



QUARTERLY STATUS REPORT



December 31, 2020

Financing projects to preserve, protect and enhance
the environment of the U.S.-Mexico border

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1. Summary of Financial & Operational Activity

TABLE 1: NADB FINANCIAL SUMMARY 2016-2020¹

(Thousand USD)

	2016	2017	2018	2019	2020
Balance Sheet Data					
Cash and investments	\$ 511,558	\$ 954,962	\$ 799,146	\$ 753,537	\$ 1,008,081
Loans ²	1,411,296	1,293,807	1,284,478	1,301,747	1,126,330
Total assets	1,812,866	2,145,753	1,958,997	2,007,483	2,177,159
Borrowings, gross	1,187,505	1,493,443	1,314,597	1,309,334	1,126,003
Total liabilities	1,208,832	1,511,438	1,305,971	1,324,519	1,413,409
Paid-in capital	415,000	415,000	415,000	415,000	475,000
Total equity	604,034	634,315	653,027	682,964	763,750
Callable capital	2,351,670	2,351,670	2,351,670	2,351,670	2,606,670
Income Statement Data					
Interest income	\$ 59,012	\$ 68,622	\$ 78,918	\$ 84,302	\$ 56,984
Loans	52,427	57,761	61,981	65,635	49,754
Investments	6,585	10,861	16,936	18,667	7,231
Interest expense	19,950	31,640	47,242	44,648	21,218
Net interest income	39,061	36,982	31,675	39,655	35,767
Total operating expenses	17,934	8,448	15,618	19,150	15,105
Provision for loan losses	5,134	(3,945)	(1,953)	62	19
Total non-interest income (expense)	(369)	3,156	7,833	5,173	(7,843)
Income before program activity	20,758	31,690	23,890	25,678	12,818
Net program income (expense) ³	(1,088)	(2,163)	(2,536)	4,023	2,065
Net income	19,670	29,527	21,354	29,701	14,883
Ratios					
Equity / loans (%)	42.8	49.0	50.8	52.5	67.8
Equity / assets (%)	33.3	29.6	33.3	34.0	35.1
Gross debt / callable capital (%)	50.5	63.5	55.9	55.7	43.2
Gross debt / total equity (%)	196.6	235.4	201.3	191.7	147.4
Interest coverage (x) ⁴	2.3	1.8	1.3	1.5	2.0
Liquid assets / total assets (%)	25.3	44.3	40.6	37.3	46.3
Liquid assets / short-term debt (x)	87.0	3.1	151.2	2.9	191.5
Income before program activity / total equity (%)	3.4	5.0	3.7	3.8	1.7
Income before program activity / average assets (%)	1.2	1.6	1.2	1.3	0.6
Non-accrual loans / loans outstanding (%)	-	1.1	1.1	1.1	1.2
Credit Ratings					
Moody's Investor Service	Aa1/P-1	Aa1/P-1	Aa1/P-1	Aa1/P-1	Aa1/P-1
Fitch Ratings	AA/F1+	AA/F1+	AA/F1+	AA/F1+	AA/F1+

¹ As of November 10, 2017, the figures reflect the finances of the NADB under the amended charter.

² Before allowance for loan losses, unamortized fees, and effect of foreign exchange adjustments and hedged items.

³ Program income (expenses) include grant financing and technical assistance funded from the Bank's retained earnings, as well as related administrative expenses.

⁴ Interest coverage ratio is defined as interest income minus operating expenses less provision for loan losses divided by interest expense.

TABLE 2: SUMMARY OF PROJECT AND FINANCING OPERATIONS 2016-2020

(Thousand USD)

	2016	2017	2018	2019	2020
Project Certification					
Total projects certified¹	15	10	6	12	16
By Sector					
Water	7	5	5	7	9
Solid waste	5	-	-	1	-
Air quality ²	1	-	-	1	1
Clean and efficient energy	2	5	1	3	3
COVID-19 Recovery Program ³	-	-	-	-	3
By Financing Type⁴					
Loans	3	6	2	6	8
NADB-funded grants	7	-	3	3	2
NADB-administered grants	5	4	1	4	6
Loan Operations					
Approved	\$ 96,876	\$ 283,233	\$ 131,737	\$ 264,871	\$ 248,185
Contracted	146,767	229,536	122,729	146,071	49,593
Disbursed	136,253	101,426	167,009	164,293	51,160
Grant Operations					
NADB-funded grants⁵					
Approved	\$ 3,100	\$ -	\$ 1,200	\$ 1,067	\$ 1,000
Contracted	1,600	1,500	500	767	1,000
Disbursed ⁶	438	1,184	2,177	182	1,652
NADB-administered grants⁷					
Approved	25,022	6,236	2,881	14,160	19,279
Contracted	21,231	14,535	4,318	10,530	17,493
Disbursed	10,228	11,278	24,959	10,723	8,097
<p>¹ Project certification and financing are approved simultaneously by the Board of Directors.</p> <p>² This category includes roadway improvements, industrial emissions reduction and public transportation.</p> <p>³ This category captures projects approved through the new COVID-19 Recovery Program (ProRec), which have a recognizable environmental benefit but are focused on delivering significant social, health or economic benefits to border communities, such as creating jobs or refinancing existing debt for public entities.</p> <p>⁴ Two projects in 2019 were approved to receive both a loan and a grant. The 2019 figures do not include the loan for the air quality project, which was cancelled prior to year-end.</p> <p>⁵ Grants funded from designated retained earnings of the Bank for certified infrastructure projects (excludes technical assistance).</p> <p>⁶ Includes grant disbursements through the Community Assistance Program (CAP) and the Water Conservation Infrastructure Fund (WCIF). It excludes expenditures for CAP supervision.</p> <p>⁷ Grants funded by the U.S Environmental Protection Agency (EPA) and administered by NADB through the Border Environment Infrastructure Fund (BEIF).</p>					

2. Project & Financing Activity



2.1. Loan Program

2.1.1. Current Lending Activity

Project Certification & Financing During the last quarter of 2020, the Board of Directors approved the certification of three projects, with up to US\$184.3 million in loans:

