approving projects for funding by NADB or other financial institutions. This function considers technical and financial aspects of a project: an appropriate, proven and non-polluting technology, with low operation and maintenance costs; a viable financial structure with limited impacts on user fees and a balance in sources of funding. BECC's primary **contribution** is found in the project development process itself, and consists, primarily, in the social and environmental aspects of a project: endorsement of a project by the community through active participation, consultations and transparent information; protecting the environment and effectively applying sustainable development principles. Furthermore, BECC facilitates compliance of a project with the requirements and specific rules established by bi-national, federal, state and local agencies.

The process begins when a community submits a formal application (Step 1) containing the general

information on a project. This information is reviewed for compliance with BECC general criteria and, once such compliance is verified, a Rapid Assessment Team Process begins. This process analyzes existing information for the purpose of completing a work plan for the project, which identifies the technical assistance needs, institutional strengthening needs, project approach including funding strategy, and a timeline for certification. Participation from relevant federal and state agencies in this process ensures endorsement of a project and a common strategy for developing it.

Based on the results of this evaluation, BECC proceeds to procure the required technical assistance services through the new Simplified Contracting and Ordering Agreement process (SCOA).

The project then enters the planning and design phase. During this phase the project is defined through planning related to the needs of the community. Necessary studies are advanced where various alternatives

are analyzed from the perspective of cost, available funding, environmental impact, and sustainability. Upon completion of the studies, the project proceeds to final design. Throughout this process, which is the most time consuming, strict quality control standards are followed and, where applicable, value engineering is implemented.

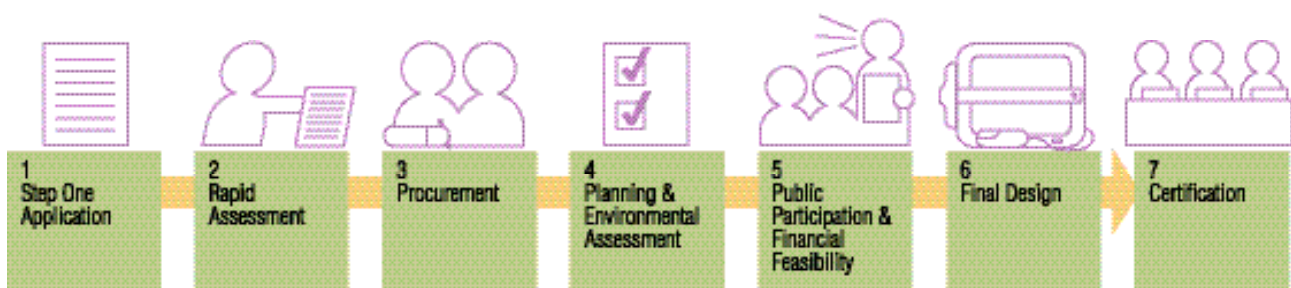
During the development of the project, the community is informed of the technical, financial and environmental aspects. This is achieved by a citizens steering committee that prepares a public participation plan calling for at least two public meetings addressing the details of the project.

Once the project achieves compliance with the certification criteria and with requirements of all the funding sources, it is once again released for public comment. The board of directors then reviews the project and considers it for certification.



" Because we're serious about our place in the future of the border, we must try to keep reinventing ourselves until we find a better way of doing things."

—Adolfo Urias
Director of Operations



The Project Certification Process

Public Participation

One of the most significant contributions made by BECC in certifying projects has been the public participation process, which has strengthened the active involvement of border communities in the development of environmental infrastructure. This process allows a community to understand the most relevant details of a project, including its cost, benefits and environmental impacts. It also allows any interested party to participate in the planning phase of a project, and ensures a high level of transparency in the decision-making process.

In 2001, BECC undertook an extensive review of its public participation process. To this end, BECC began developing a manual designed to identify and standardize public participation guidelines in order to achieve a more efficient and inclusive process. Furthermore, this document will integrate the experience that has been gained in this field and will provide updated information on the most effective methods for community participation.

The manual will also incorporate techniques and methods for measuring in a more precise manner, the opinion of the community regarding a specific project. This is the primary method of clearly establishing the public's endorsement of a project.



A resident of Salem Ogaz, New Mexico speaks out at a public meeting of the waste water collection and treatment system project

Ultimately, the public participation manual will constitute a valuable tool not only for BECC, but also for other institutions, project sponsors and community organizations from both countries. The manual is expected to be implemented during 2002.

Another important achievement during 2001 was the production of videos for the projects that are considered for certification. This was an effort that involved communities, steering committees and project sponsors. These videos, which are presented at the public meetings of the BECC Board of Directors, have proven to be a valuable tool for showing the problems of a community, the most feasible alternatives for addressing those problems, and the level of public participation that existed in each community.



Steering committee members from Tijuana, Baja California were actively involved in a project for the rehabilitation of the sewer system



Residents of Ciudad Juarez in attendance at a public meeting to support the tire shredding project

Videos became an effective tool of communication to show the stakeholders along the border the issues confronting communities



Public Participation Accomplishments for 2001

- **Established Steering Committees in:** Desert Shores, California; Fabens, La Joya, Marathon, Santa Rosa, Sheffield, and Tornillo, Texas; Tecate and Tijuana-Playas Rosarito, Baja California; Ciudad Juarez and Ojinaga, Chihuahua; and, Puerto Peñasco and San Luis Rio Colorado, Sonora.
- **Comprehensive Public Participation Plans approved for:** Bisbee, Arizona; Desert Shores, California; La Union, Salem-Ogaz, and San Pablo, New Mexico; Eagle Pass, Fabens, La Joya, Raymondville, Santa Rosa, Sheffield, and Tornillo, Texas; Tecate and Tijuana-Playas Rosarito, Baja California; Ciudad Juarez and Ojinaga, Chihuahua; and, Puerto Peñasco and San Luis Rio Colorado, Sonora.
- **Thirty five public meetings** for project information held in 23 communities: 14 U.S. communities, and 9 in Mexico.
- **Ten project information videos** were produced.

Sustainable Development

The BECC is fully committed to the principles of sustainable development, as the only way to achieve long term and comprehensive solutions to the problems that face the border. This commitment is not only reflected in the Commission's project certification criteria, but also in the fact that a special workgroup was created charged with finding ways to effectively communicate these principles and apply them to projects under development. BECC recognized that there is a need not only to address the most pressing environmental problems, but also to do it with a vision towards the future. Today sustainable development is an immediate, tangible and practical component of every project developed by BECC.

The process for implementing sustainable development criteria begins with an assessment of the existing conditions in a community in order to ascertain the specific problems that must be addressed. Once this evaluation is completed a workshop is held with the main stakeholders of the community, with the purpose of defining the environmental

problems that the community wishes to address when beginning to design the project.

The next step involves identifying and selecting the most feasible alternatives from a technical, financial and environmental perspective. As the project is being developed, the selected alternatives are integrated into the project design. However, should the community and other stakeholders have the option of seeking higher levels of sustainability for the project.

BECC undertook an effort to design guidelines and indicators for incorporating sustainable development principles into every project that is carried out. To this end, BECC closely coordinated with environmental organizations and governmental institutions, specialized consultants, and with recognized technical and scientific experts.

