

ANNUAL REPORT

2007

2007



**INTEGRATING ENVIRONMENTAL
SOLUTIONS FOR THE U.S.-MEXICO BORDER**

Paquimé: An Icon for the BECC

BECC has chosen Paquimé as a symbol and model for its work. This culture, which flourished in the 15th Century A.D., settled in hostile terrain within the Chihuahua Desert. Drawing on sustainable practices such as the use of complex irrigation and rainwater collection structures, the civilization was able to subsist for many generations. They demonstrated innovative water management practices by constructing canals and water storage facilities as part of an integrated system that ensured their water supply. They also established flood control and, through the use of a terrace system, prevented soil erosion. Water and its sustainable use is one of BECC's top priorities.

The Paquimé society engaged in commercial trade beyond their geographic boundaries and had commercial contacts in far away locations. The BECC, a binational organization, was created under an environmental side-agreement to the North American Free Trade Agreement, a tri-national agreement that has fostered development and international trade, particularly along the US-Mexico border region.

Additionally, Paquimé residents appreciated their local resources, promoting their value by developing rich handcrafts that were part of the goods they produced and exchanged in their broad commercial markets. The BECC has the same strong commitment

to preserving the environment for current and future generations.

The community of Mata Ortiz, located near Paquimé, carries on the fine craftsmanship that stands for excellence, which comes from the traditions of this early civilization. BECC strives to incorporate excellence as part of its day-to-day operation, pursuing a strategic vision for the border and consistently implementing continuous improvement efforts.

Following this symbolism, the BECC has inaugurated a Paquimé Conference Room within its offices. The conference room and the building's interior design seek to characterize the regional setting. These changes represent the result of BECC staff's visit to Paquimé, where the group became more integrated as a team and defined essential institutional values based on lessons originating from this symbolism.

During our visit to the community of Mata Ortiz, the entire staff chose a representative piece of pottery that now occupies a special place in the Paquimé Conference Room. It has since become a symbol of the new work essence that prevails at the BECC, as it signifies the excellence and team work that are essential to reach the goals that have been established.



ANNUAL REPORT • 2007:
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INDEX

■ Message from the Managers

■ Performance and Results

■ BECC Programs

- Program 1: Technical Assistance and Project Certification
- Program 2: Environmental Project Management
- Program 3: Strategic Planning
- Program 4: Knowledge Management
- Program 5: Public Participation and Capacity Building
- Program 6: Performance Improvement
- Program 7: General Support

■ 2007 Project Report

- Drinking Water and Wastewater Infrastructure
- Water Conservation
- Solid Waste Management
- Air Quality Projects

■ Successful Bi-National Cooperation: BECC and NADB

- Project Development and BECC Certification
- BECC-NADB Partnership for Continuous Improvement

■ Administration and Finances

- Financial Statements
- Budget Management

Message from the General Manager and Deputy General Manager



Maria Elena Giner P.E., Deputy General Manager; Daniel Chacon, General Manager.

Without a doubt, the pace at which events are taking place greatly exceeds our capacity to be astonished by and to adapt to them. Society's evolutionary mechanisms are often unable to keep up with human action.

At the global level, in 2007, the average temperature on Earth once again set a record, marking a seemingly unalterable trend. In ways and with approaches that are different and at times divergent, nations speak of this phenomenon with astonishment and concern. Everywhere, initiatives are put forward for dealing with the expected consequences of the greenhouse gases.

Regarding the border, economic development and the demand for new public services, particularly environmental services, continues to grow relentlessly. At the same time, the backlog of needs continues to require attention, and these needs have to be addressed as quickly as possible. The fortunate inertia of progress that has been evident in preceding years, particularly

in water and wastewater coverage, is another driving factor: the most urgent needs of the population are gradually being met, and residents are now making a plea for their remaining needs to be addressed, especially since the possibility of greater well-being is within their reach. We can see that many communities do not want to wait any longer for the dignified life that they are close to attaining.

On the political front, Mexico continues to consolidate its new federal administration, launching important initiatives in many areas of government responsibility. One such initiative that is particularly important for the Border Environment Cooperation Commission (BECC), the National Infrastructure Program, attempts to meet needs that have existed for many years and to take a leap forward. On the border, the state of Baja California has a new administration, as do municipalities in the states of Chihuahua and Tamaulipas.

The BECC, as a binational institution, is also affected by these changes and must adjust its work to the pressure imposed by events that take place outside of its own area of influence. We at the BECC have decided to face these challenges with a major internal reorganization, which will make us more demanding and critical of ourselves and require that we consolidate administrative systems that will lead to higher productivity and excellence. Consequently, we decided to structure our tasks into a series of programs that will make it possible to focus on the delivery of results; diversification into new ways of serving the border community; effective planning based on a meticulous analysis of communities' needs; increasing the effectiveness of our efforts, based on a thorough criticism of traditional work methods; and a constant search for savings in the administrative front so as to recover funds for technical assistance and the generation of strategic information.

These efforts included, above all, stepping up the pace of our work. Indeed, 2007 was one of the most productive in the institution's history, as 20 projects were certified. Although our record for a single year is 25 projects, the certifications achieved in 2007 required a greater effort because they were more complex and comprehensive. Naturally, in this achievement we were not alone, as we were fortunate to be assisted through similar efforts of federal, state, and local agencies and offices that worked together with us in this desire to serve. Included in these efforts, of course was our sister institution, the North American Development Bank (NADB).

In 2007, we provided technical assistance in the form of BECC funds to communities, particularly small ones, that were unable

to access other funds and that needed a small push to move their projects forward so that they would be eligible for construction resources. These technical assistance funds come from savings achieved in the BECC's own administrative budget line-items.

In the area of planning, we began to formally prepare basic sectoral and state-wide assessments in order to estimate the amount of infrastructure work that is still pending. We need to see that these basic studies evolve into concrete proposals that can be used by state and local governments in devising their own work programs and identify areas that require the joint work of the BECC and the NADB.

In the progress of the Border 2012 Program, we were honored by being asked to continue participating with the U.S. Environmental Protection Agency (EPA), which, in collaboration with Mexico's Environment and Natural Resources Ministry, is conducting this important program that seeks to bring about the fulfillment of the ideals set forth in the La Paz Agreement. The EPA entrusted the BECC with the management of more projects. The enthusiasm seen in the border communities for this program motivates us to remain highly involved and maintain the same level of dedication.

Public participation and capacity development continue to be one of the foremost topics addressed by the BECC. Within the framework of each project, we continue to work with citizens' committees. We have held workshops on important cross-sector topics and backed dissemination and discussion initiatives that promote a greater knowledge and awareness of environmental issues all along the border. Similarly, we also began an important effort to digitize the bibliographic collection compiled by the BECC, in order to make it available to anyone interested in environmental and border issues.

Turning our attention to the internal aspects of our organization, as a crosscutting measure, we have completed the groundwork on implementing several modern management tools and formally established a new department focused exclusively on continuous improvement. This new department has allowed us to lay the operational foundations and to monitor initiatives such as the Balanced Scorecard, which makes it possible to link previously defined strategic objectives, as well as our mission and vision, to our daily work, and thus ensure the attainment of those objectives. This effort entails establishing and monitoring indicators and measuring results. Another important ingredient of our continuous improvement is the standardization of our procedures and the systematization of those procedures through electronic

formats and databases. These initiatives will allow us to improve the quality of our products, store relevant information on which to base decision-making, and have the knowledge and capability to generate various types of reports and assessments quickly and reliably. Efforts are also underway to standardize procedures with the NADB in order to streamline and systematize the entire project process: management-certification-financing-evaluation. We also have continued to revalidate our certification in the ISO 9001-2000 quality standard and we are preparing to apply for certification in the ISO 14000 standard at the end of 2008. In addition, a philanthropic assistance fund has been established by our employees. The purpose of the fund is to carry out various kinds of social endeavors, including providing donations to children with cancer and restoring restrooms and basic services in schools in low-income neighborhoods.

The initiatives and actions described above allow us to effectively tackle the challenges that will emerge in the future on the border. Our institution will obtain the operational strength necessary to respond to the demands of a region that is dynamic, generous, and buoyant, but one that at the same time requires initiatives allowing it to address the needs of a growing population and its aspirations for a higher quality of life.