- Water Treatment Plant Replacement and Water Meter Upgrades in Jim Hogg County, Texas. Construction of a reverse osmosis water plant with the capacity to treat up to 1 million gallons a day (mgd) will meet peak demand and ensure adequate water quality, while replacing 1,813 water meters in the city of Hebbronville will improve the operational efficiency of the utility. A loan for up to US\$4.3 million was approved for Jim Hogg County Water Control Improvement District No. 2 to support implementation of the project.
- BayWa Corazon Solar Energy Project, located in Webb County, Texas, approximately 16 miles northeast of the city of Laredo. The solar park with an installed capacity of 200 megawatts (MW) of alternating current is expected to produce electricity equivalent to the annual consumption of 38,074 households, displacing the production of fossil-fueled based energy and thus avoiding the emission of an estimated 258,338 metric tons/year of carbon dioxide (CO₂), 195 metric tons/year of nitrogen oxides (NO_x) and 219 metric tons/year of sulfur dioxide (SO₂). A loan for up to US\$100 million was approved to support its implementation.
- Petros Property-Assessed Clean Energy (PACE) Financing Program for the U.S. Border Region. Financing will be provided for the implementation of qualified energy efficiency, renewable energy, water conservation and resiliency elements in non-residential properties, such as commercial, industrial, mixed-use and agricultural facilities, through available local PACE programs. The program is available within the 100-kilometer (62.5-mile) border region of the United States in cities and counties with PACE approved legislation, which currently includes San Diego and Imperial counties in California and Cameron, El Paso, Hidalgo and Willacy counties in Texas, as well as the city of Eagle Pass, Texas. A loan for up to US\$80 million was approved to support its implementation.

During the same period, two loan agreements totaling US\$5.6 million were contracted in the priority sector of water.

TABLE 3: NADB LOANS CONTRACTED*
OCTOBER – DECEMBER 2020
(Million USD)

		Date Signed	Amount
1	Water System Improvements Project in Presidio, TX	19-Nov-20	\$ 1.50
2	Water Treatment Plant Replacement and Water Meter Upgrades in Jim Hogg County, TX	17-Dec-20	4.05
Total			\$ 5.55

* Excludes loans made through the Covid-19 Recovery Program (ProRec).

During the same three-month period, the Bank disbursed US\$11.9 million in loans, for four projects, including the full disbursement of the loans for the Jim Hogg County and Presidio water projects (Table 3) and the initial disbursement of the loan for improvements to the wastewater treatment plants in Chihuahua, Chihuahua.

In addition, NADB transferred approximately 50% of the loan provided by NADB for the construction of the Puerto Libertad Solar Park in Sonora to the Development Capital Certificate (CKD). This transaction resulted in a US\$32.1-million prepayment to NADB.

Finally, in December 2020, the sponsor of the Engie Akin Solar Energy Project in Pitiquito, Sonora, decided not to contract the US\$100-million loan approved by NADB, because the power purchase agreement was cancelled.

Project Implementation. The Don Lee Energy Storage Project in Escondido, California cannot be carried out for reasons beyond the control of the sponsor, who is seeking to develop another project that may be eligible for the financing.

At the end of 2020, a total of 14 projects partially funded with NADB loans were in various stages of implementation or pending financial closeout. Information on the status of those projects as of December 31, 2020, is provided in the Annex. More detailed information I provided in the report on Project Implementation Activities for Active Projects, which is available on the NADB website (www.nadb.org).

2.1.2. COVID-19 Recovery Program (ProRec)

In May 2020, the Board of Directors approved a two-year financing program in response to the effects of the COVID-19 pandemic to support projects that have both environmental benefits and direct positive impacts on the economy and well-being of residents in the U.S.-Mexico border region.

Under the program, the Board of Directors may consider approval of loan proposals for refinancing existing debt on environmental infrastructure (public and private projects) or for public entities, such as water utilities, whose mandate is aligned with the NADB mission, as well as projects that have a recognizable environmental benefit but are focused on delivering significant social, health or economic benefits to border communities. Examples of these benefits may be job creation or preservation, the betterment of health and/or health services or improvement of technological connectivity and access to information.

In November 2020, the Board approved an umbrella program under ProRec to expedite the refinancing of existing debt for public entities affected by COVID-19. The program establishes the guidelines and expedited procedures for the certification and financing of these types of operations, which in general have similar characteristics. Proposals from public entities for refinancing up to US\$20 million that meet certain criteria will be eligible for consideration under the umbrella program.

Lending Activity. During the last quarter of 2020, two projects to refinance up to a total of US\$14.3 million in existing public debt were approved for the City of Presidio, TX and the Agua Special Utility District (Agua SUD), which provides water services to the southwestern region of Hidalgo County, TX.

During the same period, three ProRec loans totaling US\$32.1 million were executed and fully disbursed, as shown in the following table.

**TABLE 4: PROREC LOANS CONTRACTED
OCTOBER - DECEMBER 2020
(Million USD)**

		Date Signed	Amount Contracted
1	Refinancing of Existing Debt for Maverick County, TX	7-Oct-20	\$ 17.75
2	Refinancing of Existing Debt for Presidio, TX	19-Nov-20	1.35
3	Refinancing of Existing Debt for Agua Special Utility District in Hidalgo County, TX	17-Dec-20	13.00
Total			\$ 32.09

Refinancing the debt of these three public entities is expected to save a combined US\$620,000 in debt service payments during the first year of the loans. Those savings can be redirected to support the maintenance and operation of existing infrastructure and help these entities to continue providing public services while minimizing the need to raise taxes or user fees.

Information on the status of those projects as of December 31, 2020, is provided in the Annex. More detailed information is provided in the report on Project Implementation Activities for Active Projects, which is available on the NADB website (www.nadb.org).

Technical Assistance. Technical assistance grants may also be provided through ProRec. During the past quarter, NADB awarded a total of US\$80,000 in ProRec grants to help cover the financial costs of the debt refinancing for two project sponsors: US\$50,000 was approved for Maverick County, TX and US\$30,000 was approved for Presidio, TX.

2.1.3. Loan Portfolio Status

In 2020, loans totaling US\$248.1 million were approved for nine projects, including a loan increase for a water project in Presidio, TX, certified in 2019. Loan agreements totaling

US\$49.6 million were executed for seven projects, and US\$51.2 million was disbursed to support the implementation of eight projects.

During the last quarter of 2020, the Bank received US\$53.8 million in principal payments, including US\$652,807 for the prepayment of the outstanding loan balance of the Lorean Landfill Gas to Energy Project in Saltillo, Coahuila, and the previously mentioned US\$32.1-million transfer of a portion of the loan for the Puerto Libertad solar project to the CKD. Altogether, during 2020, the Bank received US\$226.6 million in principal payments, including US\$113.4 million in eight loan prepayments and the CKD transfer.

As a result of this activity, NADB closed the year with an outstanding loan balance of US\$1,126 million, a decrease of 13.5% compared to the balance at the end of 2019 (US\$1,302 million).¹ A breakdown of the current loan portfolio by region, borrower type and environmental sector is shown in the following table.