As a result of this effort, 131 performance indicators were identified relating to the most important factors that have an impact on the results of a project. From these indicators, in 2001, the BECC's board of directors adopted the 14 Minimum Requirements for Project

Compliance with BECC's Sustainable Development Criteria. These requirements, which are already being applied, allow BECC staff to conduct a systematic review of projects and identify technical components that can be enhanced to achieve a greater level of sustainability for the final project.

The minimum requirements address areas such as: energy efficiency (both conservation and renewable energy), selection of alternatives according to affordability of the community, institutional strengthening of the operating utilities, water conservation and reuse, planned or installed water/wastewater treatment capacity, pre-treatment of industrial discharges, the reduction, reuse and recycling of solid waste, and the closing of uncontrolled municipal dump sites.

In 2001, BECC began exploring, among others, the new concept of zero emissions. The Zero Emissions Research Initiative (ZERI) was introduced to BECC by its founder, Mr. Gunter Pauli. The objective of zero emissions is the total use of raw materials in industrial processes. Its basic methodology proposes using by-products without value

from one productive process, as raw material in a separate process, therefore not only eliminating waste (hazardous or not) but also generating a value-added input. ZERI is an exciting proposition because of its potential to contribute to the sustainability of projects.

In 2002, BECC will explore how to incorporate this methodology into specific projects, closely working to this end with the private sector.

Laureano T. Alvarez
Sustainable Development Manager



"The BECC is a vehicle, an instrument, a platform that brings together several competitive technologies and proven techniques that allow for a quicker and more efficient response to people's needs. In addition, the BECC is able to translate this into concrete projects.

—Gunter Pauli
Founder and Director of ZERI,
Zero Emissions Research Institute based in Geneva, Switzerland



Certified Projects 2001

Construction of Wastewater Collection and Treatment System in El Sasabe, Sonora

PROBLEM: The community does not have a sewer system and the home-built septic tanks and cesspools allow wastewater runoff, endangering the health of the community.

PROJECT: Construction of a wastewater collection system, including sewer lines, an outfall, a collector, manholes and house connections.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF (Border Environment Infrastructure Fund)	\$452,351.00	50.00%
Matching Funds		
State Sources	\$452,351.00	50.00%
Total	\$904,702.00	100%

Improvements to the Water, Sewer, and Wastewater Treatment Systems in Douglas, Arizona

PROBLEM: Existing sewage collection lines are deteriorated and therefore leaks present potential risks to the environment and community health. There are also leaks in the water distribution system and problems with water quality.

PROJECT: Rehabilitation and expansion of the water and wastewater lines.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB- BEIF	\$3,501,850.00	39.56%
USDA- (United States Department of Agriculture) Rural Development	\$1,810,993.00	20.46%
Matching funds		
Local contribution	\$1,540,101.00	17.40%
Municipal Bond Issue	\$2,000,000.00	22.59%
Total	\$8,852,944.00	100%

“Every time it rains in El Sasabe, the septic tanks overflow. The residents readily supported this project which solves this health problem.”

—Carlos Quintero
Project Manager, Region 1

Comprehensive Management of Municipal Solid Waste for China and General Bravo, Nuevo Leon

PROBLEM: These municipalities do not have adequate infrastructure for the disposal of their solid waste causing many open-air dump-sites.

PROJECT: Construction of a regional landfill and the restructuring of the sanitation service in both municipalities.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-SWEP (Solid Waste Environmental Program)	\$440,370.00	37.85%
NADB-IDP (Institutional Development Cooperation Program)	\$200,000.00	17.19%
Loan		
NADB	\$255,900.00	21.99%
Matching Funds		
State/Municipal Contributions	\$267,277.00	22.97%
Total	\$1,163,547.00	100%

Construction of Wastewater Collection and Treatment System for La Union, New Mexico

PROBLEM: There is no wastewater system in La Union. Cesspools and septic tanks are failing and threaten the shallow ground water supply.

PROJECT: Construction of a collection system that will treat the wastewater at the existing Santa Teresa wastewater treatment plant.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF	\$4,463,242.00	64.66%
Loan		
NMED (New Mexico Environmental Department)	\$891,408.00	12.92%
Matching Funds		
Community Matching Funds	\$1,547,400.00	22.42%
Total	\$6,902,050.00	100%

“This project in Tijuana is another major step forward in achieving a comprehensive solution to the waste water service needs in this community.”

—Jesus Magallanes
Project Manager, Region 2

Rehabilitation of the Sewer System in Tijuana, Baja California

PROBLEM: The existing wastewater collection system in the city is deteriorating rapidly, thus potentially allowing for infiltration of storm and/or groundwater into the system that would affect wastewater treatment plant capacity.

PROJECT: Replacement of approximately 7.5 percent of the city's sewer collection system.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF	\$18,007,204.00	42.86%
Loan		
NADB	\$6,000,000.00	14.28%
Matching Funds		
State/Municipal contributions	\$18,007,204.00	42.86%
Total	\$42,014,408.00	100%

Construction of Wastewater Collection and Treatment System for Salem-Ogaz, New Mexico

PROBLEM: The communities have no sewer system, only cesspools and septic tanks which are failing and pose a threat to the shallow ground water supply and cause serious diseases.

PROJECT: Construction of a sewer system and wastewater treatment plant.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF	\$840,354.00	30.36%
NADB-Transition Funds	\$151,558.00	5.41%
CDBG (Community Development Block Grant)	\$350,000.00	12.50%
US- EPA (Environmental Protection Agency)	\$1,167,000.00	41.67%
Loan		
NMED (New Mexico Environmental Department)	\$281,850.00	10.06%
Total	\$2,790,762.00	100%

Replacement of the Water Treatment Plant for Raymondville, Texas

PROBLEM: The existing water treatment plant is not meeting the state standards or demands for water during peak periods.

PROJECT: Construction of a new plant with capacity to treat 4.5 million gallons of water per day.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF	\$4,199,865.00	56.4%
Loan		
TDA (Texas Department of Agriculture)	\$3,245,478.00	43.6%
Total	\$7,445,343.00	100%

“Ramondville’s existing treatment plant cannot be expanded any further because of lack of space to accommodate the expansion. The new plant will use state-of-the-art technology.”

—Arkelao Lopez
Project Manager, Region 5



Construction of Wastewater Collection and Treatment System for the Communities of Vado, Del Cerro, San Miguel, La Mesa, Berino, and Chamberino, New Mexico

PROBLEM: These six communities lack wastewater collection systems which increases the potential of wastewater runoff that could contribute to the contamination of groundwater.

PROJECT: Construction of a regional sewer collection system and treatment plant to serve all six communities.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-BEIF	\$11,219,900.00	29.72%
NADB-Transition Funds	\$838,534.00	2.87%
US-EPA	\$11,488,600.00	40.67%
Loan		
NMED	\$2,800,000.00	9.91%
Matching funds		
Sources (To be determined)	\$1,900,200.00	6.83%
Total	\$28,247,234.00	100%

Tire Shredding in Ciudad Juarez, Chihuahua

PROBLEM: The accumulation of used tires in Ciudad Juarez has lead to over saturation at the landfill, vector breeding grounds, spread of disease and to potential air pollution.

PROJECT: Collection and shredding the tires before they are disposed of at the municipal landfill or put to commercial use.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-SWEP	\$ 467,500.00	25.08%
Loan		
NADB	\$464,388.30	24.92%
Matching Funds		
Local	\$931,883.30	50%
Total	\$1,863,771.60	100%

“This project involves working with the private sector to identify commercial uses for the shredded tires, therefore, minimizing their disposal in the municipal landfill.”

