

**North American Development Bank  
U. S. Trade Deficit Review Commission  
January 21, 2000  
Dallas, Texas**

**Key Points**

**Current Projects/Funding**

- **There are more environmental infrastructure projects under construction along the U.S. – Mexico border today than ever before in the history of the border.**
  
- **NADB has 22 projects in the construction stage**
  - **Impacting 5.5 million people along the border**
  - **Totaling \$668 million in project costs**
  - **NADB Participation \$182 million**
  - **NADB Disbursements \$49.75 million**
  - **NADB “on-time – on-budget”**
  
- **Over the next 5 years, future projects likely to seek NADB assistance are estimated to total \$1.144.9 billion. (As identified in NADB’s 1999 “Ten- Year Outlook: Environmental Infrastructure Funding Projections.”)**
  
- **Historically, Congress has provided the bulk of funding for border environmental infrastructure through domestic appropriations in the Clean Water Act.**
  
- **To date, Congress has appropriated \$425 million for border infrastructure grant funds. Of these funds, EPA has committed \$330 million with \$95 million reserve.**
  
- **EPA funds can be used for wastewater and water supply projects ONLY.**
  
- **Given the current and projected economic condition of the border region, the BEIF grant component is essential to the NADB’s public sector program operations and viability.**

## Living Conditions

- According to a 1999 study:
  - **12 %** of border population **did NOT** have access to **potable water**
  - **30 %** lacked access to **wastewater treatment facilities**
  - **25 %** needed access to **solid waste facilities**

## Growth

- More than **10 million** people in **14 sister city pairs** currently live within the border area.
- From 1990 –1998, the following growth occurred (with the majority of that growth occurring in the last 2 - 3 years) in these border cities:

<b>Del Rio</b>	<b>14% increase in population</b>
<b>El Paso</b>	<b>19.3% increase in population</b>
<b>Brownsville</b>	<b>28.8% increase in population</b>
<b>Laredo</b>	<b>43% increase in population</b>

- Comparatively, if **Washington, D.C. or New York** were to experience Laredo's recent growth rate, for example, the population would grow from **550,000 to 786,500** or **7.4 million to 10.582 million**, respectively, in a manner of 2 to 3 years. (Figures based on population of cities, not encompassing metropolitan areas.)
- Recent reports indicate that if all migration to the U.S. – Mexico border stopped (highly unlikely), the border population would still grow by 50% (5 million) people over the next 20 years.

### **Growth, cont.**

- If migration patterns of the 1990 – 1995 period continue, the **border population would grow by more than 100 % (12 million more people) in the 20 years.**

### **Traffic**

#### **El Paso**

Northbound border crossing statistics for El Paso's international bridges

- 1994 Vehicle passenger crossings: 15.9 million
  - (a 4% increase over 1993)
- Between 1991 – 1994 **Freight traffic increased by 160%**
  - From 81,400 to 211,600 crossings

#### **Laredo**

- **Largest and most efficient port of entry on the U.S./Mexico border.**
- **In 1998, the Port of Laredo handled 1,452,000 cross border loaded truck shipments, 241,000 rail car shipments and 400,000,000 pounds of air freight.**
- **Including cars, more than 16 million vehicles crossed the Rio Grande at Laredo in 1996.**

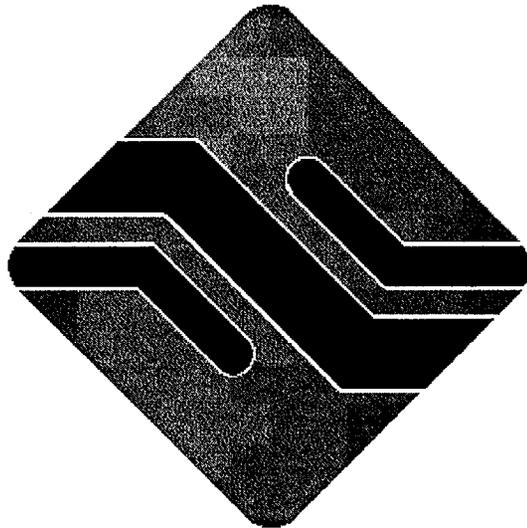
#### **San Diego**

- 3 Ports of Entry on the border of San Diego County and Mexico
  - San Ysidro-Puerto Mexico
  - Otay Mesa-Mesa de Otay
  - Tecate-Tecate
- **This region experiences the greatest number of international crossings in the world.**

