Historical Trajectory and Lessons Learned

North American Development Bank and Community Adjustment and Investment Program

Trayectoria histórica y lecciones aprendidas

El Banco de Desarrollo de América del Norte y el Programa de Inversión y Ajuste Comunitario

Raúl Hinojosa-Ojeda

El Colegio de la Frontera Norte

center for the united states and mexico
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NORTH AMERICAN INTEGRATION & DEVELOPMENT CENTER
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This book is dedicated to Rep. Esteban Torres (retired) and Antonio Gonzalez (RIP) for their trailblazing leadership in making the proposal of the NADB and CAIP a reality with the help of a wide range of civil society organizations that made change happens on both sides of the border, including the William C. Velasquez Institute, National Council of La Raza (UnidosUS), MALDEF, Texas Center for Policy Studies, U.S.-Mexico Dialogos, LULAC, NRDC, WWF.

Este libro está dedicado al Representante Esteban Torres (retirado) y a Antonio Gonzalez (QDP) por su destacado liderazgo para lograr que la propuesta del BDAN y el PIAC se concretara con la ayuda de un amplio rango de organizaciones de la sociedad civil que lograron que el cambio ocurriera en ambos lados de la frontera: William C. Velasquez Institute, el National Council of La Raza (UnidosUS), MALDEF, Texas Center for Policy Studies, US-Mexico Dialogos, LULAC, NRDC, WWF.

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Most Used Abbreviations

BECA = Border Environment Cooperation Agreement
BECC = Border Environmental Cooperation Commission
BEIF = Border Environment Infrastructure Fund
CAIP = Community Adjustment and Investment Program
DEA = Designated Eligible Areas
EPA = Environmental Protection Agency
GAO = Government Accountability Office
GENIE = Georgia's Enterprise Network for Innovation and Entrepreneurship
MCEDC = Martin County Economic Development Corporation
NADB = North American Development Bank
NAFTA = North American Free Trade Agreement
NAICS = North American Industry Classification System
NAID = North American Integration and Development
NI = Northern Economic Development Initiatives
RBP = Rural Business Program
RDA = Rural Development Administration
SBA = Small Business Administration
SBDC = Small Business Development Center
SBIC = Small Business Investment Company
TA = Technical Assistance
TAA = Trade Adjustment Assistance
UCLA = University of California, Los Angeles
USDA = United States Department of Agriculture
USMCA = United States-Mexico-Canada Agreement
UTSA = University of Texas at San Antonio

Prologue

This book is being released 25 years after the establishment of the NADB as part of the NAFTA Labor and Environmental Side Agreements which were ratified by the U.S. and the Mexican Congresses in 1993.[1] It was originated by the UCLA NAID Center as a technical assistance request on behalf of the NADB and the NADB CAIP.[2] The objective was to review the historical trajectory of the NADB and CAIP in order to evaluate the bank and program's success and shortcomings and to learn how this experience can be utilized to create new jobs and help prevent future unemployment in CAIP DEA and similarly impacted communities. The goal with this release is to widely disseminate the importance of the original intent of the NADB and CAIP and to provide lessons on how to improve the effectiveness of the program going forward as well as to inform the discussion around trade-related community adjustment policies in the historic context of the debate on the future of the recently negotiated USMCA.

Much has changed in the world since NAFTA and the NAFTA Labor and Environmental Side Agreements began implementation in 1994. The fundamental challenges, however, remain the same as legislatures in the U.S., Mexico and Canada ratified a newly

[1] President Bill Clinton signed Executive Order 12 916 on May 13, 1994 implementing the Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank. The stated goal was "to advance sustainable development, pollution prevention, environmental justice, ecosystem protection, and biodiversity preservation and in a manner that promotes transparency and public participation in accordance with the North American Free Trade Agreement and the Agreement" (Executive Order No. 12 916, 1994). The U.S. Congress created the NADB CAIP in December 1993 as a part of the NAFTA implementing legislation Public Law 103-182, Section 543, December 8, 1993 (North American Free Trade Agreement, 1993).

[2] This report was designed to help develop the "Impact Report for the U.S. CAIP" (U.S. Community Adjustment and Investment Program, n. d.).

negotiated USMCA: How can we create agreements for economic integration between countries that raise development levels for all, particularly sustainable investments in those regions facing adjustment costs? How can we guarantee public participation mechanisms for implementing job creating investments in those regions facing adjustment challenges?

The proposal and political movement to create the NADB, BECC and the CAIP in both the U.S. and Mexico represented a deliberate effort by non-governmental organizations to address these core challenges head on from a grassroots and transnational perspective (Gonzalez, 2018). The NADB and the BECC were focused on environmental infrastructure directly, of which it was agreed should absorb 85-90 percent of resources on both sides of the border. The most significant need to address via the NADB CAIP was to focus on non-border community and adjustment financing, going beyond traditional and relatively passive Trade Adjustment Assistance (TAA) training and Small Business Administration (SBA) and other lending programs, such as the U.S. Department Rural Development Administration (USDA RDA). Instead, the CAIP mechanism was envisioned to allow local communities to both identify anticipated employment impacts as well as develop community strategic plans to use government supported financing efforts for sustainable community employment options.

Because it was an innovative proposal from civil society, the creation of the NADB CAIP received a great deal of skepticism even among those that shared its goals. Some said it was too ambitious, potentially opening up a new entitlement spigot that could be overwhelmed if NAFTA impacts were much greater than anticipated. Others worried that it was too modest in its scope and incapable of making a difference in light of some higher estimates of potential NAFTA impacts.

The most significant findings of this NADB and CAIP book is that with 25 years of empirical results we can now say that:

1) NADB certified and funded over 450 completed projects significantly addressing border environmental issues such as water conservation, solid waste infrastructure, air quality, and renewable energy.
2) CAIP experience shows that the challenge of trade adjustment can be addressed in communities where CAIP resources were allowed to be implemented and invested.
3) The CAIP record community planning did make a significant impact on the ability of communities to identify needs and focus plans for meeting the adjustment investment challenges.
4) CAIP as an institution was potentially capable of addressing 100 percent of impacts with relatively modest increases in funding.

5) CAIP design and methodology for community engagement did surpass expectations as a highly cost effective means of providing flexible technical assistance.
6) NADB and CAIP do provide a model institution for investing in adjustment impacted communities that must be included as a core part of any new USMCA.

The most important findings of the book include:

1) The proposed NADB CAIP estimates of post NAFTA U.S. employment impacts turned out to be highly accurate and relatively small enough to be manageable through focused job creation policies. NADB CAIP broad eligibility data on NAFTA U.S. employment impacts totaled around 900 000 over 25 years in hundreds of counties, which is closely similar to a wide range of academic and policy estimates of NAFTA employment impacts as well as the actual number of benefited workers through various trade adjustment policies related to NAFTA from 1994 to 2017, including TAA, SBA, RDA and the NADB CAIP.
2) The NADB CAIP eligibility criteria for specific counties (DEA) was able to identify the likely most egregious cases of NAFTA related impacted counties and workers needing CAIP resources. Community Adjustment and Investment funding was, however, limited only to high NAFTA TAA impacted areas with higher unemployment rates than the national average. This limited access to CAIP eligible DEA to only 30 percent of the total NAFTA-impacted TAA eligible workers and only 27 percent of TAA eligible counties.
3) The CAIP Federal Agency Program which subsidized fees through SBA and RDA loans likely was able to generate substantial employment in designated CAIP counties, but again was limited by eligibility criteria and funding. CAIP resources were nevertheless able to generate approximately 10-21 percent of re-employment of TAA eligible workers in CAIP DEA. The smaller sized CAIP Program for Direct Credit and Technical Assistance Grants generated much smaller number of total jobs, which were nevertheless sustainable and important to local communities according to CAIP case studies in the report.
4) CAIP investment methodology (particularly the TA grants and direct credit programs) proved to be effective in mobilizing additional resource to address concerted responses that "would not have been made possible without the CAIP" (D. West, personal communication, March 12, 2018). Case studies and interviews of five representative CAIP projects and their local partners indicate CAIP resources were indispensable to the success of projects and this was closely related to the persistent accessibility to CAIP staff and their ability to closely evaluate and provide specific targeted resources to meet specific needs that would otherwise not be addressed.

5) NADB contracted a total of 3 billion dollars in loans across 244 projects worth 9.32 billion dollars since its inception.[3] NADB CAIP provided financing to CAIP DEA of 48 million dollars through guarantee, direct loans and grants programs, mobilized approximately 560 million dollars in small business lending (see Table 20, Chapter 4).
6) A counterfactual exercise of broadening the CAIP geographic criteria to address all TAA eligible workers and counties indicates that nearly all of the quantitative post-NAFTA related employment displacement could have been adequately addressed. Increasing the CAIP funding and the scope of geographic eligibility to 100 percent of TAA eligible counties and workers would have implied increasing CAIP resources from 15 to 505 million dollars, which would have facilitated the targeted mobilization of 7.9-18.7 billion dollars in SBA and RDA resources. Rather than requiring new federal spending, most of this focused business lending would imply a reallocation of already expending resources by these federal programs to more targeted community adjustment and investment needs.
7) CAIP resources made the most impact in the most vulnerable of CAIP eligible counties which have higher poverty rates, higher shares of manufacturing employment, as well as higher concentrations of Latino and Black trade exposed workers. Further comparative analysis of the CAIP eligible counties indicates that the limitations on CAIP criteria focused resources on counties with highly vulnerable socio-economic characteristics compared to all TAA certified counties (Hinojosa-Ojeda et al., 1995).
8) By the end of 2014, 243 projects had been certified by the BECC, and the NADB had issued 2.40 billion dollars in loan and grant funding for 204 projects. These projects have produced tangible results, such as an increase in waste water treatment coverage along the border from 21 percent in 1995 to 87 percent in 2012, water savings estimated at 371 000 acre-feet per year (enough to provide drinking water to four million people), solid waste projects enabling proper management of 1 550 tons of waste per day, and renewable energy projects that are helping to avoid the release of 2.1 million metric tons per year of carbon dioxide and other greenhouse gasses. The NADB-BECC merger went into effect on November 10, 2017. By the end of 2016, 172 projects have been completed addressing issues such as water conservation, solid waste infrastructure, air quality, and renewable energy.

One of the most important lessons contained in the report concerns the NADB and CAIP methodology for supporting local mechanism for identifying and implementing successful projects. All interviewees from the six case studies reported that the application, funds disbursal and reporting processes were smooth and relatively easy, especially

[3] NADB had 61 active projects with a total of 649 million dollars in grants and loans as of March 31. About 541 million dollars of that stemmed from its loan program.

compared to other types of federal grants. They unanimously noted that a major factor in the successful implementation of the projects was the one-on-one work with the CAIP program director, Sylvia Lopez Gaona, which provided an opportunity to answer specific questions and challenges and obtain additional expertise. All projects managed to leverage other public and private funds, usually both. The CAIP projects served as a hub for identifying and mobilizing resources and assets. In most cases, the projects provided the impetus to carry out local development planning in stressed communities in ways that had not previously been done. This included developing participative processes to identify local needs, link to nearby communities and think forward to economic transitions.

Mexico Side Activities of NADB CAIP

The original vision of the NADB CAIP, as well as the bylaws adopted by the U.S. and Mexican governments, was intended to provide support for community adjustment and investment in both the U.S. and Mexico (Agreement Between the Government, 1993). The funding and operations of the CAIP for both the U.S. and Mexico were spelled out in the Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank (1993): The total amount of loans, guarantees and grants provided for the purposes of non-border "community adjustment and investment shall be 10 percent of the capital actually paid to the NADB by the United States and Mexico" (p. 10). In other words, according to the agreement ratified by both countries, at least 10 percent of all funds must be spent on non-border community and investment activities.

This book, however, will only focus on the U.S. CAIP given the near zero visibility on how NADB resources were spent on the Mexican side to meet this mandate. It is our expectation that a similar accountability report can be prepared for the Mexico side in the future.

Future Implications for USMCA Legislative Action on NADB and CAIP

The future debates on USMCA in both the U.S. and Mexico legislatures in 2019 will undoubtedly be focused once again on issues of the impact of U.S.-Mexico trade and integration. This debate will represent a critical opportunity to go beyond simple yes or no votes on USMCA and to propose politically viable transnational policy alternatives. The future evolution of the U.S.-Mexico pattern of trade, integration and development, as well as the scope and efficacy of agreements and institutions, will depend on the capacity for coordinated action by newly elected legislative majorities and civil society voices on both sides of the border.

The NADB, BECC and CAIP institutions created 25 years ago represented a major innovation at the time and have changed the way all trade agreements have been negotiated, including the USMCA. Labor and environmental language have now incorporated into text of the USMCA. While the NADB and CAIP changed the way in which development banks have developed mechanisms for community participation (Conger, 1994), there is as of yet no specific language in the USMCA on the future of the NADB and CAIP.

The most important implication of the NADB CAIP experience is that managing future trade adjustment is both affordable and doable, with proven positive returns from NADB CAIP programs. Based on the findings of this report, a common agenda should include:

1) Continued commitment to NADB CAIP active labor market policies in the NAFTA region (U.S., Mexico and Canada) which are still needed as two-way trade is expected to grow between countries in North America, baring a scenario of major trade disruptions (Hinojosa-Ojeda, Robinson, & Thierfelder, 2021).

2) Commitment to establish permanent NADB CAIP mechanisms on both sides of the border to enable more communities to become forward-thinking by identifying of adjustment needs and establish participatory and resilient investment strategies.

3) On the U.S. side, the largest failing of NADB CAIP was the inability of the CAIP Advisory Board to secure the expanded criteria and funding. As is demonstrated in this report, while U.S. side CAIP was very effective in addressing job creation and adjustment needs in eligible DEA, a relatively modest increase in resources could have reached virtually all similarly impacted workers and communities in the U.S. Achieving this goal could have significantly changed the last 25 years of justified claims of unaddressed NAFTA impacts.

Fully addressing ongoing U.S. side trade adjustment challenges as a part of future USMCA implementation is actually more obtainable now than during NAFTA through proven cost effective mechanisms such as NADB CAIP. As this report details, most of the large scale U.S.-Mexico trade adjustments have already occurred in the early stages of NAFTA implementation, particularly the large scale integration of most manufacturing sectors into North American regional supply chains.

Looking to the future, U.S. Agricultural and rural adjustments will dominate remaining adjustment needs, particularly in U.S. communities linked to Mexico through trade, investment and migration labor flows. Other impacts will be associated with the continued integration of China into the world economy, though the bulk of adjustment from triangulated U.S.-Mexico-China production and trade has already occurred over the 10 years after China joined the WTO in 2001. Now the most dangerous issues will be potential disruptions to integrated regional supply chains from trade with global markets, particularly U.S.-China trade wars.

4) On the Mexico side, there will be ongoing major needs for trade adjustment support. As was already the case 25 years ago, Mexican side needs will be particularly important in the agricultural and rural areas. Mexico side community adjustments will be even more important in southern Mexico where poverty is higher and the last major out migration flows from Mexico are expected in the absence of significant employment and development options.

Mexico could significantly benefit from the application of the type of CAIP community focused technical assistance and adjustment investments. While increased Mexican rural migration flows can be a positive benefit to both Mexico and the United States, these flows would be much more productive if accompanied by legalized immigration reform and financial empowerment of billions of remittances from the U.S. to Mexico. Since NAFTA, the total amount of remittances sent to the region totals more than 500 billion dollars, more than double Foreign Direct Investment. The original conception of NADB anticipated this massive flow and included remittance mobilization as a goal, which can now be made more cost effectively through new mobile technologies and the creation of "Directo a México", a partnership between the U.S. Federal Reserve and the Banco de México. This goal is even more important with the recent elimination of the Mexican 3x1 program for collective remittance mobilization.

The NADB should commit to using its resources to increase the use of low cost banking technology for remittances which could allow for saving bonds to invest in local communities to address the root development causes of immigration from Mexico, and potentially Central America. An important area where NADB CAIP could expand its usefulness is Central America development adjustment assistance, which in many ways share a similar set of challenges as does Southern Mexico. In a recent opinion article published in *The Hill*, the argument was made that the "North American Development Bank should be repurposed to focus on Southern Mexico and the Northern Triangle" (Runde, 2018). The U.S. and the Mexican governments should keep this in mind as they search for resources for their 30 billion dollars pledge they just made for Central America development.

5) The largest failing of the NADB continues to be the lack of addressing the significant development and adjustment challenges south of the border, despite the bylaws adopted by the U.S. and Mexican governments intended to provide support for "community adjustment and investment" in both the U.S. and Mexico (Agreement Between the Government, 1993, p. 1). Both the U.S. and Mexican Legislatures should assure that total amount of loans, guarantees and grants provided for the purposes of non-border community adjustment and investment shall be 10 percent of the capital actually paid to the NADB by the United States and Mexico (Agreement Between the Government, 1993, p. 10).

Raúl Hinojosa-Ojeda

Introduction
Trajectory and Lessons

This book presents a historical trajectory and impact evaluation of the NADB and the NADB CAIP. The book reviews the historical trajectory of the NADB CAIP in order to evaluate the program's success and shortcomings and to learn how this experience can be utilized to create new jobs and help prevent future unemployment in CAIP DEA and similarly impacted communities. The goal is to evaluate and improve the effectiveness of the program going forward as well as to inform the discussion around trade-related community adjustment policies generally.

The key finding of the book is that NADB CAIP was able to identify and provide significant job replacement investments in participating counties, accounting for nearly one-third of estimated post NAFTA employment displacement. Fully addressing all NAFTA related displacements was possible with additional modest resources. The key policy implication is that community oriented investment programs for trade adjustment can be successfully managed to address the more equitable distribution of trade benefits between the U.S., Mexico and Canada.

First, we will situate the CAIP experience within the context of the general scholarship and policy discussions surrounding the potential impact of the North American Free Trade Agreement (NAFTA) and within a comparative analysis of the CAIP program and other trade adjustment programs and policies. We will review the discussions that led to the original mission of the NADB and CAIP, which sought to identify and respond to employment changes in communities associated with the NAFTA and to develop investments programs that could generate new opportunities for sustainable competitive adjustment.