—Alberto Ramirez
Project Manager, Region 3





Comprehensive Solid Waste Management in San Luis Rio Colorado, Sonora

PROBLEM: Garbage is disposed of at an open-air dump site, which presents a serious pollution threat to water and air.

PROJECT: Closure of the existing dump-site, building a sanitary landfill and improving the solid waste management system.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-SWEP	\$537,634.40	13.13%
NADB-IDP (Institutional Development Cooperation Program)	\$ 129,032.25	3.15%
Loan		
NADB	\$869,529.46	21.23%
Matching Funds		
Federal/State/Local Agencies	\$1,036,075.20	25.29%
Community matching funds	\$1,523,720.80	37.20%
Total	\$4,095,992.20	100%

"Small communities usually don't own equipment to compact refuse at the landfill. This project provides this equipment. The residents of Uvalde are extending the life of their landfill."

—Cesar Ramos
Project Manager, Region 4

Expansion of the Municipal Solid Waste Landfill in Uvalde, Texas

PROBLEM: The existing solid waste landfill is at capacity and the operating utility lacks the proper equipment to manage the facility.

PROJECT: Construction of a new cell and providing the necessary equipment for operation and maintenance.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB-SWEP	\$500,000.00	14.6%
Matching Funds		
Municipal obligation bond	\$2,915,000.00	85.4%
Total	\$3,415,000.00	100%

Improvements to the Waste Management System in Ojinaga, Chihuahua

PROBLEM: Ojinaga is faced with the existing problems associated with an open-air dump site, such as serious risk of air and water pollution and proliferation of disease carrying animals.

PROJECT: Closure of this dump site, expansion of a recently built landfill, purchase of garbage collection and management equipment, and setting up a utility to provide solid waste management service.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
NADB- SWEP	\$516,129.03	28.19%
Matching funds		
Federal/State/Local Sources	\$1,314,852.25	71.81%
Total	\$1,830,981.28	100%

Improvements to the Water and Wastewater Regional System for the City of Eagle Pass, Texas*

PROBLEM: Currently this region has very limited water sources and lacks adequate water and wastewater systems to meet the needs of the community.

PROJECT: Rehabilitation and expansion of the existing water treatment plant, rehabilitation and expansion of the water distribution system, expansion of the collection system, and the construction of a new wastewater treatment plant.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
TWDB (Texas Water Development Board)		
EDAP (Economically Distressed Area Program)	\$43,844,404.00	42.5%
ORCA (Office of Rural and Community Affairs) (Formerly the TDHCA [Texas Department of Health and Community Affairs])	\$1,657,103.00	1.6%
Transition Funds (NADB-BEIF)	\$13,994,000.00	
Hook ups Assistance	\$4,000,000.00	
Loan		
TWDB		
D FUND II (Texas Water Development Fund II)	\$24,076,000.00	23.4%
DWSRF (Drinking Water State Revolving Fund)	\$33,520,000.00	32.5%
TOTAL	\$121,109,507.00	100%

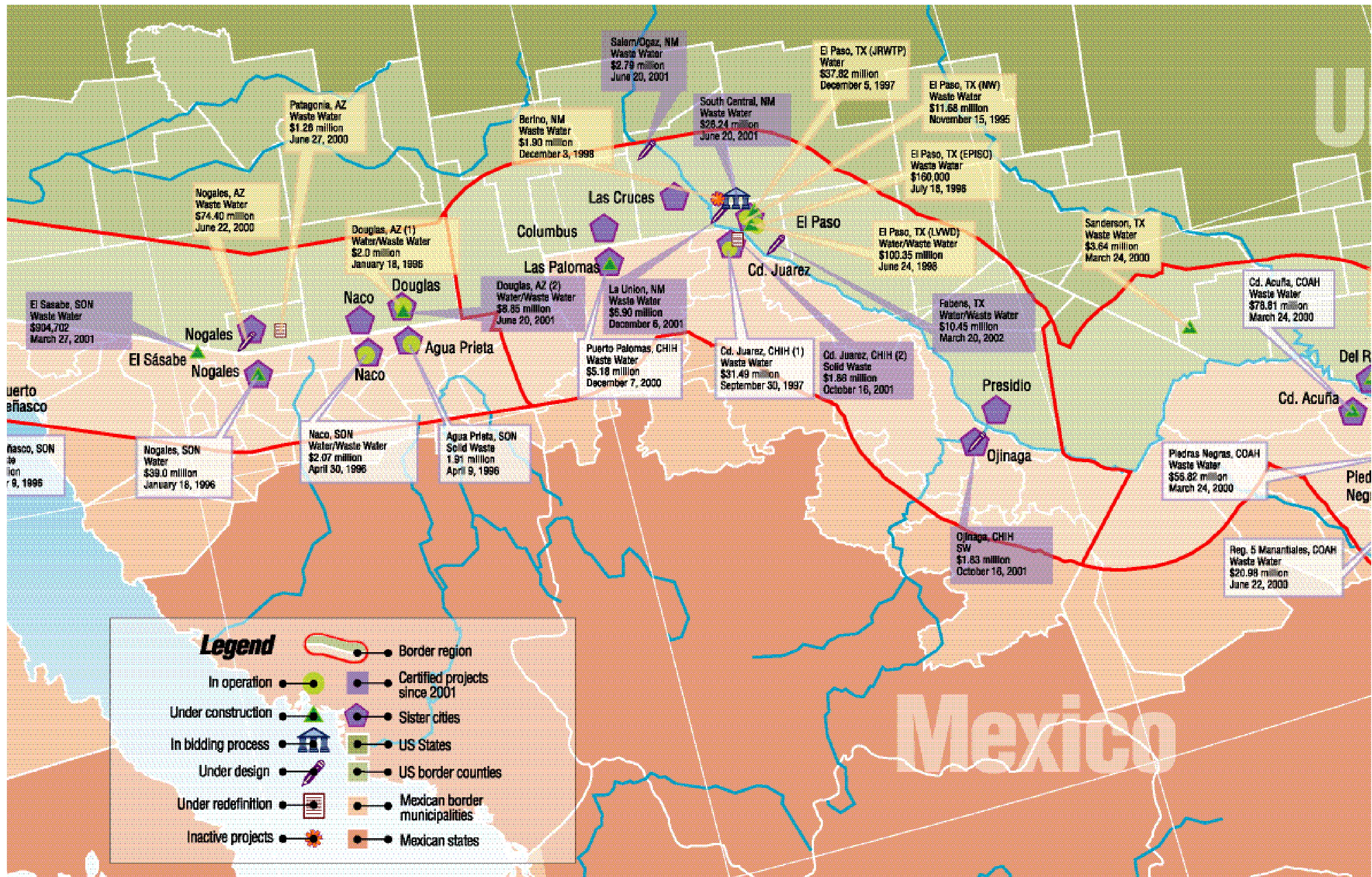
*Projects certified in 2002

Improvements to the Water and Wastewater Systems for El Paso County Water and Control Improvement District #4 (Fabens, Texas)*

PROBLEM: Currently the water supply for residential use in this community contains high levels of secondary pollutants and does not comply with state water quality standards. Also, the sewer and water distributions systems are no longer adequate for the needs of the community.