# THE NORTH AMERICAN DEVELOPMENT BANK

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**U.S. Trade Deficit  
Review Commission**

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# ENVIRON. INFRA. FINANCING

## KEY CHALLENGES

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### ☀ UTILITIES' STATUS:

- ☀ EFFICIENCIES

- ☀ PLANNING & PROJECT DEVELOPMENT CAPABILITIES

### ☀ FINANCING:

- ☀ MAGNITUDES, RISKS, GUARANTIES, RETURNS; PAYBACK; & LENDING MECHANISMS

- ☀ BUDGETARY CONSTRAINTS

- ☀ ACCESS TO CAPITAL MARKETS & PRIVATE SECTOR PARTICIPATION: PRICING, REGULATORY, CONTRACTUAL & POLITICAL REFORMS NEEDED



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# NADB PROGRAMS

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- ☀ **LOANS & GUARANTIES**

- ☀ **INCLUDES BANK'S ROLE AS FINANCIAL & INSTITUTIONAL ADVISOR & INVESTMENT BANKER**

- ☀ **GRANTS (BEIF & SWEP)**

- ☀ **INSTITUTIONAL STRENGTHENING (IDP & UMI)**

# **NADB LOANS & GRANTS**

**DECEMBER 1999**

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## **☀ 22 PROJECTS APPROVED:**

- ☀ AGUA PRIETA, ALTON, BRAWLEY (2), CALEXICO, CD. JUAREZ, DEL RIO, DONNA, EL PASO J. R., EL PASO LOWER VALLEY, HEBER (2), MERCEDES, MEXICALI, NACO, PUERTO PEÑASCO, REYNOSA, ROMA, SAN DIEGO, TEXAS PLAN, TIJUANA AND WESTMORLAND**
- ☀ TOTAL VALUE: \$668 MILLION**
- ☀ RESIDENTS TO BENEFIT: 5.5 MILLION**
- ☀ NADB PARTICIPATION: \$182 MILLION**
- ☀ NADB DISBURSEMENTS: \$49.75 MILLION**

