

The background is a large circular collage. It features several circular and rectangular inset images: workers in hard hats and safety vests working on a construction site; a dirt road winding through a field; solar panels installed on a roof; and a construction site with wooden framing. The collage is set against a gradient of blue and green with white wavy lines.

2010 ANNUAL REPORT



Border Environment Cooperation Commission



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Message from the General Manager and Deputy General Manager

During 2010, the Border Environment Cooperation Commission (BECC) worked closely with its sister organization, the North American Development Bank (NADB), and other partners at the federal, state and local level in the United States and Mexico, to continue to develop, certify and measure the results of environmental infrastructure projects that advance the well-being of the border communities.

In the past year, BECC certified eight new environmental infrastructure projects relating to water, wastewater, and air quality, worth an estimated \$276 million in construction investment and benefiting more than 1.8 million border residents. These projects will provide more than 60,000 new sewer connections, eliminate over 5.0 million gallons per day (MGD) of untreated wastewater, provide reliable water service to more than 39,000 households and reduce the concentration of harmful emissions

such as PM₁₀ and PM_{2.5}. BECC also provided \$2.03 million in grant funds to support the development of 21 projects for certification, as well as other initiatives aimed at identifying potential projects, benefiting more than 30 communities. As of December 31, 2010, BECC had a total of 45 applications in its pipeline, including an increasing number of projects aimed at improving air quality and using clean and efficient energy.

BECC continues to recognize that efforts in the water and wastewater sectors should be maintained as a high priority until all border residents have access

to adequate services in these areas. Accordingly, in 2010 BECC continued to prioritize, support and document the results of projects that seek grants through the Border Environmental Infrastructure



Maria Elena Giner, General Manager and
Jose Mario Sanchez, Deputy General Manager

Fund (BEIF), which is funded by the Environmental Protection Agency (EPA) and managed by NADB. The first stage of the FY 2011-12 prioritization process for these funds was conducted in 2010, with final project selection expected to occur during the second quarter of 2011.

BECC also continued to provide essential support to environmental initiatives, such as the U.S.-Mexico Border 2012 Environmental Program. During 2010 BECC managed 29 Border 2012 projects supported with more than \$2.2 million in grant funds provided by EPA. Also, in 2010 BECC supported other environmental initiatives through specific training workshops that covered topics such as methane to market, state climate change action plans, carbon markets, and energy and paving. A total of seven events were organized by BECC with more than 720 attendees.

BECC possesses a deep understanding of the dynamics of the border, the many environmental issues that remain unaddressed, the level of funding needed, and the essential role of quality information and effective planning strategies. In 2010 the BECC published a series of studies aimed at clearly documenting the existing environmental needs and opportunities in border communities. The most notable of these publications are the **greenhouse gas inventories and projections for the six border states of Mexico; the state needs assessments for water, wastewater, and solid waste; a strategy for sustainable housing development; and satellite diagnostics of paving needs**. These publications will serve as key tools for state and local governments to implement public policy focused on infrastructure sustainability; they are also expected to generate environmental infrastructure projects that will provide basic services, help reduce greenhouse gas emissions and trigger investments in sectors, such as sustainable housing development.

During 2010, BECC had its most active role yet in the area of climate change planning for the border, in close collaboration with Mexico's Ministry of the Environment and Natural Resources (SEMARNAT), the National Environmental Institute (INE), the U.S. Environmental Protection Agency and the six Mexican Border States. Using a methodology validated by federal and state agencies, BECC continued to support the development of planning, capacity building and project initiatives that will contribute to climate change adaptation and mitigation. Climate change planning is a natural niche for BECC, as several of the sectors it currently works in are directly related to climate change adaptation and mitigation, such as transportation, energy efficiency, storm water management, and methane recovery.

As a means of ensuring that its accomplishments can be substantiated, BECC conducted the yearly update of its Balanced Scorecard tool, which allows for measuring institutional results based on annual

objectives and supporting actions. BECC documented its success in achieving 82% of its 19 strategic goals and 72 supporting actions established for the year.

These goals and actions are directly related to results for stakeholders, internal process improvement, appropriate capacity building, and efficient budget allocation.

For 2011, BECC expects to reap the benefits of its needs assessment, climate change and planning efforts, by using that information to identify and advance projects in other sectors of environmental infrastructure, including air quality, renewable energy, public transportation, and water conservation. Pursuing opportunities in these sectors is one of the cornerstones of a strategy for successfully achieving sustainable development and prosperity in the border region.

BECC will also continue working with NADB to develop a joint strategic plan that will guide their institutional efforts. This plan will incorporate actions related to: identifying and supporting sustainable projects; providing technical assistance to achieve high quality project development efforts; partnering with governmental agencies and international organizations to strengthen existing grant programs; procure new sources of funding; and generating information and institutional capacity.

Finally, 2010 marked a new transition in the organization's management team. It is an honor to serve this unique institution, and we wish to reiterate our commitment to maintaining BECC at a level of service excellence, by continuing to gain operational efficiencies, diversify the project sectors addressed and establish greater synergies with existing and new partners.

It gives us great pleasure to present to you our 2010 Annual Report, which provides a clear view of the BECC's work and accomplishments during the past year.

Institutional Performance and Result Highlights

Accomplishing an Ambitious Mandate

The Border Environment Cooperation Commission (BECC) continued to work in 2010 to fulfill its Charter mandate of helping preserve, protect and enhance the environment of the U.S.-Mexico border region in order to advance the well-being of the residents of both countries. At the core of this far-reaching mandate is BECC's role of providing technical assistance for the development of environmental infrastructure projects and certifying those projects for financing by the North American Development Bank (NADB) or other funding partners. BECC certification is granted once a project's environmental and health benefits, regulatory compliance, technical feasibility, appropriate public outreach efforts, and sustainability have been documented.