PROJECT: Expansion of the wastewater treatment plant, and rehabilitation of the water distribution and sewer systems, as well as existing wellheads.

Source	Amount U.S. Dollars	Percentage of Total Cost
Grants		
(NADB-BEIF)	\$4,111,274.00	45.2%
Transition Funds		
NADB-BEIF	\$1,356,248.00	
Loan		
RUS (Rural Utility Service)		
Loan/District Match	\$1,225,234.00	13.5%
NADB Loan & Guaranty Program	\$2,666,276.00	29.2%
Matching Funds		
District Funds	\$1,099,209.00	12.1%
Total	\$10,458,241.00	100%



Partnerships for Border Development

State Coordination

Since its inception, BECC has recognized the importance of coordination in fulfilling its responsibilities. This is especially true in the case of developing partnerships with the four U.S. and six Mexican border states. These partnerships with state agencies and institutions play a fundamental role in advancing towards the solution of environmental infrastructure needs in border communities.

With this in mind, during 2001 BECC further strengthened its coordination with border states by promoting several Infrastructure Development Meetings, aimed at providing state officials with a complete overview of BECC's programs and specific projects under development in a particular state. These meetings also contributed to identifying environmental infrastructure priorities in each state and the financial resources available to develop the corresponding projects.

As it has done for several years now, BECC participated in the annual Border Governors Conference, which on this occasion was held in Tampico, Tamaulipas. As part of the round table on environmental issues, BECC presented a report on its activities throughout the ten border states and responded to questions from the participants regarding reforms to the BECC and the NADB.

Also during 2001, and as part of its outreach strategy, several public meetings of BECC's Board of Directors were held in different cities of the border states. This allowed stakeholders from these states to learn more about BECC's work and, in particular, on the transparency and public participation with which project certification is conducted.

"The BECC and NADB relationship has been fruitful. Together, the BECC, the NADB and the EPA have succeeded in benefiting 92 border communities. This Board of Directors stands out because of the openness and diversity of its members. We will continue to support the BECC and to earmark resources to address the needs of the border's residents."

—Christine Todd Whitman
Administrator of the EPA



United States
Department of State



U.S. Environmental
Protection Agency



International Boundary and
Water Commission (IBWC)



United States Department of Agriculture



North American Development Bank
(NADB)



State of California



State of Arizona



State of New Mexico



State of Texas



State of Baja California



State of Sonora



State of Chihuahua



State of Coahuila



State of Nuevo Leon



State of Tamaulipas



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RELACIONES
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MEDIO AMBIENTE Y
RECURSOS NATURALES | SEMARNAT
SECRETARÍA DE
DESARROLLO
SOCIAL | SEDESOL



Comisión Internacional de
Límites y Aguas (CILA)



Comisión Nacional del Agua
(CNA)



Banco Nacional de Obras y Servicios

Importance of Coordination with Federal Agencies.

BECC and its sister institution, the NADB have achieved a high level of coordination with key federal agencies from the U.S. and Mexico. Among the institutions BECC works with on a continuing basis are: the U.S. Environmental Protection Agency, Mexico's Secretariat of the Environment and Natural Resources, Mexico's National Water Commission, the U.S. Department of Agriculture, Mexico's Foreign Relations Ministry, the U.S. Department of State, the U.S. and Mexican Sections of the International and Boundary Commission, Mexico's Secretariat of Social Development, and Mexico's National Bank of Works and Services.

It is also important to highlight the communication that was achieved with members of the U.S. and Mexican congress. Participation by some of these members in public meetings of the board of directors has contributed to highlighting the importance of BECC's work in addressing environmental problems and assisting in the development of border communities.

All of this has allowed BECC to achieve the consensus required for identifying the best technical, economic and social solutions to environmental infrastructure needs. This fact was confirmed with the board of directors' public meetings held in Washington D.C. and Mexico City, which provided an opportunity to interact with high level federal officials from both countries.

The partnerships with federal stakeholders have proven to be vital to ensuring the ongoing success of the BECC model. They have also provided accurate and timely information required to secure the financial resources needed for project development and construction.

"The BECC's accomplishments must be measured not only in terms of projects. The BECC contributes to establishing public policy by setting clear rules for private investment participation, and to having a framework for public participation processes. The Mexican government supports the notion that this institution can move forward so that it may continue to be the great institution it is today."

— Victor Lichtinger
Secretary of SEMARNAT



Technical Assistance

The Technical Assistance and Quality Assurance Department was formed in 2001. It has several important accomplishments, including the following:

a) Rapid Response Process

In order to provide an expeditious response to technical assistance requests from communities, as well as to ensure efficient use of technical assistance resources and facilitate the certification process, BECC established a Rapid Response Process (RAP). The purpose of this tool is to integrate all the information on a project in order to conduct a technical, financial and legal evaluation of the existing conditions under which the local utility is operating. After completion of this initial assessment, and with the participation of the project sponsor and relevant federal, state and local agencies, a work plan is developed for the project, identifying technical assistance needs, project approach, institutional strengthening for the future development of

the project, and a timeline for certification based on the role of each participating institution. Implementation of the RAP is expected to be finalized during 2002.

b) Simplified Contract Ordering Agreement

BECC established a new method for the procurement of consulting services entitled Simplified Contract Ordering Agreement (SCOA). This process allows greater efficiency in managing consulting services contracts and ensures the highest quality in service at the lowest cost. Furthermore, the process facilitates following up on a project since the consultant will be contracted for an extended period of time, as opposed to just a specific task.

The first step in developing the SCOA process consisted in issuing a formal solicitation requesting that interested consultants from both Mexico and the U.S. submit a proposal with their technical qualifications to BECC. Among the 69 firms that responded, BECC

selected the 11 most qualified firms per country as well as an additional three firms per country as support consultants. The board of directors approved the 28 consultants for the SCOA process. Consultants were hired for a period of one year with an option to extend the agreement for one additional year. When work is required for project development, it is competed among all the selected firms for that particular country.

c) Project Development Assistance Program (PDAP)

In 2001, the U. S. Environmental Protection Agency (EPA) provided a grant in the amount of \$8.0 million for BECC's Project Development Assistance Program (PDAP). These funds are used for the development of water and wastewater projects eligible for BECC certification. With the objective of ensuring that the eligibility criteria established by EPA are followed, BECC staff developed and implemented innovative procedures for reviewing and approving technical assistance.

d) Quality Assurance.

A Quality Assurance Department was created under the Department of Technical Assistance and Quality Assurance to implement procedures that will provide for a systematic approach in reviewing the different components of a project before it reaches certification. The goal of this new department is to improve BECC's project development process, achieving a reduced time-frame for certification, better coordination with the NADB and other participating institutions, and higher-quality projects.