The challenges ahead undoubtedly include the need to consolidate progress in providing basic services; to prepare ourselves, in terms of water conservation, to implement renewable energy and energy efficiency projects as a response to the generation of greenhouse gases; to conduct essential actions to improve air quality and public transportation in all our cities; and the growing need to base our actions on accurate strategic plans that will allow us to make better use of the always-limited funds, seeking to reap the greatest benefit from those funds. All of this is to be consolidated through the participation of more informed, demanding, and involved citizens.

This is a very exciting moment for the BECC, both because of its accomplishments thus far in collaboration with all the stakeholders on the border and because of the challenges that loom ahead that will put us to the test and require that we show what we are made of. We will be making decisions and undertaking actions that must reflect our capacity to innovate and to inspire a sense of responsibility.

This report reflects the most important achievements of the BECC during 2007. We hope that you find the report interesting and useful.

Performance and Results

During 2007, twenty new environmental infrastructure projects in the US-Mexico border region successfully advanced through the BECC certification process, representing an estimated infrastructure investment of more than US\$187 million and benefiting nearly 1.4 million border residents. Certification indicates that a project has met certain environmental, technical, financial, and social criteria; however, the anticipated outcomes of the project cannot be achieved until the proposed infrastructure is constructed and operating. Therefore, the development process of any project must focus, not only on achieving certification, but also on assuring that a project is ready to be implemented.

To better prepare projects for the implementation phase, BECC worked closely with project sponsors and NADB to complete the greatest level of development possible, prior to certification. The success of this effort depends, to a great extent, on the availability of critical technical assistance

In 2007, BECC managed 59 technical assistance agreements, 67 consultant contracts, and 26 administrative contracts, cumulatively valued at approximately US\$3 million.

grants offered and managed by BECC. These resources are used to develop technical products, such as preliminary engineering studies, environmental assessments, and final design plans. Achieving a greater level of development prior to certification, such as final design,

provides better technical definition and clearer identification of capital investment requirements, which fosters increased confidence in the project's certified financing plan.

The preparation of these two elements - final design and financing readiness - is key to expediting a project's ability to advance into construction. Of the projects certified in 2007, 85% had completed final design prior to certification and 100% received NADB funding approval at the time of certification or shortly thereafter, which has resulted in a quicker project implementation cycle. At the end of the year, seven of those projects were under construction and seven more were in the bidding process with construction scheduled to begin in early 2008.

Higher quality development at certification and an expedited project cycle can be attributed to several factors including a joint BECC-NADB process for project development, certification and financing activities; effective coordination of project stakeholders throughout the project cycle; important program reforms implemented for prioritized drinking water and wastewater projects; and the revised Project Certification Criteria approved by the Board in May 2007.

Considered one of the most effective broad-based accomplishments of 2007¹, BECC referenced its more than 10-years of experience in developing

MISSION

"To preserve, protect, and enhance human health and the environment of the US-Mexico border region, by strengthening cooperation among interested parties and supporting sustainable projects through a transparent binational process in close coordination with the NADB, federal, state and local agencies, the private sector, and civil society."

and certifying projects and proposed practical modifications to the criteria to enhance opportunities and streamline the requirements for projects seeking certification. The intent of each criterion was more clearly defined and new compliance activities were established to improve the applicability of the criteria to all sectors and sponsor types within the BECC-NADB mandate. As one of the more significant changes, the new criteria offer a clear distinction in requirements for two project categories: Community Environmental Infrastructure Projects (projects with community-wide impact) and Private-sector Environmental Infrastructure Projects (projects with an exclusive impact). In the latter case, the new criteria provide clear adaptability for appropriate development and public participation tasks needed to comply with certification requirements.

Recognizing the positive impacts to infrastructure investment deriving from critical and timely institutional changes, such as the criteria revisions, BECC strives to be an organization that induces effectiveness and efficiency, fosters professional and personal development, and encourages innovation and excellence. BECC continuously self-evaluates with the intent of identifying additional ways to enhance and optimize its ability to manage its strategic initiatives and gauge the results of the products and services provided in the border region. In 2007, BECC organized its efforts into seven new institutional programs. The seven programs are:

1. Technical Assistance and Project Certification Program
2. Environmental Project Management Program
3. Strategic Planning Program
4. Knowledge Management Program
5. Public Participation and Capacity Building Program
6. Performance Improvement Program
7. General Support Program

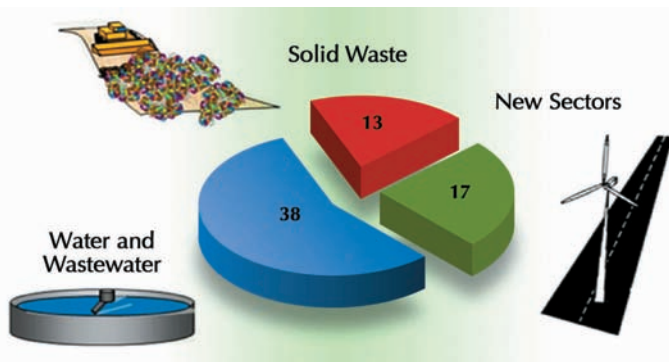
Each Program is designed to be integrated with the institution's strategic planning efforts and other managerial tools, such as performance-based budgeting. Program definitions along with related activities and notable program accomplishments are highlighted in the following sections.

¹ Water and wastewater projects are prioritized for funding from the Border Environment Infrastructure Fund (BEIF) and Project Development Assistance Program (PDAP) funded by the US EPA and administered by NADB and BECC, respectively.

Program 1: Technical Assistance and Project Certification

The purpose of the Technical Assistance and Project Certification Program is to offer technical services and/or financial assistance to help project sponsors effectively implement high-quality project development efforts and achieve certification for their environmental infrastructure projects.

Throughout 2007, BECC staff managed between 60 and 70 projects at any one time. On December 31, 2007, BECC had 68 projects in its pipeline.



No-cost technical services offered by BECC include:

- Project scoping/strategy
- Coordination with funding and regulatory agencies
- Procurement services
- Technical reviews
- Bi-National coordination
- Project management support
- Peer networking/modeling

Of these, 25 were located in the US and 43, in Mexico. At that time, the investment cost for building these projects was anticipated to be approximately US\$1.682 billion. Each project requires support from this core BECC program.

Technical services for each project are provided by a specialized, multi-disciplinary project

development team that has the experience to assist a project sponsor with a wide range of needs. These services are provided at no cost by BECC staff; however, the direct participation of the project sponsors in

each service task is critical for project success and provides an ideal forum to strengthen their own institutional capacity. In performing any service, BECC staff strives to provide a model for best management practices that can be routinely implemented by the project sponsor in all infrastructure projects.

In addition to providing technical services, the BECC manages two technical assistance grant funds - the Project Development Assistance Program (PDAP) and a special BECC Technical Assistance Fund. These resources enable border communities to undertake initial project development activities, facilitating the detailed technical work necessary to formulate high-quality projects. Sponsors can also utilize the resulting technical product as a tool to determine the resources needed from project stakeholders to implement the project.

The PDAP, supported by the EPA's US-Mexico Border Program, is available for public water and wastewater infrastructure projects identified for funding opportunities through a program-specific prioritization process. BECC, in close coordination with EPA and NADB, conducts the application, evaluation and ranking process for projects applying for technical assistance through PDAP and construction funding through the Border Environment Infrastructure Fund (BEIF) administered by NADB. The objective of this process is to prioritize projects based on the severity of the human health and/or environmental conditions to be addressed by the new or improved water and wastewater infrastructure proposed by the project.

The prioritization process for the funding available from EPA's 2007 and 2008 fiscal year (FY) program allocations involved evaluating 143 eligible projects with an estimated financial need of nearly US\$600 million. In December 2007, EPA and BECC announced a total of 34 projects identified as candidates for FY2007 BEIF/PDAP funding, as well as 13 additional projects selected to receive only PDAP technical assistance funds for project development activities. More than US\$6.5 million in technical assistance funds has been reserved to meet the project development needs of these FY2007/2008 prioritized projects.

As of December 31, 2007, BECC had approved \$29.11 million from PDAP to assist 134 communities with the technical development of 163 water and/or wastewater projects.