**TABLE 5: BREAKDOWN OF OUTSTANDING LOAN PORTFOLIO
As of December 31, 2020**

	Loans		Amount	
	No.	%	Thous. USD	%
Country				
U.S.	17	24.6	\$ 227,652	20.2
Mexico	52	75.4	898,678	79.8
	69	100.0	\$ 1,126,330	100.0
Borrowers				
Public	39	56.5	\$ 198,931	17.7
Private	25	36.2	866,220	76.9
Public-private	5	7.3	61,179	5.4
	69	100.0	\$ 1,126,330	100.0
Project type				
Water / wastewater	28	40.6	\$ 111,641	9.9
Storm drainage	1	1.5	9,453	0.8
Solid waste	1	1.5	2,330	0.2
Air quality	7	10.1	69,919	6.2
Public transportation	3	4.3	36,619	3.3
Wind energy	12	17.4	552,147	49.0
Solar energy	9	13.0	277,208	24.6
Energy efficiency	1	1.5	245	0.0
Other clean energy ¹	1	1.5	1,759	0.2
Basic urban infrastructure ²	3	4.3	32,914	2.9
ProRec ³	3	4.3	32,095	2.9
	69	100.0	\$ 1,126,330	100.0

1. Other clean energy currently includes a cogeneration project.

2. These projects consist of a mix of works from various sectors, such as street paving, water and sewer lines, storm drainage and public lighting.

3. COVID-19 Recovery Program (ProRec).

¹ These figures do not take into account allowances for loan losses, foreign exchange adjustments, unamortized loan fees and the fair value of hedged items.

Additionally, at the end of the year, the Bank had US\$107.8 million in loans contracted pending disbursement for 10 projects, as well as up to US\$227.4 million in approved loans pending contracting for seven projects. Consequently, as of December 31, 2020, loans outstanding plus loans pending disbursement and commitment totaled almost US\$1.5 billion.

TABLE 6: ANNUAL LENDING ACTIVITY

(Million USD)

	12/31/2019	12/31/2020
Outstanding balance, beginning of year	\$ 1,284.5	\$ 1,301.7
Loan disbursements	164.3	51.2
Principal amortizations	(80.9)	(81.0)
Loan prepayments	(66.1)	(145.5)
Outstanding balance, end of period	1,301.7	1,126.3
Loan commitments, pending disbursement	99.9	107.8
Loan approvals, pending commitment	128.8	227.4
Total loan approvals & commitments	228.7	335.3
Outstanding loans & loan commitments	\$ 1,530.5	\$ 1,461.6
Outstanding balances, before allowance for loan losses, unamortized fees, and effect of foreign exchange adjustments and hedged items.		

To date, the Board has approved 122 loans, of which 119 have been contracted and 117 have been partially or fully disbursed. Of the loans disbursed, 45 have been repaid in full and three have been partially or fully written off, leaving a portfolio of 69 loans outstanding.

One loan, with a balance of US\$13.8 million as of December 31, 2020, was classified as non-accrual, representing 1.23% of the loan portfolio. This loan was restructured in July 2018 with no charge-offs, and the borrower has been current in the payment of the loan since its restructuring. Nevertheless, the loan will remain on non-accrual until the Bank is confident that the borrower will continue to meet the contractual repayment terms.

2.2. Grant Programs

2.2.1. Community Assistance Program (CAP)

Through this program, NADB provides grant financing from its retained earnings for critical environmental infrastructure projects in low income-communities. Grants are available for projects in all sectors eligible for NADB financing, with priority given to drinking water, wastewater, water conservation and solid waste infrastructure.

At its meeting on November 12th, the Board of Directors approved the certification of two projects, along with a US\$500,000 CAP grant for each one:

- Replacement of the Main Outfall in the Wastewater Collection System in Agua Prieta, Sonora. Rehabilitating approximately 7,966 feet of the main outfall will improve system reliability by reducing the risk of line breaks that could cause up to 5.4 million gallons a day of wastewater to spill onto local streets and into the Agua Prieta River.
- Residential Wastewater Connections in the Rosa Azul Subdivision in Socorro, Texas. The project will provide first-time access to wastewater collection and treatment services for 278 households, as well as decommission all on-site septic systems, thus eliminating the environmental and health hazards associated with the inadequate disposal of wastewater.

In addition, NADB disbursed US\$484,950 in CAP funds to support the implementation of three previously approved projects, including the initial disbursements for a wastewater project in Nogales, Arizona, and a storm drainage project in Ciudad Acuña, Coahuila.

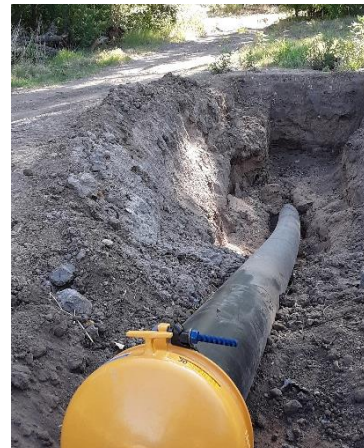
In 2020, NADB approved US\$1.0 million in grants for two wastewater projects, signed grant agreements totaling US\$1.0 million with the sponsors of two projects and disbursed close to US\$1.6 million in grants to support seven projects in implementation. The overall status of CAP program funding as of December 31, 2020, is summarized in Table 7.

TABLE 7: CAP PROGRAM STATUS
(Million USD)

	2020	Cumulative
Retained earnings allocated	\$ -	\$ 14.09
Grants approved for projects	1.00	(9.61)
Funds committed for supervision	0.08	(1.15)
Retained earnings available for future projects		\$ 3.33

Project Implementation. During the last quarter of 2020, one project funded with a CAP grant was completed.

Peña Blanca Wastewater System Improvements at Potrero Creek in Nogales, Arizona. Construction to replace 764 feet of the force main under Potrero Creek was completed in November 2020, along with improvements to the pump station, which provide service to 75 households in the Peña Blanca subdivision located northwest of the city, as well as two public schools. Erosion had left the pipeline exposed and vulnerable to failure, resulting in wastewater spills to the creek that posed an environmental and health risk for nearby wells in the community of Rio Rico, which provide drinking water to approximately 19,000 residents. The new pipeline was installed approximately 17 feet below the creek bed to protect it from future erosion, thus eliminating the risk of line



breaks and preventing approximately 84,000 gallons per day of untreated wastewater discharges. The pump station improvements included modifying the pumps, upgrading the electrical systems and installing new telemetry and SCADA equipment, which allows for remote monitoring and management capabilities, resulting in better energy efficiency and lower operation and maintenance costs.