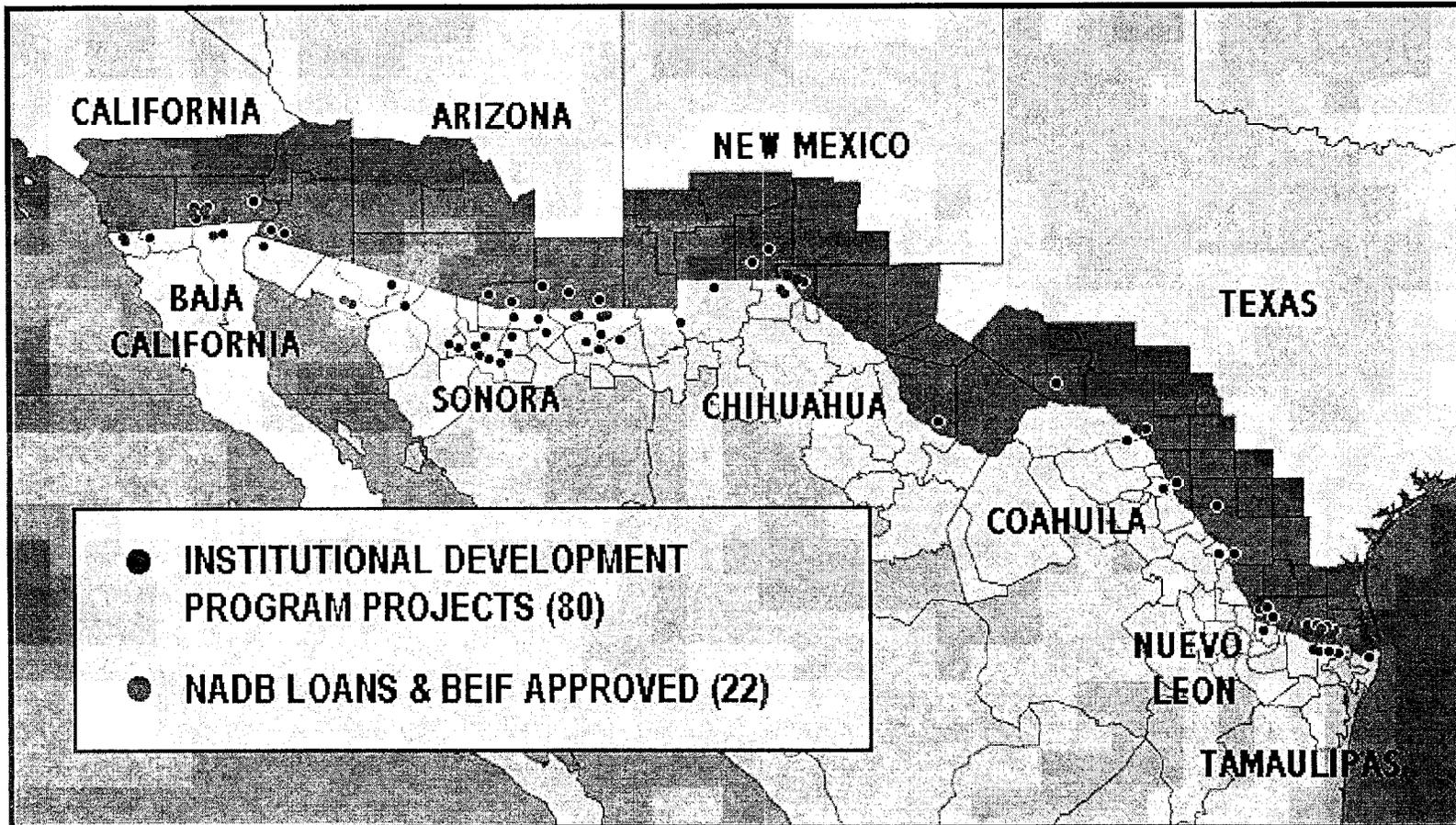


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# NADB PROJECTS

(12/99)



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# NADB TRANSACTIONS SCHEDULE

## (U.S.\$ M)

(As of 12/ 99 )

<u>NADB CLOSING</u>		<u>SECTOR</u>	<u>NADB \$</u> (Millions)	<u>CONSTR.</u>	<u>DISBURS.</u>	<u>OPER.</u>
1997 & 1998:	BRAWLEY (Loan)	W	1.00	In Progress	Jan. 1997	April 2000
	MERCEDES (Loan)	W & WW	1.87	In Progress	May 1997	In Operation
	NACO, SON. (BEIF)	W & WW	0.42	In Progress	Feb. 1999	Jan. 2000
	TIJUANA (BEIF)	WW	16.00	In Progress	March 1999	April 2000
	CD. JUAREZ (Loan)	WW	15.66	In Progress	Dec. 1998	Jan. 2000
	CD. JUAREZ (BEIF)	WW	15.66	In Progress	March 1999	Jan. 2000
	EL PASO L.V. (BEIF Trans.)	W & WW	2.00	In Progress	Sept. 1998	In Operation
JAN. 1999:	CALEXICO (BEIF)	W	6.48	In Progress	March 1999	June 2000
	EL PASO L.V. (BEIF Constr.)	W & WW	15.50	In Progress	July 1999	In Operation
FEBRUARY:	ALTON (BEIF)	WW	0.26	In Progress	April 1999	In Operation
	DONNA (BEIF Constr.)	W & WW	1.97	In Progress	April 1999	In Operation
	EL PASO J.R. (BEIF)	W	14.91	January 2000	Jan. 2000	April 2002
	NACO, SON. (Loan)	W & WW	0.18	In Progress	Feb. 2000	Jan. 2000
MARCH:	AGUA PRIETA (Loan)	SW	0.50	Completed	July 1999	In Operation
APRIL:	PUERTO PEÑASCO (Loan)	SW	0.52	In Operation	July 1999	In Operation
	REYNOSA (BEIF)	WW	8.10	February 2000	Feb. 2000	June 2000
	SAN DIEGO (BEIF)	WW	17.20	In Progress	June 1999	May 2001
MAY:	TIJUANA (Loan)	WW	2.50	January 2000	Jan. 2000	April 2000
OCTOBER:	DEL RIO (CMA)	W	0.45	July 2000	Jan. 2000	Dec. 20/00