Of the 19 projects selected in the first prioritization cycle as candidates for the EPA FY2005/2006 program allocations, 11 achieved certification in 2007 for a total of 13 certified to date. Four of the remaining projects are scheduled to be considered for certification in 2008 and the last two projects are slated for 2009. Nearly US\$2.5 million of PDAP has been utilized to develop preliminary engineering, environmental clearance, and final design tasks for these high-priority projects.

BECC has also established a special Technical Assistance Fund designed to support the development of water and wastewater projects that will not receive PDAP funding, as well as all other BECC-NADB eligible project types. Because these funds are derived from its operations budget, BECC has committed to incorporating cost-saving practices in all of its budget areas in an effort to increase the resources available for this special fund. In 2007, BECC awarded 11 technical assistance grants totaling nearly US\$540,000 from this fund to support the development of water, wastewater and solid waste projects in the border region.

The projects, communities and total funding provided through PDAP and with BECC's own resources are summarized in the table below.

Country	Communities*	Projects	Amount (US\$)	Percent
Mexico	64	140	\$12,230,411	37%
United States	76	115	\$21,276,583	63%
Total	140	255	\$33,506,994	100%

* A community may have several projects.

Of the total of approximately \$33.51 million in technical assistance approved by BECC as of December 31, 2007, around \$29.11 are from the PDAP and approximately \$4.40 million were granted through the BECC operating budget.

At the end of 2007, BECC had certified 135 projects, 74 located in the US and 61 located in Mexico, representing an estimated environmental infrastructure investment of almost US\$2.9 billion that will benefit nearly 12 million border residents. The vast majority of these projects advanced to certification as a direct result of the technical services and assistance invested through these programs.

A total of \$4.39 million in BECC funds has been invested in the technical development of 28 water and wastewater projects, 57 solid waste projects, and 7 new sector projects.

Program 2: Environmental Project Management

The purpose of the Environmental Project Management Program is to utilize BECC's leadership and institutional capacities to advance efforts, other than infrastructure projects, to improve the human health and environment along the US-Mexico border. The effectiveness of border environmental initiatives is benefited by integrating BECC's approach and experience in project and program management.

With the experience gained and relationships established while developing projects along the US-Mexico border, BECC is able to offer a unique project management service for environmental projects promoted by a variety of external programs in the border region. In 2007, the program consisted of activities primarily supporting two external programs: Border 2012 and Methane to Markets.

In 2007, BECC approved a total of nearly US\$1.63 million for 27 Border 2012 projects.

Border 2012: The Border 2012: US-Mexico Environmental Program is focused on reducing water contamination, reducing air pollution, reducing land contamination, improving environmental health, reducing exposure to chemicals, and improving environmental

performance along the U.S.-Mexico border. EPA has committed significant financial resources for the development of strategic initiatives and specific projects linked to advancing the objectives and goals established by this important bi-national program. To support EPA and SEMARNAT in their efforts to achieve results, BECC provides its services to facilitate stakeholder meetings as well as to identify, contract, and manage projects. By year-end, 14 projects supported by EPA funds through the Border 2012 program had been completed and 38 projects were in progress.

Methane to Markets: At the request of EPA and Mexico's Ministry for

the Environment and Natural Resources (SEMARNAT), BECC began participating in the Methane-to-Markets initiative. As a first effort, BECC, in coordination with EPA, SEMARNAT and the U.S. Agency for International Development (USAID), conducted a prioritization of potential projects in Mexican border states. Subsequently, BECC provided technical support in the development of pre-feasibility studies for capturing methane at landfills in Ensenada, Baja California and Nuevo Laredo, Tamaulipas. Finally, in 2007, EPA provided additional funding for the development of pre-feasibility studies in Nogales, Sonora and Saltillo, Coahuila, as well as for two regional workshops focused on educating the public on this concept. BECC provided technical support, environmental consultation, and project management to advance this initiative.

BECC SERVICES OFFERED TO EXTERNAL PROGRAMS:

- Project identification, prioritization, selection
- Project scoping
- Procurement services
- Contract management
- Project management
- Public participation guidance
- Capacity building
- Logistics support
- Bi-national coordination
- Meeting facilitation
- Technical reviews / studies
- Coordination with project stakeholders
- Assistance with construction management

BECC evaluates its potential role in the management of environmental projects for external programs on a case-by-case basis, based on the appropriateness of the project scope in relationship to its Charter, mission and strategic goals.

Program 3: Strategic Planning

The purpose of the Strategic Planning Program is to identify needs, develop/prioritize solutions, and optimize resources to achieve local, state and regional environmental and human health goals.

This program includes environmental infrastructure planning by region and by sector, as well as strategy development and project management for some project types in new sectors, such as energy efficiency and renewable energy. As a related function, this program also encompasses the implementation of the results measurement system for projects, specifically for post-implementation review and monitoring tasks, including activities such as the recently initiated project close-out process.

Building on BECC's significant experience in identifying and prioritizing needs, regional strategic planning on a state-by-state basis is conducted under this program to facilitate the development of regional solutions and optimize limited resources. Regional Environmental Infrastructure Plans (EIP) provide an essential planning tool that can be used to document existing environmental infrastructure conditions, guide public investment planning through a sound decision-making process, and establish a baseline for current and future administrations to evaluate progress achieved and pending needs.

Based on the results of the regional plans, BECC will have the information necessary to identify border-wide environmental infrastructure needs. This broader planning tool can be utilized to identify program and resource gaps, justify funding level needs for

new or existing programs, and target the institution's participation and strategy development in specific project areas.

Under this program, BECC is also working closely with NADB and

other border stakeholders to develop strategies related to projects in new sectors, such as energy. With increasing concerns regarding traditional fossil-fuel based energy production-whether related to natural resource protection, climate change effects or greater energy efficiency-the energy sector intrinsically offers a role for BECC and NADB participation. Although several energy-sector projects have

been coordinated with the two institutions, more often than not, external obstacles have limited opportunities to advance these projects to certification and financing approval. While the institution will continue to work on energy-sector projects as project applications are received, BECC will be focused on developing, in coordination with NADB, an energy sector strategy in 2008 to promote the opportunity for BECC certification and NADB financing of additional energy-related projects.

Finally, this program covers efforts related to management of the results measurement system for projects. The system framework, which was still in development at the end of 2007, proposes a systematic approach for establishing, monitoring and documenting the achievement of results related to the environmental infrastructure project investments. While assuring project development activities incorporate the elements necessary to initiate results measurement for a project, the activities within the Strategic Planning Program are focused on BECC's role in evaluating and monitoring results of projects after certification and implementation.

Environment and Human Health

Base Line Conditions

Project Level Objectives

Regional Level Objectives

Border-wide Level Objectives

Results Measurements

In 2007, BECC published regional environmental infrastructure plans for Coahuila and Sonora and initiated this planning process for New Mexico.

BECC's post-certification activities were initiated in 2007 with the implementation of the project close-out process. The objective of this process is to compare the certified and implemented project with performance standards for concepts such as: operations; compliance with and mitigation of environmental clearance requirements; benefits achieved for human health and environment; and other expectations related to the certification process. Although this process will provide a forum to evaluate short-term project results, it will need to be enhanced for the comprehensive implementation of the results measurement system.