Of the 22 projects funded with CAP grants, 18 have been completed, three were in various stages of implementation and one was in procurement at the end of the year. Grant agreements totaling US\$1.00 million for two additional projects were under development and expected to be signed during the first quarter of 2021.

Information on the status of projects currently in the process of being implemented or pending financial closeout as of December 31, 2020, is provided in the Annex. More detailed information I provided in the report on Project Implementation Activities for Active Projects, which is available on the NADB website (www.nadb.org).

Projects in Development. NADB continued to work with ten other communities to complete development activities related to their environmental infrastructure projects.

2.2.2. Border Environment Infrastructure Fund (BEIF)

Through this program, NADB administers grant resources provided by the U.S. Environmental Protection Agency (EPA) for the implementation of priority water and wastewater infrastructure projects located within 100 km of either side of the U.S.-Mexico border.

On November 12, 2020, the Board of Directors approved the certification of a wastewater collection system improvements project in Ojinaga, Chihuahua. The project consists of replacing approximately 17.2 miles of deteriorated sewer lines in the downtown area of the city, thereby reducing the risk of line breaks that could allow the discharge of 281,000 gallons per day of wastewater onto local streets and possibly contaminate surface and groundwater, including the West Texas Bolson Aquifer, which supplies drinking water to Ojinaga and to Presidio, Texas. EPA approved a US\$1.02 million BEIF grant for project construction and supervision services.

During the last quarter of 2020, three grant agreements totaling US\$5.7 million were signed, including an amended agreement to incorporate additional funding for a wastewater project in Reynosa, Tamaulipas.

TABLE 8: BEIF GRANTS CONTRACTED
OCTOBER – DECEMBER 2020
(Million USD)

	Date Signed	Amount Contracted
1 Wastewater Collection System (Phase I) and Lift Station Improvements in Mexicali, B.C.	8-Oct-20	\$ 3.39
2 Wastewater Collection and Treatment Project in Reynosa, TAM (amended agreement)	10-Nov-20	0.25
3 Rehabilitation of Small Lift Stations in Mexicali, B.C.	18-Dec-20	2.06
Total		\$ 5.69

During the same period, the Bank disbursed US\$2.05 million in BEIF grants for the implementation of nine projects, including the initial disbursement for a water project in Presidio, Texas.

In 2020, BEIF grants totaling US\$19.3 million were approved for nine projects, grant agreements totaling US\$17.5 million were signed with the sponsors of nine projects, and US\$8.1 million was disbursed to support 14 projects in implementation. The overall status of BEIF program funding as of December 31, 2020, is summarized in Table 9.

TABLE 9: BEIF PROGRAM FUNDING STATUS
(Million USD)

	2020	Cumulative
EPA funding allocations ¹	\$ 22.74	\$ 744.07
Funds allocated for administration	-	(31.48)
Grants approved for projects ²	19.28	(691.78)
Funding available for future projects		\$ 20.81

1. The cumulative figure includes US\$329,029 in interest earned.

2. Cumulative figure less grant cancellations from prior years.

Project Implementation. Of the 129 projects funded with BEIF grants, 118 were completed, 10 were in various stages of construction and one was preparing to begin bidding at the end of the year. Grant agreements totaling US\$8.4 million for four additional projects were under development and expected to be signed during the first quarter of 2021.

Information on the status of certified projects that are currently in the process of being implemented or pending financial closeout as of December 31, 2020, is provided in the Annex. More detailed information I provided in the report on Project Implementation Activities for Active Projects, which is available on the NADB website (www.nadb.org).

Projects in Development. At the end of the 2020, there were 26 projects in development: 15 in EPA Region 6 and 11 in EPA Region 9.²

² EPA Region 6 covers the border states of New Mexico, Texas, Chihuahua, Coahuila, Nuevo Leon and Tamaulipas. EPA Region 9 covers the border states of Arizona, California, Baja California and Sonora.

All of those projects are eligible to receive support for design and other development activities through the Project Development Assistance Program (PDAP). Additional information on technical assistance awarded to support these projects is provided in Section 3.2 of this report.

Based on current information, two projects could be submitted for certification by the Board of Directors during the first quarter of 2021:

- Water Distribution System for the Hillcrest Subdivision in El Paso County, Texas; and
- Wastewater Collection System Improvements and Expansion to the Sleepy Farms Subdivision in Dona Ana County, New Mexico.

3. Technical Assistance

3.1. NADB Technical Assistance Program (TAP)

To support project sponsors and border communities in the development of sustainable projects, NADB offers various types of technical assistance in three categories: project development, institutional capacity building and sector studies to identify needs and generate knowledge about a new sector or technology.

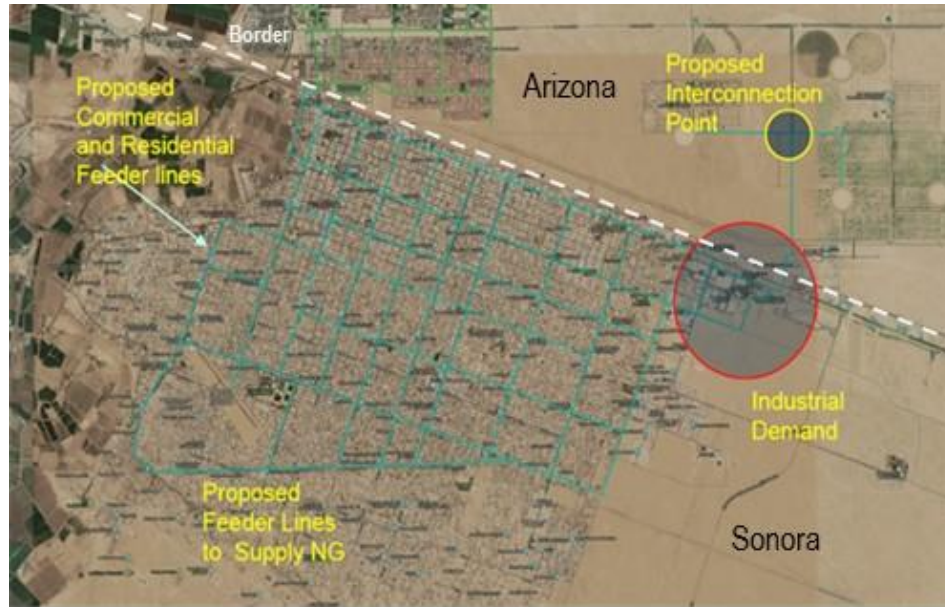
During the last quarter of 2020, a total of US\$288,933 in TAP grants were awarded to support the development of two studies related to the water sector.