A second objective is to present a historical examination of the NADB, along with its sister organization the BECC, from their conception, through their merger, and to where the organization stands today (Gantz, 1996). We will describe the role that NADB plays in funding crucial environmental projects in the United States-Mexico border region. In addition, we will provide a detailed analysis of the various projects that have been funded by NADB.

A third principal objective is to evaluate the NADB CAIP design of the CAIP eligibility criteria and availability of resources for addressing the revealed need for NAFTA-related community adjustment and investment. CAIP resources are analyzed within the context of the empirical evidence of the full employment impact of NAFTA-related integration and development. We seek to evaluate the extent to which CAIP-designed eligibility and allocated resources were capable of providing assistance to communities facing the most egregious employment adjustments from NAFTA related trade and investment.

A fourth principal objective is to determine the effectiveness of the resources and methods that the NADB CAIP was able to mobilize in creating sustainable community adjustments and investment in the DEA that were eventually included within the CAIP criteria. The central concern of this report is to determine the extent to which the NADB CAIP has been able to accomplish its original mission to identify and respond to employment changes in communities associated with the NAFTA and to develop commensurate investments programs that could generate new opportunities and employment for sustainable competitive adjustment (Hinojosa-Ojeda et al., 1995).

The overall objective of the book is to respond to a need by communities in DEA, academic and policy experts, as well as the public in general, for an understanding of the origins, purpose, operating history, and trajectory of the NADB CAIP as they relate to NAFTA economic and labor impacts in the DEA. For the DEA that have experienced persistent unemployment and underemployment since NAFTA and have received CAIP assistance, this reports' analysis of the CAIP program's history and future trajectory will help demarcate the various forces that have contributed to these employment impacts. The lessons of the CAIP supported projects help quantify and qualify the CAIP supported employment generating activities within the ongoing and changing impacts related to NAFTA—including job loss and business closures. The success stories in CAIP DEA are a key lesson of this report, helping community stakeholders better target resources and policy responses in the future.

This historical empirical analysis of the CAIP experience can provide useful lessons for building even more effective trade adjustment and investment programs going forward. This analysis of the trajectory of the CAIP holds many lessons for current debates on the size and nature of the challenge of NAFTA adjustment. As in the original North American discussion around NAFTA, the issues which NADB sought to address are central once again, concerning how best to address the impacts of globalization. Should we maintain a traditional reliance on increased trade and investment liberalization or opt for a return to nationalist economic policies? Or can we better address community competitiveness and distributional impacts of NAFTA through active community adjustment policies focused on investment programs implemented with the help of institutions such as NADB and CAIP? The answer to these questions will tie together the historical, methodological, economic, and comparative analysis, including the tools necessary to improve the effectiveness of trade related community and investment policies in a changing global environment.

The key findings are:

1) By the end of 2014, 243 projects had been certified by the BECC and the NADB had issued 2.40 billion dollars in loan and grant funding for 204 projects. These projects have produced tangible results, such as an increase in waste water treatment coverage along the border from 21 percent in 1995 to 87 percent in 2012, water savings estimated at 371 000 acre-feet per year (enough to provide drinking water to four million people), solid waste projects enabling proper management of 1 550 tons of waste per day, and renewable energy projects that are helping to avoid the release of 2.1 million metric tons per year of carbon dioxide and other greenhouse gasses. The NADB-BECC merger went into effect on November 10, 2017. By the end of 2016, 172 projects have been completed addressing issues such as water conservation, solid waste infrastructure, air quality, and renewable energy.

2) There is a convergence between different academic and policy estimates of the U.S. employment impacts of post NAFTA economic integration (around 900 000) and the actual number of beneficiaries of various trade adjustment policies related to NAFTA, including, TAA, SBA, RDA and the NADB CAIP since 1994 to 2017.

3) The NADB CAIP eligibility criteria for DEA was able to identify the likely most egregious cases of NAFTA related impacted counties and workers needing CAIP Community Adjustment and Investment resources (limited to high NAFTA TAA impacted areas with higher than average unemployment). Yet these CAIP eligible DEA contain only 30 percent of total workers eligible for TAA (Trade Adjustment Assistance) and represent less than one third (27 %) of NAFTA-impacted counties eligible for TAA.

4) The CAIP Federal Agency Program which subsidized fees through SBA and RDA loans likely generated approximately 10-21 percent of re-employment of TAA eligible workers in CAIP DEA. The CAIP programs for Direct Credit and Technical Assistance Grants generated much smaller number of jobs, which were nevertheless sustainable and important to local communities according to CAIP case studies.

5) CAIP investment methodology (particularly the TA grants and direct credit programs) proved to be effective in mobilizing additional resource to address concerted responses “that would not have been made possible without the CAIP” (D. West, personal communication, March 12, 2018).

6) Case studies and interviews of five representative CAIP projects and their local partners indicate that the success of projects was closely related to the persistent accessibility to CAIP staff and their ability to closely evaluate and provide specific targeted resources to meet specific needs that would otherwise not be addressed.
7) A counterfactual exercise of broadening the CAIP criteria to address all TAA eligible workers and counties (100 % rather than the current 30 % by eliminating the CAIP relatively higher local unemployment rate requirement) indicates that nearly all of the quantitative NAFTA related employment displacement could have likely been adequately addressed. Increasing the CAIP funding and the scope of geographic eligibility to 100 percent of TAA eligible counties and workers would have implied increasing CAIP resources from 15 to 505 million dollars, which would have facilitated the targeted mobilization of 7.9-18.7 billion dollars in SBA and RDA resources. Most of this focused business lending would imply a reallocation of already expending resources by these federal programs to more targeted community adjustment and investment needs.
8) Further comparative analysis of the CAIP eligible and non-eligible counties indicates that the CAIP criteria (requiring "significant" TAA certified job loss as well as a high unemployment rate one percent above average) results in a set of counties with highly vulnerable socio-economic characteristics compared to all TAA certified counties. CAIP eligible counties on average have higher poverty rates, higher shares of manufacturing employment, as well as higher concentrations of Latino and Black trade exposed workers.
9) Continued active labor market policies in the NAFTA region (U.S., Mexico and Canada) are still needed as two-way trade is expected to grow between countries in North America, baring a scenario of major trade disruptions. Managing future trade adjustment is both affordable and doable, with proven positive returns from NADB CAIP programs.

The general conclusion of this book is that the original mission of the NADB CAIP was obtainable, both with respect to identifying adjustment challenges as well as providing commensurate resources in critically catalytic ways to enhance community focused investments. Significantly, the cost effectiveness of the CAIP activities can be shown to be fully scalable within a manageable program budget that could address the complete size of the NAFTA related employment challenge. Furthermore, a counterfactual exercise shows that closer integration between CAIP activities and other U.S. government programs (such as SBA and RDA) could generate more than sufficient resources to address NAFTA related community adjustment and investment needs in the U.S., both past and future.

While the original vision of the NADB CAIP, as well as the bylaws adopted by the U.S. and Mexican governments (Agreement Between the Government, 1993), were intended to provide support for community adjustment and investment in both the U.S. and Mexico, this report will only focus on the U.S. CAIP with the expectation that a similar report can be prepared for Mexico in the future.

NADB CAIP Historical Dynamics and Institutional Formation

Original Vision of North American Development Bank (NADB) Proposal

The origin of the NADB and CAIP was rooted in a scholarly and policy debate associated with the rise of NAFTA. From its historical origins and throughout the lifespan of CAIP, there was concern that the potential adjustment costs from implementing NAFTA could disproportionately affect select industries and populations (Cameron & Tomlin, 2000). The original proposal was presented at a conference of the Federal Reserve Bank of Dallas on June 14, 1991. The proposal called for

> the creation of a new institution, a regional North American Development Bank and Adjustment Fund (NADBAF), to facilitate both increased investment in targeted sectors of the Mexican economy and structural adjustment in all three countries. This institution would serve two functions: *1)* as a regional investment bank, it would lend funds to finance long-term development projects; and *2)* as an adjustment fund, it would provide short- to medium-term assistance to facilitate the reallocation of resources required to generate productivity increases in the region. (Fishlow, Robinson, & Hinojosa-Ojeda, 1991, p. 17)

Throughout a long policy and political gestation, including the 1992 Clinton presidential campaign, U.S.-Mexico NAFTA side agreement negotiations in 1993, and the final U.S. Congressional vote on NAFTA in November 1993, the final form of the NADB CAIP became a reality in early 1994. As a part of the "NAFTA side agreements", the NADB and the BECC were created to focus on environmental infrastructure along the U.S.-Mexico border. It was agreed that the CAIP components of the NADB (agreed to be created separately in the United States and Mexico) were to be funded by 10 percent of the NADB paid-in capital provided by each country. It was agreed that CAIP funding would be utilized for community adjustment and investment activities with a focus on helping particular communities through business loans and technical assistant grants aimed at stimulating economic alternatives in both the U.S. and Mexico.

An analysis of the prolonged policy debate, the process of selecting the industries and communities that were originally targeted for support, as well as the evolution of the CAIP program since 1994 can provide the context necessary to understand the rationale for the specific range of investment choices allowed by the NADB and CAIP. Understanding the development and evaluating the original mission of the CAIP will be critical for evaluating any suggestions of operational revisions of the NADB CAIP going forward.

Social Movements and Policy-Making Dynamics

The politics of international economic policy formation in the United States, the world's largest trader and investor, had become increasingly divisive in the 1990's. Throughout the decade, U.S.-Mexico economic relations had become the primary metaphor for the discussion of the global costs and benefits of trade and investment growth, along with the increasingly pivotal role of three related issue areas that traditionally were not part of trade policy debates: environmental sustainability, labor rights and standards, and community economic adjustment and development. When top Mexican government officials came to Washington in January 1990, for a hastily arranged meeting, to tell the Bush Administration that Mexico would take the U.S. up on an often rhetorically made offer to negotiate a North American Free Trade Agreement (NAFTA), the prospect that these three issues were at all important was completely absent (see Hinojosa-Ojeda & Robinson, 1992).[1] By the time of the final vote on NAFTA by the U.S. House of Representatives in November 1993, an unusually effective strategic coalition of Latino and environmental groups had succeeded in forcing the establishment of a new set of transnational institutions as a part of the "NAFTA Plus" legislative package, becoming the determining factor in the slim congressional majority for the agreement (see Audley, 1997; Destler, 1995; Grayson, 1995). These institutions included the NADB, BECC, CAIP and the North American Commission on Environmental Cooperation and the North American Commission on Labor Cooperation.

The NAFTA and side agreements experience, particularly the creation of the NADB and CAIP, represented a significant milestone in the emergence of new societal actors into the traditionally closed arena of international economic policy-making long domi-

[1]As is explored in this article, traditional theoretical frameworks in the fields of economics and political science were shown to be equally unprepared to predict, explain or guide the new pattern of negotiations that would soon ensue.

nated by a limited set of state agencies and economic interests, with potentially important global implications. The process of globalization over the past four decades had created a new politically contested arena where emerging major issues would remain unresolved for quite some time since neither governing states nor societal actors were prepared to propose new politically sustainable transnational policy agendas. This new political space created by the NAFTA negotiations was both a unique opportunity for "clear field" running in proposing new progressive approaches as well as an opening for strong reactionary tendencies froth with national chauvinist and racist currents.

While the actual impact of North American integration has always been highly asymmetrical (much less significant for the U.S. than for Mexico or Canada), a variety of U.S. societal actors were nevertheless able to take advantage of the process of negotiating a free trade agreement initiated by national governments primarily for geopolitical purposes to highlight long neglected consequences of global integration and uneven development. The successful development of an alternative grassroots approach was led by societal actors in an unusual issue coalition that included businesses and local governments, as well as some environmental activists and Latino immigrant labor organizations. The Southwest Voter Research Institute was particularly critical in generating national Latino support for Congressman's Esteban Torres leadership for the NADB and CAIP initiatives in the Congress (Gonzalez, 2018). The highly visible NAFTA political debate opened the opportunity to mobilize voices of poorer communities in the U.S., Mexico and Canada. These communities held substantially uneven access to political voice and limited avenues of political redress concerning the unequal consequences of the historical pattern of transnational integration.

The NADB and CAIP signified a new vision for addressing integration with community mobilization for development. It was clearly established that we needed to go beyond just providing TAA to workers and that we needed to have a mechanism for communities to mobilize more comprehensive re-investment responses for new employment creation in the face of employment displacement. The basic concept and vision of the CAIP was thus to combine active and passive labor market policies, helping communities work with private sectors with strategic support for technical assistance and planning that could help integrate worker re-training with loan guarantees and targeted loans. Crucially important, the very public process of the creation of the NAFTA side agreements made the resulting institutions early pioneers in the integration of transparency, accountability and direct community participation at all stages of operations of these institutions. This was particularly the case of the BECC, which built in a game-changing level of transparency and participation along the border. The creation of the CAIP Advisory Committee was also an important avenue for input, as was the NADB TA

Consortium (including NCLA, MALDEF, SWVRI and the UCLA NAID Center) which organized strategic policy recommendations on the implementation of the CAIP.

Finally, the trajectory of the NADB CAIP holds significant answers to many of the questions swirling in the policy and political debates surrounding NAFTA. As we will see below in the empirical statistical analysis, the trajectory and impact of NADB CAIP provides important lessons as to the full dimensions of the labor and community adjustment challenges associated with North American integration as well as the ongoing process of globalization.

NAFTA Legislation and Executive Order: A New Bank is Born

The U.S. Congress created the NADB CAIP in December 1993 as a part of the NAFTA implementing legislation (North American Free Trade Agreement, 1993) (see Figure 1). President Bill Clinton signed Executive Order 12916 on May 13, 1994 implementing the Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank. The stated goal was "to advance sustainable development, pollution prevention, environmental justice, ecosystem protection, and biodiversity preservation and in a manner that promotes transparency and public participation in accordance with the North American Free Trade Agreement and the Agreement" (Executive Order No. 12916, 1994).

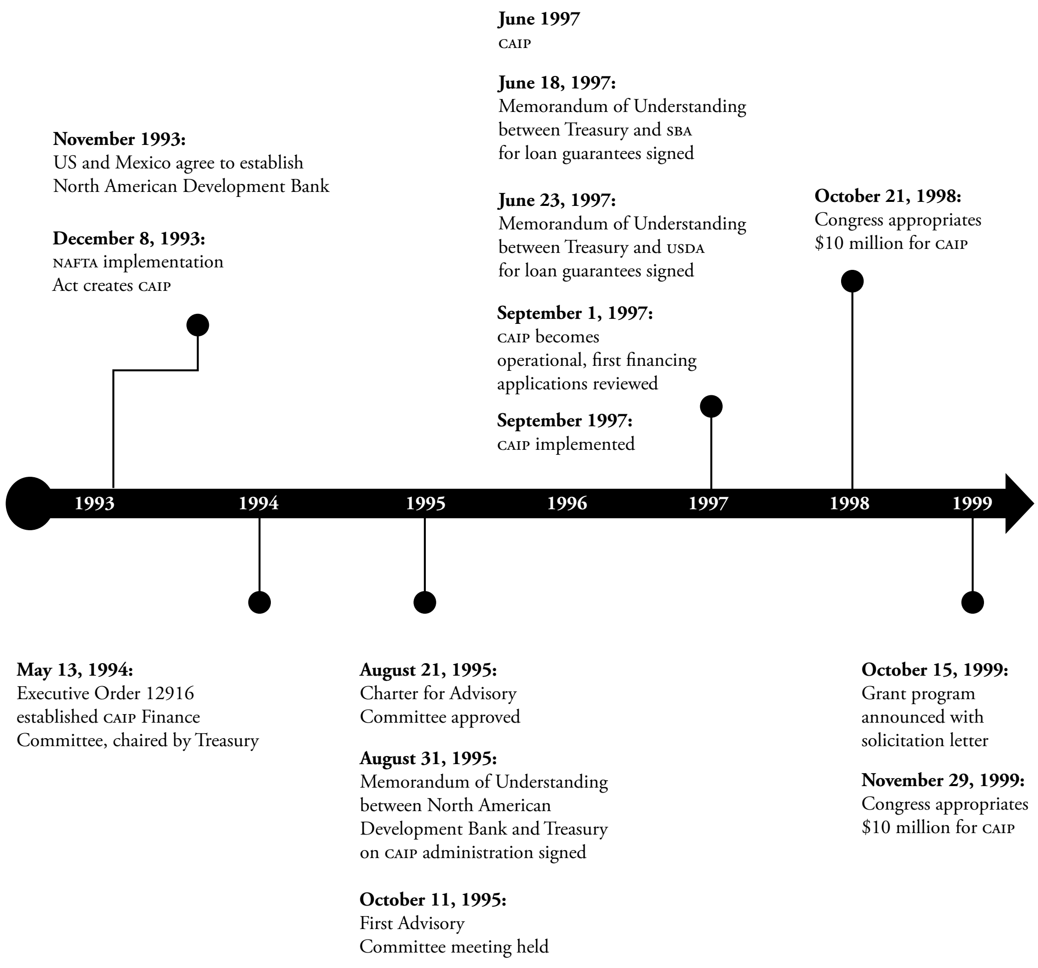
The funding and the operations of the CAIP for both the U.S. and Mexico were spelled out in the Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank:

1) The total amount of loans, guarantees and grants provided for the purposes of community adjustment and investment specified in Article I, Section 1(b), of this Chapter, shall not exceed 10 percent of the sum of the paid-in capital actually paid to the Bank by the United States, and the amount of callable shares for which the United States has an Unqualified Subscription.
2) The total amount of grants made pursuant to Section 1(a) of this Article, plus 15 percent of the total amount of loans and guarantees made for the purposes of community adjustment and investment specified in Article I, Section 1(b) of this Chapter, shall not exceed 10 percent of the paid-in capital actually paid to the Bank by the United States.
3) The total amount of loans, guarantees and grants provided for the purposes of community adjustment and investment specified in Article I, Section 1(c), of this

Chapter, shall not exceed 10 percent of the sum of the paid-in capital actually paid to the Bank by Mexico, and the amount of callable shares for which Mexico has an Unqualified Subscription.