Program 4: Knowledge Management

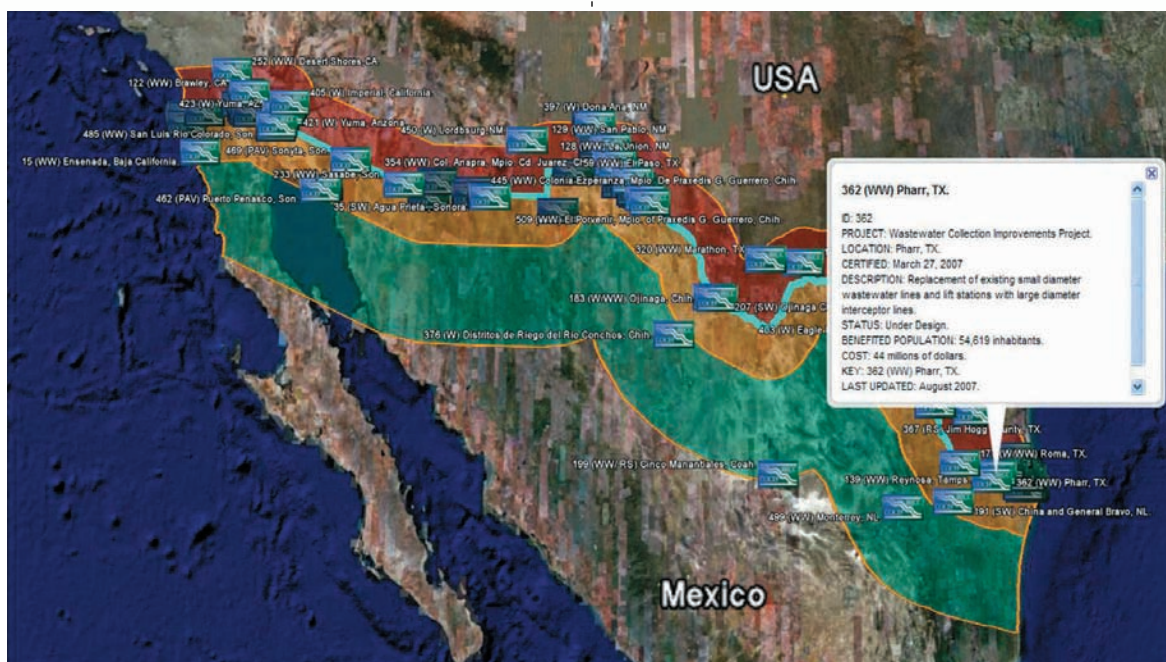
The purpose of the Knowledge Management Program is to generate, enhance and share BECC information regarding projects, environmental news, and special studies, creating an opportunity to support the advancement of other projects and programs aimed at benefiting residents of the border region. This effort includes digitalization, classification and uploading of BECC information in global databases, virtual libraries and BECC's own electronic communications tools.

Information availability and accessibility are critical to facilitate the achievement of environmental and human health objectives in the border region. In addition to border communities and government stakeholders, there are a variety of other formal and informal mechanisms developed to manage border issues. Each requires information about the current conditions in the region in order to further its role in addressing target issues. Information exchange is also important to prevent the duplication of efforts and foster the opportunity to build upon the works of others.

On a broader level, this Program includes the generation of institutional reports such as the Annual Report, the Joint BECC-NADB Status Report, the BECC Web page, BECC-News, the Border Environmental Flash series and other status or performance reports which may be requested by the Board or other border stakeholders. Periodically, BECC also publishes special reports or white papers on specific border issues or programs, such as the Analysis of Program Impacts and Pending Needs of the US-Mexico Border Program published in April 2007 and available on the BECC's Web page.

As a new initiative, in 2007, BECC started the development of a project documentation database and a virtual library—a centralized information tool created with a standardized and compatible structure for broad stakeholder access. BECC intends to use data obtained through development of its existing products and services, as well as through partnerships established for information exchange, such as the formalized agreement with the Pan-American Health Organization (PAHO). The virtual library, which is the main initiative undertaken in collaboration with PAHO, is expected to be launched in 2008. Another important initiative during 2007 was the commitment with EPA to establish a database containing border facts, especially information related to the Border 2012 program. Partnerships with other border stakeholders may also be developed to further advance the scope of information availability and accessibility.

In addition, BECC has focused on strengthening its capacity to manage border information including the development of an integrated Geographic Information System (GIS) tool. Investments in training, software and equipment were made in 2007 to support this effort. BECC has been able to take advantage of no-cost training support and information exchange offered by several industry experts, including the US-Mexico Border Research office of the US Department of the Interior, US Geological Survey (USGS) section and the Texas Water Development Board's Texas/Mexico Borderlands Information Center. As a product of this institutional strengthening activity, BECC has linked information related to certified projects to Google Earth navigation tools and has made this available on the BECC website.



Program 5: Public Participation and Capacity Building

The purpose of the Public Participation and Capacity Building Program is to provide a foundation for sustainable development along the border through efforts aimed at inspiring community-based support for a project, providing transparency in each border initiative and strengthening the institutional capacity of border communities and utility providers.

Transparency and public participation in project development have been one of the cornerstones of the BECC process. BECC operations are based on the premise that extensive and informed public involvement in the project development process results in the certification and construction of high quality environmental infrastructure projects. BECC is driven to increase public participation, where transparency and accessibility to information is a contributing factor to motivate sustainable community development.

At the core of the project certification criteria are specific requirements intended to achieve community-based participation and to make project information accessible to the public. The level of public participation effort varies for each project and is determined based on the anticipated environmental and community impacts of the project. Project sponsors receive support from BECC personnel in coordinating outreach efforts and facilitating a broad public dialogue through public meetings, workshops, and other information sharing forums.

Fostering a project's success with community support is an important achievement of the project cycle facilitated by BECC and strengthens the institutional capacity of the sponsor for accomplishing subsequent tasks for sustainable community development. Equally important are other capacity building services offered to project sponsors and other border stakeholders through formal workshops offered by BECC and its partners.

During 2007, BECC undertook numerous collaboration initiatives aimed at enhancing institutional capacity of border stakeholders, including:

- Participation in the "Rio Grande/Rio Bravo Clean Basin" and "Environmental Audit" programs developed by Mexico's Office of the Attorney General for Environmental Protection (PROFEPA);
- Development of emergency management strategies for the Juarez-El Paso-Las Cruces region, in coordination with the

Tri-state Emergency Management Group;

- Facilitation of a binational workshop on street paving needs and strategies for Mexican municipalities from across the border, in coordination with the Pan-American Health Organization (PAHO);
- Co-sponsorship of a forum for US EPA's SmartWay program², aimed at achieving operator buy-in for reducing fuel consumption and pollution by freight trucks in the Juarez-El Paso region;
- Co-sponsorship of a training workshop on water use in the border region, in coordination with SEMARNAT, PROFEPA, the State of Chihuahua, and numerous municipal governments; and
- Co-sponsorship of a training workshop on urban solid waste management plans for municipalities in the state of Chihuahua, in coordination with Mexico's Ministry of Social Development (SEDESOL).

These border-wide training events are further complimented by additional capacity building strategies, including an agreement with the US-Mexico Foundation for Science (FUMEC) to leverage available resources to facilitate and develop capacity building tools. BECC seeks new opportunities to participate in and coordinate seminars, workshops, and similar events aimed at providing environmental education and institutional strengthening in the region. BECC has witnessed a growing interest in sustainable development, the environment, and health issues among border stakeholders, creating an ideal opportunity to promote awareness and environmental education.

Finally, in 2007, BECC, in coordination with NADB, worked diligently to increase the visibility and opportunities of the institutions' products, services and other contributions in the US-Mexico border region by implementing stakeholder outreach activities in both countries. These outreach efforts are designed to help increase the resources available for environmental infrastructure projects as well as to foster the coordination necessary for successful project development and implementation. As a measure of success, BECC personnel shared its knowledge and expertise on a wide range of topics as invited participants in more than 65 environmental infrastructure and border policy forums. Additionally, in response to requests by the participants of the Border Governors Conference, BECC initiated a more significant role in supporting the efforts of its various working tables in 2007.

² EPA's website presents the following: "SmartWay Transport is a voluntary partnership between various freight industry sectors and EPA that establishes incentives for fuel efficiency improvements and greenhouse gas emissions reductions."

Program 6: Performance Improvement

The purpose of the Performance Improvement Program is to identify, develop, and implement institutional improvements to optimize BECC's human and financial resources, thus enhancing its capacity to achieve high-quality products and services.

BECC works diligently to meet the expectations of its stakeholders, as well as to achieve the high standards created internally by its management. Through tools such as its International Standards Organization Certification (ISO 9000-2000), the Balanced Scorecard

and performance-based budgeting, BECC has created an institutional culture which values continuous performance improvement and advancement toward meeting its strategic objectives. Following the Balanced Scorecard model, BECC's strategic objectives are developed to consider the perspective of its customers- expectations of its Board, NADB, and other border stakeholders-

as well as to assure sufficient institutional infrastructure through:

- **efficient and effective internal processes,**
- **continuous assessment and expansion of the knowledge and competencies of its human resources, and**
- **optimization of its financial management.**

Although the Program's overarching guidance comes from the continuous application of these management tools, this program acts as an incubator for several improvement activities that

are expected to eventually be placed in one of the other programs.