TABLE 10: TAP GRANT APPROVALS
OCTOBER - DECEMBER 2020
(USD)

	Community / Sponsor	Study	TAP Grant
1	States of Sonora, Chihuahua, Coahuila and Tamaulipas	Water and wastewater rate study of the utilities	\$ 198,933
2	Bacoachi, Banámichi, Huépac, Ures, Baviácora, San Felipe de Jesús, Aconchi and Arizpe, Sonora	Needs assessment and feasibility study of the wastewater treatment systems in eight municipalities in the special economic zone of the Sonora River	90,000
TOTAL:			\$ 288,933

During the same period, one study was completed to support development of a binational natural gas project.

Feasibility study of a natural gas distribution system in San Luis, Arizona and San Luis Río Colorado, Sonora. The study assessed the feasibility of supplying and distributing natural gas to both border communities and identified the technical, environmental, social and legal conditions and requirements for developing the infrastructure. The work included estimating natural gas consumption rates in the region, evaluating the current status of existing infrastructure, developing a conceptual design of the natural gas distribution system, analyzing the environmental and social impacts of the proposed project in the region and verifying that the proposal complies with applicable environmental laws and regulations. The study results confirmed the feasibility of supplying natural gas to the combined-cycle power plant in San Luis Río Colorado and the long-term availability of low-priced natural gas in the region, as local reserves would be sufficient for several decades at the current operating rate. The total investment required to build the infrastructure is estimated to be US\$37.2 million: US\$34.1 million for San Luis Río Colorado, Sonora, including gas mains and subsidiary feeder lines; and US\$3.1 million for San Luis, Arizona, not including the cost of the compressed fueling station needed to supply the transportation sector. Several private companies have expressed interest in developing pipelines in the region.



Proposed interconnection point for the natural gas pipeline between San Luis Rio Colorado, SON and San Luis, AZ

As of December 31, 2020, there were four studies in process with a total TAP grant commitment of US\$678,933.

3.2. Project Development Assistance Program (PDAP)

NADB administers this EPA-funded program to assist communities in the development of water and wastewater projects that have been prioritized by EPA to receive BEIF grants.

During the last quarter of 2020, a total of US\$444,538 in PDAP grants were awarded to support the development of five projects.

**TABLE 11: PDAP GRANT APPROVALS
OCTOBER - DECEMBER 2020
(USD)**

Community / Sponsor	Project Development Activity	PDAP Grant
1 Naco, SON	Additional funds for a wastewater infrastructure needs assessment and analysis of alternatives	\$ 16,907
2 Niland, CA	Additional funds for the final design of a wastewater treatment project	146,750
3 Nogales, SON	Final design for the wastewater collection project	44,793
4 Sunland Park, NM	Asset management plan for a wastewater collection project	67,530
5 Vado, NM	Final design for a wastewater collection project	168,558
TOTAL:		\$ 444,538

During the quarter, studies were completed to support the development of water or wastewater projects for four communities.

- *Evaluation of the wastewater collection system of Nuevo Laredo, Tamaulipas.* The wastewater collection infrastructure in many sectors of the city has exceeded its useful life, resulting in sewage spills that expose residents to direct contact with unsanitary conditions and contaminate various water basins around the city that eventually flow into the Rio Grande. The Nuevo Laredo water utility, COMAPA, is proposing several projects to rehabilitate the wastewater collection system, beginning with the infrastructure in the Coyote Creek basin and continuing with the infrastructure throughout the rest of the city. The purpose of this study is to identify and prioritize the wastewater infrastructure that needs to be rehabilitated or built to prevent raw wastewater discharges to the Rio Grande.
- *Final design for water project in Presidio, Texas.* Technical assistance was provided to develop the plans, specifications and contract documents for construction of a project to extend the water distribution system to unserved areas along HWY 67, as well as to construct a dedicated transmission line between the City's two primary water storage tanks. The project was certified in November 2019 and is currently under construction.
- *Final design and environmental information document update for a water project in Vinton Texas.* Technical assistance was provided to edit an existing environmental information document to support compliance with the U.S. National Environmental Policy Act (NEPA), which is required to obtain an EPA-funded BEIF grant, as well as the development of the final design. The project to provide a water distribution system throughout the Village of Vinton was certified in February 2020. The final design is complete and is being used to support construction procurement.
- *Water audit and rate study for Willcox, Arizona.* To evaluate water losses in the city's water system, a water audit was performed, which included a rate study and water conservation program. Unaccounted water as a percentage of water production was 8.3% for the system, and the water audit showed that real losses for the city system were within the expected range for utilities of a similar size. The study supports the operational efficiency of the utility and the long-term sustainability of the wastewater treatment project completed in February 2020.

As of December 31, 2020, there were 10 PDAP-funded studies in process with a total grant commitment of US\$1.63 million for the development of nine water and/or wastewater projects.

3.3. U.S.-Mexico Border 2020 Program

This binational program, developed by EPA and its Mexican counterpart, *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT) to improve the environment and protect the health of the millions of residents within 100 kilometers of both sides of the U.S.-Mexico border, focuses on initiatives for clean air, safe drinking water, reduced risk of exposure to

hazardous waste, emergency preparedness and environmental stewardship. NADB provides logistical and administrative services with respect to identifying, contracting and managing projects and workshops funded by EPA under the program.

During the fourth quarter of 2020, one initiative funded through the Border 2020 Program, was completed.

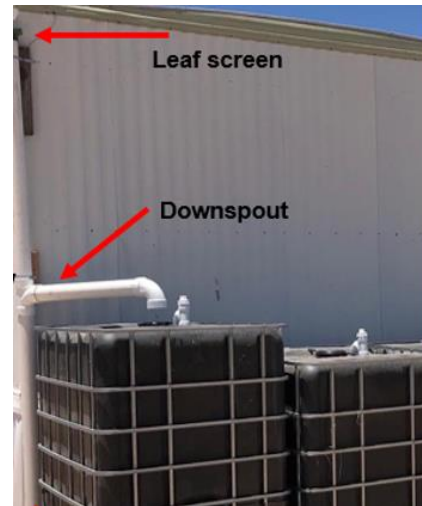
Rainwater Harvesting Demonstration and Education for Colonias in El Paso County, Texas. This project provided valuable knowledge and practical hands-on experience in installing rainwater harvesting systems. *Colonia* residents who often rely on bottled water for consumption and trucked water for other household needs, generally pay more for water than people with running water.³ Rainwater harvesting can drastically reduce the amount of water that these residents must purchase for landscaping, outdoor gardening or livestock. Three demonstration projects were designed and presented to *colonia* residents, two in Cochran Mobile Home Park and one in Hueco Tanks. The educational program included developing a simple how-to manual in English and Spanish and one outdoor training session on how to install, manage and maintain rainwater harvesting equipment and how to use the water effectively and efficiently for landscaping and gardening, including such techniques as drip irrigation and composting.