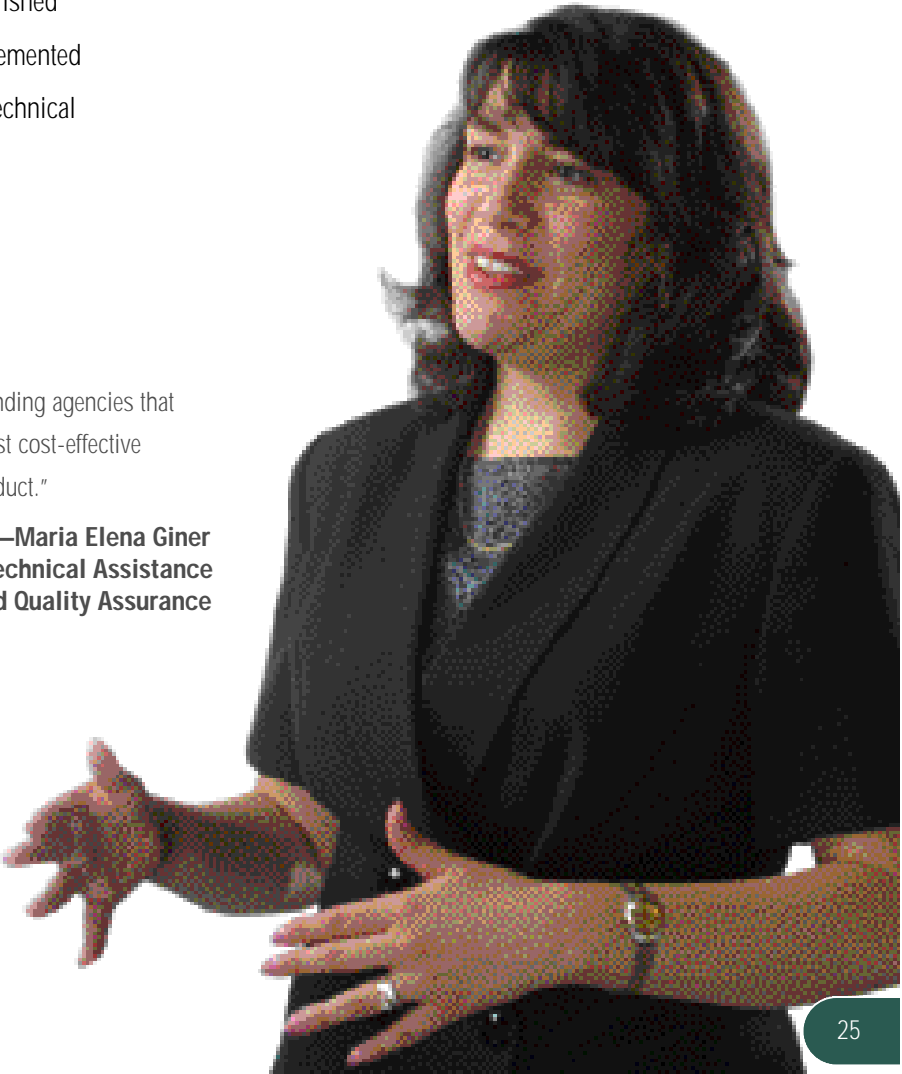
"Congressional representatives and senators from each country must advance initiatives for improving the environment and health on the border. Budget projects must go hand-in-hand in this effort and must heed the voices of civic society organizations and address their demands. Civil and environmental rights must be guaranteed in both countries. This requires dialogue and finding ways to promote government policies that improve conditions on the border."

—Representative Irma Piñeiro
President of the Commission of Population, Borders and Migratory Issues in the Mexican House of Representatives



"We want to assure the governments' funding agencies that their monies are being spent in the most cost-effective manner, and will result in a quality product."

—Maria Elena Giner
Director of Technical Assistance
and Quality Assurance

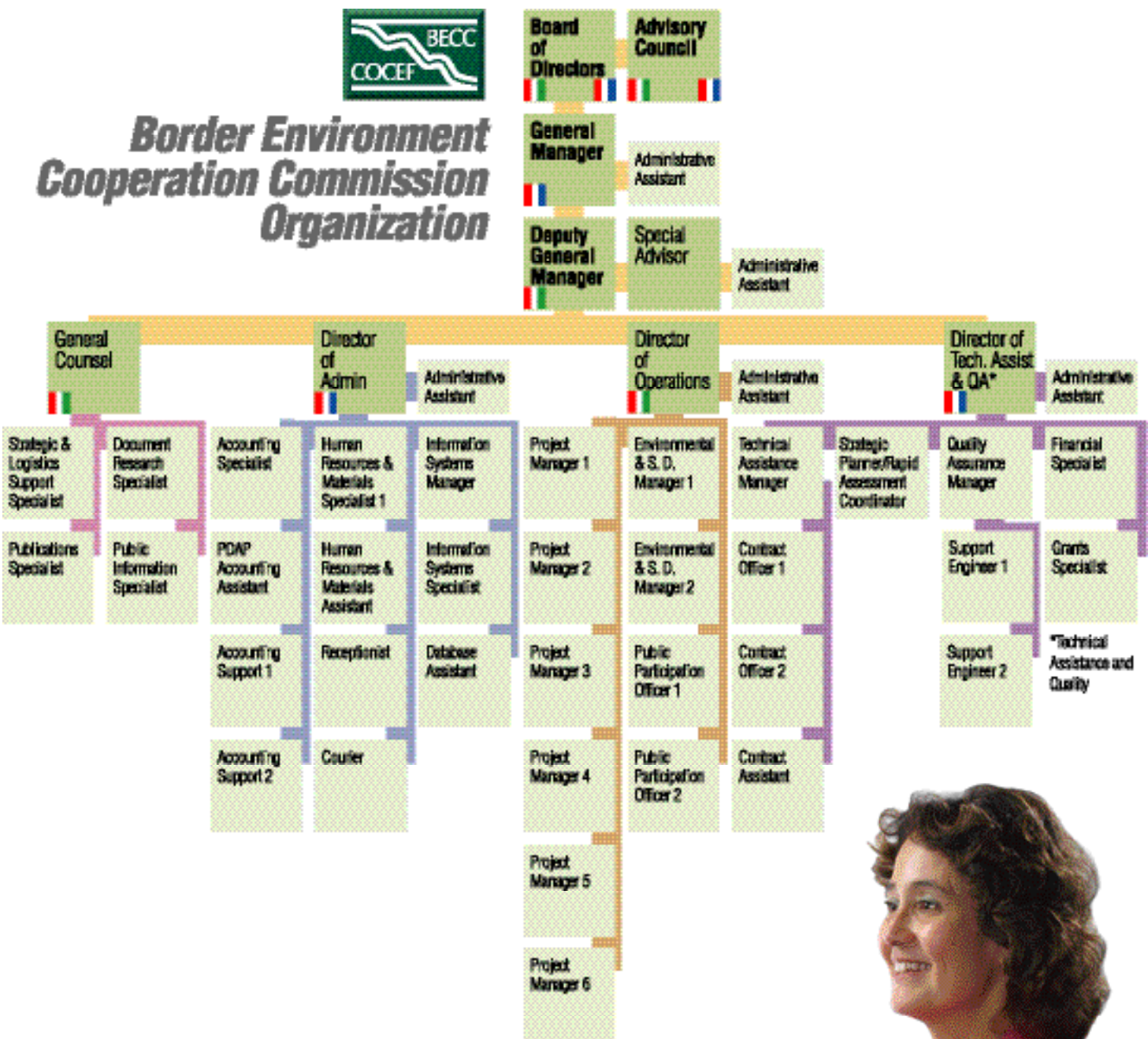


Technical Assistance Grants for 2001

PDAP funds can be used only for projects that are eligible for certification by BECC.