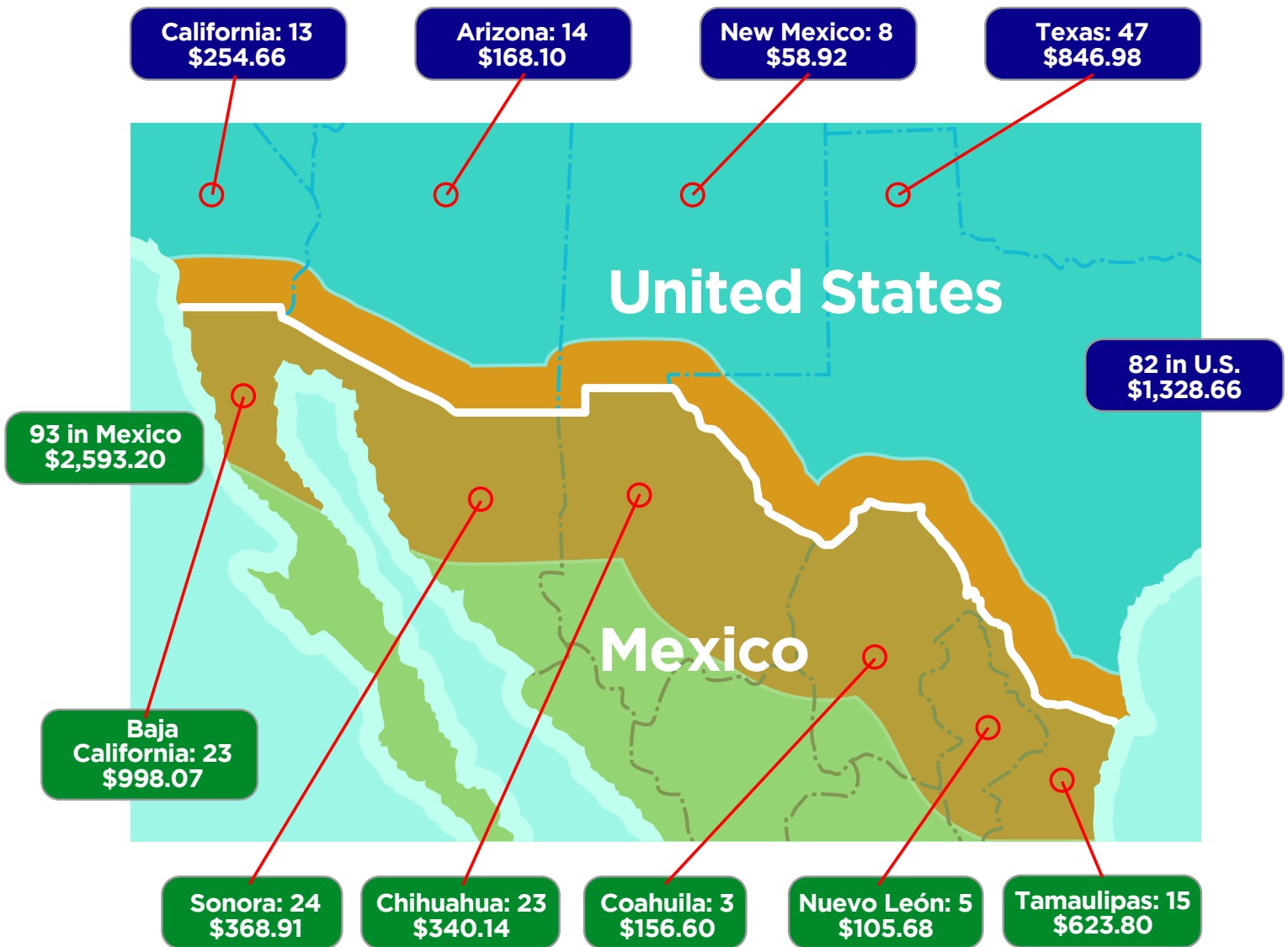
Certified wastewater projects include the capacity to eliminate more than 400 MGD of untreated or inadequately treated discharges, equivalent to the wastewater generated by nearly 8 million persons or 1.86 million households.

From 1995 to December 31, 2010, **BECC's most notable project-related accomplishments include the following:**

- **175 certified projects** (82 U.S./93 Mexico) representing nearly **\$3.924 billion in environmental infrastructure investment**, directly benefiting 12.8 million border residents.
- **Supporting NADB financing through 148 BECC-certified projects with \$1.22 billion in loans and grants, of which 92% has been disbursed to project sponsors.**
- **Completion of 99 of the certified projects financed by NADB**, providing access to safe and sanitary water infrastructure, increased wastewater management efficiency, proper waste disposal and improved air quality to approximately **7.2 million border residents.**
- **Providing new or improved water and wastewater projects valued at \$2.1 billion** to 11 million border residents. These projects have influenced a dramatic improvement to service coverage for drinking water, sewer and wastewater treatment in Mexico's border region with the most significant being an increase **in wastewater treatment coverage from 21% to 82% (1995-2009).**
- **Supporting water conservation projects** estimated to save energy and to **decrease water losses by approximately 330 million gallons per day (MGD)**, enough water to serve the average demands of some four million people.
- **Supporting solid waste projects accommodating approximately 1,550 tons/day** of waste previously disposed of in open or uncontrolled sites; these projects have benefited more than 3.5 million people.
- **Developing air quality projects related to paving that will eliminate approximately 170,000 tons per year of PM₁₀**, caused primarily by vehicular traffic on unpaved roadways; these projects have benefited more than 6 million people.
- **Designing renewable energy projects** anticipated to **prevent greenhouse gas emissions equivalent to nearly 640,000 metric tons of CO₂ per year** through the use of alternative energy and fuel sources.

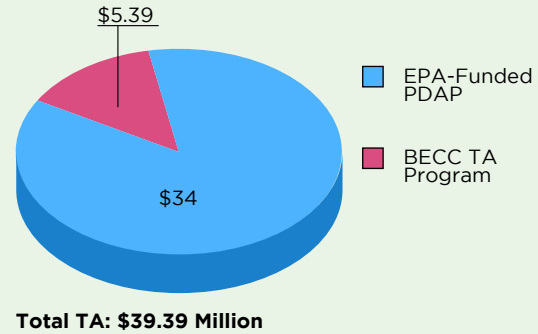
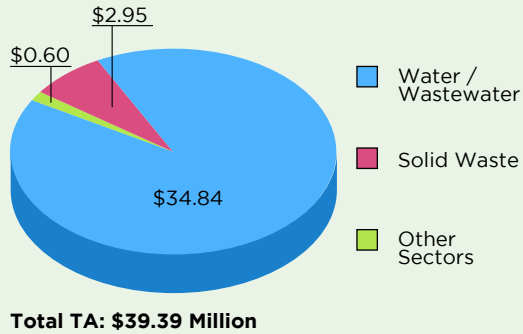
Details regarding all BECC-certified projects can be found on BECC's website, www.cocof.org. The following graph illustrates project certifications by border state.

Certified Projects (1995-2010) (U.S. Million)