This project also provided valuable knowledge and experience in conducting community participatory research and outreach in an interdisciplinary team setting. Additionally, several agencies, non-governmental organizations and private entities have heard about the success of the project and are interested in either replicating it elsewhere or turning it into an economic opportunity.

As of December 31, 2020, there were 16 Border 2020 initiatives in process with a total grant commitment of US\$849,338.



Installing gutters &



Components of a rainwater harvesting system

³ In the U.S., the term "*colonia*" refers to residential developments along the border that generally lack basic living necessities, such as running water, sewer systems, electricity and paved roads.

TABLE 12: SUMMARY OF TECHNICAL ASSISTANCE ACTIVITY 2016-2020

(Thousand USD)

	2016	2017	2018	2019	2020
NADB Program¹					
Funding					
Approved	\$ 972	\$ 1,167	\$ 620	\$ 586	\$ 289
Disbursed	1,342	1,275	251	262	581
Activities					
Approved ²	18	18	5	4	2
Studies completed	14	14	6	3	2
Seminars/workshops held	14	7	-	2	2
Project Development Assistance Program³					
Funding					
Approved	\$ 788	\$ 1,030	\$ 661	\$ 1,036	\$ 1,412
Disbursed	761	867	617	977	1,101
Activities⁴					
Approved	10	11	5	11	17
Completed	8	10	6	8	11
U.S.-Mexico Border 2020 Program³					
Funding					
Approved	\$ 761	\$ 335	\$ 988	\$ 140	\$ 870
Disbursed	1,034	378	412	542	406
Activities⁵					
Approved	20	6	21	3	14
Completed	18	14	7	11	8

¹ Prior to the merger, this program was funded jointly by NADB and the Border Environment Cooperation Commission (BECC) (2016-2017).

² Includes project development studies and related activities, seminars and capacity-building initiatives, and sector studies to identify needs and generate knowledge about a new sector or technology.

³ Program funded with grants from the U.S. Environmental Protection Agency (EPA). Figures reflect activity under BECC administration prior to merger and under NADB administration following merger on November 10, 2017. Disbursements exclude administrative expenses.

⁴ Includes project development studies and related activities, such as final design.

⁵ Includes studies and workshops on topics related to clean air, safe drinking water, reduced risk of exposure to hazardous waste and emergency preparedness.

3.4. Collaborative Initiatives and Funding Partnerships

The success of many projects and technical assistance initiatives is thanks to the cooperative efforts of various entities coming together to pool, not only their financial resources, but also their technical expertise. In carrying out its mission, NADB continues to pursue opportunities to partner with other public and private organizations to promote environmental projects on the border, as well as identify additional support for their development and implementation.

Air Quality Monitoring Fund for the Juarez-El Paso-Doña Ana Air Basin

NADB continues to work with the Texas Commission on Environmental Quality (TCEQ) to explore the possibility of establishing a fund to support air quality monitoring efforts in the air basin formed by the Municipality of Juarez, Chihuahua, El Paso County, Texas and Doña Ana County, New Mexico. It would be funded by various donors and would be used to support the operation and maintenance (O&M) of existing monitoring stations, as well as make potential investments in new infrastructure. This effort is being promoted by the Joint Advisory Committee (JAC) for the Improvement of Air Quality in the Ciudad Juarez, Chihuahua / El Paso, Texas / Doña Ana County, New Mexico Air Basin, which is composed of 22 high-level members (11 from each country) and provides an enduring platform for binational collaboration on air quality issues in the region.

Collaborative Efforts to Address Transboundary Wastewater Flows in the Tijuana River

NADB continues to play a role in providing coordination between agencies, as well as between funding partners and utilities in the U.S. and Mexico to address transboundary wastewater flows in the Tijuana River watershed. The U.S. Government has authorized funding through the United States-Mexico-Canada Agreement (USMCA) implementing law to support efforts to eliminate those flows. EPA's Border Water Infrastructure Program (BWIP) also received an annual appropriation, a portion of which will be targeted to support investments in the region to address this issue.

As part of its coordination efforts related to the USMCA funding, NADB organized and/or participated in several virtual meetings. In October, NADB attended interagency meetings with EPA and several local government stakeholders in support of EPA's outreach efforts as required under the USMCA funding legislation, as well as a virtual meeting held by EPA to update the general public on activities related to the USMCA funding in the region. In November, NADB was invited by EPA, as a technical expert, to meet with its consultant to better understand the operations of the wastewater system in Tijuana and to discuss essential data required from the water utility in Tijuana (CESPT) to adequately analyze the potential technical alternatives to address the USMCA objectives.

Within the traditional BWIP initiatives, NADB continues to work directly with CESPT, EPA and the Mexican National Water Commission (CONAGUA) to develop infrastructure rehabilitation projects to address untreated wastewater discharges to the Tijuana River. Currently, NADB is advancing BWIP investments for the rehabilitation of both the Poniente and Oriente collectors while improvements to the river diversion system and the International Collector are in the study phase.

Finally, discussions with EPA are ongoing regarding important proposals to improve the sustainability of the BWIP investments by strengthening the institutional capacity of border

region utilities, as well as to enhance opportunities for NADB loans as a key financing component in these core sector investments. Draft proposals regarding both strategies are under development and anticipated to be submitted to EPA during the first quarter of 2021.

Energy Efficiency Program for Small and Medium-sized Businesses (SMB)

The German Corporation for International Development (GIZ), in conjunction with the Mexican development banks, Nafin and Bancomext, is working with the program to promote energy efficiency and clean energy generation for small and medium-sized enterprises in Mexico. The program includes technical assistance to support efforts to find and develop opportunities for increasing the energy efficiency of processes and facilities and to install distributed-solar generation systems for self-consumption. The program also provides guarantees to allow for better financing terms for potential loans in support of these efforts. Historically, SMBs in Mexico have had difficulty accessing loans and financial support from traditional banks. NADB has been in talks with GIZ and NAFIN regarding this program and its potential for providing SMBs access to loans with better rates and tenures than would generally be provided to such business entities.