- Tecate, Baja California – \$20,452 for the financial evaluation of the solid waste master plan.
- San Miguel, New Mexico - \$60,000 for the preliminary engineering report and certification document for the water project.
- Sahuarita, Arizona - \$200,000 for the facility plan, preliminary design and the certification document for the water and wastewater system.
- Ciudad Juarez, Chihuahua - \$53,300 for a facility plan, environmental impact study, and certification document for the tire disposal proJECT.
- El Paso, Ciudad Juarez, Las Cruces and Doña Ana County– \$194,000 to perform a feasibility study for the development of a regional water plan.
- Tijuana, Baja California - \$92,000 for the environmental assessment and certification document for the sewer system rehabilitation project.
- Tornillo, Texas - \$155,000 to update facility plan and develop the certification document for the wastewater collection and treatment plant.
- Ciudad Acuña, Coahuila - \$90,000 for preparation of preliminary study and certification documents for the water treatment plant.
- Seeley, California - \$16,016 for the incorporation of sustainable development guidelines into the water and wastewater master plan.
- Yuma, Arizona - \$300,000 for the facility plan, preliminary design and certification documentation for the wastewater system.
- Fabens, Texas - \$500,000 for the final design of the water and wastewater system.
- Nogales, Sonora – \$15,000 to complete the final design of the water system.
- El Paso County, Horizon City, Texas – \$103,500 for the facility plan and preliminary engineering report for the wastewater system.

- Puerto Peñasco, Sonora – \$90,000 for the preparation of final design for the wastewater collection system.
- Doña Ana County, New Mexico - \$50,883 for the facility plan for the solid waste project.
- La Grulla, Texas – \$184,554 for the facility plan and certification document for the water and wastewater system.
- Sabinas Hidalgo, Nuevo Leon - \$58,449 for improvements to the solid waste system and the certification document.
- Matamoros, Tamaulipas - \$41,396 for the environmental assessment for the water and wastewater system.
- Ciudad Acuña, Coahuila - \$60,000 for solid waste comprehensive plan and the certification document for the solid waste system.
- Eagle Pass, Texas - \$1,000,000 for the final design of a portion of the water treatment plant project.
- San Pablo, New Mexico – \$60,000 for the development of the final design for the construction of a wastewater system.
- San Miguel and La Mesa, New Mexico – \$300,000 for the preliminary and final design documents of a wastewater collection system.
- Columbus, New Mexico – \$95,000 for development of a facility plan for the wastewater collection and treatment system.
- Webb County, Texas - \$110,000 for a facility plan for the water and wastewater project for sixteen colonias.
- La Joya, Texas – \$39,350 for the development of the certification document for the wastewater facility.
- Cananea, Sonora – \$15,000 to develop a financial analysis for the construction of a sanitary landfill.
- Del Rio, Texas – \$30,000 for the preparation of the certification document information for the municipal solid waste facility.
- Anahuac, Nuevo Leon – \$45,069 for the solid waste comprehensive master plan.

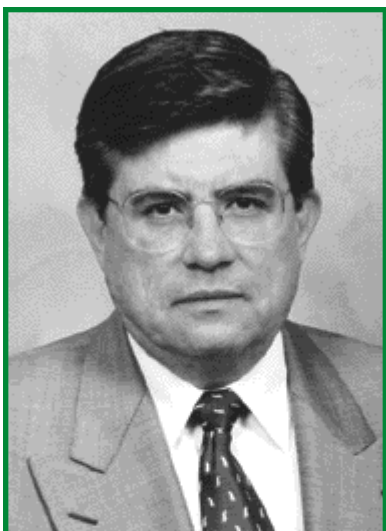


"We're also streamlining all administrative processes and procedures to keep Operations, TA/QA, and all BECC activities running smoothly."

—Maria Applezoller
Director of Administration



Mexico



Julian de la Garza, Chairman
Under Secretary of Ecology
Nuevo Leon State Government
Monterrey, Nuevo Leon



Arturo Herrera Solis
Commissioner, Mexican Section
International Boundary & Water
Commission
Ciudad Juarez, Chihuahua

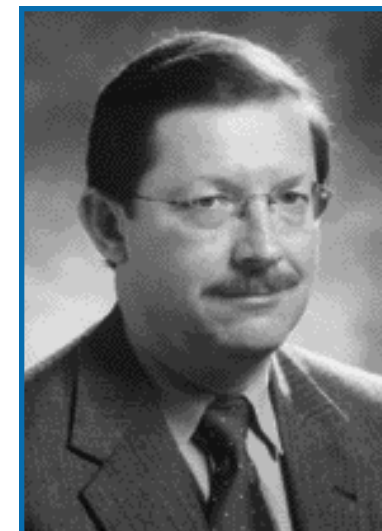


Victor Lichtinger
Secretary of Environment and
Natural Resources
Mexico City, D.F.

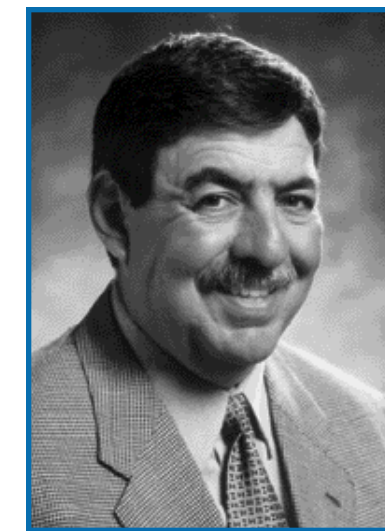
United States



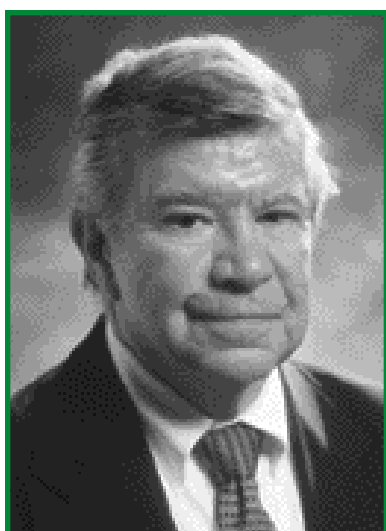
Christine Todd Whitman
Administrator
Environmental Protection Agency
Washington, D.C.



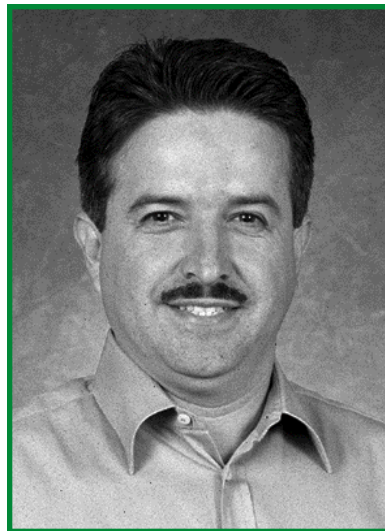
Carlos Ramirez
Commissioner, U.S. Section
International Boundary & Water
Commission
El Paso, Texas