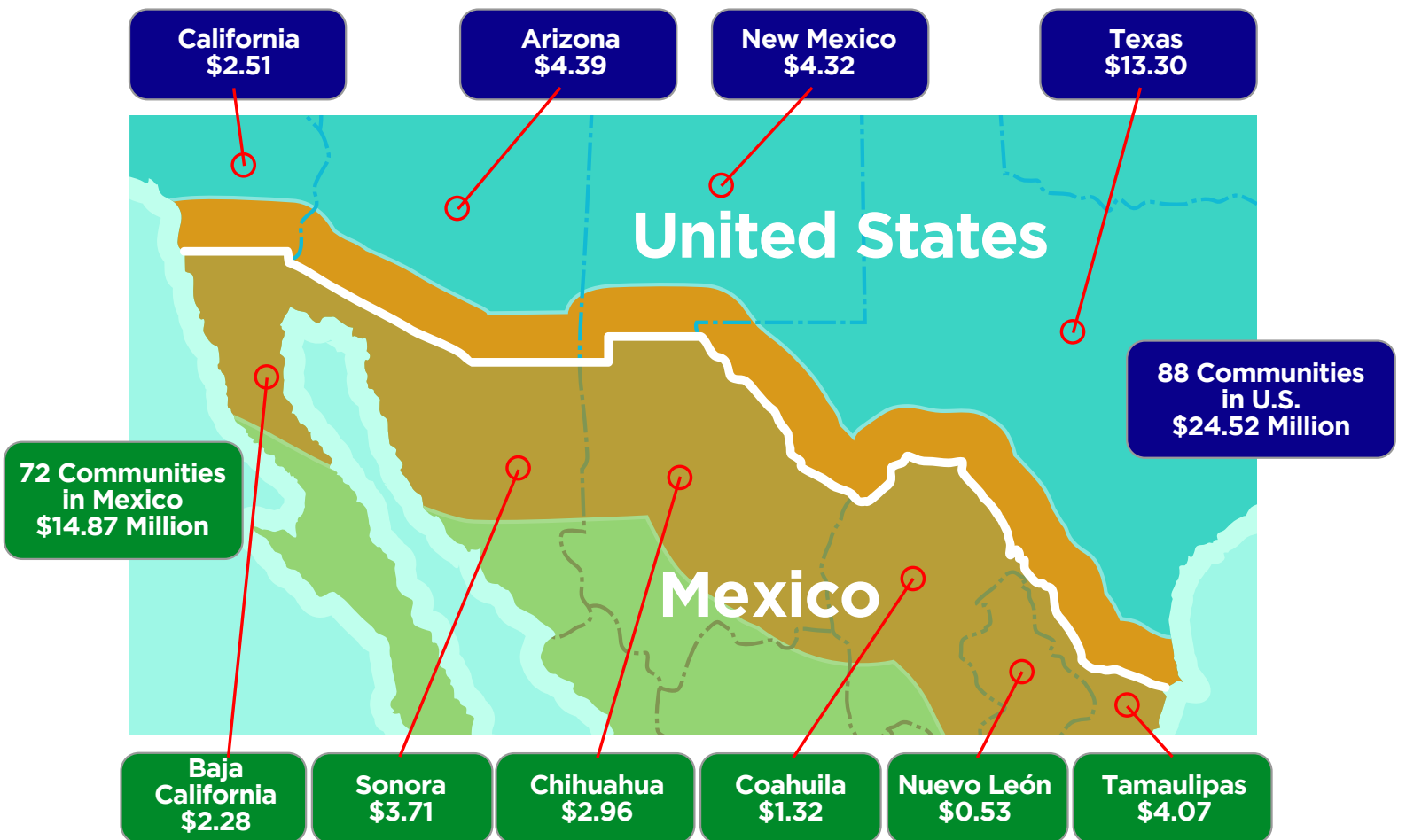


175 Projects with an investment of \$3.92 billion

To support the development of these projects with planning, environmental and final design studies, BECC has two technical assistance programs: the Project Development Assistance Program (PDAP), funded by the EPA, and a special program funded through the **BECC's operating budget**. Since its creation, BECC has provided **\$39.39 million in technical assistance grants**. The breakdown of this amount, by infrastructure sector, funding source and state, is illustrated in the following graphs:



Technical Assistance Grants (1995-2010)



**Total PDAP / BECC Technical Assistance
\$39.39 Million**

2010 Performance and Result Highlights

The BECC's success in fulfilling its ambitious mandate requires having the right tools to guide and measure those results. Using the Balanced Scorecard (BSC) model to translate annual strategic objectives into clear and measurable actions, BECC developed its annual goals to consider the perspective of its customers--expectations of its Board, NADB, and other border stakeholders --as well as to assure sufficient institutional capacity through:

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

In 2010, BECC successfully met 82% of its Balanced Scorecard objectives. Additional information about each program and its related BSC objectives is available in the **Year in Review: BECC Performance and Results 2010** report published on our website, www.cocef.org.

BECC has seven clearly identified institutional programs through which it fulfills its mission. The performance of each of BECC's seven programs, including notable accomplishments, is highlighted below.

Program 1: Technical Assistance and Project Certification

Offering technical services and/or financial assistance to support high-quality project development efforts and achieve certification for environmental infrastructure projects.

- **Certified 8 environmental infrastructure projects**, representing an estimated infrastructure investment of approximately \$276 million and benefiting nearly 1.83 million border residents with improved environmental and human health conditions.
- Managed a diverse project pipeline, developing clear schedules for each project, thus ensuring more accuracy in their development and

certification. As of December 31, 2010, BECC had 45 projects in its pipeline, 24 in the United States and 21 in Mexico. Of those projects 38 relate to water and wastewater (W/WW), three to solid waste (SW), and four to air quality (AQ). The estimated investment cost for these projects in the pipeline was approximately \$905 million.

In 2010, BECC certified a comprehensive street paving project aimed at improving air quality conditions in 56 municipalities of the state of Sonora.



Public meeting for Paving Project in Sonora.

- **Awarded 30 technical assistance grants totaling more than \$2.03 million** to support the development of projects. \$214,649 was provided from BECC's operating funds and \$1.8 million from the Project Development Assistance Program (PDAP) funded by the EPA.
- Initiated the 2011-12 prioritization process for water and wastewater projects that will be considered for **funding from BEIF and/or PDAP** -- a total of 200 applications were received for this process. Following is a more detailed description of these efforts supported by BECC.

Prioritization of Water and Wastewater Infrastructure Projects

Long recognized as the sectors with the greatest potential impact on human health and environmental conditions in any community, including those in the border region, water and wastewater infrastructure projects continue to be one of BECC's main priorities.

Since 1997, the **U.S.-Mexico Border Water Infrastructure Program**, funded by EPA, has awarded grants to water and wastewater systems in the border region through the PDAP for project development and design and the **Border Environment Infrastructure Fund (BEIF)** for construction. PDAP is managed by BECC, while BEIF is managed by NADB. The following are a few of the notable accomplishments supported with these resources:

- Approximately \$34 million in PDAP technical assistance grants for project development in 155+ communities.

PDAP/BEIF Investments Water Infrastructure Projects			
	Total	# in U.S.	# in Mexico
Water Treatment	18	15	3
Water Distribution	28	18	10
Wastewater Treatment	52	21	31
Wastewater Collection	69	28	41

- \$564.4 million in BEIF funds committed to the implementation of 89 drinking water and wastewater infrastructure projects valued at \$1.7 billion and directly benefiting more than 7.28 million border residents.
- A leveraging strength of more than \$2.00 of other sources to every \$1.00 BEIF. The primary example of this leveraging strength can be found in the significant investments made by Mexico's National Water Commission (CONAGUA) to support projects in the border region.

Available funding through the U.S.-Mexico Border Water Infrastructure Program has decreased significantly in recent years, even though pressing needs in the water and wastewater sectors still exist. To maximize the impact of available grant funding, a bi-yearly process has been implemented by BECC, EPA and their partner stakeholders to prioritize projects for funding. The objective of the prioritization process is to ascertain which drinking water and wastewater projects will address the most severe public health and environmental conditions identified in communities along the border.



In an effort to provide direct guidance, 10 workshops were conducted along the U.S.-Mexico border for project sponsors and other interested parties.

Under the FY2011-12 prioritization cycle, which initiated in October 2010, a total of 200 applications were received, for works estimated to cost \$800 million to build. Final project ranking and selection is expected to conclude during the second quarter of 2011.