4. Results Measurement

4.1. Project Closeout Process

The final stage of project implementation is the closeout process, which serves to assess and document the achievement of the fundamental objectives of a project with respect to the investments made and the infrastructure built, or equipment and services provided. In addition, the closeout report provides important feedback on lessons learned and best practices to be applied to future projects.

During 2020, NADB finalized closeout reports for seven loan projects and delivered them to the Board. Reports for four projects funded with loans and six projects funded with NADB grants were in development at the end of the year.

In the case of BEIF-funded projects, closeout reports for 12 projects in Region 6 and six projects in Region 9 were in process at the end of the year. Ten of those 18 reports have completed internal review and are expected to be delivered to the Board during the first quarter of 2021. The remaining eight reports along with a new group of projects will initiate or continue closeout activities in 2021.

To date, closeout reports for 124 projects have been finalized and delivered, either to the Board in the case of NADB-funded projects, or to EPA, in the case of BEIF-funded projects.

4.2. Impact Assessment

NADB carries out an impact assessment on select projects to evaluate their long-term environmental and human health impacts, as well as to identify opportunities for improving the project development process. To date, four impact assessments covering several water-related projects in 12 border communities have been completed, and the corresponding reports have been published on the NADB website (Table 13).

NADB is currently evaluating the impact of two public transportation projects aimed at improving air quality by facilitating the purchase of low-emission buses throughout the Mexican border region. To date, the Border-wide Public Transportation Improvement Program in Mexico certified in 2014 as a pilot program and the Border-wide Program for the Purchase of Low-emission Vehicles in Mexico certified in 2016 have been implemented in eight municipalities in four border states.

TABLE 13:
PREVIOUS IMPACT ASSESSMENTS

- 1. Juarez Valley, Chihuahua**
4 wastewater projects constructed between 2009 and 2010 in the communities of Dr. Porfirio Parra, Guadalupe, Praxedis G. Guerrero and El Porvenir.
- 2. Baja California**
21 wastewater projects constructed between 2001 and 2013 in the communities of Mexicali, Playas de Rosarito, Tecate and Tijuana.
- 3. El Paso County, Texas**
A water and wastewater collection project completed in 2003 in the communities of Socorro and San Elizario.
- 4. Nogales, AZ and Nogales, SON**
Wastewater projects implemented in the sister cities of Nogales, AZ (completed in 2009) and Nogales, SON (completed in 2010) evaluated in a binational context.

The study covers four areas of analysis: (i) air quality and baseline conditions; (ii) analysis of public transportation systems; (iii) analysis of the life cycle of public transportation units; and (iv) a socio-urban evaluation and public perceptions. The scope of work also covers the process of scrapping obsolete public transportation units.

NADB staff is coordinating and supervising the study, which is being carried out by specialists in various disciplines. The study began at the end of June 2020 with efforts focused on desk-top research and analysis. Field work, such as interviews with government officials and public transportation users and drivers, as well as on-site emission monitoring, has been delayed by the emergency health and travel restrictions imposed by the COVID-19 pandemic. Nevertheless, progress has been made on various tasks, including calibrating the pollution measurement equipment, collecting and analyzing data on trends in atmospheric monitoring, configuring the emissions inventory baseline, analyzing the regulatory framework for public transportation, and developing a fleet assessment model, among other activities. In November and December 2020, a public survey was conducted in Tijuana, Baja California, Hermosillo, Sonora, and Ciudad Juarez, Chihuahua. In January 2021, the same survey will be conducted in the metropolitan area of Monterrey, Nuevo Leon. The study will be completed in February 2021 if the restrictions imposed by the pandemic can be overcome.

5. NADB Profile



NADB is a binational financial institution established and capitalized by the Governments of the United States and Mexico to provide financing to support the development and implementation of infrastructure projects, as well as to provide technical and other assistance for projects and actions that preserve, protect or enhance the environment in order to advance the well-being of the people of the United States and Mexico.

Pursuant to its charter, NADB works closely with border communities, state agencies and other entities to develop affordable and self-sustaining projects in the areas of potable water, wastewater treatment and solid waste management, as well as projects aimed at improving air quality, conserving water, reducing energy consumption and developing renewable energy sources, among others, located within 100 kilometers (about 62 miles) north or 300 kilometers (about 186 miles) south of the international boundary between the two countries. Each project must pass through a public participation and certification process in order to be considered for financing from NADB.

As a development bank, NADB offers various types of technical assistance and financial services to support border communities in the planning and design of sustainable environmental infrastructure projects, as well as to strengthen the institutional capacities of those responsible for implementing and operating the projects in the long term.

For more information, visit our website at www.nadb.org.