In 2007, this program included such successful activities as:

- **Administrative Expense**

Savings Initiative - As an annual effort, BECC has committed to identifying ways to reduce administrative costs with the resulting savings used to increase technical assistance funds available for the development of projects.

In 2007, just over \$600,000 in budget savings was transferred to technical assistance funds.

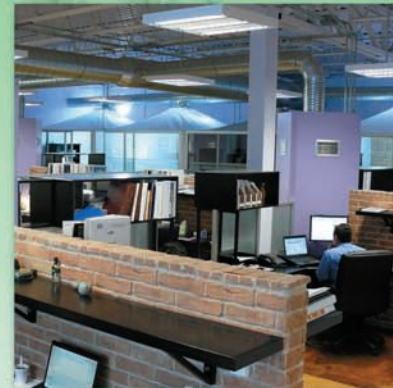
- **Automation and Improved Controls** - Focused on improving administrative, project management and technical assistance processes, BECC is developing a system to automate administrative records, new project documents and historical project information. Digitalized records foster several efficiencies, including cost and time savings, as well as expand opportunities to directly contribute information to newly developed databases. In 2007, BECC initiated this task for several documents produced in the project development process, including the Project Application, Project Strategic Plan and Project Certification Document.

- **Workplace Improvements** - BECC management recognizes that the conditions of the work environment are important for maximizing the productivity of BECC staff and functions hosted at its facilities. In 2007, reasonable investments were made to improve the BECC offices for the purpose of providing a safe, transparent and inspiring work place. Other initiatives were also developed

during 2007, including the transition to

more aggressive paper reduction and general recycling systems.





COCEF-BECC

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Program 7: General Support

The purpose of the General Support Program is to provide responsive and high quality services important to the daily operations of the BECC.

In 2007, BECC achieved recertification under the ISO 9001:2000 standard for its project development and certification process.

The activities of the General Support Program provide the administrative infrastructure required to operate as a functional organization. The ability of the organization to perform is dependent on a broad variety of responsibilities incorporated into this program, such as: budget management

and accounting; human resource management; building

management; and the continued maintenance and recertification tasks related to its ISO Certification. Coordination with the BECC-NADB Board, joint efforts with our sister institution, as well as new policy and program development, are activities also supported in this important program.

Finally, an Employee Charitable Fund was created in late 2007 under this program to provide a forum for BECC personnel to commit time and financial donations for philanthropic activities that improve the quality of life for residents in the border region, and specifically in Ciudad Juarez, BECC's host community. Contributions collected for the last two months of the year were donated to a local charity effort to support the medical needs of children with cancer.

2007 Project Report

BECC and NADB were established to help address critical environmental and human health conditions in the border region related to the lack of adequate environmental infrastructure. To achieve this objective, the BECC works to facilitate projects, conceived by local, state, federal and private-sector sponsors, through an appropriate project development process aligned with its Project Certification Criteria, NADB financing prerequisites, and other applicable regulatory or leveraging source requirements. This well-balanced process evaluates the environmental, technical, financial, and social feasibility of the proposed infrastructure investment and seeks long-term project sustainability for the sponsor, investors and the intended beneficiaries. Once a project sufficiently satisfies these elements, it is presented to the Board of Directors for certification.

Environmental Infrastructure is intended to prevent, control or reduce environmental pollutants or contaminants, improve the drinking water supply, or protect flora and fauna so as to improve human health, promote sustainable development, or contribute to a higher quality of life.

In 2007, the Board of Directors approved BECC certification and NADB financing for 20 environmental infrastructure projects bringing the total number of certified projects to 135, in just over ten years of BECC operations. A brief description of each of the 2007 projects is presented in the following pages: however, the accumulated results of the certified projects reflect impressive outcomes for the

environmental and human health conditions of the border region at the end of 2007, including:

Certified wastewater projects

provide the capacity to treat 300 million gallons per day, equivalent to the wastewater discharges of 6.8 million persons or approximately 50% of the border region population.

- 135 certified projects represent nearly \$2.9 billion in environmental infrastructure investment, directly benefiting 11.8 million border residents. Of those projects, 74 are located in the US and 61 certified projects are in Mexico.
- 118 of the 135 certified projects have also received approval for NADB financing totaling US\$947.2 million. With a construction value of US\$2.74

billion, these BECC-certified projects have leveraged more than US\$2.85 to every US\$1.00 of construction financing provided by NADB.

- Of those 118 projects, 72 are intended to provide improved or first-time drinking water and wastewater services for more than

10.7 million border residents, more than 80% of the border population. These projects have significantly influenced the service coverage statistics in Mexico's northern border, most notably in wastewater treatment, where wastewater treatment coverage has increased from 31% in 1995 to 80% in 2005, compared to the existing national average of less than 35%.

- 21 certified projects related to infrastructure for water conservation strategies are expected to save an estimated 440 million cubic meters of water annually or an equivalent of approximately 318 million gallons per day, a quantity sufficient to serve the average drinking water demands of more than 4 million people.
- Nearly 2.8 million border residents receive better solid waste collection and disposal services through the 14 solid waste projects certified and financed by BECC and NADB. These projects accommodate approximately 1,530 tons per day of waste previously disposed of in open or uncontrolled sites, mitigating the severe health risks associated with improper waste disposal and related fire, vector, and other threats.
- Approximately 100,000 tons of PM10, caused primarily by vehicular traffic on unpaved roadways, is anticipated to be eliminated annually with the 11 air quality projects certified by the end of 2007. These important projects will directly benefit the respiratory health of 4.9 million residents.

The 20 projects certified and approved for financing in 2007 include 13 water/wastewater projects, two water conservation projects, three solid waste projects, and two air quality projects. A brief description of each project is provided below.



Drinking Water and Wastewater Infrastructure

The fundamental objective of water and wastewater projects is to eliminate exposure to unsanitary water conditions, which can have immediate and severe health and environmental impacts. Some water-related health conditions are contagious and transmitted from person to person, resulting in potential impacts at epidemic proportions with no recognition of national borders. Given this risk, the investment to improve these conditions in either country has, at a minimum, an indirect benefit to protect the human health of the residents in the neighboring country. The level of investment for this infrastructure type has been greatly influenced by the availability of grant funding provided through PDAP and BEIF.

Together, the 13 water and wastewater projects certified in 2007 are intended to benefit more than 700,000 border residents, including first-time drinking water services to more than 1,600 households and first-time wastewater collection and treatment services to more than 23,000 households. The 9 wastewater projects planned for 10 border communities in Mexico are designed to provide more than 21 million gallons per day of treatment capacity, eliminating dangerous untreated sewage discharges to community streets, irrigation systems and shared water bodies. Following is the description of each water and wastewater projects certified during 2007:

Pharr, Texas

Wastewater Collection System Improvements

Benefited Population:	54,619
Project Cost:	US\$44 million
Funding Partners:	NADB BEIF (EPA); NADB loan; State; Local
Existing Condition:	Untreated wastewater discharges/ overflows due to insufficient capacity and deterioration.
Anticipated Outcome:	Increase access to safe and sanitary wastewater services; reduced exposure to untreated discharges and foul odors.
Measurement:	15,454 connections with improved service.

Lordsburg, New Mexico

Drinking Water Treatment

Benefited Population:	3,379
Project Cost:	US\$2 million
Funding Partners:	NADB BEIF (EPA); EPA STAG ³ ; USDA/VD; State; Local
Existing Condition:	Elevated Fluoride levels above primary water quality regulations causing adverse health effects (dental/skeletal fluorosis).
Anticipated Outcome:	Improved drinking water treatment capacity.
Measurement:	100% existing water connections with compliant water service (target=1,250 connections); Fluoride levels below 4 mg/L.



