

The BECC and NADBank

The Border Environment Cooperation Commission (BECC)-North American Development Bank (NADBank) Agreement was signed in November 1993 under the North American Free Trade Agreement (NAFTA) Treaty. NAFTA is a comprehensive trade agreement focused on improving all aspects of business between the United States, Canada, and Mexico. The primary component of the BECC-NADBank Agreement was to establish the BECC and the NADBank. These two international institutions work closely with the U.S. Environmental Protection Agency (EPA), members of the Border XXI Program, and federal, state, and local entities to develop, certify, and finance environmental infrastructure projects along the U.S.-Mexico Border. This fact sheet provides information on these entities as they relate to each other in a comprehensive binational environmental effort focused on creating an infrastructure for sustainable development along the U.S.-Mexico border.

An increase in urbanization and industrialization along the border region has resulted in a decline in human health conditions. Inadequate sewage treatment and solid waste management, insufficient drinking water supplies, and degradation of habitats with a decrease in biodiversity have been observed. Both BECC and NADBank were created with the objective of supporting environmental infrastructure projects along the border region.

Public participation is a primary principle and a requirement for BECC and NADBank projects. The high level of public participation includes public representation on the BECC's Board of Directors and Advisory Council and public notification and comment on proposed projects.



The Border XXI Program

The Border XXI Program is an innovative binational effort between the U.S. and Mexico to protect the natural resources and environment of the border region. Border XXI is implemented through nine binational workgroups. BECC and NADBank also contribute to the Border XXI effort, specifically in the water and solid waste programs.

Organizational Structure and Functions of BECC and NADBank

BECC

The two main functions of BECC are to (1) assist states, localities, public agencies, and private investors in developing projects, analyzing projects' environmental and financial conditions, evaluating projects' social and economic benefits, and public financing for projects, and (2) certify project financing applications to the NADBank or other financial institutions.

To ensure the quality of BECC decision-making, the BECC is composed of a Board of Directors and an Advisory Council. The Board of Directors is composed of five members from each country. These members include each country's environment minister, the Commissioner of the International Boundary and Water Commission (IBWC), a representative from a border state, a representative from a locality in the border region, and a member of the public that lives in the border region. The BECC is required to consult with an Advisory Council that comprises 18 members, nine from each country. These members include representatives of state, or local governments or community groups from each border state and members of the public, as well as representatives of non-governmental organizations. This council advises the BECC on project certification and implementation; provides comment on the BECC's draft annual report, program, and budget; and performs other functions as directed by the Board.

NADBank

The three main functions of NADBank are to (1) promote public and private capital investment in BECC-certified projects, (2) supplement such investment with NADBank loans and guarantees, and (3) provide technical assistance. Projects must be certified in order to be considered by NADBank for financial assistance. A binational Board comprising three members from each country works to ensure that the NADBank carries out these functions. The board members from the U.S. include the Secretary of State, Secretary of Treasury, and EPA Administrator, while Mexico's board members include the Secretary of Finance, Secretary of Social Development, and the Secretary of Trade and Industry. NADBank receives its capital from both the U.S. and Mexico and provides support for community adjustment and investment. Total paid-in and callable capital is \$450 million and 2.55 billion, respectively. Equivalent capital contributions are provided by each country. The NADBank reviews the financial feasibility of projects approved by BECC and decides whether financing is appropriate.