4) The total amount of grants made pursuant to Section 1(b) of this Article, plus 15 percent of the total amount of loans and guarantees made for the purposes of community adjustment and investment specified in Article I, Section 1(c), of this Chapter, shall not exceed 10 percent of the paid-in capital actually paid to the Bank by Mexico. (Agreement Between the Government, 1993)

Figure 1. Time Line of CAIP Implementation



Source: S. Lopez Gaona, personal communication (October 11, 2019).

After a considerable set-up period (see Table 1), financing by the NADB U.S. CAIP was eventually provided through three programs:

1) CAIP federal agency program. CAIP financing was provided through increasing the availability of loans and loan guarantees under existing federal loan or loan guarantee programs administered by federal agencies that participate in the CAIP ("participating agencies"). This program is referred to as the "CAIP federal agency program".
2) CAIP credit program. CAIP financing was also provided through direct loans and loan guarantees administered by the director of the Los Angeles, California, office (the "Los Angeles Office") of the NADB. This program is referred to as the "CAIP credit program".
3) CAIP grant program. Depending on availability of funds, CAIP financing was also provided through grants administered by the Director of USCAIP Projects located in the San Antonio, Texas, headquarters of NADB to support specific projects or to procure or provide technical assistance. This program is referred to as the "CAIP grant program", and the office of the director of USCAIP Projects is referred to as the "CAIP Grant Program Office".

Table 1. CAIP Enhancements to Federal Guarantee Programs

(1)	*(2)*	*(3)*
	Small Business Administration's 7(a) Loan Guarantee Program	U.S. Department of Agriculture's Business & Industry Loan Program
Geographic Eligibility Guidelines	CAIP eligible community; SBA program serves both urban and rural communities.	CAIP eligible community; B&I program serves rural communities only.
Government Program Guarantee Limits	Generally 75 % of loan amount or $750 000, whichever is smaller.	Will guarantee maximum loan amounts of $25 million; percentage guaranteed declines from 80-60 % as loan size increases.
CAIP Benefits to the Lending Institution	CAIP will cover the full amount of the loan guarantee fee; depending on loan size, the fee ranges from 2 to 3 7/8 %	If necessary, CAIP will cover up to 2 % of the loan guarantee fee; CAIP expands the availability of B&I funds in eligible communities.
Loan Processing	Lenders should submit loan guarantee requests to their local SBA District Office.	Lenders should submit program requests to their state's USDA Rural Development Office.

Source: S. Lopez Gaona, personal communication (October 11, 2019).

CAIP Federal Loan Programs

The first type of CAIP program, generally referred to as the Agency Program, involved a partnership with the loan programs of the SBA and the USDA (Table 1). At the inception, the role of the CAIP was to permit the agencies to offer their program assistance in eligible communities without concerns about program funding restrictions that frequently required the Agencies to reduce, delay or reject loan requests. Each agency's capacity was limited to their annual funding from Congress. With CAIP participation and support, the agencies had additional funding, allowing them to continue to provide assistance in eligible areas, even when their Congressional appropriation was exhausted. This situation applied to the SBA 7(a) loan guarantee program and the USDA Business & Industry (B&I) loan guarantee program. Later, the SBA 504 program was added. For all three programs an additional incentive was provided to support and possibly incent prospective borrowers by having the CAIP cover the cost of the respective loan guarantee fee, a significant cost seen as a potential obstacle to borrowers.

Over time, ample funding made the capacity issue with the SBA moot and CAIP assistance was limited to subsidizing a borrower's guarantee fee for the two programs. As discussed below, the impact on the two Agencies was quite different and the nature of their operations affected the benefits of the program.

The CAIP SBA Programs

With respect to SBA 7(a) program (Merchant Maverick Contributor, 2018; U.S. Small Business Administration, n. d.-a), it is a high-volume program wherein the Agency has delegated most of the outreach, credit evaluation, approval and processing to third parties, primarily commercial banks. These entities tended to operate across large geographies and a program targeted to only a few counties they served was not attractive to them from a marketing perspective. Additionally, the CAIP assistance did not have a significant impact on the operations of SBA, whose annual volumes were in the range of plus than 40 000 loans. To SBA, the CAIP was a small pilot program that was as much nuisance as benefit. The several additional steps to the processing/approval process CAIP required was also something many lenders were unwilling to take. In El Paso, Texas, where the CAIP eligible area was large and comprehensive and the banking community was regional, the program elements noted above as negatives were easily overcome and the program outcomes were good.

Seeking to maximize processing efficiency, the SBA ultimately automated most of the processing of eligibility reviews to the extent that the incentive or inducement component largely disappeared. Many borrowers who received assistance were unaware of the CAIP existence and benefits until they received the benefit of reduced fees. Under the 504 Program loan volume is much less, individual loans tend to be much larger and the SBA is much more involved at the transactional level and works more closely with the lenders or packagers. In this case, the CAIP worked much more as envisioned.

The CAIP USDA B&I Program

Unlike the SBA 7(a) loan guarantee program, the USDA B&I Program was more like the 504 program with lower volumes, much larger loan sizes and a very much hands-on operation (U.S. Department of Agriculture, Rural Development, n. d.). The impact of the CAIP assistance was significant, accounting for nearly one third of B&I activity in the first years of its implementation. The initial attraction of the program was the very high leverage of CAIP funds. The credit subsidy cost associated with the granting of a B&I guarantee was initially .86 basis points. This was based on the CAIP being able to piggyback on the B&I's historical portfolio performance. For this reason, the CAIP felt it reasonable to trust their underwriting. After a few years it became apparent to the USDA that the loans approved under the CAIP were significantly underperforming the portfolio as a whole. At that time, the credit subsidy cost for CAIP loans was raised to about 10 percent or 1 000 basis points. The CAIP heretofore had not been a party to any of the USDA or SBA transactions in terms of any prior reviewing or approving their credit approval process. However, at this point they deemed it prudent to require prior credit approval before providing support at this much higher cost. This proved to be a complication the staff at USDA was unwilling to accept and program activity ended.

The CAIP Direct Loan Program

The concept for the CAIP as envisioned was as an active lender in its eligible communities. This was based on the establishment of a lending program funded at 150 million dollars, 10 percent of the NADB U.S. capital. In fact, the CAIP received as capital only 10 percent of the U.S. paid-in capital, amounting to 22.5 million dollars. The balance of the envisioned 150 million dollars was callable capital as authorized by Congress. However, the Board of the NADB quickly acted to preclude any possible access to the callable capital by the CAIP. Considering the small amount of capital actually available and the fact that said capital also had to be used to support the Agency programs and cover operations, there was no chance for a robust lending program. Initially, there were also significant philosophical and operational obstacles to engaging in an active lending effort. Eventually, the CAIP was able to identify a lending niche and secure approvals for several loans. The CAIP found its niche as a secondary real estate lender, lending to community-based, not-for-profit organizations.

Following the example of the SBA 504 program (U.S. Small Business Administration, n. d.-b), the CAIP was able to enter transactions and, by lending in a secondary secured position, allow commercial lenders to reduce their perceived level of borrower and collateral risk to an acceptable level. While the volume of loans was disappointingly low by standards of other such government loan programs, the CAIP success was remarkable. While rates of return were relatively modest, the CAIP suffered no losses. The one loan that defaulted resulted in a voluntary foreclosure and liquidation of the collateral for full recovery of the invested capital.

There is no secret to the operation of a successful loan program. Manage risk intelligently and manage the portfolio aggressively. To the degree there were problems in administering the direct loan program they were due the consideration of factors outside this lending model. Concerns about publicity and public perception, i.e. political exposure, carried significant weight related to inhibiting effective loan administration. Preserving capital sometimes took a backseat to avoiding political backlash. Specifically, while foreclosure is sometimes a necessary outcome for a defaulted loan, the risks of a negative public reaction are frequently sufficient to forbid its use. While this is a reality of government activity, it also probably accounts for a large measure of loan losses found in government-run loan programs. The CAIP ability to avoid this problem was critical to its successful performance.

The CAIP Grant Program

The Omnibus Consolidated and Emergency Supplemental Appropriations Act for 1999 included 10 million dollars for the CAIP to provide TA, grants, loans, loan guarantees and other financial subsidies endorsed by the Finance Committee. The CAIP grant program was established in June of 1999 and the first pilot grant was endorsed a month later. A second 10 million dollars appropriation was approved in the Consolidated Appropriations Act for 2000. The majority of the funds would provide financial assistance to communities in the CAIP Competitive Grant Program.

The Grant Program provided for two types of grants: specific project grants and technical assistance grants. Specific project grants were awarded to assist entities in creating and/or retaining jobs in DEA. Technical assistance grants supported the development of specific projects or programs designed to create or preserve jobs in the DEA. Eligible entities included non-profit organizations, state and local governmental agencies, Native American tribal governments, and institutions of higher education (see

Table 2). Applications for two rounds of Competitive Grants were evaluated according to criteria set out in the CAIP guidelines as established by the Finance Committee.

Table 2. CAIP Technical Assistance Grant Program

Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
Pilot	NMBA		8/1/99	11/30/03	$600 000	$593 195	$6 805	Job Goals: 100 Created/200 Retained
	1999-001	Doña Ana County						Status to Date: 317 Created/870 Retained
Round 1	ETSU		6/28/01	10/31/04	$248 329	$172 420	$75 909	Job Goals: 42 Created/66 Retained
	2000-005-P	Johnson County, TN						Status to Date: 94 Created/181 Retained
	City of San Diego		3/10/01	6/30/04	$250 000	$250 000	$-	Job Goals: 60 Created/55 Retained
	2000-007-TA	San Diego County, CA						Status to Date: 76 Created/138.5 Retained
	City of Pasco, WA	Franklin & Benton	10/23/01	2/28/04	$225 000	$225 000	$-	Job Goals: 150 Created/0 Retained
	2000-017-P	Franklin & Benton Counties, WA						Status to Date: 28.5 Created

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Grant Round	Awardee Name & No.	Designated Eligible Area	Effective Date	Final Report	Total Grant Amount	Disbursed to Awardee	Funds Reinvested	Project Status
	VIDA	Cameron, Hidalgo,	5/23/01	9/30/03	$450 000	$445 945	$4 054.70	Job Goals: 70 Created/25 Retained
	2000-023-P	Willacy, Starr, TX						Status to Date: 72 Created/79 Retained
	Banana Tree		2/5/01	6/30/04	$450 000	$450 000	$-	Job Goals: 360 Created/0 Retained
	2000-029-P	El Paso County, TX		Defaulted				Status to Date: 176 Created/0 Retained
	Linn County, OR		3/1/01	7/31/03	$60 000	$60 000	$-	Job Goals: 20 Created/0 Retained
	2000-030-TA	Linn County, OR						Status to Date: 24.7 Created/0 Retained
	NC REAL		3/29/01	7/31/04	$201 624	$201 624	$-	Job Goals: 100 Created/0 Retained
	2000-035-P	Cherokee County, NC						Status to Date: 238 Created/0 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	U Texas Pan Am 2000-048-TA	San Diego and Imperial counties California; Yuma, Pima, Santa Cruz and Cochise counties Arizona; Hidalgo, Grant, Luna, Doña Ana and Otero counties in New Mexico; and El Paso, Hudspeth, Culberson, Jeff Davis, Presidio, Brewster, Pecos, Terrell, Crocket, Val Verde, Edwards, Kinney, Uvalde, Maverick, Zavala, Dimmit, La Salle, Webb, Zapata, Jim Hogg, Brooks, Kenedy, Starr, Hidalgo, Willacy, and Cameron counties Texas	3/13/01	7/30/03	$250 000	$250 000	$-	Job Goals: 180 Created/820 Retained Status to Date: 184 Created/846 Retained
	Halifax County, NC 2000-053-P	Halifax County, NC	4/23/01	8/31/03	$450 000	$450 000	$-	Job Goals: 320 Created/0 Retained Status to Date: 255 Created/0 Retained
	ARRIBA		3/29/01	7/30/04	$450 000	$450 000	$-	Job Goals: 54 Created/54 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	2000-73-P	El Paso County, TX						Status to Date: 127 Created/280 Retained
	Cortland County, NY		5/7/01	9/30/03	$450 000	$442 000	$8 000.00	Job Goals: 0 Created/500 Retained
	2000-077-P	Cortland County, NY						Status to Date: 0 Created/511 Retained
	CAA		2/26/01	6/30/04	$250 000	$250 000	$-	Job Goals: 70 Created/0 Retained
	2000-086-TA	Doña Ana County, NM						Status to Date: 70 Created/0 Retained
	Rio Grande Valley EZ Corp.	Cameron, Dimmit, Hidalgo, LaSalle, Maverick, Starr, Uvalde, Val Verde, Willacy, and Zavala Texas	5/15/01	9/30/04	$97 855	$87 264.98	$10 590.02	Job Goals: 70 Created/30 Retained
	2000-094-P							Status to Date: 72 Created/37 Retained
	Pima County, AZ		5/10/01	11/30/04	$450 000	$430 804	$19 196.00	Job Goals: 500 Created/0 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	2000-096-P	Pima County, AZ						Status to Date: 537 Created/0 Retained
	Five Rivers CDC		3/9/01	7/31/03	$367 801	$367 801	$-	Job Goals: 150 Created/0 Retained
	2000-100-P	Georgetown Co, SC						Status to Date: 161.5 Created/0 Retained
	Williamsburg Tech College		5/16/01	9/30/04	$449 391	$447 109	$2 282.42	Job Goals: 45 Created/0 Retained
	2000-117-P	Williamsburg Co, SC						Status to Date: 53 Created/0 Retained
	City of Etowah, TN		3/13/01	7/31/04	$450 000	$450 000	$-	Job Goals: 500 Created/0 Retained
	2000-119-TA	McMinn Co, TN						Status to Date: 589 Created/0 Retained
	Harlingen CDC		4/9/01	7/31/04	$450 000	$450 000	$-	Job Goals: 100 Created/125 Trained
	2000-124-P	Cameron Co, TX						Status to Date: 100 Created/142 Trained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
Round 2	CEO, Inc.		4/8/02	8/29/05	$500 000	$183 242	$316 757.63	Job Goals: 84 Created/35 Retained
	2001-003-TX-P	Hidalgo Co, TX		Terminated				Status to Date: 36 Created/17 Retained
	Danville Com Col	Pittsylvania, Halifax, Patrick and Henry, VA	6/25/02	10/28/05	$483 500	$483 500	$-	Job Goals: 54 Created/24 Retained
	2001-005-VA-P							Status to Date: 177 Created/0 Retained
	Northern Ec Dev Initiatives	Gogebic and Ontonagon Co's, MI	11/29/01	3/30/05	$204 850	$204 850	$-	Job Goals: 18 Created/3.25 Retained
	2001-008-MI-P							Status to Date: 35.5 Created/182.75 Retained
	CAA		2/5/03	6/30/06	$100 000	$100 000	$-	Job Goals: 62 Created/12 Retained
	2001-013-NM-TA	Doña Ana Co, NM						Status to Date: 39 Created/16 Retained
	Cherokee County, NC		8/20/02	12/31/05	$500 000	$500 000	$-	Job Goals: 228 Created/177 Retained

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Grant Round	Awardee Name & No.	Designated Eligible Area	Effective Date	Final Report	Total Grant Amount	Disbursed to Awardee	Funds Reinvested	Project Status
	2001-020-NC-P	Cherokee County, NC						Status to Date: 371 Created/155 Retained
	Russell County		10/17/01	2/28/05	$450 000	$450 000	$-	Job Goals: 150 Created/0 Retained
	2001-022-KY-P	Russell Co, KY						Status to Date: 0 Created/0 Retained
	RGVEZC	Cameron, Dimmit, Hidalgo, LaSalle, Maverick, Starr, Uvalde, Willacy, Zapata and Zavala Co's TX	11/5/01	3/30/05	$100 000	$99 871	$129.10	Job Goals: 14 Created/6 Retained
	2001-028-TX-TA							Status to Date: 18 Created/6 Retained
	Imperial County		8/9/02	12/30/05	$100 000	$100 000	$-	Job Goals: 414 Created/183 Retained
	2001-029-CA-TA	Imperial Co, CA						Status to Date: 13 Created/243 Retained
	Fitzgerald/Ben Hill Co Dev Authority		6/18/02	10/30/06	$500 000	$500 000	$-	Job Goals: 138 Created/0 Retained
	2001-030-GA-P	Ben Hill Co, GA						Status to Date: 11 Created/3 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	Martin County		1/9/02	5/30/05	$500 000	$500 000	$0	Job Goals: 300 Created/0 Retained
	2001-033-NC-P	Martin Co, NC						Status to Date: 261 Created/0 Retained
	City of El Paso		9/5/02	1/31/06	$500 000	$482 002	$17 998.27	Job Goals: 189 Created/282 Retained
	2001-039-TX-P	El Paso County, TX						Status to Date: 131 Created/128 Retained
	Florida MEP		3/15/02	7/31/04	$99 450	$93 042	$6 407.83	Job Goals: 25 Created/15 Retained
	2001-040-FL-TA1	Dade Co, FL						Status to Date: 65 Created/33 Retained
	Florida MEP		3/15/02	7/31/04	$99 450	$98 938	$511.89	Job Goals: 25 Created/15 Retained
	2001-040-FL-TA2	Collier C, FL						Status to Date: 38 Created/29 Retained
	Simpson County		7/3/02	11/30/05	$500 000	$500 000	$-	Job Goals: 225 Created/0 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	2001-046-MS-P	Simpson Co, MS						Status to Date: 0 Created/0 Retained
	SEDCO		3/28/02	7/29/05	$150 000	$150 000	$-	Job Goals: 60 Created/0 Retained
	2001-053-PA-P	Schuylkill Co, PA						Status to Date: 92 Created/0 Retained
	ENMU-Roswell		1/2/02	5/31/05	$500 000	$500 000	$-	Job Goals: 260 Created/320 Retained
	2001-054-NM-P	Chaves Co, NM						Status to Date: 268 Created/303 Retained
	Monroe County		3/22/02	7/29/04	$471 400	$469 400	$2 000	Job Goals: 40 Created/0 Retained
	2001-060-KY-P	Monroe Co, KY						Status to Date: 47 Created/0 Retained
	Lawrence County		1/29/02	5/31/07	$500 000	$383 188.76	$116 811.24	Job Goals: 150 Created/0 Retained
	2001-065-MS-P	Lawrence Co, MS						Status to Date: 24 Created/15 Retained