Guadalupe, Porfirio Parra and San Isidro, Chihuahua⁴ (3 distinct projects)

Wastewater Collection and Treatment System Improvements. Including Water System Improvements in San Isidro

Benefited Population:	5,745; 1,617; 3,476 (respectively)
Project Cost:	US\$3.4 million; US\$2 million; US\$2.2 million (respectively)
Funding Partners:	NADB BEIF (EPA); NADB Loan; Federal (CONAGUA ⁵); State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems, streets, and irrigation canals. Drinking water is accessed by hauling water in San Isidro.
Anticipated Outcome:	Improve wastewater treatment capacity. Increase access to safe and sanitary wastewater services. Increase access to sustainable potable water service in San Isidro.
Measurement:	Total of 2,500 connections with improved and new wastewater service. Approximately 450,000 gpd of untreated discharges eliminated ⁶ by 525,000 gpd of new treatment capacity. 877 new water connection in San Isidro.

San Luis Rio Colorado, Sonora

Wastewater Collection and Treatment System Improvements

Benefited Population:	62,031
Project Cost:	US\$15.2 million
Funding Partners:	NADB BEIF (EPA); NADB Loan; Federal (CONAGUA); State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems, streets, and surface water.
Anticipated Outcome:	Increased wastewater treatment capacity. Increased access to safe and sanitary wastewater services.
Measurement:	8,961 connections with improved and new service. Approximately 1.6 mgd of untreated discharges eliminated by 4.5 mgd of new treatment capacity.



³ STAG - State and Tribal Assistance Grant

⁴ Project description reflects three independent project certifications, grouped based on similarities in description, certification date, project sponsor, and project objectives.

⁵ Comisión Nacional del Agua (CONAGUA) - Mexico's National Water Commission

⁶ Estimated with 180 gpd per connection or 42 gpd per person, as applicable.

Praxedis G. Guerrero; Colonia Esperanza; El Porvenir, Chihuahua (3 distinct projects)

Wastewater Collection and Treatment System Improvements

Benefited Population:	3,546; 1,255 ; 4,481 (respectively)
Project Cost:	US\$4.28 million; US\$2.18 million; US\$2.27 million (respectively)
Funding Partners:	NADB BEIF (EPA); NADB Loan; Federal (CONAGUA); State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems, streets, and irrigation canals.
Anticipated Outcome:	Increased wastewater treatment capacity. Increased access to safe and sanitary wastewater services.
Measurement:	2,816 connections with improved and new service. Approximately 500,000 gpd of untreated discharges eliminated by 809,000 gpd of new treatment capacity.



Agua Prieta, Sonora

Wastewater Collection System Improvements

Benefited Population:	3,122
Project Cost:	US\$0.65 million
Funding Partners:	NADB BEIF (EPA); State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems and community streets.
Anticipated Outcome:	Increase access to safe and sanitary wastewater services.
Measurement:	778 connections with new service. Approximately 140,000 gpd untreated discharges eliminated with existing treatment capacity.

Mexicali, Baja California

Wastewater Collection and Treatment System Improvements

Benefited Population:	338,200
Project Cost:	US\$46.96 million
Funding Partners:	NADB Loan; Federal; State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems, streets, and surface water.
Anticipated Outcome:	Improve wastewater treatment capacity. Increase access to safe and sanitary wastewater services.
Measurement:	84,550 connections with improved and new service. Approximately 15.2 mgd untreated discharges eliminated by 20 mgd of new treatment capacity.



Miguel Aleman, Tamaulipas

Wastewater Collection and Treatment System Improvements

Benefited Population:	20,687
Project Cost:	US\$6.47 million
Funding Partners:	NADB BEIF (EPA); Federal (CONAGUA); State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems, streets, and irrigation canals.
Anticipated Outcome:	Improve wastewater treatment capacity. Increase access to safe and sanitary wastewater services.
Measurement:	4,998 connections with improved service. Approximately 1 mgd untreated discharges eliminated by 2.5 mgd of new treatment capacity.

Tecate, Baja California

Water Distribution System and Wastewater Collection System Improvements

Benefited Population:	12,105
Project Cost:	US\$2.78 million
Funding Partners:	NADB Loan; Federal; State; Local
Existing Condition:	Untreated wastewater is discharged to inadequate on-site systems and streets.
Anticipated Outcome:	Increase access to drinking water services. Increase access to safe and sanitary wastewater services. 730 connections with new drinking water services.
Measurement:	2,231 connections with new wastewater service. Approximately 400,000 gpd untreated discharges eliminated with existing treatment capacity.



Water Conservation

Explosive economic and demographic growth, coupled with several years of severe drought, has increasingly strained existing water supplies in the US-Mexico border region, especially in the agricultural sector. In response, the two governments agreed to support the use of NADB resources to provide grant funding for prioritized projects aimed at increasing efficiency in water management and maximizing water savings in water conveyance systems. The two water conservation projects certified in 2007 include:

Engelman Irrigation District, Elsa, Texas

Delivery System Improvements - Reservoir, Pipe and Pump Station Rehabilitation and Replacement

Project Cost:	US\$1.21 million
Funding Partners:	NADB WCIF; Local
Existing Condition:	Water loss due to reservoir seepage and aged pipe conditions.
Anticipated Outcome:	Achieve water and energy savings.
Measurement:	831 acre-feet of water savings annually; 54,034 KWH energy savings.



Hidalgo County Irrigation District #2, San Juan, Texas

Delivery System Improvements - Installation of new Conveyance Pipe

Project Cost:	US\$1.88 million
Funding Partners:	NADB WCIF; Local
Existing Condition:	Water demands not met due deteriorated pipe conditions.
Anticipated Outcome:	Achieve water and energy savings.
Measurement:	238 acre-feet water savings annually and 25,842 KWH energy savings.

Solid Waste Management

The three solid waste management projects certified in 2007 will result in the proper closure of a landfill and three sub-standard dumpsites, the construction of new landfill capacity and the purchase of new solid waste collection equipment. The projects will provide the capacity to properly dispose of nearly 1,000 tons of garbage per day. Two of the three projects were supported in part by grant funding from NADB's Solid Waste Environmental Program (SWEP).

Matamoros, Tamaulipas

Regional Solid Waste Project - Matamoros and Valle Hermoso, TAMPS.

Benefited Population:	524,350
Project Cost:	US\$8.55 million
Funding Partners:	NADB SWEP; Federal; State; Local
Existing Condition:	Potential health, fire, vector and other threats exist due to conditions of existing dumpsites.
Anticipated Outcome:	Improved solid waste disposal capacity.
Measurement:	Construction of regional landfill, 3 transfer stations and closure of 2 sub-standard dumpsites. 717.6 tons/day landfill capacity available.



Patagonia, Arizona

Solid Waste Landfill Project

Benefited Population:	978
Project Cost:	US\$0.66 million
Funding Partners:	NADB SWEP; USDA/RD; Local
Existing Condition:	Health and environmental risks exist due to the lack of landfill capacity available for disposal of community solid waste. ADEQ consent order requires improvements.
Anticipated Outcome:	Improve solid waste disposal capacity.
Measurement:	54,600 cubic yards of increased landfill capacity.

Nogales, Sonora

Solid Waste Collection System Improvements

Benefited Population:	199,749
Project Cost:	US\$2.71 million
Funding Partners:	NADB Loan; Local
Existing Condition:	Potential health, fire, vector and other threats exist due to disposal and burning of waste in unregulated sites. Condition is worsened by significant population growth experienced in the community.
Anticipated Outcome:	Improve access to solid waste collection services and improve landfill operations (waste compaction).
Measurement:	Increase solid waste collection coverage from 80% to 100%. Purchase of 16 garbage collection trucks and 2 automated street sweepers, dumpsters, 4 tractor trailer trucks and equipment for landfill operation.



Air Quality Projects

The majority of the air quality projects certified by BECC to date entail paving roadways to reduce PM10 exposure in densely populated communities, which poses significant risks for asthma and other poor respiratory conditions. 2007 saw a new sub-sector realized for air quality projects with the certification of a by-pass project which is aimed at reducing harmful vehicle emission concentrations in high-traffic areas in Playas de Rosarito, Baja California.

Playas de Rosarito, Baja California

Urban Transportation System Improvements

Benefited Population:	77,832
Project Cost:	US\$40.91 million
Funding Partners:	NADB Loan; Federal; State; Local
Existing Condition:	Existing roadways experience traffic volumes at service levels "E" and "F" (saturated and critical) causing traffic jams and slow moving traffic, resulting in increased idling emissions and volume emission concentrations.
Anticipated Outcome:	Reduced traffic volume resulting in reduced concentrations of vehicle emissions.
Measurement:	Traffic volume is reduced from service level "F".