# PROJECT MANAGEMENT OBJECTIVE “ON TIME - ON BUDGET”

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## PROJECTS IN CONSTRUCTION OR COMPLETED

✱	TIJUANA	On Time - Slightly Over Budget
✱	JUAREZ WW PLANTS	On Time - On Budget
✱	JUAREZ LINES	Ahead of Schedule - On Budget
✱	AGUA PRIETA	On Time - Under Budget (operating)
✱	PUERTO PEÑASCO	On Time - Under Budget (operating)
✱	NACO	Behind Schedule - On Budget
✱	BRAWLEY	Behind Schedule - Under Budget
✱	CALEXICO	Ahead of Schedule - On Budget
✱	MERCEDES	Behind Schedule - On Budget
✱	SAN DIEGO	On Time - On Budget
✱	EL PASO LV	On Time - Under Budget



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# **SOLID WASTE ENVIRONMENTAL PROGRAM (SWEP)**

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- ✱ **ESTABLISHED IN OCTOBER 1999**
- ✱ **\$5 M FROM NADB RETAINED EARNINGS**
- ✱ **50% TOTAL PROJECT COST:**
  - ✱ **CONSTRUCTION OF SANITARY LANDFILLS INCLUDING CONSTRUCTION MANAGEMENT**
  - ✱ **CLOSURE OF EXISTING DISPOSAL SITES**
  - ✱ **PURCHASE OF COLLECTION & DISPOSAL EQUIPMENT**
- ✱ **\$500,000 PER COMMUNITY (\$1.5 M PER REGIONAL FACILITY)**
- ✱ **11 PROJECTS IN PIPELINE FOR 2000-2001**

# **INSTITUTIONAL DEVELOPMENT PROGRAM (IDP)**

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## **ENHANCE FINANCIAL & ADMINISTRATIVE CAPABILITIES**

- \* SYSTEM REVIEWS & ACTION PLANS**
- \* INTERNAL ORGANIZATION & PROCEDURES ANALYSES**
- \* LEGAL FRAMEWORK & REGULATION ANALYSES**
- \* MANAGEMENT STUDIES**
- \* ACCOUNTING**
- \* BILLING & COLLECTION**
- \* MANAGEMENT INFORMATION SYSTEMS & EQUIPMENT**
- \* O & M MANUALS**
- \* RATE STUDIES & USER REGISTRY UPDATES**
- \* WATER LINE & WATER LOSS SURVEYS**
- \* TRAINING: UTILITY MANAGEMENT INSTITUTE**



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# INSTITUTIONAL DEVELOPMENT PROGRAM (IDP) (12/99)

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## 80 PROJECTS IN 59 COMMUNITIES

- ☀ **14 CONCLUDED** BRAWLEY, CALEXICO, CD. ACUÑA #1, CD JUAREZ #1, DOUGLAS, EL PASO LV #1, MERCEDES #1, MEXICALI, NACO SON. #1, PUERTO PEÑASCO #1, REYNOSA, ROMA #1, SOMERTON & WESTMORLAND
- ☀ **66 IN PROGRESS OR IN BIDDING PROCESS** AGUA PRIETA (2), ALTAR, ALTON, ATIL, BACOACHI, BAVISPE, BISBEE, CABORCA, CANANEA, CD. ACUÑA #2, CD. CAMARGO, CD. JUAREZ #2, CD. MIGUEL ALEMAN, CD. MIER, DEL RIO, DIAZ ORDAZ, DONNA (2), EAGLE PASS, EL PASO LV #2, ENSENADA (2), FRONTERAS, HEBER (2), IMURIS, LAS CRUCES, MAGDALENA, MATAMOROS (2), MERCEDES (2), NACO SON. (2), NACUZARI, NOGALES AZ. (2), NOGALES SON. (3), NUEVO CD. GUERRERO, NUEVO LAREDO, NUEVO PROGRESO, OJINAGA (2), OQUITOA, PATAGONIA, PITIQUITO, PUERTO PEÑASCO #2, ROMA #2, SAN BENITO, SAN LUIS RIO COLORADO (2), SANTA ANA, SANTA CRUZ, SARIC, SONOYTA, TECATE, TERRELL, TX OMBUDSMAN TA PLAN, TIJUANA, TUBUTAMA, VALLE HERMOSO (2) & WEBB

