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# The Border Environment Cooperation Commission

by H. Roger Frauenfelder, General Manager

## I. Background

The Border Environment Cooperation Commission (hereinafter "BECC") was established in November 1993, pursuant to an agreement between the Government of the United States and Mexico, parallel to the North American Free Trade Agreement (hereinafter "NAFTA"), for the purpose of *preserving, protecting, and enhancing* the environment in the U.S.-Mexico border region. The new agreement furthers the goals of the NAFTA and the North American Agreement on Environmental Cooperation.

Headquartered in Ciudad Juarez, Chihuahua, the BECC was created to assist local communities and other project sponsors in developing and implementing environmental infrastructure projects, and to certify projects for financing from the North American Development Bank (NADBank) and other sources.

## II. The Border Region

The border region is defined by the 1983 La Paz Agreement as the corridor 100 kilometers (62 miles) on either side of the U.S.-Mexico boundary from Matamoros/Brownsville to Tijuana/San Diego.

More than 10 million people live in this area along the border, in 6 Mexican states and four U.S. states. Rapid population growth in this unique region, spurred on in part by increased industrialization, has created mounting environmental problems. These problems do not recognize international boundaries and include water pollution, lack of wastewater treatment, illegal waste dumping, and air pollution.

In fact, organizations have estimated that six to eight billion dollars should be invested in environmental infrastructure in the border area over the next ten years to raise the region up to acceptable standards and to achieve *sustainable* economic growth.

## III. A Binational Solution

Given the nature of binational pollution problems, resolutions must be achieved by binational efforts which address problems simultaneously on both sides of the border.

Both BECC and NADBank, its sister organization, constitute a new approach to bilateral cooperation in project development and financing.

## IV. Board of Directors and Advisory Council

BECC is truly a binational organization, with five Directors from Mexico and five Directors from the United States. The make-up of the Board of Directors is established by the Agreement. The Board of Directors is guided by an eighteen member Advisory Council made up of an equal number of representatives from the United States and Mexico. The BECC Board of Directors hold quarterly public meetings during which anyone can make presentations and recommendations to the Board regarding processes, priorities, and proposed projects. These meetings are held along the entire border.

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## V. The BECC Organization

BECC's twenty person staff is managed by a General Manager and Deputy General Manager who are selected by the Board of Directors. The General Manager and Deputy General Manager rotate nationalities every three years. Presently, I, Roger Frauenfelder, a U.S. citizen, serve as General Manager and Lic. Luis Raul Dominguez, a Mexican citizen, as Deputy General Manager.

## VI. Environmental Priorities

As established by the Agreement creating the BECC, the environmental priorities include:

1. Water Pollution Prevention and Control
2. Wastewater Treatment
3. Municipal Solid Waste Management
4. Other Related Environmental Projects

Project proposals addressing these primary issues will be given priority consideration.

## VII. Projects Submitted

BECC received forty-six project proposals in 1995, with an estimated combined cost of \$1.4 billion dollars. The majority of requests have been submitted by communities on the Mexican side of the border. As of the January 18, 1996 public meeting of the Board of Directors, six projects have been certified.

## VIII. Project Certification

BECC certified the first two projects, with an estimated aggregate cost of \$36.7 million dollars, during the September 28th public meeting of the Board of Directors in Brownsville, Texas:

- *Wastewater Treatment Plant, Ensenada, B.C.; Estimated Total Cost: \$8 million dollars.* The project will treat wastewater which is currently being discharged into the Ensenada Bay without adequate treatment. The project will enable this port city to promote clean beaches, thus strengthening its tourism industry. It has a capacity of 500 liters per second and will benefit 250,000 residents.
- *Water Treatment Plant in Brawley, Ca.; Estimated Total Cost: \$17 million dollars.* The project will replace the city's existing water treatment plant, with a modern facility that will supply water to enable the city to meet both federal and state standards for water quality. The project has a capacity of 660 liters per second, and the capability to expand to 1,300 liters per second. The project will benefit 24,000 residents.

On November 15, 1995, the Board of Directors certified the third project during the El Paso, Texas public meeting:

- *Wastewater Reuse Project, El Paso, Tx.: Estimated Total Cost: \$11.7 million dollars.* Treated wastewaters will be reused for irrigation and industrial uses in Northwest El Paso. The project will also lead to reduced dependence on underground water reserves shared by both countries. The water reuse system capacity is 66 liters per second and will benefit 90,000 residents.