Naco, Sonora

Air Quality and Street Paving Project

Benefited Population:	6,000
Project Cost:	\$0.91 million
Funding Partners:	NADB Loan; Federal; State; Local
Existing Condition:	Only 30% of roadways are paved causing high incidences of respiratory health problems.
Anticipated Outcome:	Increased paved surfaces, resulting in reduced PM10 concentrations.
Measurement:	Increase paving coverage to 60%.



United States




Information on the
projects certified
by the BECC can
be found at
www.cocéf.org




Certified Projects 1995-2007


	U.S.	México	Total
Water & Wastewater	47	37	84
Solid Waste	5	12	17
Water Conservation	22	1	23
Air Quality	0	11	11
Totals	74	61	135


Total Cost: \$ 2.86 billion

Air Quality 

Water 

Wastewater 

Water/Wastewater 

Water Conservation 

Solid Waste 

Capitals 

Twin Cities 

Townships 



Mexico

Successful Bi-National Cooperation: BECC and NADB

BECC and NADB were created in 1993 under a side-agreement to the North American Free Trade Agreement (NAFTA) for the purpose of enhancing the environmental conditions of the US-Mexico border region and advancing the well-being of residents in both nations. The institutions fulfill an essential role in effectively applying bi-national policies and programs that support the sustainable development of environmental infrastructure in the border region. The scope of their mandate and the specific functions of each institution are defined in an agreement between the two governments (the "Charter"), as amended in August 2004.

BECC works in close coordination with NADB and other border stakeholders including federal, state, and local agencies, the private-sector and civil society to identify, develop, and implement environmental infrastructure investments on both sides of the US-Mexico border. BECC focuses on the technical, environmental, and social aspects of project development, while NADB concentrates on project financing and oversight for project implementation. Both entities offer various types of technical assistance to support the development and long-term sustainability of these projects.

The Charter also establishes a single, ten-member Board of Directors to govern the two institutions. The bi-national Board is comprised of three representatives from each government, a representative of a border state from each country, and a representative of the general public who resides in the border region from each country. The chairmanship alternates between the U.S. and Mexico each year.

BECC-NADB Board of Directors 2007

Mexico

Secretary of Finance and Public Credit
Agustin Guillermo Carstens Carstens

Secretary of Foreign Relations
Patricia Espinosa Cantellano

*Secretary of the Environment and
Natural Resources*
Juan Rafael Elvira Quesada

Mexican Border State Representative
Government of Baja California

Mexican Border Resident Representative
Roberto Zambrano Villarreal

United States

Secretary of the Treasury
Henry M. Paulson, Jr.

Secretary of State
Condoleezza Rice

*Administrator of the
Environmental Protection Agency*
Stephen L. Johnson

U.S. Border State Representative
Lorenzo A. Larrañaga

U.S. Border Resident Representative
Jacob M. Monty

Geographic Jurisdiction

Eligible projects must be located:

- Within 100 kilometers (about 62 miles) north of the international boundary in the four U.S. states of Arizona, California, New Mexico, and Texas; or
- Within 300 kilometers (about 186 miles) south of the border in the six Mexican states of Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, and Tamaulipas.

* Projects beyond these areas may be eligible if they remedy a transboundary environmental or health problem.

Eligible Environmental Sectors:

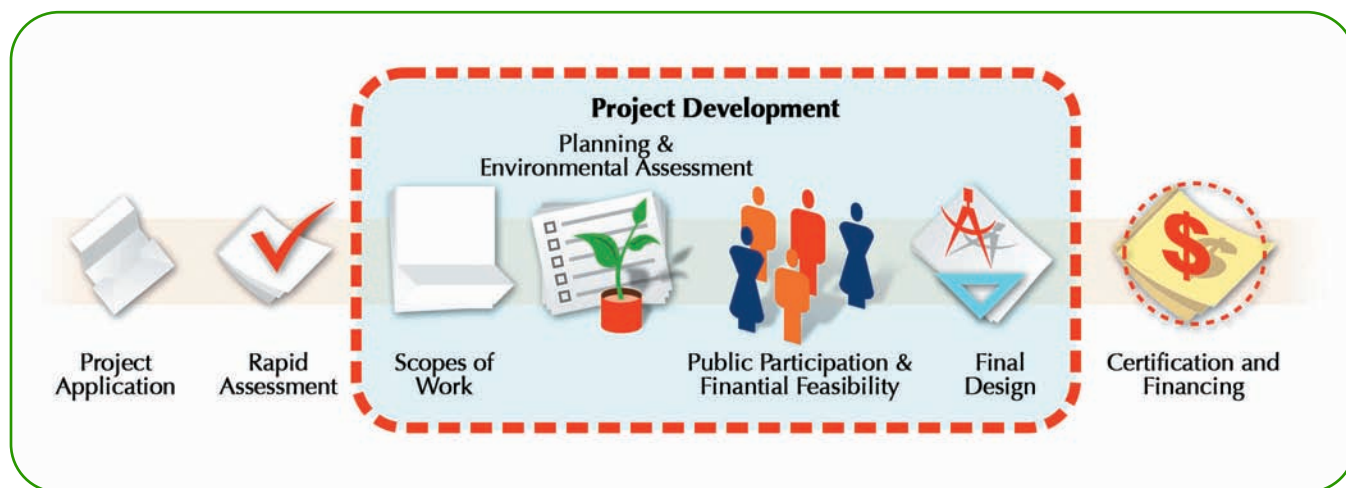
- Potable water supply*
- Wastewater treatment*
- Water conservation*
- Municipal solid waste management*
- Air quality improvement
- Clean and renewable energy
- Energy efficiency
- Industrial and hazardous waste
- Public transportation

* Priority sectors

Project Development and BECC Certification

BECC leads project development efforts including activities needed to accomplish legal, technical, environmental, and financial feasibility for projects seeking certification. Project development requirements are determined on a project-by-project basis, taking into account industry standards, regulatory or funding-source requirements and specific project sponsor needs. Projects may be submitted to BECC

at varying levels of development, from concept to final design; therefore, the pending project development tasks directly influence the time and effort required to complete this process. In general, the process includes the tasks displayed in the following flow diagram⁷:



When necessary project development tasks are complete, a project is ready to be considered for certification and financing approval. BECC is charged with verifying that projects meet the intent of each certification criterion and ensuring the availability of documentation to appropriately evidence that compliance. To be considered for BECC certification, a proposed project must address the following summarized requirements:

- It must meet general project requirements, such as appropriate project type, location, legal authority, and purpose.

- It should preserve, protect and enhance human health and the environment, satisfy any environmental clearance process or authorization required by applicable laws and address any anticipated cross-border effects.

- Its development should reflect project decisions based on technical feasibility. Typically, the project sponsor demonstrates technical feasibility by performing comprehensive technology selection analyses, incorporating accepted industry design standards and showing that the selected technology matches the sponsor's capacity to implement and maintain the project.

⁷ A detailed explanation of the project development tasks and certification criteria is available on the BECC website, www.cocof.org.



- It should pass a review of financial feasibility to determine the financial resources needed to implement the project, to operate and maintain the resulting infrastructure and to meet debt and reserve obligations for the short- and long-term. The project's ability to obtain financial resources, which, in many cases, depends on whether it is affordable for its users, must also be considered. Meeting the requirement for financial feasibility is intended to prepare the project for financing approval by NADB.
- It must include public participation efforts to ensure appropriate project information is made accessible to the public through formal and informal activities. Public participation encourages an interactive relationship between the project sponsor and those impacted by the project aimed at inspiring community-based support for the project. The level of effort required for public participation may vary with each project and is determined based on the anticipated environmental and community impacts of the project.
- It also will need to meet sustainable development criteria, which address aspects such as operations and maintenance, building institutional capacity, eliminating risks that can threaten the long-term viability of a project, and increasing opportunities for greater well-being in the community. BECC has defined tangible and practical actions to meet its sustainable development requirements that can be incorporated into the activities associated with satisfying all of the other criteria.

BECC is committed to assisting every project in its advancement toward certification and to identifying appropriate project development activities that will help projects meet the certification requirements.