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Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	Coeur'd Alene Tribe		1/30/02	5/31/04	\$97 252	\$94 620	\$2 632.15	Job Goals: 7 Created/15 Retained
	2001-069-ID-TA	Beneway Co, ID						Status to Date: 0 Created/15 Retained
	Butler County	Butler Co,		Unsigned	\$375 000	\$-	\$375 000	Awardee Completed Project Before GTP
	Richmond County		7/10/02	11/30/05	\$99 500	\$97 447	\$2 053	Job Goals: 190 Created/0 Retained
	2001-074-VA-TA	Richmond Co, VA						Status to Date: 228 Created/0 Retained
	Total				\$13 430 402	\$12 463 263	\$967 138.86	*Total: 5001 Jobs Created and 4259 Preserved.*
							\$967 138.86	*Total Grant Funds Available for Redistribution*

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Continuation Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
2007	NC Real Enterprises				$200 002	$200 001.00	$1	Job Goals: 40 Created/20 Retained
	2007-001-NC-P	Rutherford Co, NC	1/30/08	4/30/10				Status to Date: 19 Created/0 Retained
	Northern Initiatives				$200 000	$200 000	$-	Job Goals: 10 Created/20 Retained
	2007-002-MI-P	Gogebic, Ontonogan and Iosco Co's, MI	2/15/08	5/31/10				Status to Date: 9.5 Created/40 Retained
	UT Pan American				$200 000	$200 000	$-	Job Goals: 0 Created/0 Retained
	2007-003-TX-P	El Paso, Hudspeth, Culberson, Jeff Davis, Presidio, Brewster, Pecos, Terrell, Crockett, Val Verde, Edwards, Kinney, Real, Uvalde, Maverick, Zavala, Dimmit, Frio, La Salle, Webb, Zapata, Duval, Jim Hogg, Brooks, Kenedy, Starr, Hidalgo, Willacy, and Cameron counties, TX	6/30/08	3/25/11				Status to Date: 456 Created/216 Retained

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Continuation Grant Round	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	Linn County				$60 000	$60 000	$-	Job Goals: 8 Created/0 Retained
	2007-004-OR-P	Linn Co, OR	9/12/08	12/30/10				Status to Date: 135 Created/0 Retained
	VIDA				$200 000	$200 000	$-	Job Goals: 77 Created/0 Retained
	2007-005-TX-P	Cameron, Hidalgo, Willacy and Starr Counties, TX	5/19/08	2/28/11				Status to Date: 86 Created/0 Retained
	Eastern New Mexico U Roswell				$200 000	$199 500	$500	Job Goals: 43 Created/3 Retained
	2007-006-NM-P	Chaves County, NM	10/30/08	1/30/12				Status to Date: 0 Created/3 Retained
2007 Total	*2007 Total*				$1 060 002	$1 059 501	$501.00	*Total: 705.5 Jobs Created and 259 Preserved.*

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Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
2009	Northern Initiatives	Gogebic and Ontonagon Co's, MI	2/5/10	2/29/12	$100000.00	$100000	$0	Job Goals: 40 FTE Jobs Created, 80 Preserved Status to Date: 31 Created/80 Preserved
	San Benito EDC	Cameron County, TX	3/22/10	3/31/13	$496497.00	$410920	$85577	Job Goals: 35 FTE Jobs Created
	ACCION Texas	Hidalgo County, TX	1/11/10	4/30/14	$600000.00	$600000	$0	Job Goals: 75 FTE Jobs Created Status to Date: 43 Created/131 Preserved
	Universtity of Texas San Antonio SBDC	Brewster, Brooks, Cameron, Crockett, Culberson, Dimmit, Duval, Edwards, El Paso, Frio, Hidalgo, Hudspeth, Jeff Davis, Jim Hogg, Kenedy, Kinney, La Salle, Maverick, Pecos, Presidio, Real, Starr, Sutton, Terell, Uvalde, Val Verde, Webb, Willacy, Zapata, and Zavala Counties, TX	2/9/10	2/28/14	$779740.00	$778775	$966	Job Goals: 500 Jobs Created, 400 Preserved Status to Date: 1072 Created/423 Preserved

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Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	La Mujer Obrera	El Paso County, TX	12/31/09	12/31/11	$1 000 000.00	$1 000 000	$0	Job Goals: 40 Jobs Created, 67 Jobs Preserved Status to Date: 17 Created/69 Preserved
	Cal Coastal RDC	Monterey and Santa Cruz Counties, CA	4/29/10	7/10/12	$1 000 000.00	$1 000 000	$0	Job Goals: 70 Created/ 600 Preserved Status to Date: 428 Created/702 Preserved
2010	CDC Small Business Finance	San Diego, Imperial and Riverside Co's, CA and Pima, Maricopa, Pinal and Yuma Co's, AZ	3/11/11	3/31/14	$500 000.00	$500 000	$0	Job Goals: 50 FTE Created Status to Date: 50 Created/ 92 Preserved Final
	Western UP P&DR	Gogebic & Ontonagon Co's, MI	3/14/11	6/30/13	$100 000.00	$100 000	$0	Job Goals: 2 Created Status to Date: 0 Created Final
	Western UP P&DR	Gogebic County, MI	3/14/11	6/30/13	$100 000.00	$100 000	$0	Job Goals: 75 Created Status to Date: 0 Created Final
	Dessert Alliance for Community Empowerment	Riverside County, CA	3/29/11	3/31/13	$750 000.00	$0	$750 000	Job Goals: 79 Created Status to Date: 0 Created Final

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Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
2011	North Carolina REAL	Richmond and Scotland Co's, NC	3/15/12	5/31/14	$194 845.00	$194 845	$0	Job Goals: 60 FTE Jobs Created, 20 Preserved Status to Date: 26.5 FTE Created, 30 FTE Preserved Final
	California FarmLink	Monterey, Santa Cruz, San Benito, San Diego, Imperial and Riverside Co's, CA	3/16/12	3/31/15	$400 000.00	$400 000	$0	Job Goals: 115 FTE Jobs Created, 135 Preserved Status to Date: 89 Created; 182 Preserved
	Northern Initiatives	Gogebic & Ontonagon Co's, MI	3/21/12	9/30/14	$100 000.00	$100 000	$0	Job Goals: 30 FTE Jobs Created, 60 Preserved Status to Date: 20.5 Created/60 Preserved Final
	Western UP P&DR	Gogebic & Ontonagon Co's, MI	4/1/12	12/30/13	$83 500.00	$83 500	$0	Job Goals: 2 Jobs Created Status to Date: 0 Created Final
2012	Georgia Southern U Research & Service Fdtn	Jeff Davis, Jefferson, Lincoln, Telfair and Wilkes Co's, GA	4/3/13	4/30/16	$295 927.00	$295 927	$0	Job Goals: 20 FTE Jobs Created, 75 FTE Jobs Preserved Status to Date: 25 Created 50 Preserved

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Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	Northern Economic Initiatives Corporation	Gogebic & Ontonagon Co's, MI	3/18/13	3/31/15	$200 000.00	$55 221	$144 779	Job Goals: 246 FTE Jobs Created Status to Date: 0 Created Final
	California Community Ec Dev Assn	Imperial, Riverside and San Diego Counties, CA; Maricopa, Pima, Yuma, and Santa Cruz Co's, AZ; Doña Ana, Grant, Luna, and Otero Co's, NM; and Cameron, El Paso, Hidalgo, Maverick, Starr, Uvalde, Val Verde, Webb and Willacy Co's, TX	2/27/13	3/31/14	$100 000.00	$100 000	$0	Job Goals: 116 FTE Jobs Created Status to Date: 20 FTE Final
2013	International Sonoran Desert Alliance	Pima County, AZ	4/25/14	9/30/16	$100 000	$100 000		Job Goals: 12 FTE Jobs Created Status to Date: 7 C, 6 P
	Nogales Community Development Corporation	Santa Cruz County, AZ	5/29/14	5/31/16	$100 000	$100 000		Job Goals: 30 FTE Jobs Created, 6 Preserved Status to Date: 8 C, 3 P

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Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	California FarmLink	Imperial, Monterey Riverside, San Benito, Santa Cruz and San Diego Co's, CA	4/30/14	4/30/16	$250 000	$250 000		Job Goals: 175 FTE Jobs Created, 350 Preserved Status to Date: 106 C, 262 P
	Martin County Economic Development Corporation	Martin County, NC	4/28/14	4/30/16	$275 600	$275 600		Job Goals: 60 FTE Jobs Created Status to Date: 31 Created Final
	Halifax County Development Authority	Halifax County, VA	4/29/14	4/30/16	$427 500	$427 500		Job Goals: 90 FTE Jobs Created Status to Date:0
	New College Foundation	Martinsville, VA	4/9/14	4/30/16	$350 000	$350 000		Job Goals: 290 Jobs Created, 610 Created Status to Date: 624 C, 633 P
2014	International Sonoran Desert Alliance	Pima County, AZ	5/14/15	5/1/17	100 000	$100 000		Job Goals: 12 Created 9 Preserved Status to Date: 2 Created

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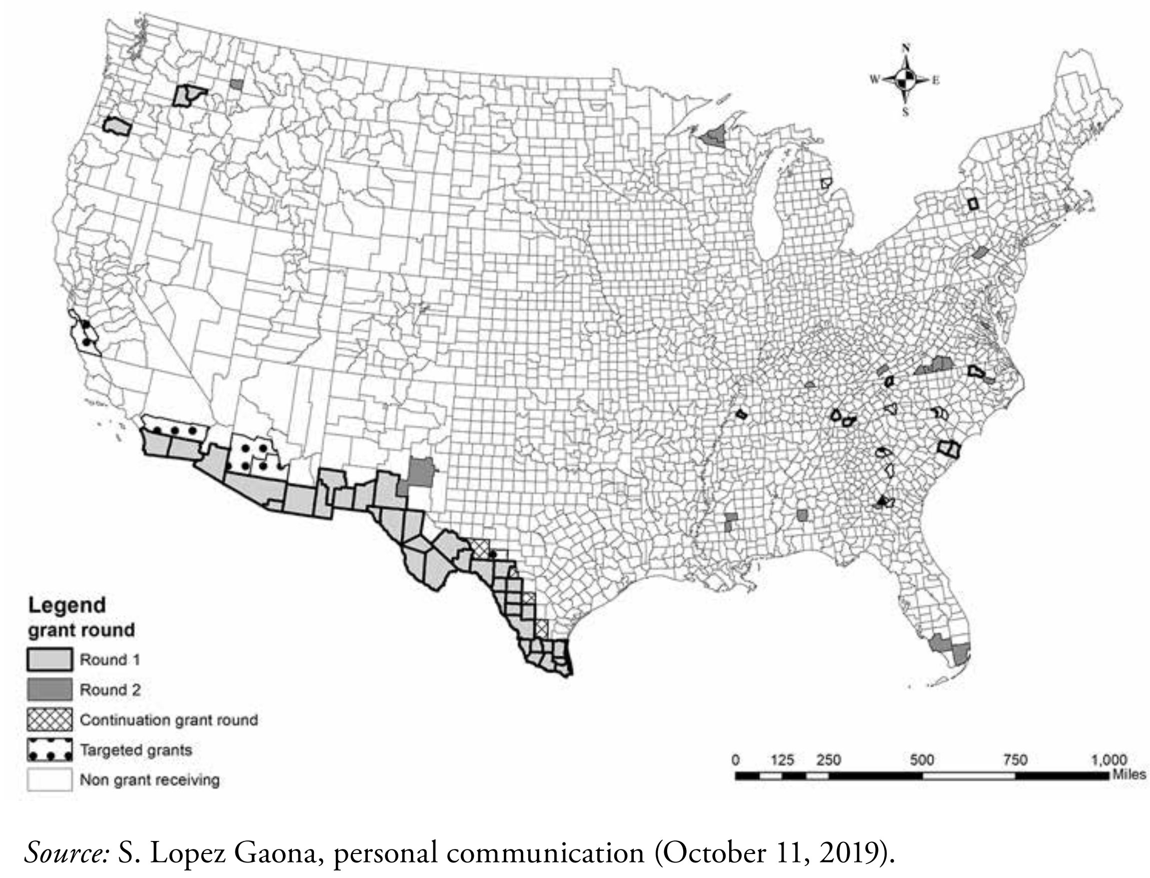
Targeted Grants	*Awardee Name & No.*	*Designated Eligible Area*	*Effective Date*	*Final Report*	*Total Grant Amount*	*Disbursed to Awardee*	*Funds Reinvested*	*Project Status*
	California Community Economic Development Association	Pima and Santa Cruz Counties, Arizona; Doña Ana County, New Mexico; and San Diego County, CA.CA	4/20/15	5/1/16	100000	$80000	$20000	Job Goals: 40 Created Status to Date: 7 C
	Brownsville Economic Development Corporation	Cameron County, TX	5/14/15	11/1/16	300000	$300000		Job Goals: 60 Created Status to Date: 76 C
	Industrial Development Authority of Halifax County, VA	Halifax County, VA	5/14/15	9/1/17	100000	$100000		Job Goals: 100 Created Status to Date: 0 Created
	Patrick Henry Community College	Martinsville, VA	4/27/15	5/1/17	250000	$250000		Job Goals: 100 Created Status to Date: 27C/3 Preserved
2015	San Juan Economic Development C	Hidalgo County, TX	9/29/16	4/30/18	$250000.00			Job Goals: 50 Created

Source: S. Lopez Gaona, personal communication (October 11, 2019).

The Continuation Grant Program was developed in 2007 by CAIP directors in response to the continuing need in communities negatively affected by shifts in trade attributable to NAFTA. Grants were awarded, in accordance with the guidelines, to previous CAIP awardees that had been successful in previous CAIP projects and demonstrated the ability to create and/or retain additional jobs in the DEA.

The Targeted Grant Program was established in 2009 as a strategy to wind down USCAIP Activities. Without the ability to access CAIP callable capital, the level of funding could not sustain indefinite program administration. The new grant program created by CAIP directors involved utilizing the remaining allocated capital and developing a pipeline of projects that would meet CAIP eligibility criteria. As a result of outreach, deep connections in communities and coordination with federal agencies, the CAIP footprint was expanded. Grants were awarded in seven rounds to additional and previously assisted DEA (see Map 1).

Map 1. All Counties Receiving CAIP Grants by Grant Round



Source: S. Lopez Gaona, personal communication (October 11, 2019).

The Grant Program was successful in awarding 75 grants and providing just under 24 million dollars in financial assistance to communities in 19 states along the border and across the U.S. Nearly 8 500 jobs were created and over 7 200 jobs were retained in CAIP DEA.

Evolving NADB and BECC Eligibility and Performance Implementation

Historical Content, Formation, Current and Future of the North American Development Bank

As part of the North American Free Trade Agreement (NAFTA) the governments of the United States, Mexico and Canada signed the North American Agreement on Environmental Cooperation, a side treaty meant to encourage cooperation on environmental issues in the border areas shared by the signatory countries. Additionally, the governments of the United States and Mexico signed the BECA in November 1993, which followed the 1983 La Paz Agreement in reaffirming cooperation in conserving and improving environmental conditions in the U.S.-Mexico border region. The BECA established two bi-lateral institutions, the NADB and its sister organization, the BECC (Hufbauer, Esty, Orejas, Rubio, & Schott, 2000). The BECC is responsible for identifying and certifying environmental infrastructure projects, while the NADB provides funding for those projects through loans and its various grant programs. In addition to identifying and financing infrastructure projects, the NADB and BECC work to better coordinate between the two countries environmental regulation agencies, the Environmental Protection Agency in the United States and the Secretariat of Environment and Natural Resources (Semarnat) in Mexico (Gutiérrez, 2016). This is achieved primarily through a quarterly coordinating committee. These side agreements on environmental issues were crucial for securing the passage of NAFTA. The United States President at the time, Bill Clinton, stated that he would not support the trade agreement unless Mexico and Canada agreed to the side treaties addressing the environmental (and labor) concerns (Behr, 1993). Clinton's administration maintained enough critical support amongst Democratic legislators to pass NAFTA through the United States Congress (Behr, 1993).

The founding charter of the NADB and BECC defines an "environment infrastructure project" as the following: "A project that will: prevent, control or reduce environmental pollutants, or improve the drinking water supply, or protect flora and fauna. Provided that such projects also: improve human health, or promote sustainable development, or contribute to a higher quality of life" (Border Environment Cooperation Commission, 2012, p. 3). To qualify for BECC certification, a project must be located within 100 km of the border on the U.S. side or within 300 km (an expansion from the original distance of 100 km, done when the charter was amended in 2004) of the border on the Mexico side (North American Development Bank, n. d.-a). However, a project that does not fall within this area could be considered by the Board of Directors if it would have a significant impact on an environmental or health issue in the border region.

Technical requirements for BECC certification (Border Environment Cooperation Commission, 2012):

1) A description of the geographic location and general profile of the community, as well as of the specific project location in relation to the border.
2) A description of the scope of the project, cost and site layout indicating the project details and other information that will visually reflect the project.
3) The status of development and a schedule of pending project development activities.
4) A list and schedule of construction components to be implemented.
5) A description of the selected technology or the technology under consideration; the methodology for technology selection; and documentation related to the technical development of the proposed project, such as feasibility studies, engineering design, or applicable design criteria.
6) Project sponsors shall provide documentation of land and right-of-way acquisition or demonstrate the ability to acquire the necessary property or permissions in a timely manner to implement, operate and maintain the project. Documentation such as property deeds, contracts for sale, eminent domain authority or others shall be provided.
7) The project sponsor must demonstrate the capacity to implement the project as well as operate and maintain the environmental infrastructure, with appropriate/sufficient budgeting to cover operation and maintenance expenses. Appropriate information related to project management and institutional capacity shall also be provided.