REGION 6	NUMBER OF APPLICATIONS	ESTIMATED CONSTRUCTION COST
- Tamaulipas	30	\$150,853,543.00
- Coahuila	8	\$13,397,690.00
- Chihuahua	11	\$44,476,103.00
Total Mex.	49	\$208,727,336.00
- Texas	54	\$266,133,733.00
- New Mexico	11	\$40,404,551.00
Total U.S.	65	\$306,538,284.00
Total Region 6	114	\$515,265,620.00

REGION 9	NUMBER OF APPLICATIONS	ESTIMATED CONSTRUCTION COST
- Baja California	43	\$105,690,269.00
- Sonora	10	\$27,594,189.00
Total Mex.	53	\$133,284,458.00
- California	22	\$125,740,229.00
- Arizona	11	\$20,665,871.00
Total U.S.	33	\$146,406,100.00
Total Region 9	86	\$279,690,558.00

Program 2: Environmental Project Management

Advancing efforts, other than infrastructure projects, to improve human health and the environment along the U.S.-Mexico border.

• Border 2012: U.S.-Mexico Environmental Program.

The U.S.-Mexico Environmental Program (Border 2012) is a collaboration between the United States and Mexico to improve the environment and protect the health of the nearly 12 million people living along the border. The bi-national program focuses on cleaning the air, providing safe drinking water, reducing the risk of exposure to hazardous waste, and ensuring emergency preparedness along the U.S.-Mexico border. To support EPA and Mexico's Ministry of the Environment and Natural Resources



Monitoring water quality in the Hardy River.
Baja California, Mexico.

(SEMARNAT) in their efforts to achieve results, BECC provides its services to facilitate stakeholder meetings as well as to identify, contract, and manage projects. Since 2005, EPA has authorized approximately \$7.4 million in grant funding for 144 BECC-managed Border 2012 projects, related to all program goals **Water, Air, Land, Environmental Health, Emergency Response, and Environmental Performance**. During 2010, BECC also supported joint EPA and SEMARNAT Air Policy and Water Forums held in Las Cruces, New Mexico and Laredo, Texas, as well as a **Border 2012 workshop on the disposal and recycling of used oil**.



200 participants during the Workshop on Mexico Carbon Offset Project.

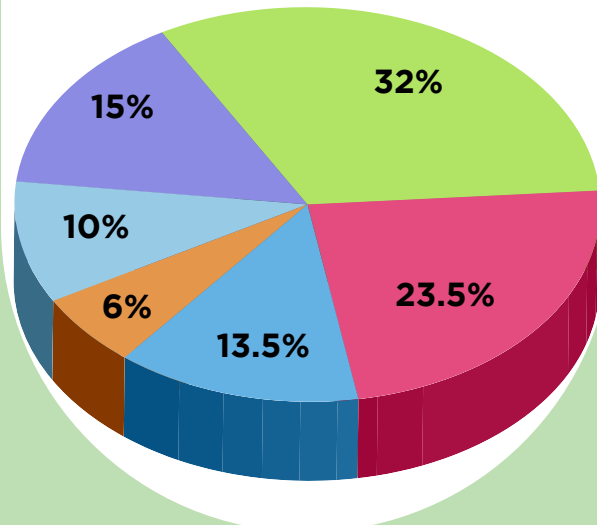
Border 2012 Goals:

- Reduce Water Contamination
- Reduce Air Pollution
- Reduce Land Contamination
- Improve Environmental Health
- Emergency Preparedness and Response
- Environmental Stewardship

Border 2012 Projects Managed by BECC

- Objective 1: Water
- Objective 2: Air
- Objective 3: Soil
- Objective 4: Environmental Health
- Objective 5: Emergency Preparedness
- Objective 6: Environmental Assessment

\$7.4 million in grant funding for 144 projects

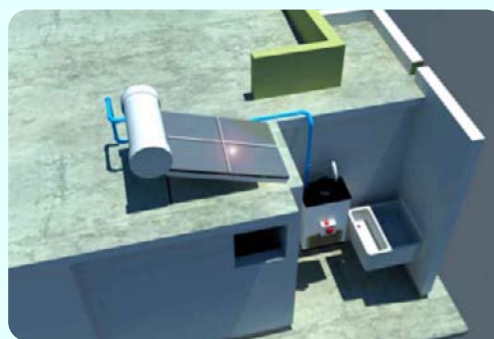


Program 3: Strategic Planning

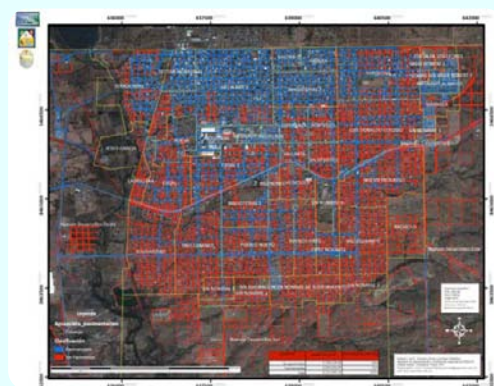
*Identifies infrastructure needs, develops/prioritizes solutions, and optimizes resources to achieve local, state and regional environmental and human health goals through sound public policies that promote **the implementation of environmental infrastructure.***

Strategic planning has long been recognized by development agencies as a critical tool to effectively implement sustainable projects to address identified needs. BECC has undertaken several efforts aimed at assessing the conditions and needs in border communities. In 2010, BECC completed the following studies which are available at www.cocef.org:

- **Greenhouse gas inventories and projections** for the six border states of Mexico and initiated training on necessary state climate action plans, in coordination primarily with Mexico's Ministry for the Environment and Natural Resources, the National Environmental Institute, the state governments and the EPA.*
- **Strategy for Sustainable Housing Development.** BECC developed this document to define criteria and guidelines for identifying, evaluating and developing housing projects that are sustainable from an urban, environmental, social and economic standpoint. The purpose of this effort is to promote the design and construction of housing projects that consider measures related to water and energy conservation, as well as waste reduction, among other measures.
- **Satellite Diagnostics of Paving Needs.** This effort involved using satellite imaging to identify street paving needs in four cities of the state of Tamaulipas and five cities in the state of Sonora. In 2010, BECC concluded a Geographic Information System (GIS) assessment of paving needs in seven communities located in the states of Sonora. The results of these studies supported a \$190 million paving project that benefits 56 municipalities in the state of Sonora, certified by BECC and approved for financing by NADB in 2010.



Accessible technologies are promoted, such as solar heaters to low income housing.



* Climate Change Planning Initiatives

2010 was BECC's most active year yet with regard to climate change initiatives. BECC's goal is to support capacity building and a regional strategy for climate change mitigation and adaptation that will result in project initiatives that can be certified by BECC and financed by NADB. To advance a climate change strategy, BECC is working closely with the following stakeholders: Mexico's Ministry of the Environment and Natural Resources (SEMARNAT) and National Environment Institute (INE); state governments; academia; local civic organizations; the U.S. Environmental Protection Agency (Border 2012 grant funding) and the Center for Climate Strategies, a U.S. non-profit organization that has significant experience with climate change planning in U.S. and Mexican states.