A team of BECC staff is available to guide the project through the process so that every action supports this goal. Along the path to certification, BECC coordinates with NADB, sponsors and other project stakeholders throughout the process to ensure that projects comply with the requirements and standards of each and are ready for the implementation phase as quickly as possible after certification.

A BECC certified project:

Benefits the human health & environment of the US/Mexico border region

Employs sustainability elements that benefit the environment and community well-being

Compliments appropriate technology with financial feasibility

Creates an opportunity to access capital investment sources



BECC-NADB Partnership for Continuous Improvement

Under the direction of their Board of Directors, BECC and NADB have made significant progress in efforts aimed at streamlining their processes. Building on important joint efforts initiated in 2006 such as making certification and financing approval a simultaneous action of the Board and identifying a post-certification role for BECC, the institutions continued to work on developing standardized procedures for the comprehensive project development cycle - from application to project close-out. A joint certification and financing application was developed and operating guidelines were established to direct the integrated project cycle and identify critical coordination activities. These improvements are expected to increase the efficiencies and effectiveness of the institutions and further simplify the process for project sponsors.

An initial proposal for implementing a results measurement framework in BECC-NADB projects and establishing an approach for a joint strategic plan was also developed in 2007. The framework will formalize the joint focus of the institutions on systematically establishing, monitoring and documenting the achievement of results related to the environmental infrastructure investments in the border region. The joint strategic plan is

intended to guide the future activities of the institutions and assure that the programs and services are optimized to accomplish a more comprehensive impact for the environment and health of border residents.

Both of these efforts continued to evolve throughout the year as the institutions reviewed the efforts of other multilateral development banks (MDBs) in results measurement systems. The system adopted by BECC and NADB is expected to incorporate the logic-based results concepts employed by the MDBs, which document the objectives, outcomes, and outputs of projects with clearly identified indicators/measures⁸. As an initial application of such concepts, the 2007 Project Report contained within this document reflects the utilization of results measurement concepts to describe the anticipated outcomes/outputs of these projects.

In 2008, BECC will continue to work closely with NADB on implementing a results measurement system for projects and joint strategic planning activities that support this and other critical efforts to improve the quality of life for residents in the border region.



⁸ Objectives state a long-term improvement for the community (i.e. eliminate exposure to untreated wastewater); outcomes (effect on users or residents) and outputs (goods or services produced) demonstrate the objective has been achieved (i.e. new sewer lines (output)/ reduced sewage spills (outcome)); and indicators/measures determine whether outcomes/ outputs have been delivered (pipeline installed/no new spills).

Administration and Finances

Organization

Headquartered in Ciudad Juarez, Chihuahua, Mexico, BECC is a binational institution established for the purpose of working to conserve, protect and enhance the environment of the U.S.-Mexico border region. The BECC's primary role is to develop and certify environmental infrastructure projects, which are subsequently funded by the NADB or other funding institutions. Along the path to Certification, the BECC also facilitates coordination among federal, state, and local project stakeholders, supporting transparency and ensuring compliance with requirements and standards of other agencies.

Under the direction of the joint BECC-NADB Board of Directors, day-to-day operations at BECC are overseen by a General Manager and a Deputy General Manager with the support of a binational staff who facilitate projects and coordinate initiatives related to its mission throughout the border region. BECC's multi-disciplinary staff is organized into four primary work groups or directorates, each focused on the achievement of high efficiencies in fulfilling BECC's objectives and providing optimum services to border stakeholders. The primary functions of each directorate include:

- **Projects:** Implementation of project development and certification processes; project promotion; and project coordination and facilitation efforts.
- **Planning and Technical Assistance:** Development of regional strategic planning efforts; management of technical assistance programs and environmental programs such as Border 2012; procurement and contract management; project development and certification processes of select new sector projects; and realization of the project close-out process.
- **Administration:** Budget administration and accounting; human resources; and building management.
- **Legal and Communication:** Direct Support to the Board of Directors; management of legal matters; communication functions such as outreach strategies, publications, and logistical support.

The General Managers and directors are supported by three additional senior staff members: Senior Policy Advisor, Continuous Improvement Manager, and Communications Manager. These key advisory positions are responsible for facilitating tasks related to the development of policy, programs and procedures; the implementation of BECC's internal and external strategic planning efforts; the advancement of improvement initiatives identified through BECC's quality management system; as well as government and media relations.

BECC Management

Daniel Chacon Anaya

General Manager

Maria Elena Giner, P.E.

Deputy General Manager

BECC Directors

Arkelao Lopez Perez

Projects

Mario Vazquez

Planning and Technical Assistance

Gloria Melendez

Administration

Donald Hobbs

General Counsel

Senior Staff Advisors

Renata Manning-Gbogbo

Senior Policy Advisor

Miguel Carrillo

Continuous Improvement Manager

Gonzalo Bravo Vera

Communications Manager

Budget Management

BECC's operating budget is funded by contributions from Mexico, through the Ministry of the Environment and Natural Resources (SEMARNAT), and from the United States, through the Department of State. In addition to its operating budget, BECC manages the Project Development Assistance Program (PDAP), which is funded by EPA's US-Mexico Border Program, as well as several environmental management initiatives funded by EPA through the Border 2012 Program. To off-set the resources required to manage these important border programs, EPA provides an administrative subsidy to BECC, which supplements its normal operating budget.

The annual operating budget is developed by BECC staff and reviewed and approved by the Board of Directors. For fiscal year 2007, the Board authorized a budget of US\$5.63 million, which included US\$3.86 million to support administrative expenses and nearly

US\$1.7 million reserved for BECC's Technical Assistance program.

The operating budget was subsidized by EPA funds in the amount US\$1.19 million, offsetting the expenses related to administering PDAP and Border 2012 activities. Additionally, BECC budgeted just over US\$2.5 million of EPA funds for PDAP and Border 2012 grants to support projects, technical studies, and activities during 2007.

BECC has pledged to continuously achieve cost-saving efforts with the intent of transferring those administrative savings to technical assistance resources available to assist project sponsors in the development of critical environmental infrastructure projects. BECC's efforts to contain spending in fiscal year 2007 have resulted in an opportunity to carry-over approximately US\$1.69 million to the technical assistance reserve fund for use in fiscal year 2008.



Financial Statements

BECC's consolidated financial statements as of December 31, 2007 were audited by the accounting firm of Galaz, Yamazaki, Ruiz, Urquiza, S.C. (Deloitte) in conformity with generally accepted auditing standards in Mexico. A summary of the financial statements is presented below. A copy of the auditor's report with the consolidated financial statements and accompanying notes is available on BECC's website at www.cocef.org.

Statement of Assets, Liabilities and Fund Balance

- As of December 31, 2007 (In US dollars)

Assets	
Current Assets	\$ 12,086,018
Furniture equipment - net	\$ 89,149
Total Assets	\$ 12,175,167
Liabilities and Fund Balance	
- Current Liabilities - Total	\$ 2,393,927
- Employee retirement obligations	\$ 72,133
- Unbilled grantes funds	\$ 7,353,600
- Fund balance	\$ 2,355,507
- Total Liabilities and Fund Balance	\$ 12,175,167

Statement of Revenues, Expenses and Changes in fund Balance

- Year ended December 31, 2007 (In US dollars)

Revenues	
- Contributions - US/Mexico	\$ 3,843,781
- Contributions - EPA	\$ 3,131,261
	\$ 6,975,042
Expenses	
- Salaries and benefits	\$ 3,166,229
- Fixed travel and transportations	\$ 194,195
- Technical Assistance and fees	\$ 2,406,363
- Other expenses	\$ 892,863
	\$ 6,659,650
Other income - Net	\$ 328,612
Interest income - Net	\$ 120,063
Excess revenues over expenses	\$ 764,067
Unbilled granted funds at begining of year	\$ 6,804,219
Fund balance at beginning of year	\$ 2,140,821
Total authorized funds at end of year	\$ 9,709,107
Un billed granted funds at end of the year	\$ 7,353,600
Fund balance end of year	\$ 2,355,507





U.S.

P.O. Box 221648
El Paso, TX 79913

Mexico

Bld. Tomas Fernandez 8069
Cd. Juarez, Chihuahua, Mexico
C.P. 32470

Ph.: (52-656) 688-4600

Fax: MX(656) 625-6999

US (915) 975-8280

www.cocéf.org



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