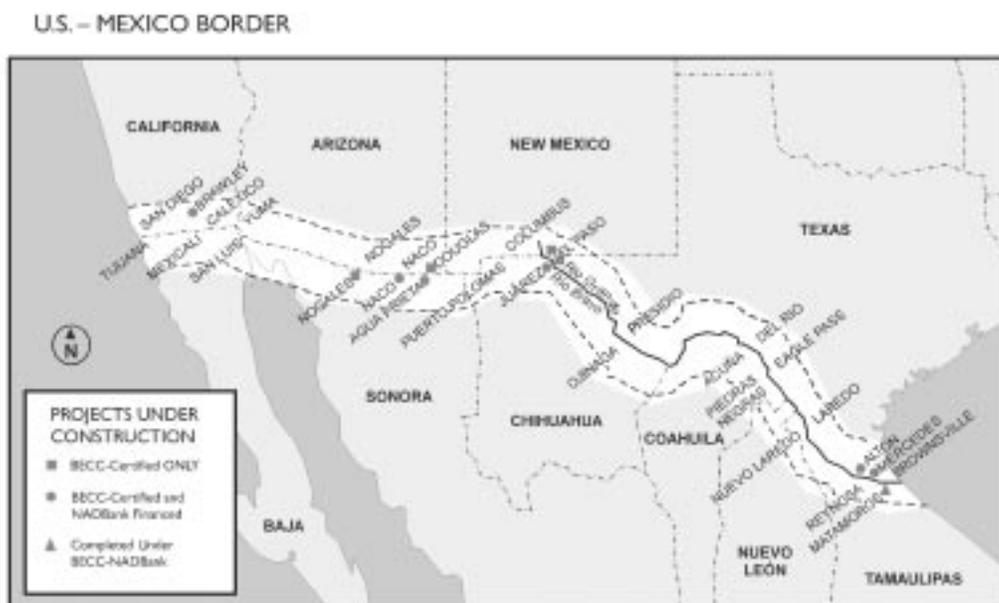


Figure 1: The U.S.-Mexico border extends 3,141 kilometers (km) or 1,942 miles from the Pacific Ocean to the Gulf of Mexico. The BECC - NADBank environmental infrastructure projects are within an area of 100 km or 60 miles north and south of the border. This map identifies the border towns where BECC certified projects are undergoing construction.



BECC-NADBANK PROJECTS

As of mid-1998, there were 24 environmental infrastructure projects that had been BECC-certified. Some of these projects have been approved by NADBank for financing or financed by EPA grants. Fourteen of these projects are in the process of being implemented and are undergoing construction.

One important project that has been certified by BECC and NADBank is in Tijuana, Baja California. The project consists of three components: (a) construct a wastewater conveyance system parallel to the existing system in Tijuana; (b) expand the San Antonio de los Buenos Wastewater Treatment Plant at Punta Bandera (Baja California); and (c) provide a connection from the International Wastewater Treatment Plant in San Diego to the conveyance system in Tijuana.

EPA is providing \$16 million in grant funds through NADBank for the parallel pumping and conveyance system. This system will provide redundancy to the existing system in Tijuana and thereby make the system easier to maintain and more reliable. The improvements to the San Antonio de los Buenos treatment plant will improve the quality of the discharge to the Pacific Ocean at Punta Bandera as well as increase the capacity of the treatment plant. This portion of the project is being funded by a loan from NADBank.

The Ciudad Juarez-Chihuahua, Mexico wastewater project is another example of an environmental infrastructure project that has been BECC-certified and NADBank-approved with additional financial support from EPA grants. Ciudad Juarez is a city of over a million people and has no wastewater treatment plants. Sewage is pumped directly into the Rio Grande river, which has had profound environmental effects and presents human health risks.

A \$31 million package was put together by NADBank to finance two wastewater treatment plants. The main objective of the project will be providing wastewater treatment not currently available and reducing the risks and problems associated with exposure to wastewater in the community. The projects are underway, and the residents are anxiously awaiting their completion.

U.S. EPA SUPPORT FOR BECC AND NADBANK

As a federal regulatory agency, the EPA is responsible for evaluating and ensuring environmental quality on a variety of environmental projects. Also, EPA has granted several hundred million dollars to various environmental infrastructure projects. Members of both the Border XXI program staff and the BECC-NADBank staff are required to work closely with the EPA. In fact, the EPA is represented on the Board of Directors for both BECC and NADBank.

The EPA anticipates providing \$700 million in grants to certify and supplement funding for projects that are not completely financed by NADBank, state or local governments, and the private market. Much of the \$700 million will be targeted to support BECC and NADBank. Examples of EPA's financing efforts on environmental infrastructure projects along the border region include:

In 1996, EPA granted \$10 million to BECC to capitalize its Project Development Assistance Program (PDAP), which identifies, develops, and assists projects in the areas of planning, engineering design, environmental assessment, and related activities. Through this program, BECC now has over \$5 million committed to technical assistance for over 20 specific projects. PDAP is only for drinking water and wastewater infrastructure.

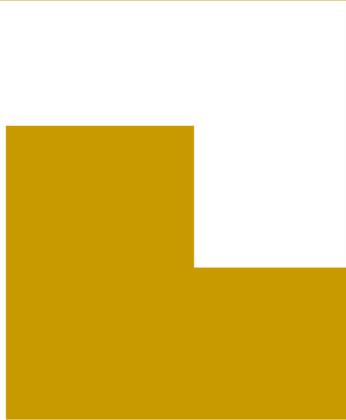
A \$170 million cooperative agreement between NADBank and EPA allows the use of NADBank as an agent for administration of border grant funds, for which NADBank established its Border Environment Infrastructure Fund (BEIF). The purpose of BEIF is to make projects affordable for border communities. By mixing loans with grants, communities can afford projects that they could not without grants. EPA has established eligibility criteria for use of BEIF funds and that Mexico must match BEIF expenditures in Mexico. BEIF is for drinking water and wastewater infrastructure.

EPA is working with BECC, NADBank, IBWC/CILA, and CNA to coordinate its efforts and policies with regard to water and wastewater infrastructure. This is leading to clearer procedures and better service to border communities. EPA is working with BECC and NADBank to improve coordination with other U.S. state and federal agencies responsible for planning water and wastewater infrastructure in the border area.

Through fiscal year 1998, the U.S. federal government appropriated \$375 million for border drinking water and wastewater infrastructure projects.



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