BECC's participation in climate change planning has included the following activities:

- Support for the development of greenhouse gas (GHG) inventories and projections for all six Mexican border states; GHG inventories were prepared using a standard methodology validated by Mexico's federal agencies;
- Based on that effort, BECC conducted training sessions for stakeholders and technical work groups from all six states regarding the use of the GHG inventories as a baseline for the development of State Climate Action Plans.



Training sessions regarding the use of the GHG inventories.



BECC offers workshop on State Climate Action Plans.

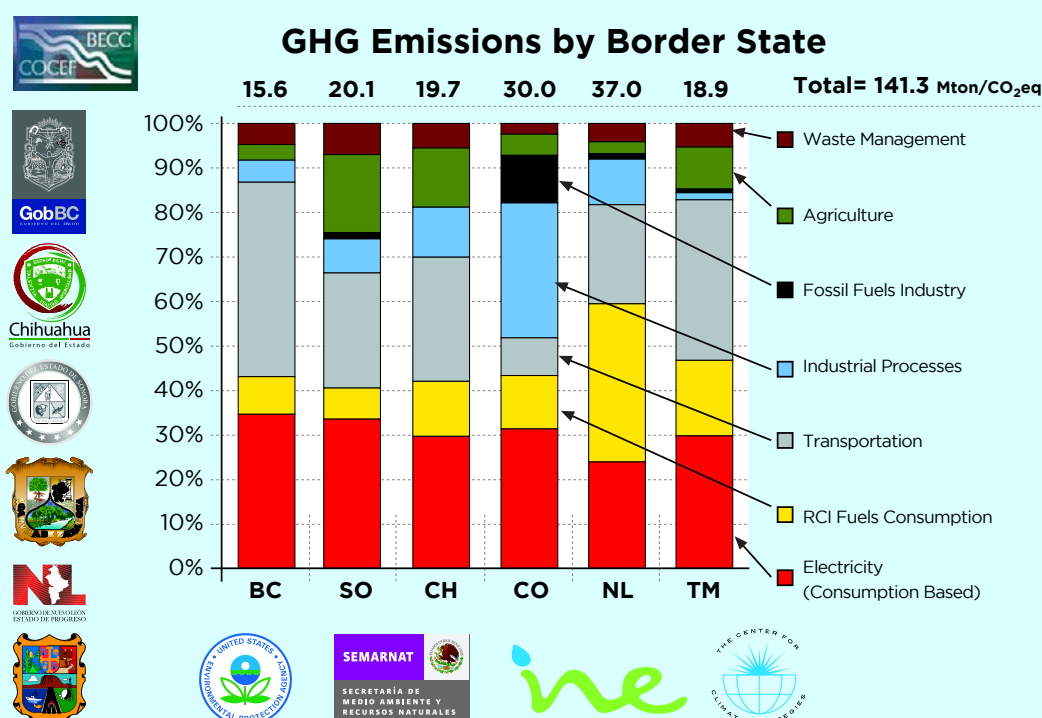


140 representatives from state agencies in the six border states were in attendance.



Simultaneous broadcasting transmitted from Ciudad Juarez and Mexico City.

Once the state climate action plans are concluded, they will serve as a critical tool for BECC to develop and certify environmental infrastructure projects related to climate change mitigation and adaptation, which can be financed by NADB. Following is a chart that reflects the main sources of GHG emissions by state.



Program 4: Knowledge Management

Generates, enhances and promotes the exchange of information regarding projects, environmental news, and special studies.

- In collaboration with Mexico's Federal Office for Environmental Protection, concluded water and solid waste assessments for 21 municipalities along the Conchos and Rio Grande Rivers.
- With EPA funds and in coordination with the Pan-American Health Organization, completed and released the final reports on the incidence of gastrointestinal diseases and on community awareness on health and water management in the Juarez Valley region.
- Issued 26 Border Environmental Flash reports, a brief publication focusing on current environmental events occurring in the border region, to an email registry of more than 1,000 subscribers. This publication has demonstrated to serve as an important tool for disseminating information on BECC's work to border stakeholders.

United States



Certified Projects 1995-2010

U.S. Mexico Total

Water & Wastewater	51	56	107
Solid Waste	5	17	22
Water Conservation	24	1	25
Air Quality	0	18	18
Energy Efficiency	2	1	3
Totals	82	93	175

Total Cost: US \$3.92 billion

Air Quality



Water



Wastewater



Water/Wastewater



Water Conservation



Solid Waste



Energy Efficiency



Capitals



Twin Cities



Townships



Mexico



Program 5: Public Participation and Capacity Building

Promotes 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.

- Shared knowledge and expertise as invited participants in more than 40 environmental infrastructure and border policy forums at a national, state and local level, such as: the Border Governors' Conference; Border 2012 forums; Good Neighbor Environmental Board; U.S.-Mexico Border Energy Forum; Energy Management Workshop for local governments; and others. BECC also participated in several panels during the COP 16 forum.
- Provided updates on border conditions and performance results to important border stakeholders, such as congressional and other elected officials.
- Conducted 7 key training events, with the participation of 720 attendees representing federal, state and local governments, academia and public interest groups. Following are the events carried out:
 - Paving and scrap tire workshop in Hermosillo, Sonora, to discuss needs and opportunities for project development in these two important sectors.
 - Workshop on opportunities for carbon offset projects, in coordination with the California Environmental Protection Agency, SEMARNAT, Mexico's National Environment Institute, the California Action Reserve, and the American Chamber of Commerce in Mexico.
 - Two workshops on Development of State Climate Change Action Plans for environmental stakeholders of all six Mexican border states.
 - With grant funds provided by EPA for the program, "Methane Recovery in Municipal Landfills- Outreach and Experience Sharing Project in Mexico," BECC helped organize a Methane to Market workshop.
 - Energy Management Workshop for water utilities in the Lower Rio Grande, designed to assist them with development of energy efficiency and management plans.
 - Cosponsored the XXVII Border Energy Forum, aimed at bringing together experts to analyze energy consumption and production trends in the border region, as well as opportunities for advancing renewable energies.
- Assisted project sponsors in working with 6 new community steering committees - Bisbee, Arizona; Rio Grande, Texas; Tijuana, Baja California; El Paso, Texas; San Agustin, Chihuahua; and Praxedis G. Guerrero, Chihuahua. Public meetings were conducted for projects in Matamoros, Tamaulipas; Agua Prieta, Sonora; Tijuana, Baja California; El Paso, Texas; and Nogales, Sonora.



Methane to Market Workshop, Mexico City.



Eighth Air Policy Forum Meeting held in Las Cruces, N.M.

Program 6: Performance Improvement

Identifies, develops, and implements institutional improvements to optimize BECC's human and financial resources, thus enhancing its capacity to achieve high-quality products and services.