Environmental requirements for BECC certification (Border Environment Cooperation Commission, 2012):

1) Identify all local, state, and federal environmental and cultural resource (i.e., historical, archeological, and ethnic resources) requirements applicable to the project and necessary to achieve regulatory or funding authorizations.
2) Demonstrate the project's compliance or ability to comply with all such regulatory requirements, including permits and environmental clearances.
3) A schedule of pending environmental tasks and authorizations.
4) Documentation, such as regulatory agency findings or rulings, project authorizations, or a description of compliance activities and the status of meeting compliance requirements shall be provided. BECC may assist the sponsor in coordinating the process with the applicable agencies.
5) The existing human and/or environmental health conditions proposed to be addressed by the project, as well as the evaluation of the no-action alternative.
6) The anticipated direct or in-direct environmental benefits expected to be achieved by the project.
7) The mitigation of risks to the environment for the proposed project.
8) If applicable, natural resource conservation measures for the project, such as green building practices, water conservation, waste reduction/reuse/recycling, clean and efficient energy, and other clean technologies.
9) If applicable, the anticipated direct or indirect human health benefits expected to be achieved by the project.
10) If applicable, any trans-boundary environmental effects.

The initial phase of the NADB existence was one of slow growth. Gerónimo Gutiérrez, the former managing director of NADB described this period as the "construction phase", lasting until 2000 (2016, p. 47). Gutiérrez also argues that the NADB and BECC being part of a side agreement rather than the original version of NAFTA led to a lack of drive from the government to get NADB and BECC off the ground. The first project certification from BECC did not occur until 1995, and it was not until 1997 that NADB issued its first loan, for a water treatment plant in Brawly, California. One of the most pressing impediments to the initial growth of the NADB was the necessity of lending in areas traditionally thought difficult from a banking perspective. Gutiérrez describes a "limited institutional capacity on the part of local project sponsors to plan and develop projects; limited fiscal resources and creditworthiness at the local level; and, in general, a lack of projects ready for financing and implementation" (2016, p. 48).

These issues were more acute in Mexico, though the NADB also had difficulty offering competitive terms in the United States. However, during this period, several programs within NADB that would be critical for the bank going forward were initiated. Efforts to improve local capacity for project development led to the creation of the Utility Management Institute (UMI) in 1999. The UMI provides "on-going and focused professional development opportunities for utility managers and their staffs" (North American Development Bank, n. d.-b, para. 1), through their Intensive Seminars and Basic Water Utility Program. In 1996 the NADB and BECC held discussions with the U.S. Environment Protection Agency (EPA) to establish grant programs that could supplement the NADB lending activities. The EPA issued a 10 million dollars grant through the Project Development Assistance Program (PDAP) that would help fund water and wastewater projects in the U.S. and Mexico.

The NADB and EPA also signed a new cooperative agreement creating the BEIF to provide 170 million dollars in grant funding for high priority water and wastewater projects. This influx of funds from the EPA encouraged investment from the Mexican National Water Commission (Conagua) for border water and wastewater projects (Carter & Ortolano, 2003). The Solid Waste Environmental Program was established in 1999 to provide grant funding for solid waste management projects along the border. In 2000 the boards of directors of the NADB and BECC negotiated and agreed to alterations to the original charter. The main purpose of these changes was to expand the sectors that organizations could attend to, from just water, wastewater, and solid waste to include hazardous waste, waste recycling and reduction, water and sewer hookups, water conservation, air quality, clean energy, public transportation, and municipal planning. By the end of the year 2000 (see Table 3) the groundwork had been laid for the organization going forward. However, NADB had only issued 7 loans for a total of 11 million dollars, 43 projects had been certified by the BECC, and 25 had received grants from the BEIF totaling 274 million dollars (Gutiérrez, 2016).

Table 3. Projects Completed by the End of 2000, Along with Some Details on the Nature of the Projects

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*Congressional District (CD)*
Water Treatment Plant	2000	Brawley, CA	26 770	Loan	0.97	51
Collection and Disposal of Municipal Solid Waste	1999	Puerto Peñasco, SON	33 115	Loan	0.5	-
Collection and Final Disposal of Solid Waste	1999	Agua Prieta, SON	60 236	Loan	0.45	-

Source: Gutiérrez (2016).

As part of the 2002 Monterrey commitments, the result of negotiations between new presidents George W. Bush of the United States and Vicente Fox of Mexico, further amendments to the charter of the NADB and BECC were made. The most significant of the changes was the expansion of the region of Mexico served by the NADB to within 300 km of the border and the creation of single board of directors for the NADB and BECC (Gutiérrez, 2016). This also led to the creation of a new grant program within the NADB, partially provoked by drought conditions in the watershed of the Rio Grande, the Water Conservation Investment Fund (WCIF), which would provide up to 80 million dollars in grants for water conservation infrastructure projects (Gutiérrez, 2016). After passage in the United States Congress and Mexican Senate, the amendments to the charter went into effect on August 6, 2004. The amendment of the charter also served as a symbol of a reinvigorated commitment from the governments of both countries to the mission of the organizations.

A beneficial effect of the new structure was the streamlining of the project review process with project certification and approval of financing becoming a simultaneous action of the new joint board. By the end of 2006, 115 projects were certified by the BECC. The NADB had issued 260.7 million dollars in loans for 37 projects, 493.1 million dollars in BEIF grants for 55 projects, 4.5 in Solid Waste Environmental Program grants for 9 projects, and 76.4 million dollars in Water Conservation Investment Fund grants for 19 projects (Gutiérrez, 2016). At this point, 46 projects had been completed (see Tables 4-5).

Table 4. Top Five Projects Completed at This Point, as Ranked by Size of Population Affected, Along with Some Details on the Nature of the Projects

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Parallel System/San Antonio de Los Buenos Sewage Treatment Plant Rehabilitation	2004	Tijuana, BC	1 490 128	BEIF and Loan	16 and 5.95	-
North and South Wastewater Treatment Plants Project and Supplemental Wastewater Collection Projects	2001	Juarez, CHIH	1 217 818	BEIF and Loan	12.18 and 4.61	-
South Bay Water Reclamation Plant	2002	San Diego, CA	1 200 000	BEIF	17.2	52 and 53

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Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Project for Modernization and Technical Improvements to the Conchos River Irrigation Districts	2006	Delicias, CHIH	180 000	WCIF	39.99	-
Solid Waste Landfill Expansion, Transfer Station Improvements and Equipment Replacement Project	2005	Doña Ana County, NM	174 682	SWEP and Loan	1 and 1.5	2

Source: Gutiérrez (2016).

Table 5. Top Five Projects Completed at This Point, as Ranked by Amount of Funding, Along with Some Details on the Nature of the Projects

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Project for Modernization and Technical Improvements to the Conchos River Irrigation Districts	2006	Delicias, CHIH	180 000	WCIF	39.99	-
Parallel System/San Antonio de Los Buenos Sewage Treatment Plant Rehabilitation	2004	Tijuana, BC	1 490 128	BEIF and Loan	16 and 5.95	-
South Bay Water Reclamation Plant	2002	San Diego, CA	1 200 000	BEIF	17.2	52 and 53
North and South Wastewater Treatment Plants Project and Supplemental Wastewater Collection Projects	2001	Juarez, CHIH	1 217 818	BEIF and Loan	12.18 and 4.61	-
Water Treatment Plant and Improvements	2003	Del Rio, TX	42 000	BEIF	15.18	23

Source: Gutiérrez (2016).

The new amendments to the charter proved to be very effective in streamlining operations, with the time between funding approval and disbursement reduced. From 2006 to 2009, there was a 284 percent increase in the bank portfolio. It is also during this time that projects in air quality and renewable energy begin. Seeking to leverage its portfolio into additional funding, the NADB obtained its first credits ratings, AA+ from Standard & Poor's and AAA from Moody's and put forward its first issuance of public debt for 250 million dollars in February of 2010. In 2014, the joint board of directors of the NADB and the BECC recommended to the governments of the United States and Mexico that the two institutions were completely merged. By the end of 2014, 243 projects had been certified by the BECC, and the NADB had issued 2.40 billion dollars in loan and grant funding for 204 projects. These projects have produced tangible results, such as an increase in waste water treatment coverage along the border, from 21 percent in 1995 to 87 percent in 2012, water savings estimated at 371 000 acre-feet per year (enough to provide drinking water to 4 million people), solid waste projects enabling proper management of 1 550 tons of waste per day, and renewable energy projects that are helping to avoid the release of 2.1 million metric tons per year of carbon dioxide and other greenhouse gasses. The NADB-BECC merger went into effect in on November 10, 2017. By the end of 2016, 172 projects had been completed, addressing issues such as water conservation, solid waste infrastructure, air quality, and renewable energy (see Tables 6-8).

Table 6. Top Five Projects Completed at This Point, as Ranked by Size of Population Positive Impacted, Along with Some Details on the Nature of the Projects

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Comprehensive Road Rehabilitation Project	2010	Tijuana, BC	1 540 072	Loan	102.03	-
Purchase of Solid Waste Collection Equipment	2009	Tijuana, BC	1 490 128	SWEP and Loan	5 and 1.72	-
Wastewater Collection System Rehabilitation and Improvements Project	2008	Tijuana, BC	1 490 128	BEIF and Loan	17.32 and 5.1	-

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Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Parallel System/San Antonio de Los Buenos Sewage Treatment Plant Rehabilitation	2004	Tijuana, BC	1 490 128	BEIF and Loan	16 and 5.95	-
North and South Wastewater Treatment Plants Project and Supplemental Wastewater Collection Projects	2001	Juarez, CHIH	1 217 818	BEIF and Loan	12.18 and 4.61	-

Source: Gutiérrez (2016).

Table 7. Top Five Projects with the Highest Population Benefited on the United States Side of the Border

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
South Bay Water Reclamation Plant	2002	San Diego, CA	1 200 000	BEIF	17.2	52 and 53
Storm Water Project	2016	El Paso, TX	742 062	Loan	53	16
Ocotillo Express Wind Energy Project	2013	Imperial County, CA	330 000	Loan	110	51
Replacement of the International Outfall Interceptor, Upgrade/Expansion of the Nogales International Wastewater Treatment Plant & Partial Replacement of the Wastewater Collection System	2009	Nogales, AZ	220 974	BEIF	59.5	3
Solid Waste Landfill Expansion, Transfer Station Improvements and Equipment Replacement Project	2005	Doña Ana County, NM	174 682	SWEP and Loan	1 and 1.5	2

Note: As the five projects with the highest population benefited are all on the Mexican side of the border, we list the five projects with the highest population benefited on the United States side of the border.

Source: Gutiérrez (2016).

Table 8. Top Five Projects Completed at This Point, as Ranked by Amount of Funding, Along with Some Details on the Nature of the Projects

Project	*Year Completed*	*Location*	*Population Benefited*	*Funding Type*	*Funding Amount ($millions)*	*CD*
Ocotillo Express Wind Energy Project	2013	Imperial County, CA	330 000	Loan	110	51
Los Vientos Windpower I Project	2012	Cameron and Willacy Counties, TX	137 602	Loan	110	34
Los Vientos Windpower II Project	2012	Cameron County, TX	119 852	Loan	110	34
Comprehensive Road Rehabilitation Project	2010	Tijuana, BC	1 540 072	Loan	102.03	-
EDPR Wind Energy Project	2015	General Cepeda, COAH	384 153	Loan	95	-

Source: Gutiérrez (2016).

Evolving NADB CAIP Eligibility and Performance Implementation

Building upon our description of CAIP programmatic history, in this chapter we provide an empirical timeline and chronology of CAIP eligibility criteria and implementation expenditure performance. We also compare the distribution of geographic eligibility and funding of CAIP programs with those of the Transitional Adjustment Assistance (TAA) program, particularly because the later was used in part to determine CAIP eligibility. In doing so, we will be able to demarcate the areas where the CAIP investments parallel those of other adjustment programs and where they diverge.

First, we delineate the CAIP criteria for determining the counties eligible for accessing CAIP program financing. We present this data by year and geographic distribution. We also compare county eligibility of TAA program, by year and geographic distribution. Second, we detail the annual CAIP expenditures by program, year and county, as well as CAIP activity by geographical and programmatic category, including employment generating impact. We also present the data for the complete TAA program, by year and geographic distribution, including total number of workers certified as needing trade adjustment assistance due to trade and investment related with Mexico, Canada, China and the rest of world.

CAIP Eligibility and NAFTA Related Employment Impacts

In this section we present a comparative analysis of CAIP program and the Transitional Adjustment Assistance (TAA) program as well as other NAFTA adjustment programs that sought to mitigate its negative employment impact in the geographies and industries that were the most adversely affected. We delineate the CAIP criteria for determining the counties that were eligible for accessing CAIP program financing by year and geographic distribution in comparison to county eligibility of TAA program, by year and by geographic distribution.

The CAIP criteria states that a county would be eligible if there is any worker in that county getting separated from trade-affected employment and if the county's unemployment rate is one percent higher than the national average unemployment rate at that year. Eligibility for CAIP assistance is based on two criteria: whether a county *1)* has experienced significant job losses attributable to NAFTA and *2)* needs transition assistance to adjust economically to these job losses. The measure of job losses attributable to NAFTA is generally based on the Labor Department's TAA certifications of workers who have lost their jobs or are threatened with separation due to trade with Canada or Mexico.

To qualify for CAIP assistance a county must first demonstrate "significant" job losses, defined as a county containing more than 500 TAA Department of Labor-certified workers in an urban county or more than 300 in a rural county during a 36-month period.[1] The measure of need for CAIP transition assistance is whether the county's unemployment rate is one percent or more above the national average unemployment rate during the past 12 months. Eligibility for the program was originally for 36 months; however, this was adjusted to 12 months on March 10, 1999, and eligibility can be renewed for periods of 12 months based on continued evidence of need, as shown by an unemployment rate at least one percent over the national average. CAIP also has two special provisions related to eligibility. The first provision designated all border counties, defined as U.S. counties that have any part located within 62 miles (100 kilometers) of the U.S.-Mexico border, as eligible beginning October 1, 1999. The border counties' eligibility does not have an expiration date. The second provision is for special cases, in which counties that do not qualify under the regular process can demonstrate adverse impact from NAFTA and become eligible. Adverse impact is demonstrated by evidence of job losses due to a firm's relocation of production to Canada or Mexico or due to increased imports from Canada or Mexico.

According to the Department of Labor TAA division, the value of "estimated number of workers" represents "estimated number of workers that have been separated from trade affected employment as calculated during the investigation. This number includes employment reductions through attrition and is not a calculation of layoffs" (Public Citizen, n. d., para. 6). Attrition occurs when workers leave a job of their own accord and the employer chooses not to replace them.

[1]This is according to the USDA ERS Rural-Urban Continuum Code "Beans" method of determining most egregiously impacted rural and urban countries (U.S. Department of Agriculture, Economic Research Service, 2016).

"Country" represents "country affecting worker group" (Public Citizen, n. d., para. 7). In other words, it is the country to which production was outsourced or the source of the imports that displaced the workers, depending on the cause of the layoffs. The country data should be used with great caution due to the high rate of missing information. Besides petitions that were certified under the NAFTA-TAA program that operated 1994-2002, no country information was recorded for petitions that were submitted before 2003. Country information has been recorded for only about half of the records submitted since 2003.

Unfortunately, the actual NADB CAIP data that was used for determining eligibility is not available from official sources. Thus, the UCLA NAID Center reconstructed the historical trajectory of eligible counties from the TAA records and the unemployment rate by county directly from the Department of Labor.

Table 9 shows the estimated CAIP eligible counties on an annual basis from 1994 to 2016, including those counties eligible due to TAA certifications based on trade with Mexico and Canada, as well as all eligible border counties. The GAO found that CAIP had designated 228 counties in 30 states and Puerto Rico as eligible for its assistance, while 83 counties in 24 states had actually participated in the program, as of June 8, 2000. Using this GAO approach, plus counting all border eligible counties for each year, the total cumulative number of eligible counties through 2016 is 2 168 (U.S. Government Accountability Office, 2000). Table 10 shows the total TAA eligible counties on an annual basis from 1994 to 2016, including those counties eligible due to TAA certifications based on trade with NAFTA countries (Mexico and Canada) as well as China and all other TAA eligible countries. The total cumulative number of TAA eligible counties through 2016 is 13 204.