Ygnacio Garza
Long Chilton, LLP
Brownsville, Texas



Dr. Jorge Bustamante
Northern Border College
Tijuana, Baja California



Humberto Valdez Richaud
Representative
Reynosa, Tamaulipas



Board of Directors

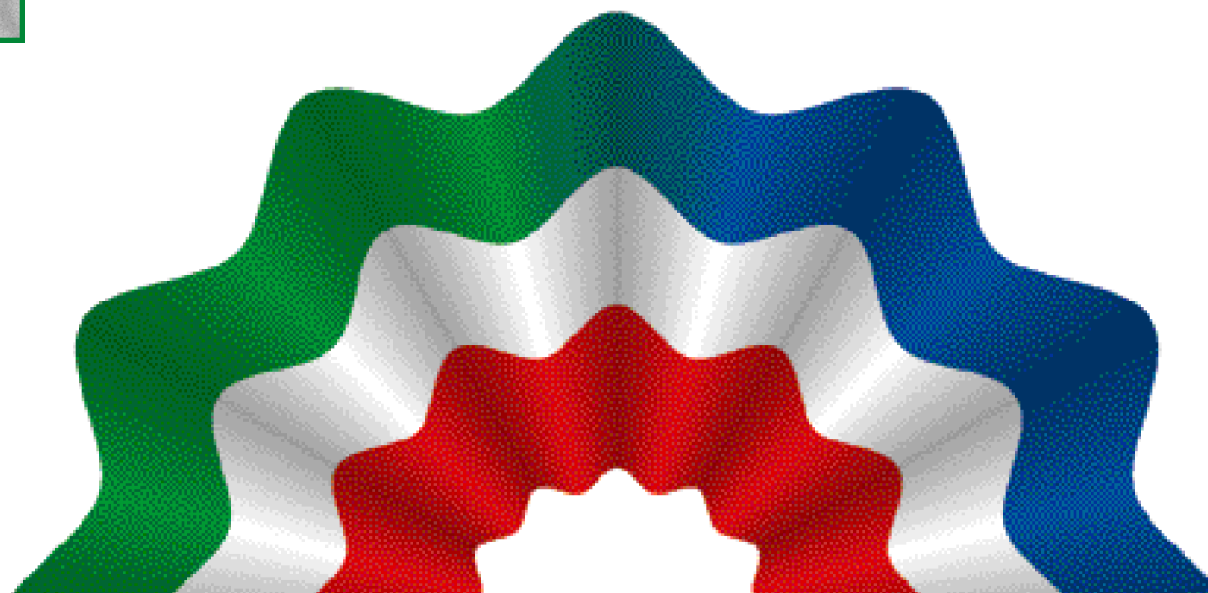
B O R D E R E N V I R O N M E N T
C O O P E R A T I O N C O M M I S S I O N



Lynda Taylor, Director
Non-profit Environmental Organization
Consultant
Santa Fe, New Mexico



Thomas L. Soto
President, P.S. Enterprises
Santa Monica, California



Advisory Council



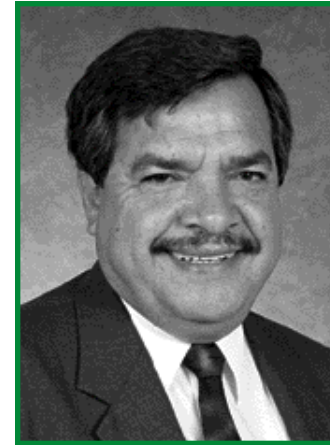
Lori Saldaña, Co-Chair
Associate Professor, San Diego
Community College District
San Diego, California



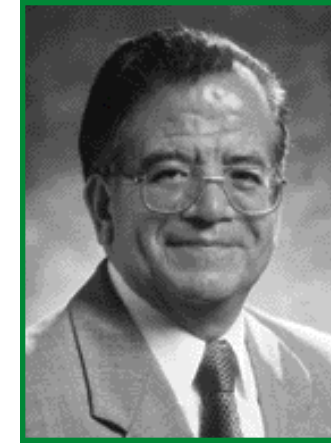
Maria Josefina Guerrero, Co-Chair,
Center of Investigation and
Environmental Studies (CIEA) A.C.
Nogales, Sonora



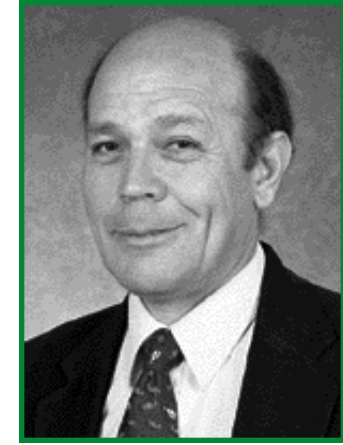
Javier Hernandez Armenta
Secretary of Urban Infrastructure and
Ecology
Government of the State of Sonora



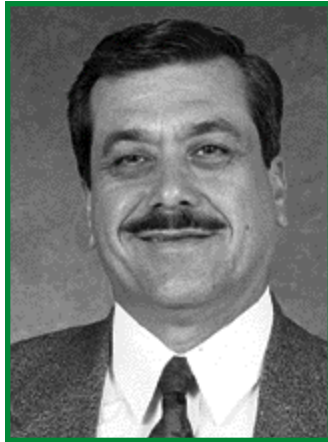
Dr. Arturo Limon (2001)
Chairman, Mexican Ecologist Movement
State of Chihuahua
Chihuahua, Chihuahua



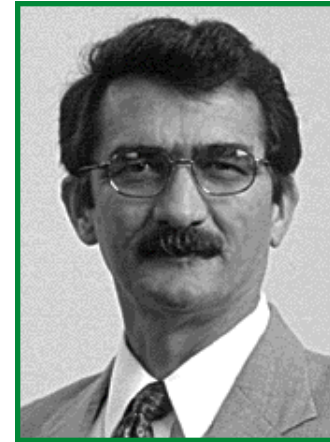
Raul Mora
General Manager, Quality Assurance
Systems and Environmental Engineering
Consultants, Saltillo, Coahuila



Oscar Romo
Member, National Council for
Sustainable Development
Tijuana, Baja California



Manuel Flores Revuelta
General Director
National College for Higher Technical
Education



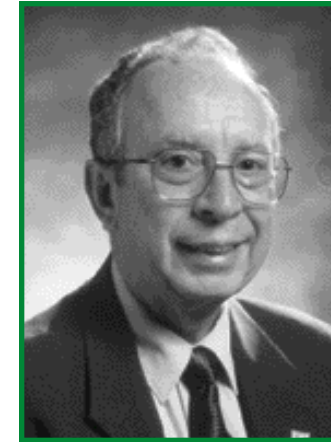
Jose Andres Suarez Fernandez
Director for Scientific Research,
Autonomous University of Tamaulipas
Ciudad Victoria, Tamaulipas



Diane Takvorian
Executive Director
Environmental Health Coalition
San Diego, California



Theresa Trujeque
Executive Director
Hispanic Culture Foundation
Albuquerque, New Mexico



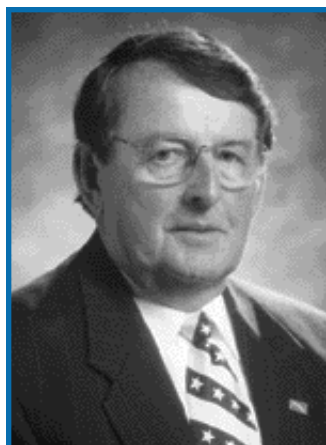
Francisco Abel Treviño Cisneros
Member of The Rio Grande/Rio Bravo
Basin Coalition Board
Reynosa, Tamaulipas



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



Lucia Wyman
Partner
Hooper, Owen & Winburn
Washington, D.C.