- Continued enhancing **BECC's project management information system**, which serves as a tool for the development of projects, data management, and reporting services. Adopted a **comprehensive administrative system that allows for a centralized and automated management of BECC's accounting system**, including multiple grants and technical assistance programs.
- Achieved recertification in the ISO 9001:2000 quality management standard and the ISO 14001 environmental management standard.
- Achieved a 97% approval** rating from project sponsors completing the BECC certification process. The survey conducted by BECC is of great importance for measuring client perception and identifying opportunities for improving the project development and certification process.

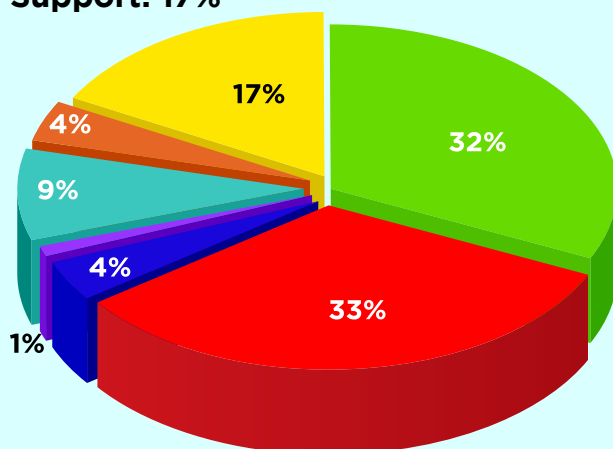
Program 7: General Support

Provides responsive and high quality services important to the daily operations of BECC.

- Management continues to focus the available budget on institutional key functions, carefully prioritizing the use of resources.
- Implemented a security strategy that includes improvements to BECC's facilities and a detailed and innovative security protocol for BECC staff.**
- Averaged more than 78 training hours per employee throughout 2011.**

Resources by Program 2010

Support: 17%



- Technical Assistance and Project Certification
- Environmental Project Management (Includes B2012 project grants)
- Strategic Planning
- Knowledge Management
- Public Participation and Capacity Building
- Performance Improvement
- Support

Innovation & Strategy: 18%

Core Business: 65%

2010 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 with local, state, federal and private-sector sponsors to develop projects, through a process consistent with its Project Certification Criteria, NADB financing prerequisites, and other applicable regulatory or funding 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 satisfies these elements, it is presented to the BECC/NADB Board of Directors for certification and financing approval.

In 2010, the Board of Directors approved BECC certification and NADB financing for eight environmental infrastructure projects. Each of these projects is expected to achieve project-specific outcomes related to improving the environmental and human health conditions at the project location.

The eight projects certified and approved for financing in 2010 include six water/wastewater projects, one air quality project, and a project that includes basic services related to both water/wastewater and air quality. A brief description of each project is provided in the following sector sub-sections.

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.*



BECC/NADB Board of Directors Public Meeting.



Board of Directors Meeting in San Antonio, Texas.

Drinking Water and Wastewater Infrastructure

Reducing the risk of water-borne diseases and water pollution

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. Because of the shared water resources along the border and the movement of goods, people, and services back and forth across the border, the investment to improve this infrastructure sector in either country provides a benefit to the human health of the residents in the neighboring country that can be associated with risk of contagious water-borne diseases. The level of investment and progress in infrastructure access has been greatly influenced by the availability of grant

funding provided through PDAP and BEIF.

Together, the six water and wastewater projects certified in 2010 are intended to benefit more than 244,000 border residents, including first-time drinking water services provided to just over 8,000 households and first-time wastewater collection and treatment services to nearly 160,000 households. These projects are anticipated to reduce the disposal of approximately 63.5 million gallons per day of untreated or inadequately treated wastewater currently polluting community streets, irrigation systems and shared water bodies in the border region.

Water and wastewater projects certified during 2010 are described as follows:

San Luis Rio Colorado, Sonora

Wastewater collection system expansion



Benefited Population:	55,129
Project Cost:	US \$ 6.99 million
Funding Partners:	Federal grant, state grant, NADB-BEIF grant, OOMAPAS-San Luis Rio Colorado
Existing Condition:	Residents are exposed to contact with untreated wastewater and thus, at risk for contracting associated diseases.
Anticipated Outcome:	Approximately 2.7 MGD of wastewater generated in the project areas will be collected and treated.
Measurement:	13,120 new sewer connections.

El Millón, Chihuahua

Wastewater collection and treatment

Benefited Population:	823
Project Cost:	US \$ 1.31 million
Funding Partners:	Federal grant, state grant, NADB-BEIF grant
Existing Condition:	The community does not have wastewater collection and treatment services. Population uses latrines and cesspools to dispose of wastewater.
Anticipated Outcome:	Provide access to wastewater collection and treatment services and eliminate exposure to untreated wastewater, contributing to the reduction of pollution and the risk of waterborne diseases.
Measurement:	Eliminating discharge of 0.037 MGD untreated wastewater. 180 new sewer connections.



Tres Jacales, Chihuahua

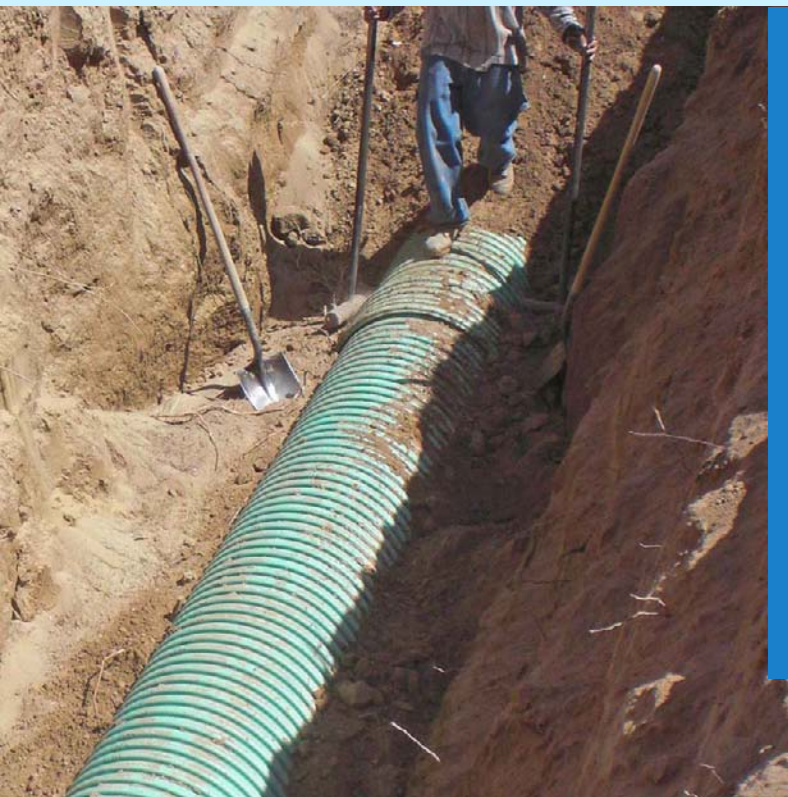
Wastewater collection and treatment



Benefited Population:	275
Project Cost:	US \$ 1.04 million
Funding Partners:	Federal grant, state grant, NADB-BEIF grant
Existing Condition:	The community does not have wastewater collection and treatment services. Population use latrines and cesspools to dispose of wastewater.
Anticipated Outcome:	Provide access to wastewater collection and treatment services and eliminate exposure to untreated wastewater, contributing to the reduction of pollution and the risk of waterborne diseases.
Measurement:	Eliminating discharge of 0.014 MGD untreated wastewater. 69 new sewer connections.

