

**INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO**El Paso, Texas
October 26, 2000

Minute No. 304

**JOINT GRANT CONTRIBUTION PROGRAM FOR DRINKING
WATER AND WASTEWATER INFRASTRUCTURE PROJECTS
FOR COMMUNITIES IN THE UNITED STATES - MEXICO BORDER AREA**

The Commission met in the offices of the United States Section in El Paso, Texas at 1:00 p.m. on October 26, 2000, to analyze the mutual intent of the United States Environmental Protection Agency (EPA) through its Office of Water and Mexico's Secretariat of Environment, Natural Resources and Fisheries (SEMARNAP) through its National Water Commission (CNA) for a coordination program of joint grant contributions for drinking water and wastewater infrastructure projects for communities in the United States - Mexico border area. The analysis considered whether this program complements the efforts of the Commission in application of Article 3 of the "Treaty for Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande," signed February 3, 1944, concerning the solution of border sanitation problems. Concerning the joint use of international waters, the Treaty establishes that the following order of preferences shall serve as a guide: 1) domestic and municipal uses, 2) agriculture and stockraising, 3) electric power, 4) other industrial uses, 5) navigation, 6) fishing and hunting, and 7) any other beneficial uses which may be determined by the Commission.

The Commissioners noted the responsibility charged to the Commission in Minute No. 261 entitled, "Recommendations for the Solution to the Border Sanitation Problems," dated September 24, 1979, to discharge the referenced Treaty Article 3 obligation to give preferential attention to border sanitation problems defined as "each case in which, in the judgement of the Commission, the waters that cross the border, including coastal waters, or flow in the limitrophe reaches of the Rio Grande and the Colorado River, have sanitary conditions that present a hazard to the health and well-being of the inhabitants of either side of the border or impair the beneficial uses of these waters." They noted Recommendation 3 of Minute No. 261 whereby "to resolve existing sanitation problem in a timely manner and to prevent future problems, the competent agencies of each Government provide to their respective Section of the Commission the information and technical advice that it requires."

The Commissioners evaluated the experience of the United States and Mexico in the development of projects for certification by the Border Environment Cooperation Commission (BECC) under the terms of Commission Minute No. 294, entitled: "Facilities Planning Program for the Solution of Border Sanitation Problems," dated November 24, 1995. They also reviewed their experience as ex officio directors of the BECC, along with the United States EPA and SEMARNAP. They noted the need to consider short, medium and long terms credit and grant components for the implementation of water and wastewater infrastructure projects in Mexico's border area communities. In this context, they observed that the EPA and CNA, the latter acting for SEMARNAP, have made funds available to enable some short term construction of water and wastewater infrastructure projects and recognized the need to obtain funding for additional construction for at least 16 years.

The Commissioners then studied the "Memorandum of Understanding Concerning the Program of Joint Grants Contributions for Drinking Water Supply and Wastewater Infrastructure Projects for Communities in the United States-Mexico Border Area" dated September 25, 2000, a signed original of which is attached to this Minute. The Commissioners observed that the grant contributions program could support projects that are certified by the BECC for possible financing through the North American

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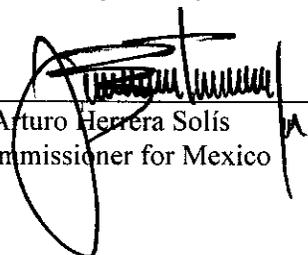
Development Bank (NADB). They also noted that the funds provided by the EPA, deposited in the Border Environmental Infrastructure Fund (BEIF) and managed by the NADB, may be used in the United States or in Mexico for projects that are certified by the BECC and under eligibility requirements established by the EPA. In case of the latter, the BEIF may supplement funds equal to that amount of subsidy components contributed by Mexico. The Commissioners also observed that CNA is the liaison that will arrange for Mexico's financial participation on behalf of Mexico's federal government, the states and municipalities, as well as the water operating organizations as necessary for this purpose, in furtherance of operating rules, existing appropriations request practices, and coordination. Finally, they noted that the CNA funds may only be used in Mexico.

The Commissioners then made note of the stipulation in the attached memorandum whereby the EPA and the CNA will keep the Commission informed of the progress of the grants contributions program. They reviewed those projects for the solution of border sanitation problems under Minute 261, as may be financed under the referenced program and concluded that provision of the infrastructure construction grant contributions envisioned by the EPA and CNA and Mexican agencies in a 16 year period would in part complement the priority attention given by the Commission towards the solution of border sanitation problems.

Based on the above, the Commissioners submit the following recommendation for the approval of the two Governments:

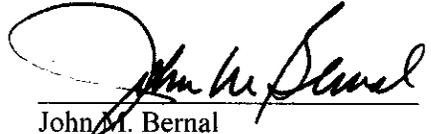
That the "Memorandum of Understanding Concerning the Program of Joint Grant Contributions for Drinking Water Supply and Wastewater Infrastructure Projects for Communities in the United States - Mexico Border Area," signed on September 25, 2000, by the United States Environmental Protection Agency through its Office of Water and Mexico's Secretariat of Environment, Natural Resources and Fisheries through its National Water Commission be considered as complementary to the Commission's on-going efforts to give preferential attention to the solution of sanitation problems in the border waters.

The meeting was adjourned.

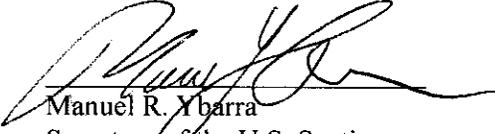


J. Arturo Herrera Solís
Commissioner for Mexico

José de Jesús Luévano G.
Secretary of the Mexican Section



John M. Bernal
United States Commissioner



Manuel R. Ybarra
Secretary of the U.S. Section