Charles Yancura
Former Mayor
City of Madison
Madison, Alabama



Carlos Yruretagoyena
Member, Regional Center for
Environmental and Socio-Economic
Studies, Mexicali, Baja California

From the Advisory Council

During 2001 the Advisory Council continued to play an active role in BECC's work. Based on its experience and understanding of border communities and their problems, the Advisory Council participated in information workshops for projects being considered for certification. Furthermore, the Council contributed to enhancing the Public Participation Manual that is currently under development and assisted in disseminating among communities the 14 minimum sustainable development requirements approved by the Board of Directors.

During the last quarter of 2001 the Advisory Council had the opportunity to participate in the public hearings organized on both sides of the border to discuss the reforms to the BECC/NADB process being proposed by both governments. Organizers of these hearings presented participants with highlights of ongoing discussions between the U.S. and Mexican governments regarding BECC and NADB, and changes being considered to further improve the project development and financing process.

Public hearings on the Mexican side of the border took place in five communities: Ciudad Juarez, Chihuahua; Tijuana, Baja California; Nogales, Sonora; Piedras Negras, Coahuila, and Reynosa, Tamaulipas. In total, more than 150 people attended the meetings, with more than 30 providing public input.

On the U.S. side of the border, hearings were held in San Diego, California; Tucson, Arizona; Las Cruces, New Mexico, and El Paso and Laredo, Texas. In these cases, the presentation on the BECC/NADB review process was conducted by officials from various federal agencies including, the Environmental Protection Agency, the Department of State, and the Department of the Treasury.

A point stressed by many participants was the need to strengthen the BECC and the NADB in order to utilize their full potential in addressing the environmental infrastructure problems on the border. There was also a consensus that the BECC has been a successful model for project development because of its implementation of sustainability principles, serious commitment towards public participation, and transparency.

Among the recommendations presented at the meetings, the following should be highlighted: the need to further streamline the development process, increased funding, especially for smaller communities, expedite project certification, identify additional financial resources to fund projects, expand BECC's work to other environmental infrastructure sectors, improve tools for project information, and promoting public participation in the planning phases of the projects.

In addition to the work it has traditionally carried out, the Advisory Council will continue to work on a strategy for post-certification public involvement to keep communities informed on implementation of the project and on any changes that could ultimately affect its success.

The Advisory Council remains committed to working closely with the Board of Directors and management to advance key strategies that will help BECC continue improving the services it provides to border communities.

Advisory Council Co-Chairs Lori Saldaña, and Ma. Josefina Guerrero discussing border community concerns

Financial Summary

BALANCE SHEET AS OF DECEMBER 31, 2001 U.S. Dollars

ASSETS	
Current Assets	
Cash & Short-Term Investment	\$ 862,781
Value Added Tax	30,994
Accounts Receivable -- United Mexican States appropriation	490,061
Accounts Receivable -- Others	106,055
Prepared Expenses	4,783
Total Current Assets	1,494,674
Fixed Assets (Furniture & equipment - net)	197,680
Total Assets	\$ 1,692,354
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Contribution Advances - United States of America	258,000
Other Account Payables	438,089
Total Current Liabilities	\$ 696,089
Fund Equity (Excess of Revenues over Expenditures)	
Results from Previous Years	879,626
Current Year (Revenues Over/(Under) Expenses	116,639
Total Fund Equity	\$ 996,265
TOTAL LIABILITIES & FUND EQUITY	\$ 1,692,354

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2001 U.S. Dollars

REVENUES	
Contributions - United States of America	1,995,600
Contributions - United Mexican States	1,749,900
	\$ 3,745,500
INTEREST-NET	\$ 26,724
OTHER INCOME - NET	\$ 37,438
Total revenues	\$ 3,809,662
EXPENSES	
Wages & benefits	2,316,483
Travel expenses	286,148
Public meetings	120,140
Technical assistance and professional fees	428,698
Other expenses	541,553
Total expenses	\$ 3,693,022
EXCESS OF REVENUES OVER EXPENSES	\$ 116,640
FUND BALANCE, BEGINNING OF YEAR	879,625
FUND BALANCE, END OF YEAR	\$ 996,265

Note: The financial statements were audited by Deloitte & Touche. The audited financial statement is available on our web site www.cocef.org



Project Development Assistance Program- PDAP

Balance Sheet
As of December 31, 2001
U.S. Dollars

ASSETS		
Current Assets		
Banks	\$	999.73
Account Receivables		
PDAP Authorized Grants		15,036,694.78
Value Added Tax to Recover		18,632.07
Others Account Receivables		44,545.00
Total Current Assets		15,099,871.85
Fixed Assets		
Computer equipment		36,987.44
TOTAL ASSETS		\$ 15,137,859.02
LIABILITIES & EQUITY		
Liabilities		
Account Payable		44,545.00
Equity		
Funding Exercised		(15,406,685.98)
PDAP Equity Contributions		30,500,000.00
	\$	15,093,314.02
TOTAL LIABILITIES & EQUITY		\$ 15,137,859.02

	Actuals as of previous month 10/97 ~ 12/01	Grant amount	
		Authorized	Unexpended
Sources of Funds			
EPA Reimbursements	15,463,305.22	30,500,000.00	15,036,694.78
Total Source of Funds	\$15,463,305.22	\$30,500,000.00	\$15,036,694.78
EPA Reimbursements allocation			
Personnel Expenses	\$ 2,142,673.73	\$ 3,179,290.53	\$ 1,036,616.80
Office & Computer equipment		50,000.00	50,000.00
Supplies & Incidentals	1,886.59	10,000.00	8,113.41
Special Consultant	30,357.33	340,476.44	310,119.11
Public Participation	35,239.60	197,112.04	161,872.44
Consultants	13,196,528.73	26,723,120.99	13,526,592.26
Total EPA reimbursements	\$15,406,685.98	\$30,500,000.00	\$15,093,314.02
Contracted Funds			
Consultants- Technical Assistance unpaid			\$ 6,588,569.00
Total grant funds available			\$ 8,504,745.02

Note: This information is unaudited



Border Environment Cooperation Commission

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P.O. Box 221648
El Paso, TX 79913 / USA

Blvd. Tomas Fernandez #8069
Fracc. Los Parques
Ciudad Juarez, Chihuahua
MEXICO, C.P. 32470

Tel: 011 [52] (656) 688-4600
Fax: 011 [52] (656) 625-6999

www.cocéf.org

“We have been able to confirm the enormous commitment of the border community to addressing the problems faced by the region. Public participation has made the BECC process a success and that this component must continue to be a cornerstone of the BECC and NADB. Both countries must increase the resources for and broaden the scope of the activities carried out by the two institutions.”

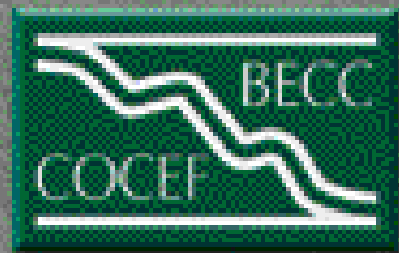
—Senator Hector Osuna Jaime
Secretary of the Commission on
North America in the Mexican Senate



Our Mission

The Border Environment

Cooperation Commission identifies, supports, evaluates, and certifies affordable environmental infrastructure projects, as a binational team, to improve the quality of life for the people in the U.S.-Mexico border region, now and in the future in an open public process.



Border Environment
Cooperation Commission