Jesús Carranza, Chihuahua

Wastewater collection and treatment



Benefited Population:	558
Project Cost:	US \$ 1.21 million
Funding Partners:	Federal grant, state grant, NADB-BEIF grant.
Existing Condition:	The community does not have wastewater collection and treatment services. Population use latrines and cesspools to dispose of wastewater.
Anticipated Outcome:	Provide access to wastewater collection and treatment services and eliminate exposure to untreated wastewater, contributing to the reduction of pollution and the risk of waterborne diseases.
Measurement:	Eliminating discharge of 0.037 MGD untreated wastewater. 180 new sewer connections.

El Paso, Texas

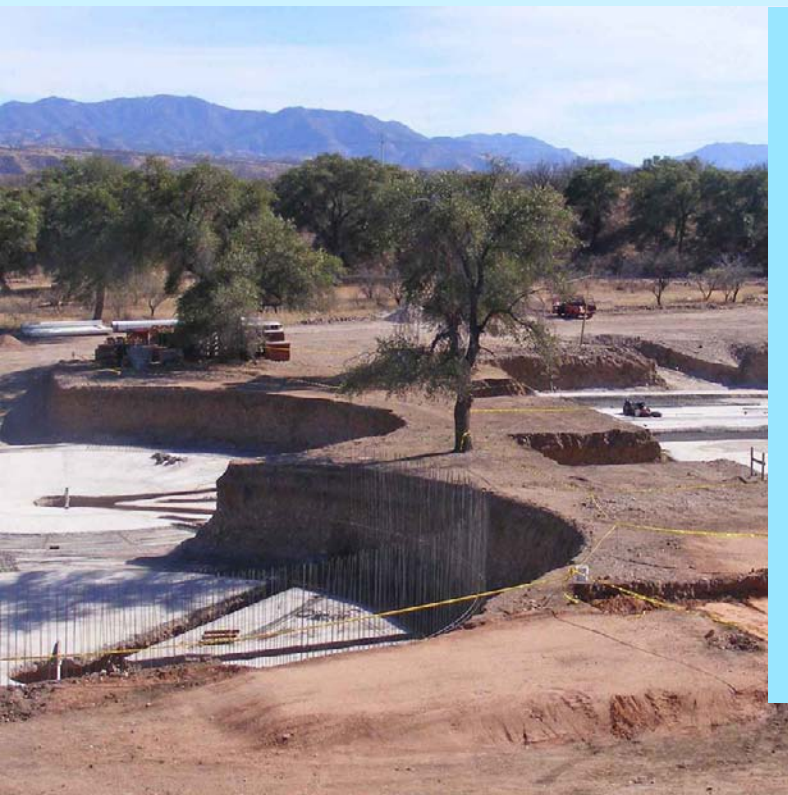
Water distribution line replacement

Benefited Population:	117,407
Project Cost:	US \$ 18.00 million
Funding Partners:	City of El Paso, NADB loan
Existing Condition:	Over the past 31 years, the existing 36-inch pre-stressed concrete cylinder pipe (PCCP) along Paisano Rd, installed in 1955, has failed 15 times, seven of which have been in the past six years. Due to small leaks and massive ruptures, the 36-inch waterline has exceeded its useful life.
Anticipated Outcome:	Potential damages to environmental infrastructure would be prevented by an adequate water distribution system that can distribute water efficiently. The proposed improvements will allow the city to conserve approximately 1 million gallons of water per year by eliminating ruptures on the waterline. Approximately 39,136 households will be directly benefited from project implementation while improving their water service.
Measurement:	Increased transmission capacity of almost 16.4 MGD; benefiting 39,136 households.



Nogales, Sonora

Wastewater conveyance and treatment



Benefited Population:	70,000
Project Cost:	US \$ 19.31 million
Funding Partners:	Federal grant, OOMAPAS-Nogales, NADB-BEIF grant
Existing Condition:	Nearly 15% of the existing homes in Nogales have no adequate wastewater treatment option; a situation that subjects residents of the community and those across the border to heightened risk of infection from waterborne diseases.
Anticipated Outcome:	Capacity to eliminate uncollected wastewater discharges (2.99 MGD). Construction of a new wastewater treatment plant: 5.0 MGD.
Measurement:	Eliminate excess flows to NIWWTP (2.01 MGD).

Air Quality, Energy and Transportation

Improve air quality, reduce risks of respiratory diseases, and reduce demand on fossil-fuels.

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. Supported by the experience gained in successfully developing urban mobility infrastructure projects that contribute to improved air quality, BECC continues to develop specific strategies to address other emission-reduction

infrastructure opportunities.

In 2010, BECC certified two air quality projects intended to improve urban mobility and influence air quality improvements by decreasing harmful emissions caused by unpaved roads and by motor vehicles. The description of these projects and the outcome expectations for each one are presented below:

State of Sonora

Comprehensive paving program

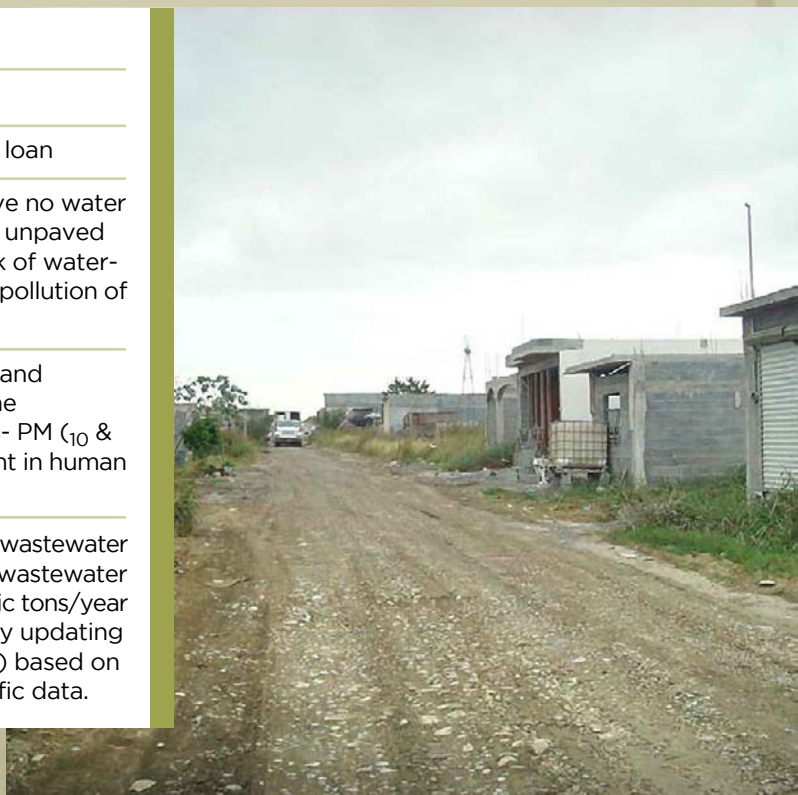
Benefited Population:	1,464,302
Project Cost:	US \$ 190.26 million
Funding Partners:	State of Sonora, NADB loan
Existing Condition:	Several communities in Sonora have air pollution problems caused by suspended particles associated with the use of vehicles on unpaved roadways, a condition that is exacerbated by prevailing winds.
Anticipated Outcome:	Reduce the concentration of harmful emissions- PM (10 & 2.5), contributing to the improvement of air quality and human health for residents.
Measurement:	Measurement supported by updating emission calculation (USEPA AP42) based on total distance paved and other traffic data.