Table 9. Estimated CAIP Eligible Counties on an Annual Basis, Including Those Counties Eligible Due to TAA Certifications Based on Trade with Mexico and Canada, as Well as all Eligible Border Counties, 1994-2016

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Year	*Border Counties*	*Mexico CAIP Estimated*	*Canada CAIP Estimated*	*Overlapping Counties*	*Total CAIP Estimated (Mexico+Canada-Overlapping Counties)*
1994	46	11	11	2	66
1995	46	26	36	7	101
1996	46	63	25	12	122
1997	46	64	15	17	108
1998	46	40	22	5	103
1999	46	74	46	17	149
2000	46	87	28	14	147
2001	46	53	21	7	113
2002	46	1	1	0	48
2003	46	19	3	0	68
2004	46	34	14	5	89
2005	46	58	19	7	116
2006	46	56	20	10	112
2007	46	66	22	13	121
2008	46	68	35	11	138
2009	46	20	8	2	72
2010	46	26	11	3	80
2011	46	18	4	2	66
2012	46	23	8	3	74
2013	46	27	8	1	80
2014	46	22	8	6	70
2015	46	18	12	1	75
2016	46	3	1	0	50
Total		877	378		2 168

Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

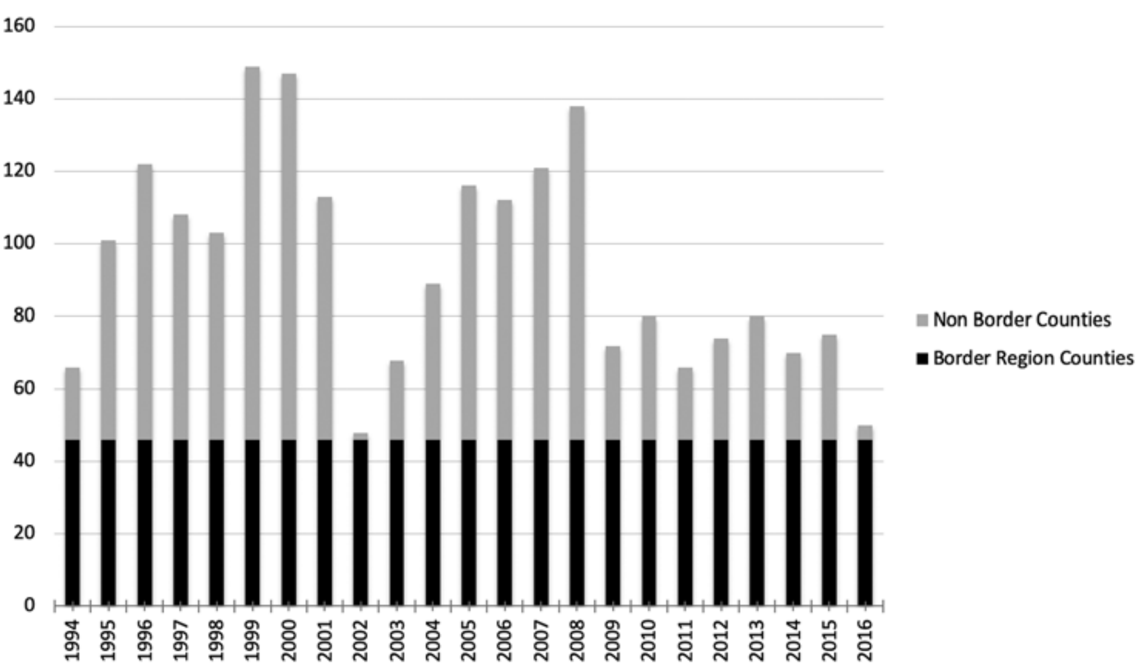
Table 10. Total TAA Eligible Counties on an Annual Basis, 1994-2016

(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Mexico TAA Eligible Countries*	*Canada TAA Eligible Countries*	*China TAA Eligible Countries*	*All Countries TAA Eligible Countries*
1994	42	18		584
1995	85	89		596
1996	158	61		569
1997	168	54		645
1998	167	58		694
1999	264	128		688
2000	366	122		862
2001	207	80		727
2002	9	3	2	875
2003	45	12	52	690
2004	129	38	106	675
2005	195	64	212	709
2006	205	61	175	675
2007	268	52	175	746
2008	248	99	179	979
2009	58	14	33	294
2010	76	28	73	320
2011	83	16	44	366
2012	103	22	53	384
2013	129	44	41	313
2014	96	35	60	351
2015	118	46	62	405
2016	15	3	4	57
Total	3 234	1 147	1 271	13 204

Source: Public Citizen (2017).

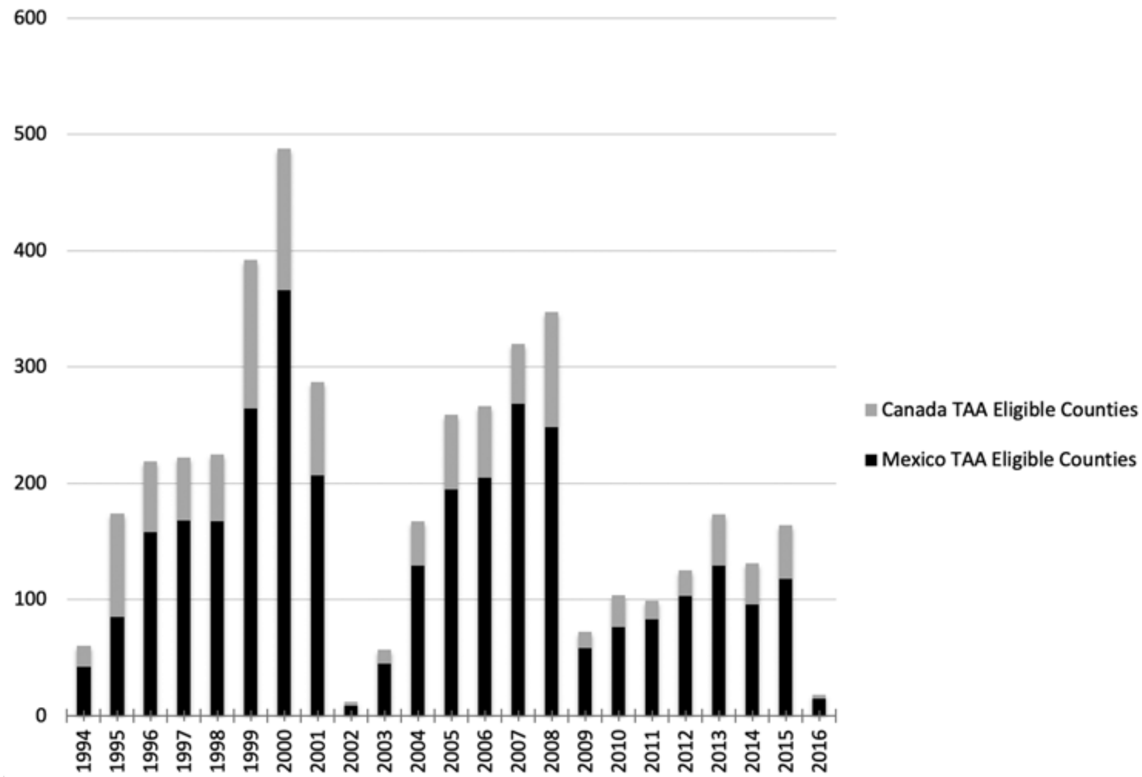
Figure 2 shows the annual fluctuation in CAIP eligible counties (inclusive of all border counties and NAFTA TAA counties with unemployment rates one percent above national average). Figure 3 shows the annual fluctuation of all NAFTA TAA (based on trade with Mexico and Canada) eligible counties, regardless of CAIP unemployment limits. Table 11 shows the annual totals from 1994 to 2016, for all TAA certified workers in all TAA counties including all TAA certifications based on NAFTA trade (Mexico, Canada), as well as China and all other TAA eligible counties. The total cumulative number of TAA eligible workers through 2016 is 2 887 836, less than a quarter of which is related to the NAFTA TAA total of 684 286 (Mexico 546 332 and Canada 137 954).

Figure 2. Annual Fluctuation CAIP Eligible Counties, Including Border Counties and NAFTA TAA Certification with 1 % Above Average Unemployment Rates



Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Figure 3. Annual Fluctuation for all TAA Counties, Including Border Counties and NAFTA TAA Certification With 1 % Above Average Unemployment Rates



Source: Public Citizen (2017).

Table 11. Total TAA Workers Certified by Country of Trade Origin, Annual Basis, 1994-2016

(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Mexico TAA # of Workers*	*Canada TAA # of Workers*	*China TAA # of Workers*	*All Countries TAA # of Workers*
1994	6 498	623	0	91 841
1995	11 836	10 453	0	110 894
1996	28 311	4 139	0	120 054
1997	26 636	7 081	0	133 552
1998	29 822	8 067	0	146 608
1999	51 967	15 413	0	159 534

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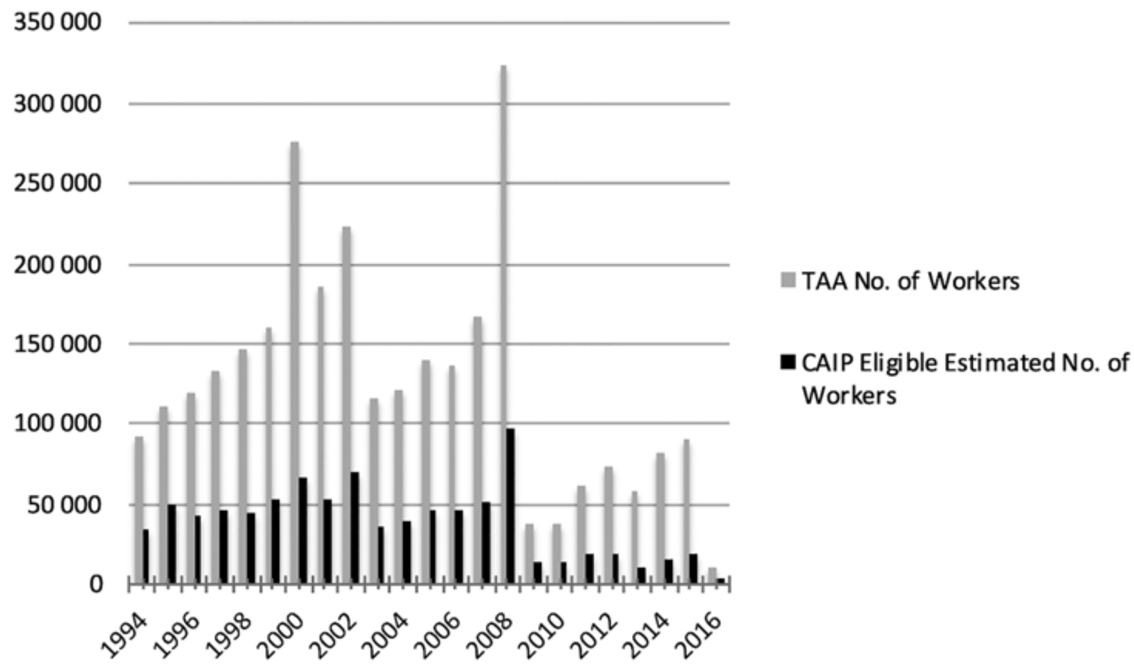
(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Mexico* TAA # *of Workers*	*Canada* TAA # *of Workers*	*China* TAA # *of Workers*	*All Countries* TAA # *of Workers*
2000	81 347	16 279	0	274 993
2001	45 146	10 571	0	184 942
2002	2 129	160	191	222 647
2003	4 520	1 433	3 666	115 090
2004	15 064	3 916	9 562	120 846
2005	27 169	7 074	16 347	140 190
2006	31 042	6 796	19 027	135 770
2007	39 642	6 878	19 574	166 751
2008	47 464	13 493	18 249	323 738
2009	9 038	718	3 113	37 146
2010	8 109	3 536	6 535	37 401
2011	8 696	2 236	4 230	60 898
2012	14 394	2 481	5 700	73 737
2013	18 016	5 211	7 050	57 491
2014	12,816	5 637	7 680	82 574
2015	25 224	4 349	6 766	91 142
2016	1 446	1 410	500	9 668
Total	546 332	137 954	128 190	2 887 839

Note: According to the Department of Labor, the value of (estimated) "Number of Workers" represents the "estimated number of workers that have been separated from trade affected employment as calculated during the investigation. This number includes employment reductions through attrition and is not a calculation of layoffs". Attrition occurs when workers leave a job of their own accord and the employer chooses not to replace them.

Source: Public Citizen (2017).

Figure 4. Annual Fluctuation of TAA Certified Workers in all TAA Eligible Counties Compared to TAA Certified Workers in CAIP Eligible Counties, Inclusive of all Border Counties and NAFTA TAA Counties with Unemployment Rates 1 % Above National Average

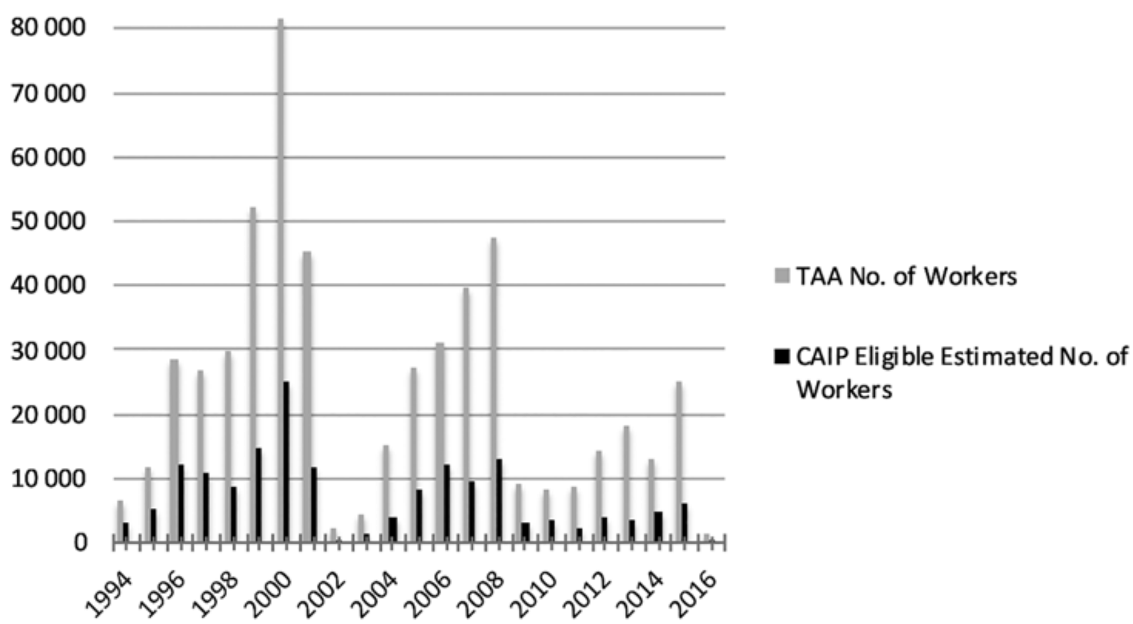


Note: According to the Department of Labor, the value of (estimated) "Number of Workers" represents the "estimated number of workers that have been separated from trade affected employment as calculated during the investigation. This number includes employment reductions through attrition and is not a calculation of layoffs". Attrition occurs when workers leave a job of their own accord and the employer chooses not to replace them.

Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Figure 4 shows the annual fluctuation of all TAA certified workers in all eligible counties compared to TAA certified workers in CAIP eligible counties (inclusive of all border counties and NAFTA TAA counties with unemployment rates one percent above national average). Figure 5 shows the annual fluctuation of Mexico TAA certified workers in all Mexico TAA eligible counties compared to Mexico TAA certified workers in CAIP eligible counties. The information used in Figures 4 and 5 provide estimates of CAIP eligible counties using a "limited criteria" compared to eligible counties using the TAA "broader criteria". The CAIP limited criteria states that a county would be eligible if there is any worker in that county getting separated from trade affected employment and that the county's employment rate is one percent higher than the national average unemployment rate at that year. The TAA based broader criteria, as its name suggests, relaxes the limited CAIP criteria by eliminating the CAIP requirement on the unemployment rate and allows eligibility to counties if there is any TAA certified worker in that county getting separated from trade-affected employment. For comparative purposes, Figure 6 shows the annual fluctuation of China TAA certified workers in all China TAA eligible counties compared to China TAA certified workers in CAIP eligible counties.

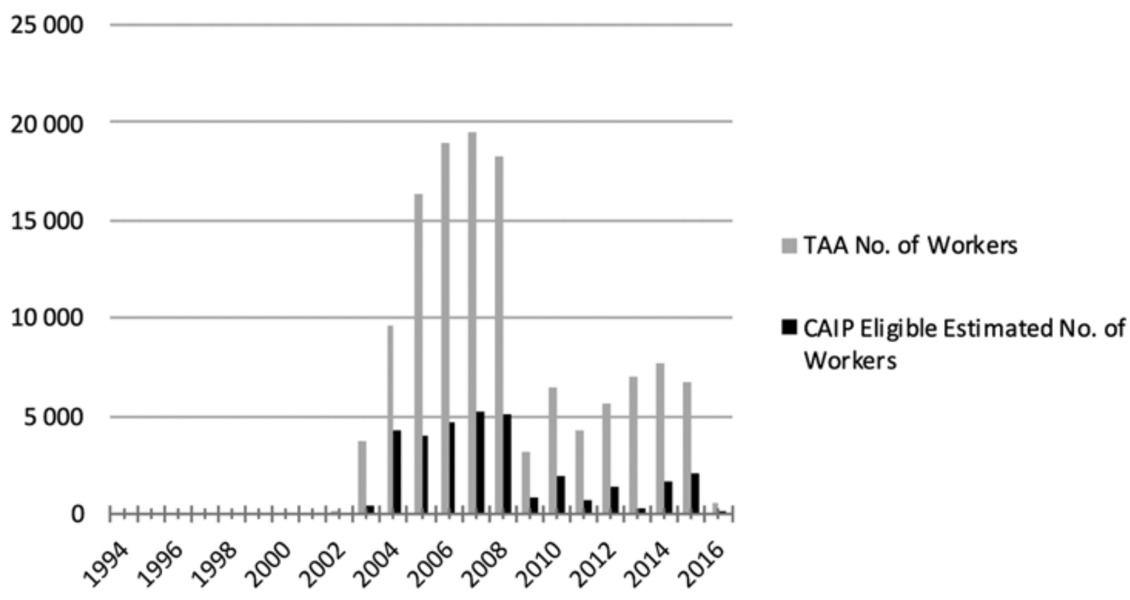
Figure 5. Annual Fluctuation of Mexico TAA Certified Workers in all Mexico TAA Eligible Counties Compared to Mexico TAA Certified Workers in CAIP Eligible Counties



Note: According to the Department of Labor, the value of (estimated) "Number of Workers" represents the "estimated number of workers that have been separated from trade affected employment as calculated during the investigation. This number includes employment reductions through attrition and is not a calculation of layoffs". Attrition occurs when workers leave a job of their own accord and the employer chooses not to replace them.

Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Figure 6. Annual Fluctuation of China TAA Certified Workers in all China TAA Eligible Counties Compared to China TAA Certified Workers in CAIP Eligible Counties



Note: According to the Department of Labor, the value of (estimated) "Number of Workers" represents the "estimated number of workers that have been separated from trade affected employment as calculated during the investigation. This number includes employment reductions through attrition and is not a calculation of layoffs". Attrition occurs when workers leave a job of their own accord and the employer chooses not to replace them.

Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

A comparative analysis of the data on the broader full TAA certifications and on the more limited CAIP eligibility reveal important trends and insights.

1) Annual fluctuations of total TAA certified workers (Figure 4) closely follows the GDP growth cycles, with most certifications occurring during periods of high growth (and trade) and less certifications during the cyclical downturns of 2001 and 2009, when the economy is experiencing less import growth.

