North American Development Bank: Building Community by Community

Lizzeth Gamboa
Project Development Officer

North American Development Bank

October 31, 2018
NADB

Established in 1994

◆ **Mandate:** Develop and finance environmental infrastructure along the U.S.-Mexico border:
  - Review and certify infrastructure projects located within 100 km (62 miles) north and 300 km (186 miles) south of the border that improve the well-being of the population
  - Provide loans and grants for their implementation
  - Offer technical assistance for project development

◆ **Structure:** Owned and governed equally by the Governments of the United States and Mexico

◆ **Offices:** San Antonio, TX and Ciudad Juarez, Chihuahua

◆ **Ratings:** Aa1 - Moody's; AA – Fitch
## Governance

### Board of Directors

- NADB has a ten-member Board of Directors, with an equal number of representatives from the U.S. and Mexico

<table>
<thead>
<tr>
<th>U.S. Members</th>
<th>Mexico Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary of the Treasury</td>
<td>Secretary of Finance and Public Credit (SHCP)</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>Secretary of Foreign Affairs (SRE)</td>
</tr>
<tr>
<td>Administrator of the Environmental Protection Agency</td>
<td>Secretary of the Environment and Natural Resources (SEMARNAT)</td>
</tr>
<tr>
<td>U.S. Border State Representative</td>
<td>Mexican Border State Representative</td>
</tr>
<tr>
<td>U.S. Border Public Representative</td>
<td>Mexican Border Public Representative</td>
</tr>
</tbody>
</table>
Jurisdiction

U.S.-Mexico Border Region

- Eligible projects must be located within **100 km (62 miles)** north and **300 km (186 miles)** south of the U.S.-Mexico border.

<table>
<thead>
<tr>
<th>Mexico</th>
<th>U.S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>Counties</td>
</tr>
<tr>
<td>Baja California</td>
<td>5</td>
</tr>
<tr>
<td>Chihuahua</td>
<td>44</td>
</tr>
<tr>
<td>Coahuila</td>
<td>35</td>
</tr>
<tr>
<td>Nuevo León</td>
<td>50</td>
</tr>
<tr>
<td>Sonora</td>
<td>57</td>
</tr>
<tr>
<td>Tamaulipas</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>220</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Counties</th>
<th>Population (m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>6</td>
<td>0.91 m.</td>
</tr>
<tr>
<td>California</td>
<td>3</td>
<td>3.20 m.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>5</td>
<td>0.18 m.</td>
</tr>
<tr>
<td>Texas</td>
<td>27</td>
<td>2.05 m.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>6.34 m.</strong></td>
</tr>
</tbody>
</table>

100 km (62 miles)  
300 km (186 miles)
Eligible Sectors

Types of Projects

Water and Sewage
- Water treatment and distribution
- Wastewater collection, treatment and reuse
- Water conservation
- Storm drainage

Residential, Industrial and Hazardous Waste
- Sanitary landfills
- Collection & disposal equipment
- Dumpsite closure
- Recycling
- Site remediation
- Toxic waste disposal

Air Quality
- Street paving and other roadway improvements
- Ports of entry
- Public transportation
- Industrial emissions

Clean / Renewable Energy
- Solar
- Wind
- Biofuels
- Biogas/methane capture
- Hydroelectric
- Geothermal

Energy Efficiency
- Public lighting
- Building retrofits
- Equipment replacement
- Water utilities
Programs and Services

◆ Lending:
  ■ Loans: Competitive rates, up to 85 – 95% of total project cost, with tenors of up to 25 years.
    ▪ Bond Financing, Construction Loan, P3 structure financings, Revolving Line of Credit.
  ■ Financial Services: Financial structuring, due-diligence coordination, trust and agency services, among others.

◆ Grants:
  ■ Community Assistance Program (CAP): NADB-funded grants for up to US$500,000 for public-sector projects in low-income communities in all sectors, with priority given to water, wastewater, water conservation and solid waste infrastructure.
  ■ Border Environment Infrastructure Fund (BEIF): EPA-funded grants for priority water and wastewater projects within 100 km of both sides of the border.

◆ Technical Assistance:
  ■ Project and Sector Development: Grants and technical expertise for developing environmental infrastructure projects and exploring emerging sectors.
  ■ Institutional Capacity-building: Training through seminars and workshops at enhancing sustainability and addressing emerging issues such as climate change, green infrastructure and public transportation.
Certification Criteria

Every project funded by NADB must first be certified based on the following criteria:

- **Technical viability**: The project must use technically feasible systems, processes and equipment.

- **Financial self-sufficiency**: The project must be financially self-sufficient based on cash-flow projections generated by NADB in its analysis of the project.

- **Environmental and/or health benefits**: The project must address an environmental need on the border and not harm human health or ecosystems in the region.