ANNEX
ACTIVE PROJECTS BY STATE

DECEMBER 31, 2020



ANNEX

NADB QUARTERLY REPORT
DECEMBER 31, 2020

NORTH AMERICAN DEVELOPMENT BANK ACTIVE PROJECTS BY STATE December 31, 2020

Project	Population to Benefit ¹	Certification Date	Total Cost	Total NADB Funding (Million USD)			Construction Phase ²			
				Approved	Contracted	Disbursed	Pre-const.	Construct.	Complete	
UNITED STATES										
ARIZONA										
1	1 Douglas (Bay Acres)	WW	17,378	17-Nov-16	19.84	7.59	7.59	7.59	1	
2	2 Nogales (Peña Blanca)	WW	1,262	8-Nov-18	0.71	0.45	0.45	0.45		1
	TOTAL ARIZONA		18,640		20.56	8.04	8.04	8.04	0	1
CALIFORNIA										
3	1 Don Lee Energy Storage (Escondido)	EE	4,333	2-Mar-20	Reserved	6.80	5.00	0.25		
	TOTAL CALIFORNIA		4,333			6.80	5.00	0.25	0	0
NEW MEXICO										
4	1 Anthony	WW	8,700	6-May-16	4.89	3.39	3.39	3.37		1
5	2 Sunland Park/Santa Teresa (WWTP)	WW	6,438	23-Apr-15	12.70	9.00	9.00	8.95		1
	TOTAL NEW MEXICO		15,138		17.59	12.39	12.39	12.32	0	0
TEXAS										
6	1 Agua SUD	ProRec	29,658	12-Nov-20	13.00	13.00	13.00	13.00		1
7	2 El Paso County (Vista del Este)	W	1,068	17-Nov-16	1.56	0.50	0.50	0.50		1
8	3 Jim Hogg County	W	4,558	12-Nov-20	4.26	4.26	4.05	4.05	1	
9	4 Marathon (2)	WW	546	9-Nov-17	2.20	2.20	2.20	1.96		1
10	5 Maverick County	ProRec	58,722	11-Sep-20	17.80	17.75	17.75	17.75		1
11	6 Palmview (Agua SUD)	WW	8,183	21-May-20	48.20	6.00	6.00	0.46		1
12	7 Presidio	W	4,000	14-Nov-19	4.50	4.50	4.50	2.19		1
13	8 Presidio	ProRec	3,900	1-Oct-20	1.38	1.35	1.35	1.35		1
14	9 Tornillo (2)	W/WW	3,500	28-Aug-14	3.75	3.75	3.75	3.47		1
	TOTAL TEXAS		110,235		96.65	53.31	53.09	44.72	1	4
14	TOTAL U.S.		148,346		134.79	80.54	78.52	65.33	1	5
MEXICO										
BAJA CALIFORNIA										
1	1 Mexciali (Phase 1)	WW	557,000	21-May-20	6.78	3.39	3.39			1
2	2 Mexciali (Lift Stations)	WW	146,000	21-Aug-20	4.11	2.06	2.06			1
3	3 Playas de Rosarito	BUI	90,688	14-May-15	14.56	13.65	13.65	13.65		1
4	4 San Quintin	W	86,414	8-Mar-18	48.20	36.61	36.61		1	
5	5 Tijuana y Rosarito	W/WW	1,373,931	21-Jul-09	22.94	15.32	15.32	12.08		1
6	6 Tec.-La Gloria WWTP	WW	187,036	1-Feb-11	8.23	4.13	4.13			1
7	7 Tijuana (Poniente)	WW	86,950	9-Nov-17	3.01	1.52	1.52	1.40		1
8	8 Tijuana (Poniente 1A)	WW	87,000	30-May-19	6.46	2.42	2.42	1.85		1
	TOTAL B.C.		2,254,033		106.06	74.97	74.97	28.98	1	6

**ANNEX
ACTIVE PROJECTS BY STATE**

NADB QUARTERLY REPORT
DECEMBER 31, 2020

	Project	Population to Benefit ¹	Certification Date	Total Cost	Total NADB Funding (Million USD)			Construction Phase ²		
					Approved	Contracted	Disbursed	Pre-const.	Construct.	Complete
CHIHUAHUA										
9	1 Ahumada	SW	11,457	16-Jun-16	0.29	0.30	0.30	0.21		1
10	2 Chihuahua	WW	809,232	14-Nov-19	14.69	11.23	11.23	6.32	1	
11	3 Loma Blanca	WW	4,933	9-Nov-17	1.74	0.63	0.63	0.44		1
12	4 Madera	SW	17,050	16-Jun-16	0.29	0.30	0.30	0.22		1
13	5 Nuevo Casas Grandes	SW	59,337	16-Jun-16	0.50	0.50	0.50	0.45		1
14	6 Santa Maria Solar (Galeana)	SE	195,340	22-Jun-17	Reserved	30.00	30.00	27.25		1
	TOTAL CHIH.		276,660		17.52	42.96	42.96	34.89	0	1 5
COAHUILA										
15	1 Ciudad Acuña	SD	8,120	14-Nov-19	0.63	0.50	0.50	0.02	1	
16	2 Reg. 5 Manantiales	SW	77,800	16-Jun-16	0.55	0.50	0.50	0.41		1
	TOTAL COAH.		85,920		1.18	1.00	1.00	0.43	1	1 0
NUEVO LEÓN										
17	1 El Mezquite Wind (Mina)	WE	432,965	27-Jun-17	Reserved	74.10	74.10	74.00		1
	TOTAL N.L.		432,965		0.00	74.10	74.10	74.00	0	0 1
SONORA										
18	1 Don Diego Solar (Benjamin Hill)	SE	186,056	14-Nov-19	Reserved	100.00	100.00	100.00		1
19	2 Magdalena	W	12,187	14-Nov-19	3.20	0.50	0.50			1
20	3 Nogales (SW colonias)	W/WW	16,701	17-Nov-16	10.48	5.26	5.26	1.76		1
21	4 Orejana Solar (Hermosillo)	SE	175,417	7-Jul-17	Reserved	26.75	26.75	24.25		1
22	5 Puerto Libertad Solar (Pitiquito)	SE	477,196	8-Mar-18	Reserved	65.99	65.99	65.99		1
	TOTAL SON.		867,557		659.78	198.50	198.50	192.00	0	4 1
TAMAULIPAS										
23	1 Camargo	WW	8,819	19-Jun-18	3.43	2.53	2.53	1.78		1
24	2 Delaro Wind (Reynosa)	WE	226,219	14-Nov-19	Reserved	50.00	32.00		1	
25	3 Gustavo Díaz Ordaz	WW	12,354	30-May-19	8.55	4.51	4.51	1.10		1
26	4 José Silva Sánchez (Soto la Marina)	W	135	19-Jun-18	0.26	0.25	0.25	0.09		1
27	5 Nueva Ciudad Guerrero	WW	5,209	30-Mar-20	4.33	2.06	2.06			1
28	6 Reynosa (2)	WW	266,853	6-May-16	15.91	7.33	7.33	6.37		1
29	7 Vicente Guerrero Wind (Güémez)	WE	224,287	8-Feb-17	Reserved	30.00	30.00	30.00		1
	TOTAL TAMP.		517,657		459.25	96.68	78.68	39.33	1	5 1
MEXICAN BORDER REGION										
30	1 Mercader Pilot Program	PT		24-Jun-14	13.55	14.33	14.33	10.91		1
31	2 Mercader Bus Program	PT		13-Sep-16	76.02	76.32	76.32	58.78		1
32	3 Value Bus Program	PT	76,700	26-Jun-20	28.62	24.33	6.95	6.95		1
	TOTAL MX Border				118.19	114.98	97.61	76.64	0	3 0
32	TOTAL MEX.		4,434,792		1,361.98	603.19	567.81	446.27	3	20 9
46	TOTAL NADB		4,583,138		2,007.25	683.73	646.34	511.60	4	25 16

1 Populations benefiting from more than one project are only counted once.

2 Projects in development are either under final design, in preparation for bidding or in bidding. Projects that have completed construction may still be considered active because financing is still in process (pending disbursement or deobligation).

AQ = Air quality; BUI = Basic urban infrastructure; EE = Energy efficiency; OCE = Other clean energy; PT = Public transportation; SD = Storm drainage; SE = Solar energy; SW = Solid waste; W = Water; WC = Water conservation; WE = Wind energy
WW = Wastewater; WWTP = Wastewater treatment plant