2) Annual fluctuations of NAFTA related TAA certifications are also cyclical. It is important to note that the moving average of all NAFTA related TAA certified workers continues to decline over time with each cycle diminishing in number of workers certified.
3) The level of TAA certified workers in CAIP eligibility counties lagged significantly from the total of all TAA certified workers, with the lag of CAIP eligible workers continuing to fall behind all TAA certified workers as the business cycle expanded. The CAIP higher unemployment rate requirement (+1>national average) is likely capturing the relatively lower growth and less dynamic counties while the higher growth and more dynamics counties with lower unemployment rates generating a growing number of certified workers with higher levels of imports (and exports).
4) The level of China related TAA certified workers was virtually zero in the first cycle (1994-2000) but then has a very large surge during the second cycle (2001-2008) confirming the so-called "China Shock" and then declines significantly in third period. They are less than Mexico.

CAIP Expenditure, Employment Creation and Eligibility in Comparative Perspective

We begin with a descriptive analysis of how CAIP resources were utilized by geographical and programmatic category, detailing the trajectory of CAIP expenditures by program activity, year and eligible county. Tables 12-14 show the CAIP expenditures by program for eligible counties from 1994 to 2016, including those counties eligible due to TAA certifications based on trade with Mexico and Canada, as well as all eligible border counties. Table 12 shows CAIP Agency Program expenditures and employment creation. Table 13 shows CAIP Direct Loan Program expenditures and employment creation. Table 2 shows CAIP Technical Assistance Grant Program expenditures and employment creation by subprogram round. Table 14 summarizes the totals for employment created/retained by CAIP program. The CAIP Federal Agency Program reports a total of 16 389 jobs created or retained based on a CAIP contribution of slightly over 15 million dollars which helped mobilize over 560 million dollars in loans. The CAIP Direct Loan Program generated 466 jobs based on 6.7 million dollars in CAIP loans. The Grant Program was successful in awarding 75 grants and providing just under 24 million dollars in financial assistance to communities in 19 states along the border and across the U.S. Nearly 8 500 jobs were created and over 7 200 jobs were retained in CAIP DEA.

Table 12. CAIP Federal Agency Program

	SBA	*USDA B&I*	*Combined*
Number of Loans Through 4/15	754	129	883
Total Loan Amounts	$324 053 669	$238 348 206	$562 401 875
Total CAIP Contribution (1) (2)	$9 670 764	$5 504 318	$15 175 082
Number of Jobs Created	7 441	3 561	11 002
Number of Jobs Retained (as reported)	507	4 880	5 387
Total Number of Jobs	7 948.00	8 441.00	16 389
Cost per Job Created/Retained by Agency Programs	$40 771.72	$28 236.96	$34 315.81
CAIP Cost per Job:	$1 217	$652	$926

Note: "CAIP costs" include subsidy costs, guarantee and other fees and prorated administrative costs. In September of 2013, CAIP endorsed additional fee subsidy on previously approved SBA loans per a revision to SBA policy. This amount totaling $31 347.07 is included in the fee amount but does not increase the loan amounts.

Source: S. Lopez Gaona, personal communication (October 11, 2019)

Table 13. CAIP Direct Loan Program

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
Borrower	*Location*	*Origination Date*	*Loan Amount*	*Job Creation/ Preservation*	*Achieved*	*Outcome*
Banana Tree	El Paso, TX	2. IV	$625 000	40	Yes	Property Securing Loan Forclosed upon in Year 3; No Loss

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
Borrower	*Location*	*Origination Date*	*Loan Amount*	*Job Creation/ Preservation*	*Achieved*	*Outcome*
Beaufort County EDC#1	North Carolina	4. X	$688 450	84	Yes	Paid in full
Beaufort County EDC#2	North Carolina	3. VI	$784 000	91	Yes	Paid in full
California Coastal RDC	California	3. V	$1 000 000	*		Paid in full (Originally $500,000 in 1997)
El Paso Workforce Collaborative	El Paso, TX	9. VII	$1 000 000	25	Yes	Paid in full
Martin County EDC #1	North Carolina	2. VII	$550 000	26	Yes	Paid in full
Martin County EDC #2	North Carolina	4. VII	$1 310 000	83	Yes	Paid in full
Martin County EDC #3	North Carolina	6. IX	$395 000	60	Yes	Paid in full
La Mujer Obrera	El Paso, TX		$400 000	57	Yes	Paid in full March 2017
Total			$6 752 450	466		

* This loan was used to fund borrower's share of USDA guaranteed loans. Job creation numbers per transaction were not compiled. However, loans were exclusively used for business development or expansion creating net new jobs.

Source: S. Lopez Gaona, personal communication (October 11, 2019).

Table 14. Jobs Created and Retained by CAIP Program

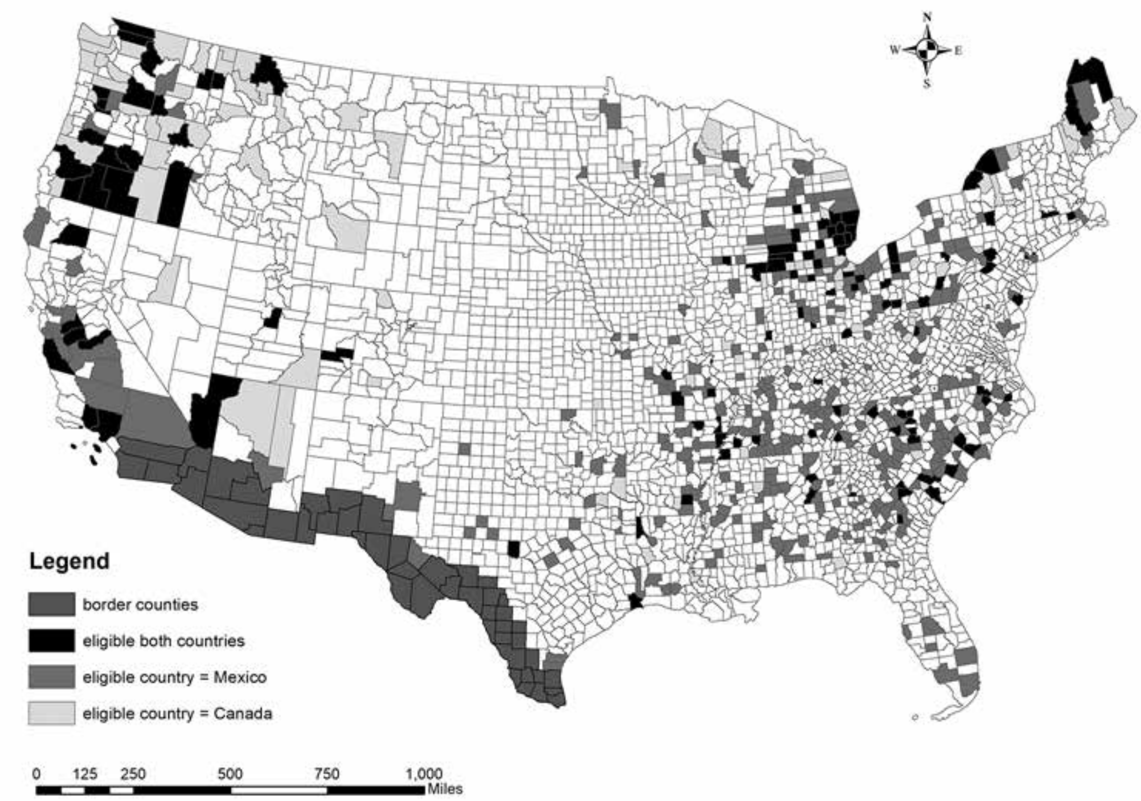
	Jobs Created	*Jobs Retained*	*Total*
SBA	7441	507	7948
USDA	3561	4880	8441
Total	11002	5387	16389
Direct Loans	466		466
Pilot	317	870	1187
Round 1	2857.7	2214.5	5072.2
Round 2	1854.5	1145.75	3000.25
Continuation Grant Round	705.5	259	964.5
Targeted Grants	2710	2723	5433
Total	8444.7	7212.25	15656.95

Source: S. Lopez Gaona, personal communication (October 11, 2019).

We next turn to a comparative analysis of the geographic distribution of CAIP eligible counties with all TAA eligible counties, and a comparative analysis of the geographic distribution of TAA certified workers in CAIP eligible counties compared to TAA certified workers in all TAA eligible counties. By comparing the distribution of eligibility and funding by CAIP, TAA, and similar trade adjustment programs at the geographic and sectoral level, we will be able to demarcate the areas where the CAIP investments parallel those of other adjustment programs and where they diverge, allowing for a gap analysis of CAIP program focus compared to the broader focus of TAA (see Chapter 3).

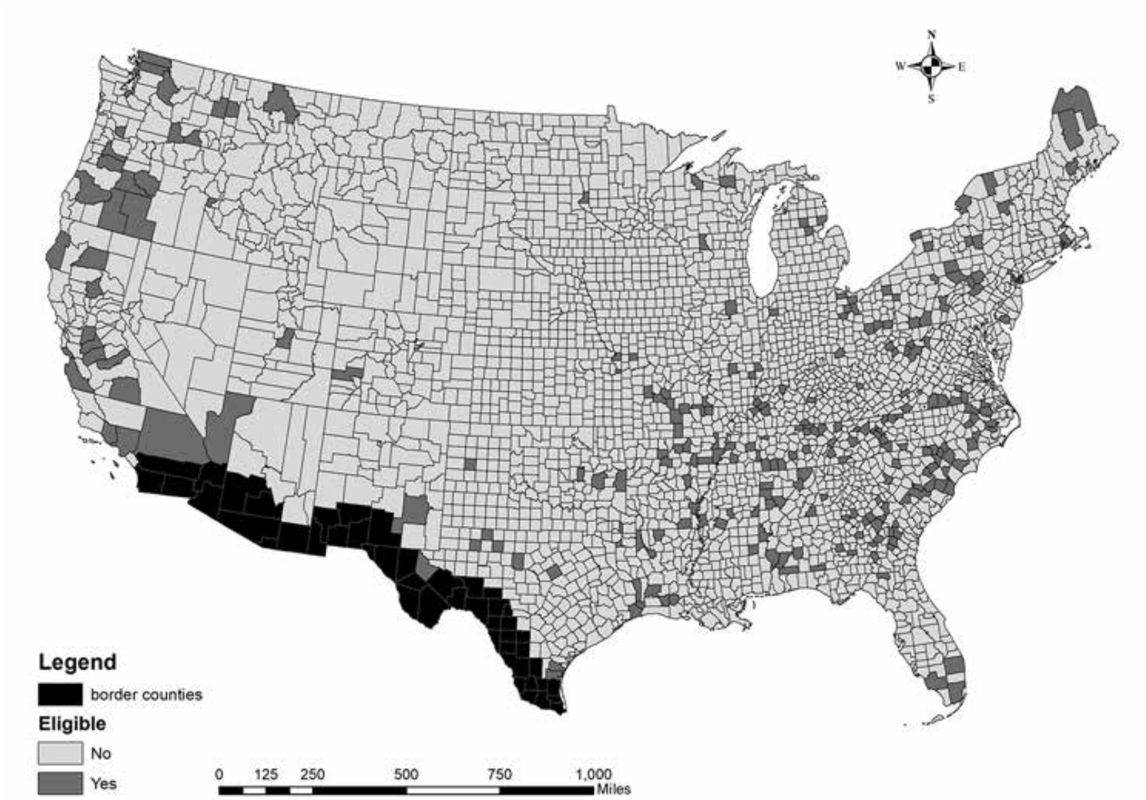
Map 2 shows the geographic distribution of total estimated CAIP eligible counties with respect to Mexico and Canada related TAA, as well as all eligible border counties, for the years 1994-2016. Maps 3-6 show the distribution of total estimated CAIP eligible counties related to trade with Mexico only, as well as all eligible border counties, 1994-2000, 2001-2005, 2006-2010, and 2011-2016. Map 7 shows the geographic distribution of total estimated CAIP eligible counties with respect to Canada, as well as all eligible border counties, for the years 1994-2016. Maps 8-11 show the distribution of total estimated CAIP eligible counties related to trade with Canada only, as well as all eligible border counties, 1994-2000, 2001-2005, 2006-2010, and 2011-2016.

Map 2. Distribution of Total Estimated CAIP Eligible Counties (Mexico and Canada), as Well as all Eligible Border Counties, 1994-2016



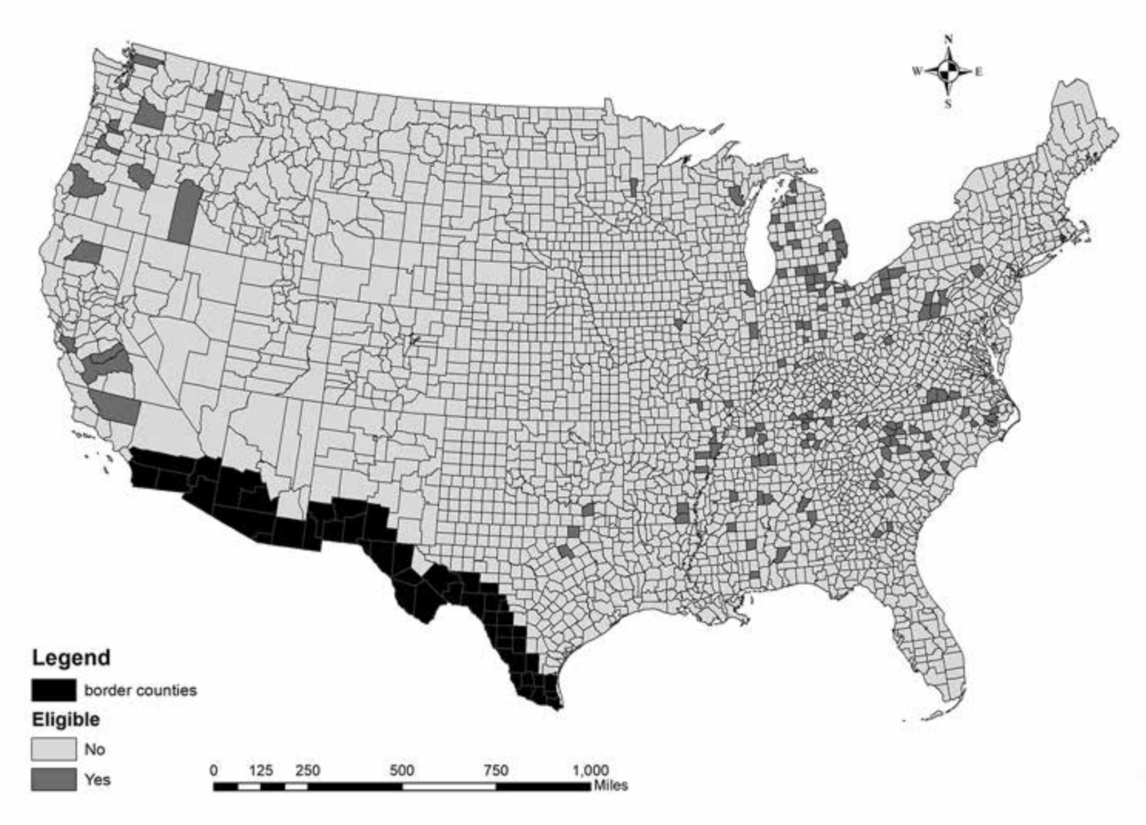
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 3. Distribution of Estimated CAIP Eligible Counties Related to Mexico and Border Counties, 1994-2000



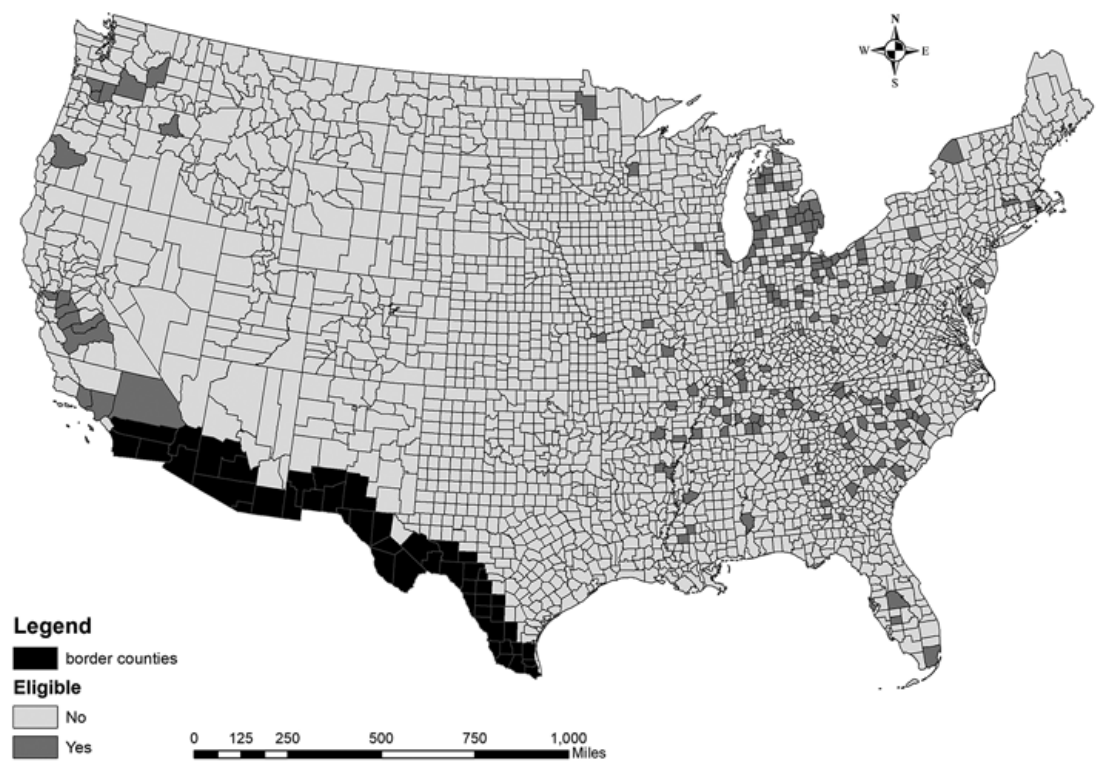
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 4. Distribution of Estimated CAIP Eligible Counties Related to Mexico and Border Counties, 2001-2005