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On January 18, 1996, the BECC Board certified three additional projects during a public meeting in Nogales, Sonora:

- *Water Supply and Distribution Project (Phase I), Nogales, Sonora.* This integral project finds a solution to the continuous problems with water supply and distribution in Nogales, Sonora. The phase I project includes the rehabilitation of the existing water lines, which currently leak 40% of the water supply, construction of 33 kilometers of distribution lines, improvements in the efficiency of pumping, construction of elevated water tanks, and substitution of extraction wells. The cost of this project is estimated at \$39 million dollars and will benefit 215,000 residents.
- *Upgrade of Water and Wastewater Treatment Facilities, Douglas, Arizona.* The project will improve the collection systems for water supply and wastewater, including water main improvements, new wastewater interceptor lines, extensions of water lines to the Fairview Colonia and extensions of wastewater lines to the Sunnyside Colonia, both adjacent to the city. Estimated project cost is \$2 million dollars and will benefit 1,250 residents.
- *Wastewater Treatment Plant for the FINSA Industrial Park, Matamoros, Tamaulipas.* The project will provide wastewater treatment for municipal wastewaters generated by the more than 22,000 employees within the industrial park. The project includes the development of a \$50,000 Master Plan, to provide wastewater to an adjacent colonia. Estimated project cost is \$1 million dollars.

Projects certified by the BECC qualify for financing consideration from the NADBank and other sources.

#### **IX. Technical Assistance**

Recognizing the limited ability of many border communities to develop infrastructure projects and project proposals for BECC certification, BECC has initiated the development of a technical assistance (TA) program. The TA program will help communities, especially small communities, identify their environmental needs and develop viable solutions. BECC is working with outside funding sources to support the comprehensive technical assistance program that would include a combination of grants and possibly low-interest loans, to assist border communities with, but not limited to, project planning and design, financial analysis, and human and institutional capacity building.

#### **X. Submitting Projects to the BECC: Project Criteria**

To facilitate the process of submitting and certifying project proposals, given the top four priorities, BECC has developed *Guidelines for Project Submission and Criteria for Certification*. The Guidelines and Criteria were developed by BECC with extensive public input and are now available in final form.

Per the established Guidelines for Project Submission, proposals are submitted to the BECC in two steps:

Step I is a four page form that is easy to fill-out and provides the BECC with basic project information such as: technical feasibility, environmental compliance, social issues, financial and economic viability, community participation, operation and maintenance, and sustainable development.

Step II is a more thorough application that requires a more detailed description of the project and fundamental BECC criteria: technical feasibility, environmental compliance,

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social issues, economic and financial feasibility, community participation, operation and maintenance, and sustainable development.

Perhaps the most unique aspects of the BECC's criteria are the requirements for broad based community participation and incorporation of sustainable development principles.

Once a project has been submitted, the BECC's staff reviews projects as per the established Criteria for Certification and makes recommendations to the BECC Board of Directors for certification. Projects are certified during Public Meetings of the Board of Directors during which the public is free to make comments on specific projects.

### **XI. NADBank and Project Financing**

Once certified by the BECC, projects are eligible for North American Development Bank (hereinafter "NADBANK") financing and financing from other sources.

Located in San Antonio, Texas, the NADBank was created by the same binational agreement that established the BECC. The NADBank and the BECC are sister organizations, with the same ultimate objective: to improve environmental conditions on the U.S.-Mexico border. The BECC serves as a central clearing house for project review. The NADBank provides project financing.

Presently, Alfredo Phillips Olmedo is the Mexican Managing Director and CEO of the NADBank. Victor Miramontes is the American Deputy Managing Director and COO.

Today, the NADBank has \$750 million in lending capacity which is a combination of callable capital and cash contributions made equally by the United States and Mexico. Once the bank is fully capitalized, it will have \$450 million in paid-in capital and \$2.5 billion in callable capital.

The NADBank, however, is not the sole source of financing along the border. In developing potential projects, the investment of private capital or equity capital and additional sources of funding is critical to making the process a success.

### **XII. Project Implementation**

Once the projects are reviewed, certified, and financed they will be returned to the project applicant for execution or for design, construction, operation, and maintenance.

At this point, the BECC and the NADBank will continue to work closely with the community to ensure a technically adequate, environmentally sound, and financially viable project.

### **XIII. Community Outreach**

As a new border institution, effective public outreach is critical to let border communities know about the BECC. During 1995, in addition to the five public meetings of the Board of Directors and Advisory Council conducted in cities along the entire border, the BECC hosted five general outreach meetings, gave more than two hundred presentations, and met individually with numerous border communities.

Additionally, the BECC distributes a monthly newsletter called BECC NEWS to provide updates on BECC activities and projects. The BECC also communicates regularly via the Internet on an electronic bulletin board called BECCNET.

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**XIV. For More Information**

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