



COFFEE BREAK NADBank: partner in the development of sustainable water infrastructure on the US-Mexico border region

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Brief Summary

The North American Development Bank, NADBank <https://www.nadb.org/>, is a sponsor of the Permanent Forum of Binational Waters and the presence of NADBank here on the Forum is an opportunity to explore the possibility for cooperation together. The Forum guest was Fernando Barerra who is the Associate Director of Financial Services, Corporate and Public Sectors for NADBank. Mr. Barerra has twelve years' experience with NADBank and has been in his current role since 2019.

NADBank was established in 1994 with a mandate to develop and finance environmental infrastructure along the US -Mexico border. As such, NADBank is one of the world's first environmental banks. NADBank's focus is on eligible projects within 100km (62 miles) north and 300km (186 miles) south of the border. For these projects, NADBank supplies loans and grants and technical assistance for implementation. The bank is owned and governed equally by the Governments of the United States and Mexico, with offices in San Antonio, TX, and Ciudad Juarez, CHIH. It has a board of ten directors with five serving from each country.

Eligible sectors and project types for NADBank assistance include water management, waste management, air quality, clean energy, sustainable cities, and sustainable production. NADBank participates by offering project development that includes verifying the technical and financial viability of projects; loans and financial services with competitive rates and terms up to 30 years; grants to finance projects in low-income sectors up to \$500,000 with priority given to water projects; administering the Border Environmental Infrastructure Fund (BEIF) that is EPA-funded grants.

NADBank also offers technical assistance to its clients in the form of studies to develop infrastructure projects and institutional capacity-building through seminars and workshops.

There are many benefits from collaborating with NADBank and success stories include a treatment facility in Cd Juarez where 25 years ago there was none. Projects span from San Diego to Brownsville, Baja, Sonora, Chihuahua, Coahuila, Nueva Leon, Tamaulipas, Matamoros, Reynosa and many other locations. Twelve new projects were approved in 2021 to include six water/wastewater projects, four COVID-19 recovery support and two energy efficiency

projects. Total investment in these was US\$200 million with NADBank's participation being US\$122.4 million.

There are 288 certified projects with NADBank financing as of 2021 totaling US\$10.2 billion. Most projects are water related but also include air quality, solar and wind energy, urban infrastructure, and public transportation with financing being a mix of loans and grants. For the 171 water projects in operation totaling US\$1.08 billion, 39.5% of funding is from NADBank with 60.5% from third-party funds. Mexico has supplied US\$478.3 million and the United States US\$598.5 million for these projects.

These efforts have paid off handsomely with overall 12.8 million people benefitting in 118 communities in some way due to NADBank projects. Tangible results include first time water service for over 14,000 units and over 400,000 first time wastewater connections. Water projects especially have been effective in creating or expanding 26 water treatment facilities and 64 wastewater plants, in addition to pipelines installed and canals improved to deliver water to irrigation districts.

A concern was expressed about the deteriorating water quality in the Rio Grande as it goes south to the Gulf and whether the problem is just too big or there isn't enough surface water in the river. Mr. Barrera pointed out that much of the infrastructure along the river is aging and not keeping pace with demands placed upon it and that the level of investment to just maintain this has not been forthcoming from the parties. Many communities have reached their debt limits and consumers have not been willing to pay extra for water improvements.

As for binational projects, the criterion is mainly for wastewater that impacts both sides of the border regardless of which country it is in. Mr. Barrera stated that NADBank is not a player in the commercial market for the types of projects that would find such financing. Currently debt limits of entities along the border, e.g., the example of Tijuana was cited, are only a fraction of the infrastructure investment needed. The NADBank website contains detailed information on its projects.

Other questions addressed nature-based solutions for wastewater treatment, the one-time proposal for a Bi-national Sustainability Laboratory, integrated water solutions, drought solutions, farming projects, and financing research and projects beyond NADBank's original focus. Mr. Barrera emphasized that there needs to be a source of repayment to finance infrastructure investments, however, but that doesn't mean to be fearful of incurring debt for worthwhile projects.

Mr. Barrera himself is a contact Forum members can use to access NADBank's services.