Monterrey, Nuevo León

Street paving and basic environmental infrastructure

Benefited Population:	117,049
Project Cost:	US \$ 38.18 million
Funding Partners:	State of Nuevo Leon equity, NADB loan
Existing Condition:	106 colonias in 10 municipalities have no water and wastewater services, and have unpaved streets, all of which leads to the risk of water-borne and respiratory diseases and pollution of water resources, soil and air.
Anticipated Outcome:	Provide centralized drinking water and wastewater services, and reduce the concentration of harmful emissions- PM (10 & 2.5), contributing to the improvement in human health for the residents.
Measurement:	2,473 new water connections, 2,843 wastewater hookups, and .59 MGD reduction in wastewater discharges; elimination of 1000 metric tons/year of PM ₁₀ . Measurement supported by updating emission calculation (USEPA AP42) based on total distance paved and other traffic data.



Binational Mandate and Structure

BECC's Institutional Vision

BECC is a strategic, visionary and innovative organization capable of leading the efforts of border communities to accomplish their environmental and public health goals. Our leadership arises from technical excellence, team work and effective program and project management.

BECC's Mission

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

BECC, headquartered in Ciudad Juárez, Chihuahua, Mexico, is a bi-national institution created in 1993 by the Governments of the United States and Mexico, under a side-agreement to the North American Free Trade Agreement (NAFTA). BECC along with its sister-institution NADB, established by the same agreement and headquartered in San Antonio, Texas, are charged with helping to improve the environmental conditions of the U.S.-Mexico border region in order to advance the well-being of residents in both nations. The scope of their mandate and the specific functions of each institution are defined in the 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 general public to identify, develop, certify and implement environmental infrastructure projects primarily in six key sectors: **Water, Wastewater, Waste Management, Air Quality, Transportation, and Clean and Efficient Energy.** 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.



BECC - NADB Board of Directors

Mexico

Secretary of Finance and Public Credit
Ernesto Cordero Arroyo

Secretary of Foreign Relations
Patricia Espinosa Cantellano

Secretary of the Environment and Natural Resources
Juan Rafael Elvira Quesada

Mexican Border State Representative
Governor José Guadalupe Osuna Millán

Mexican Border Resident Representative
Roberto Zambrano Villareal

United States

Secretary of the Treasury*
Timothy F. Geithner

Secretary of State
Hillary Rodham Clinton

Administrator of the Environmental Protection Agency
Lisa Jackson

U.S. Border State Representative
Lorenzo A. Larrañaga

U.S. Border Resident Representative
Vacant

** Board Chair, 2010*

Organization

Under the general 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. This leadership team, each distinctly a national of either the United States or Mexico, creates a model for bi-national teamwork which permeates the entire organization. BECC's general managers are supported by a staff, that is organized into four primary work groups or directorates charged with facilitating projects, implementing programs and coordinating initiatives related to its mission throughout the border region.



Heliostatic photovoltaic panels with installed capacity of 16 Kw, which will generate more than 43,000 Kwh per year.

- *Projects:* Implementation of project development and certification for projects in all eligible environmental infrastructure sectors; project promotion and coordination/facilitation efforts; and realization of close-out process to measure project results.
- *Environmental Program Development:* Development of regional planning; management of technical assistance and environmental programs; procurement and contract management; the advancement of quality management initiatives; the implementation of BECC's internal and external strategic planning efforts; and the development of policy, programs and procedures.
- *Administration:* Budget administration and accounting; human resources; and building management.
- *Legal and Communication:* Management of legal matters; support to the Board of Directors; government and media relations; and communication functions such as outreach strategies, publications and logistical support.

BECC Management

María Elena Giner, P.E.
General Manager

José Mario Sánchez Soledad
Deputy General Manager
(Appointed February 2011)

BECC Directors

Renata Manning-Gbogbo
Projects

Mario Vazquez
Environmental Program Development

Gloria Melendez
Administration

Donald Hobbs
General Counsel

Budget and Financial Statements

BECC's operating budget is funded by contributions from Mexico, through SEMARNAT, and from the United States, through the Department of State. In addition to its operating budget, BECC manages the PDAP, which is funded by EPA's U.S.-Mexico Border Program, as well as several environmental management initiatives funded by EPA through the Border 2012 Program. To offset the resources required for managing these important border programs, EPA provides an administrative subsidy to BECC, which supplements its normal operating budget.

The annual operating budget is developed by the BECC General Manager and reviewed and approved by the Board of Directors. For FY2010, the Board authorized a budget of \$6.74 million, which included \$4.38 million to support administrative expenses and nearly \$2.5 million reserved for BECC's Technical Assistance program. The operating budget was subsidized by EPA funds, with \$1.43 million to offset expenses related to administering PDAP and \$260 thousand for Border 2012. Additionally, during 2010 BECC expended \$1.59 million of EPA funds through PDAP and \$2 million through Border 2012 grants to support projects, technical studies, and activities.

Financial Statements

BECC's consolidated financial statements as of December 31, 2010 were audited by the accounting firm of KPMG Cárdenas Dosal, S.C. 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 Assests, Liabilities and Fund Balance - As of December 31, 2010 (US dollars)

Assets

- Current Assets	\$ 24,834,938
- Furniture and Equipment - Net	\$ 175,185
- Total Assets	<u>\$ 25,010,123</u>

Liabilities and Fund Balance

- Current Liabilities Total	\$ 609,392
- Employee Benefits	\$ 19,721
- Unrestricted Fund Balance	\$ 24,381,010
- Total Liabilities and Fund Balance	<u>\$ 25,010,123</u>

Statement of Revenues, Expenses and Changes in Fund Balance

- Year ended December 31, 2010 (U.S. dollars)

Revenues

- Contribution - USA	\$ 2,249,000
- Contribution - Mexico	\$ 1,750,000
- Contributions - EPA	\$ 3,182,610
	<u>7,181,610</u>

Expenses

- Salaries and Benefits	\$ 3,732,634
- Travel and Transportation Expenses	\$ 367,043
- Technical Assistance and Fees	\$ 2,178,125
- Other Expenses	\$ 1,399,362
	<u>\$ 7,677,164</u>

Other income - Net

Interest Income - Net	\$ 407,262
Increase in Unrestricted Fund Balance	\$ 313,971
Unrestricted Fund Balance at beginning of year	\$ 225,679
Unrestricted Fund Balance at end of year	<u>\$ 24,155,331</u>
	<u>\$ 24,381,010</u>





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