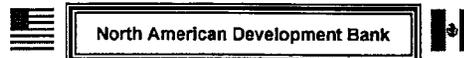
## 20 REQUESTS FOR ADDITIONAL PROJECTS

# UTILITY MANAGEMENT INSTITUTE (UMI)

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- ☀ **IMPLEMENTED IN AUGUST 1999**
- ☀ **MANAGERIAL & FINANCIAL TRAINING FOR  
UTILITY PROFESSIONALS**
  - ☀ **PLANNING, DESIGNING & IMPLEMENTING A UTILITY**
  - ☀ **FINANCIAL ADMINISTRATION & PLANNING**
  - ☀ **LEADERSHIP IN THE UTILITY**
- ☀ **AUG. - DEC. 1999: 96 PARTICIPANTS FROM 34 COMMUNITIES**



# NADB PARTICIPATION BY COUNTRY (12/99)

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	<b>COMMUNITIES</b>	<b>TECH. ASSIST. \$</b>	<b>LOANS &amp; GRANTS</b>
<b>MEXICO</b>	<b>39</b>	<b>70%</b>	<b>49%</b>
<b>U.S.</b>	<b>21</b>	<b>30%</b>	<b>51%</b>



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# ATTENTION TO KEY CHALLENGES: PAYMENT CAPACITY & FINANCIAL CONDITIONS