- **Contribute to sustainable development**: The project must contribute to the sustainable development of the community and the region as a whole.
Certified Projects with Financing

As of June 30, 2018

Projects:
246

Total investment: US$9.3 billion
Certified & Funded Projects by Sector

As of June 30, 2018

246
Projects

US$9.31 billion
Total investment

- Water/Wastewater: 137
- Solid Waste: 25
- Solar Energy: 17
- Storm Water: 3
- Other Energy: 3
- Wind Energy: 14
- Energy Efficiency: 1
- Air Quality: 16
- Public Transportation: 2
- Basic Urban Infra.: 4

North American Development Bank
2018 Project & Financing Activity

As of June 30, 2018

- 5 new projects certified, representing a total investment of US$276.1 million in benefit of 573,504 residents:
  - 3 water projects
  - 1 wastewater project
  - 1 solar park

- US$115.2 million in financing approved
  - US$111.6 million in loans
  - US$3.6 million in grants

- US$3.8 million in grants contracted

- US$78.3 million in financing disbursed
  - US$64.0 million in loans
  - US$14.3 million in grants
Benefits of Collaborating with NADB

Value-added

◆ **Certification & Financing Process:**
  - Technical / financial review and support with project structuring
  - Transparency / public access to information
  - Procurement and construction oversight
  - Results measurement

◆ **Institutional Strengthening:**
  - Access to technical assistance and training programs
  - Hands-on project facilitation – a partner in project development, streamlining interaction between project sponsors and relevant public authorities

◆ **Public Policy Support:** Strategic planning studies to enhance sector opportunities

◆ **Affordable Financing Packages:** Competitive rates; long-term loans; tailored to specific needs of community and project
San Luis Rio Colorado International Crossing II

SAN LUIS RIO COLORADO, SONORA

<table>
<thead>
<tr>
<th>Project Company:</th>
<th>Mexican concessionaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Cost:</td>
<td>US$15.39 million</td>
</tr>
<tr>
<td>NADB Loan:</td>
<td>US$10.1 million</td>
</tr>
</tbody>
</table>

**Project:**

Construction of a new port of entry.

**Objectives:**

- Relocation of the commercial port of entry outside the downtown area to remove a source of heavy pollution generated by idling diesel trucks in densely-populated areas of San Luis Río Colorado, Sonora and San Luis, Arizona.

- Installation of the most modern and efficient processing systems for border crossings to expedite commercial traffic flows at the new crossing, thus reducing idling times, fuel consumption and exhaust emissions.
# Lorean Landfill Gas-to-Energy Project

**Saltillo, Coahuila**

<table>
<thead>
<tr>
<th>Sponsor:</th>
<th>Lorean Energy Group, S.A.P.I. de C.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Cost:</td>
<td>MX$76.0 million (approx. US$6.15 million)</td>
</tr>
<tr>
<td>NADB Loan:</td>
<td>Up to MX$38.0 million (approx. US$3.07 million)</td>
</tr>
<tr>
<td>Pop. Benefitted:</td>
<td>725,123 (as of 2010 census)</td>
</tr>
</tbody>
</table>

**Purpose:** Capture and use methane gas to produce electricity through 2.0MW biogas-based power generation facility

**Expected Results:**
- Energy sold to Municipality of Saltillo to supply up to 45% of the energy needed for street lighting
- Improve air quality and reduce the demand for conventional fossil-fuel based energy production
- Environmental and human health benefits related to air quality improvements
Regional Project: Mexican Border Region

**Mercader Bus Program Mercader Low-Emission Bus Purchase Program**

<table>
<thead>
<tr>
<th>Sponsor:</th>
<th>Mercader Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Cost:*</td>
<td>MX$1,250.0 million (approx. US$69.7 million)</td>
</tr>
<tr>
<td>NADB Loan:*</td>
<td>Up to MX$1,000.0 million (approx. US$57.2 million)</td>
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</tbody>
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*Includes 2014 pilot program, 2016 second loan and 2018 loan increase

<table>
<thead>
<tr>
<th>Purpose:</th>
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</thead>
<tbody>
<tr>
<td>Revolving line of credit to support the acquisition of low-</td>
</tr>
<tr>
<td>emission technology vehicles used for public transport</td>
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<table>
<thead>
<tr>
<th>Expected Results:</th>
</tr>
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<tbody>
<tr>
<td>✓ Displacement of greenhouse gases (GHG) and other pollutants in</td>
</tr>
<tr>
<td>urban areas in Mexico’s northern border region</td>
</tr>
<tr>
<td>✓ Environmental and human health benefits related to air</td>
</tr>
<tr>
<td>quality improvements</td>
</tr>
<tr>
<td>✓ As of September 30, 2018, a total of 491 low-emission buses</td>
</tr>
<tr>
<td>had been financed through the program, of which 58% were</td>
</tr>
<tr>
<td>replacements for outdated vehicles and 42% for fleet expansion</td>
</tr>
</tbody>
</table>
Rocksprings Wind Energy Project

Val Verde County, Texas

<table>
<thead>
<tr>
<th>Project Company:</th>
<th>Rocksprings Val Verde Wind, LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-takers:</td>
<td>Two investment grade corporate companies</td>
</tr>
<tr>
<td>NADB Loans:</td>
<td>US$32.7 million</td>
</tr>
</tbody>
</table>

Purpose: Construction of a **149-MW wind farm** with **69** wind turbines and associated substation, O&M building and underground transmission line

Expected Results:
- Improve air quality, while providing a safe and reliable energy alternative
- Prevent emission of an estimated **330,805 metric tons/year** of CO₂ and **259 metric tons/year** of nitrogen oxides
- Generate electricity equivalent to the annual consumption of **50,327 households**