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☀ **ACCESS TO FINANCING**



**BEIF + LOW  
MARGINS +  
MATURITIES +  
FOAEM + FIN.  
PACKAGING**

☀ **REVENUE &  
CREDITWORTHINESS**



**BEIF: TRANSITION  
ASSISTANCE**

☀ **EXCHANGE RATE COVERAGE**



**FOAEM**

☀ **FINANCING MECHANISM**



**NADB: SOFOL  
(COFIDAN)**



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# ATTENTION TO KEY CHALLENGES: A JOINT BECC - NADB PROCESS

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☀ **SUSTAINABILITY**



**REFORMS,  
RESERVES  
& DEBT COVERAGE**

☀ **PROJECT  
FORMULATION**



**BECC & NADB  
TECH. ASSISTANCE  
(PDAP & IDP)**

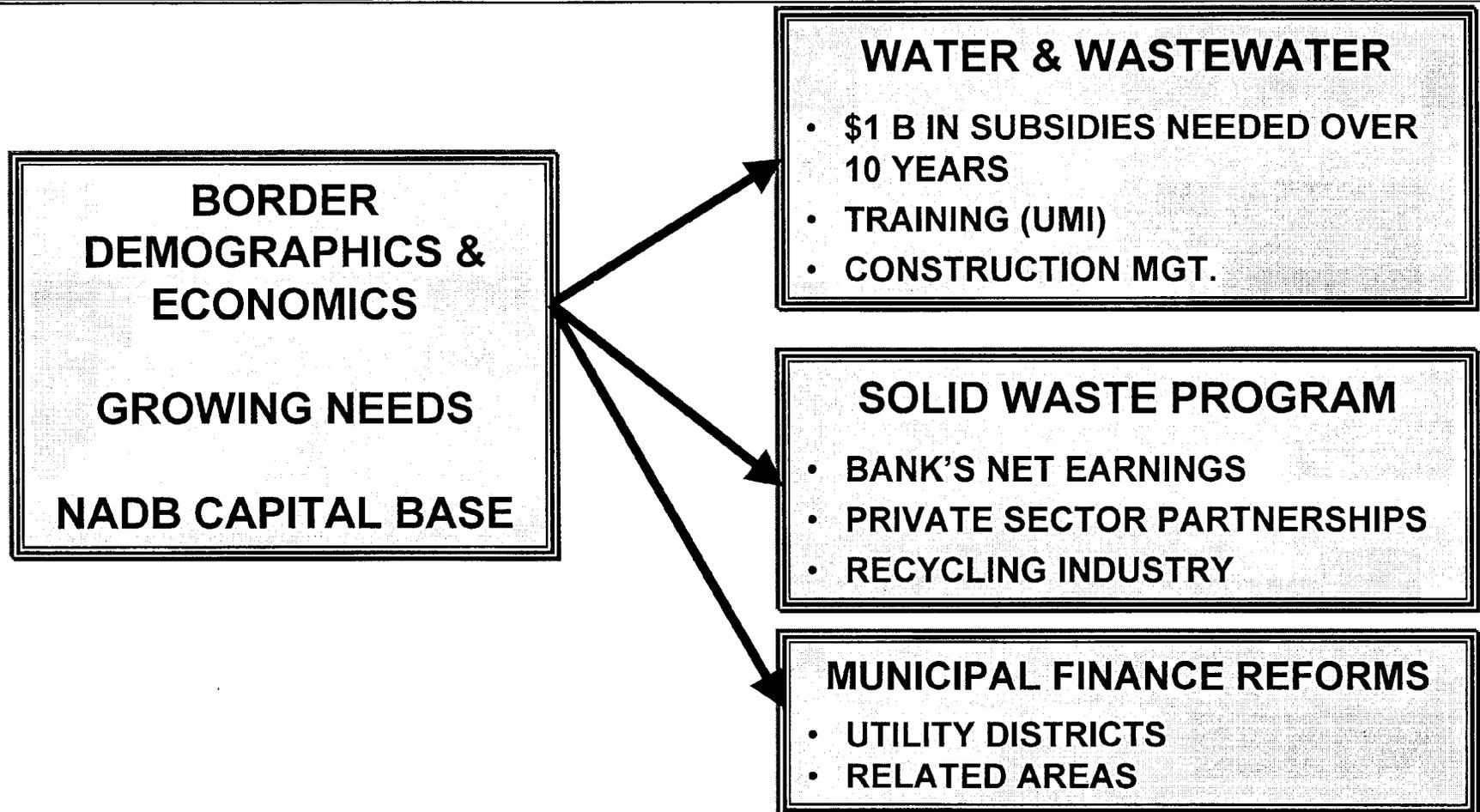
☀ **INSTITUTIONAL  
DEVELOPMENT**



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# MANDATE



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City	State	Estimated Population 7/1/98	Census Population 4/1/90	Percent Population Change	If U.S. Non-Border Cities/Areas Were To Experience Laredo's Growth
Tucson	AZ	460,466	415,444	10.8	
Pima County (included Tucson)	AZ	790,755	666,957	18.6	
San Diego	CA	1,220,666	1,110,623	9.9	
San Diego County	CA	2.8 million (to date)	2,498,016	12	
Washington	DC	523,124	606,900	-13.8	867,867
Chicago	IL	2,802,079	2,783,726	.7	3,980,728
Annapolis	MD	33,585	33,195	1.2	47,469
New York	NY	7,420,166	7,322,564	1.3	10,471,267
New York Metropolitan Area	NY	33.4 million (to date)	33 million	1.3	47.19 million
Portland	OR	503,891	485,975	3.7	694,944
Laredo	TX	175,737	122,893	43	
Nuevo Laredo	Coahuila, Mexico	358,118 (to date)	228,625	56.6	

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City	State	Estimated Population 7/1/98	Census Population 4/1/90	Percent Population Change	If U.S. Non-Border Cities/Areas Were To Experience Laredo's Growth
Brownsville	TX	137,883	107,027	28.8	
Matamoros	Tam, Mexico	350,000 (to date)	266,055	31.5	
El Paso	TX	615,032	515,342	19.3	
Juarez	Chih, Mexico	1.1 million (to date); Fourth Largest City in Mexico	798,499	37.75	
Del Rio	TX	34,990	30,705	14	
Ciudad Acuña	Coahuila, Mexico	131,248 (to date)	52,983	147.7	