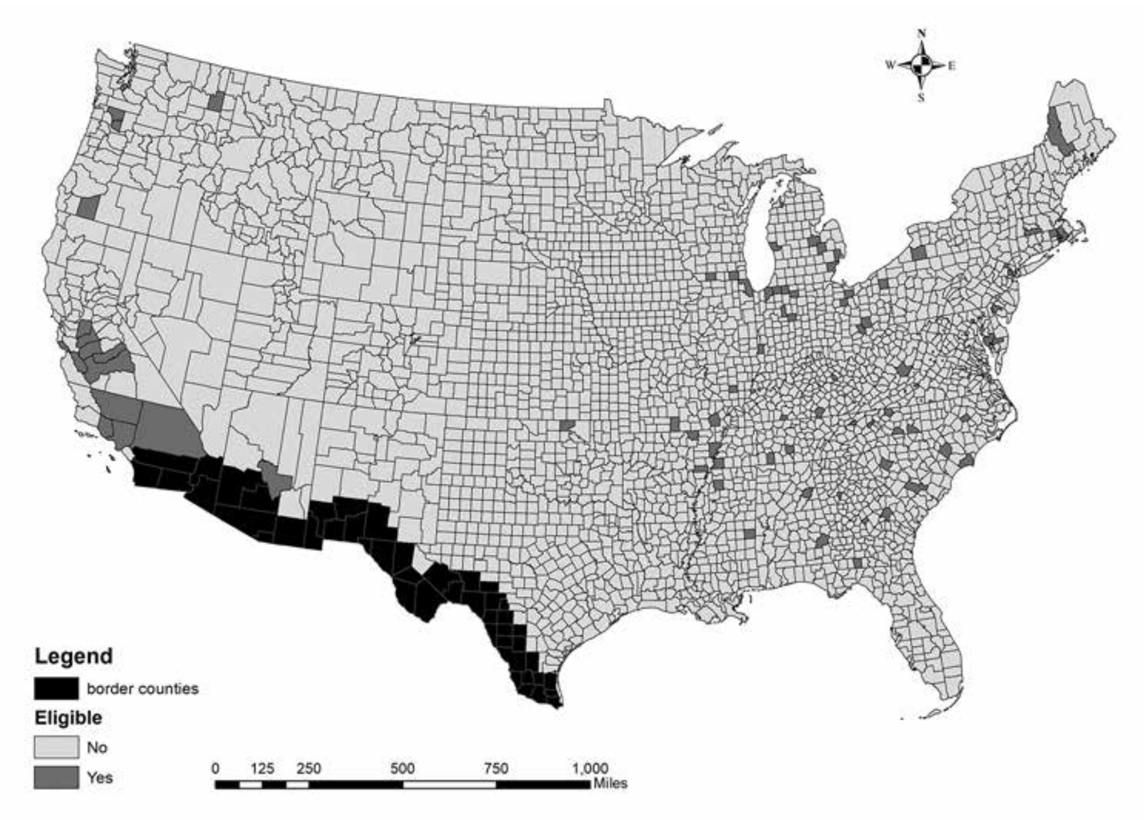
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 5. Distribution of Estimated CAIP Eligible Counties Related to Mexico and Border Counties, 2006-2010



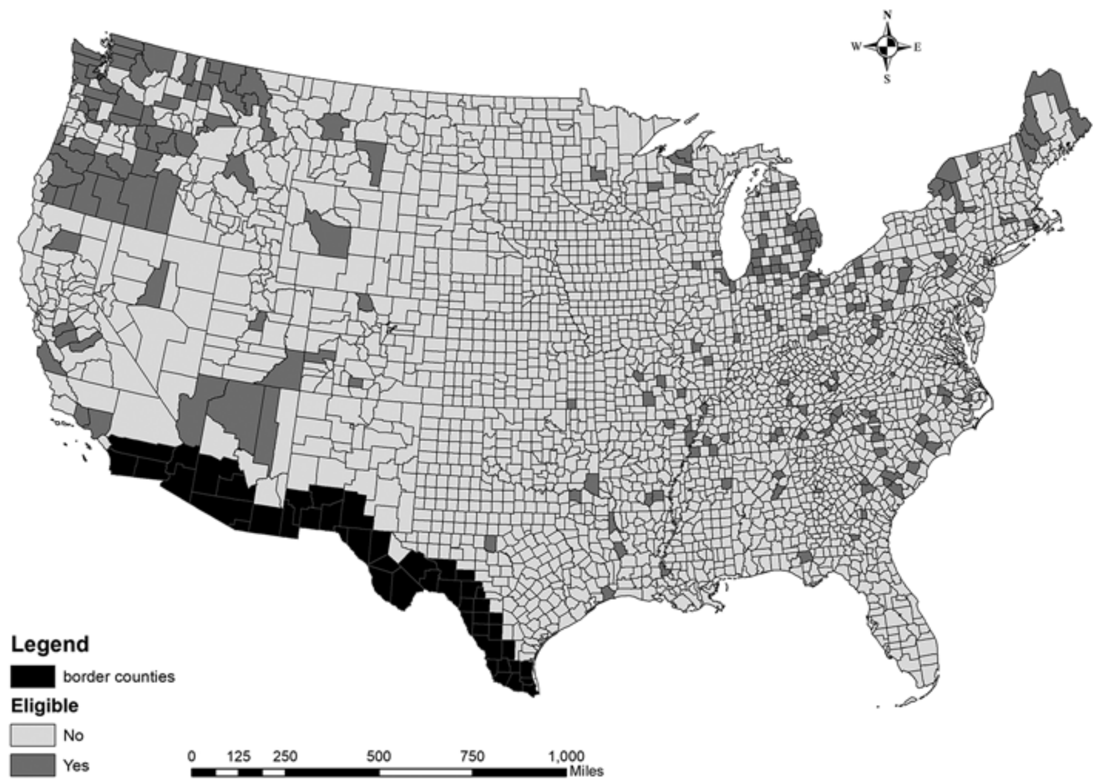
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 6. Distribution of Estimated CAIP Eligible Counties Related to Mexico and Border Counties, 2011-2016



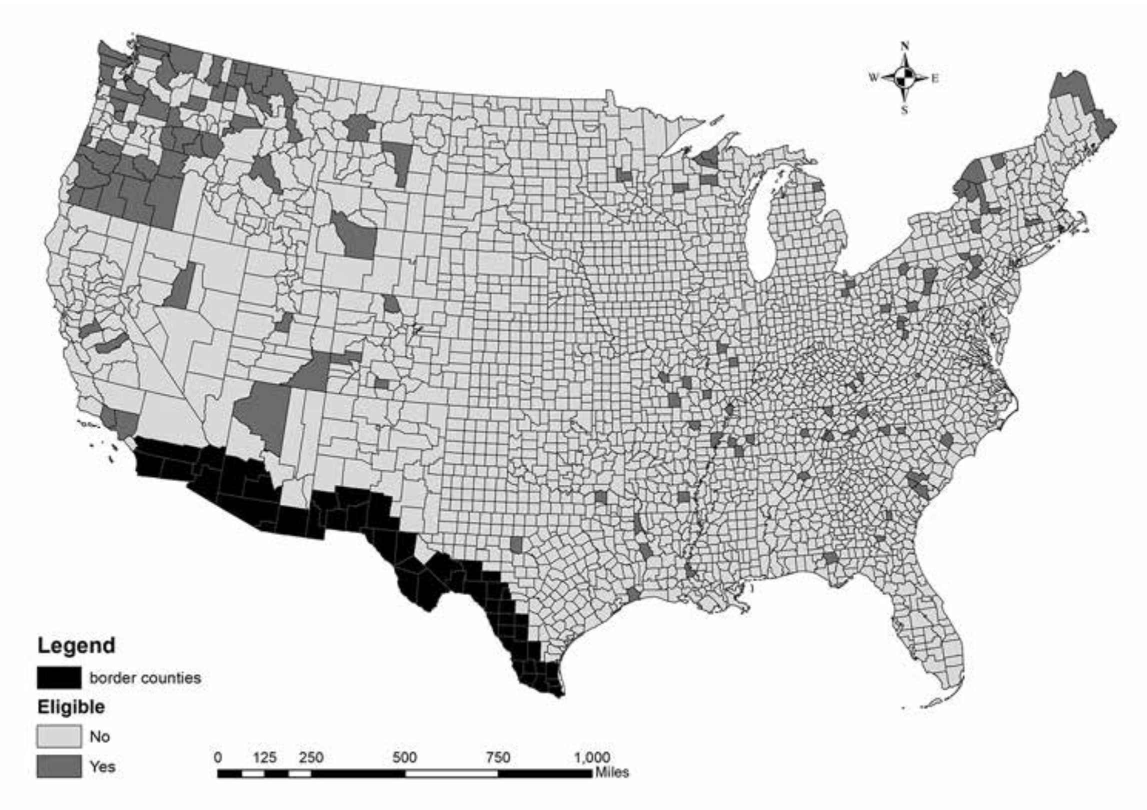
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 7. Distribution of Estimated CAIP Eligible Counties Related to Canada and Border Counties, 1994-2016



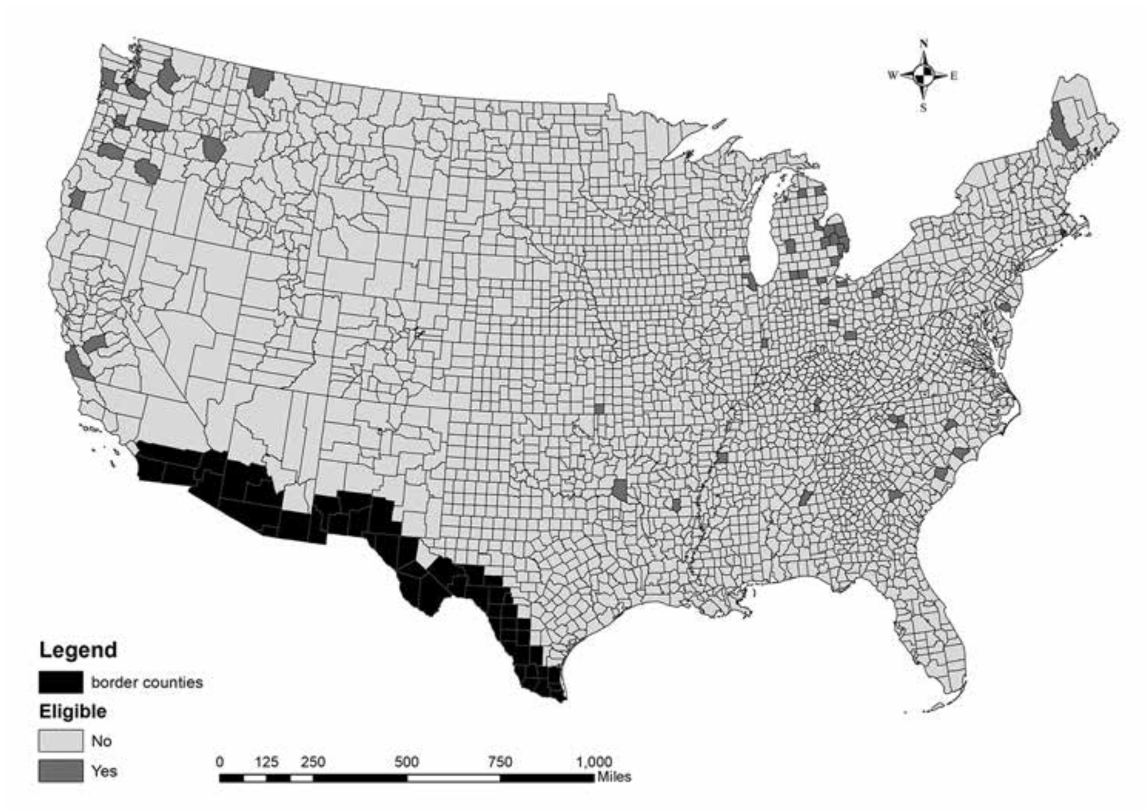
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 8. Distribution of Estimated CAIP Eligible Counties Related to Canada and Border Counties, 1994-2000



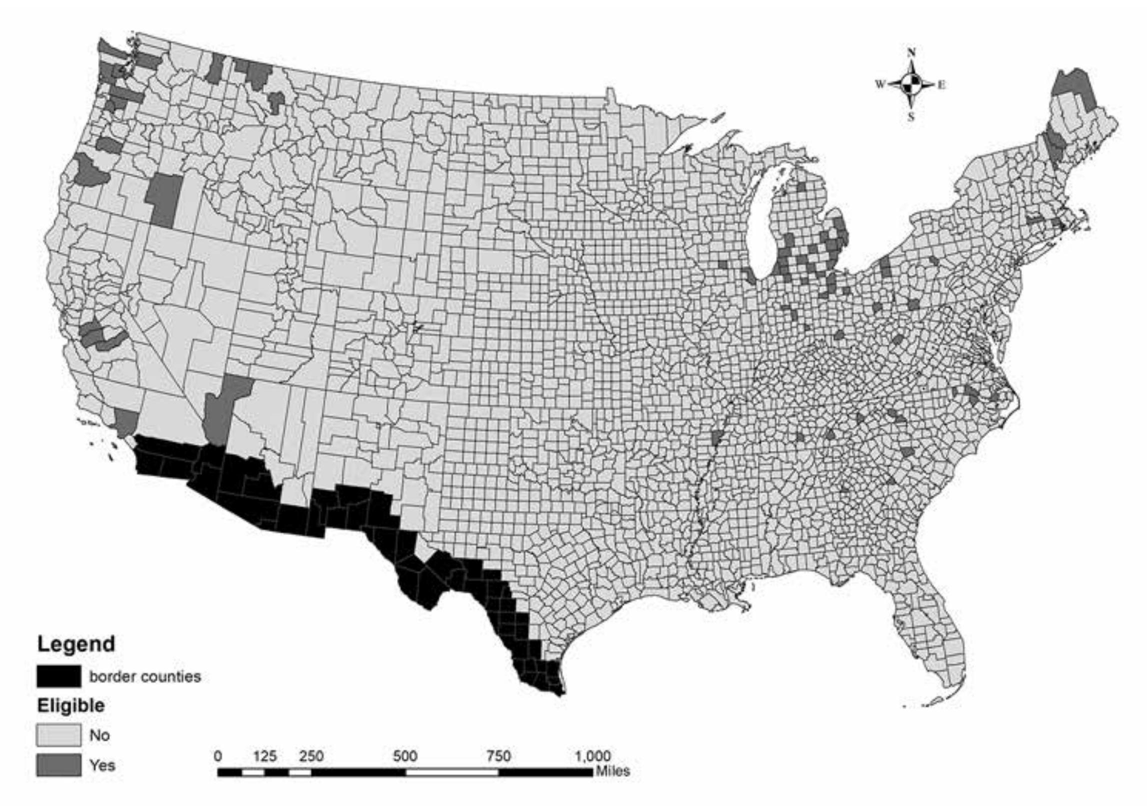
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 9. Distribution of Estimated CAIP Eligible Counties Related to Canada and Border Counties, 2001-2005



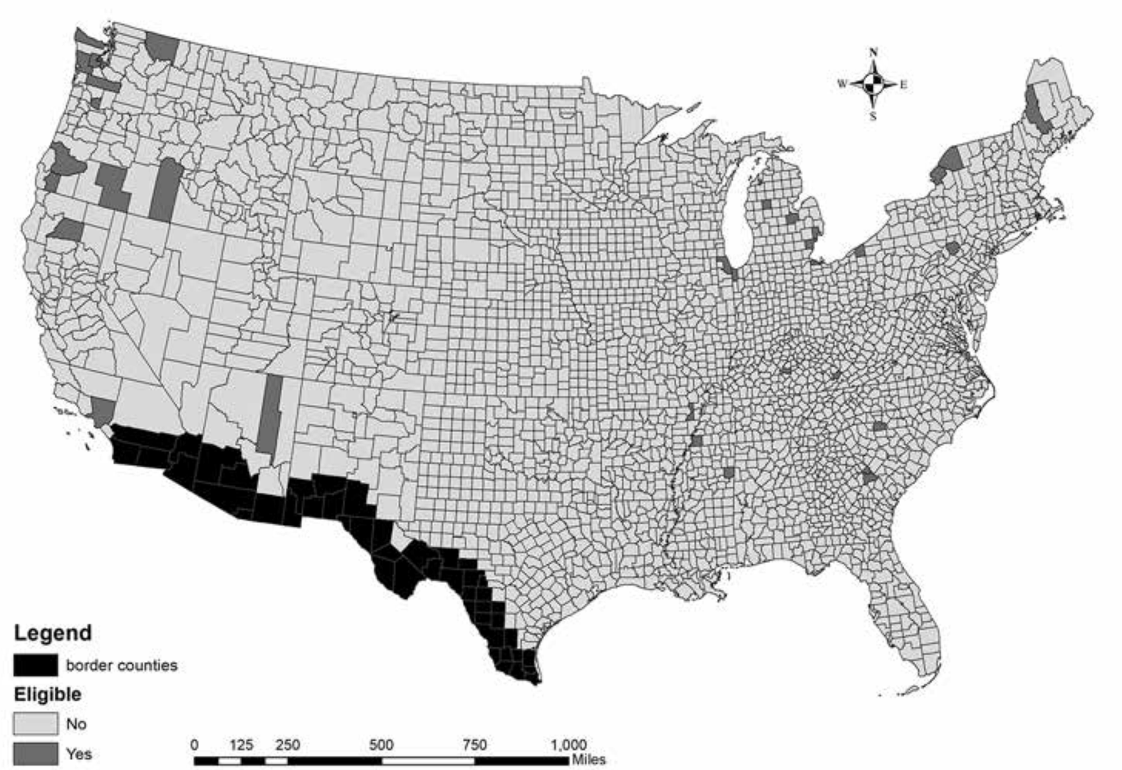
Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

Map 10. Distribution of Estimated CAIP Eligible Counties Related to Canada and Border Counties, 2006-2010



Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

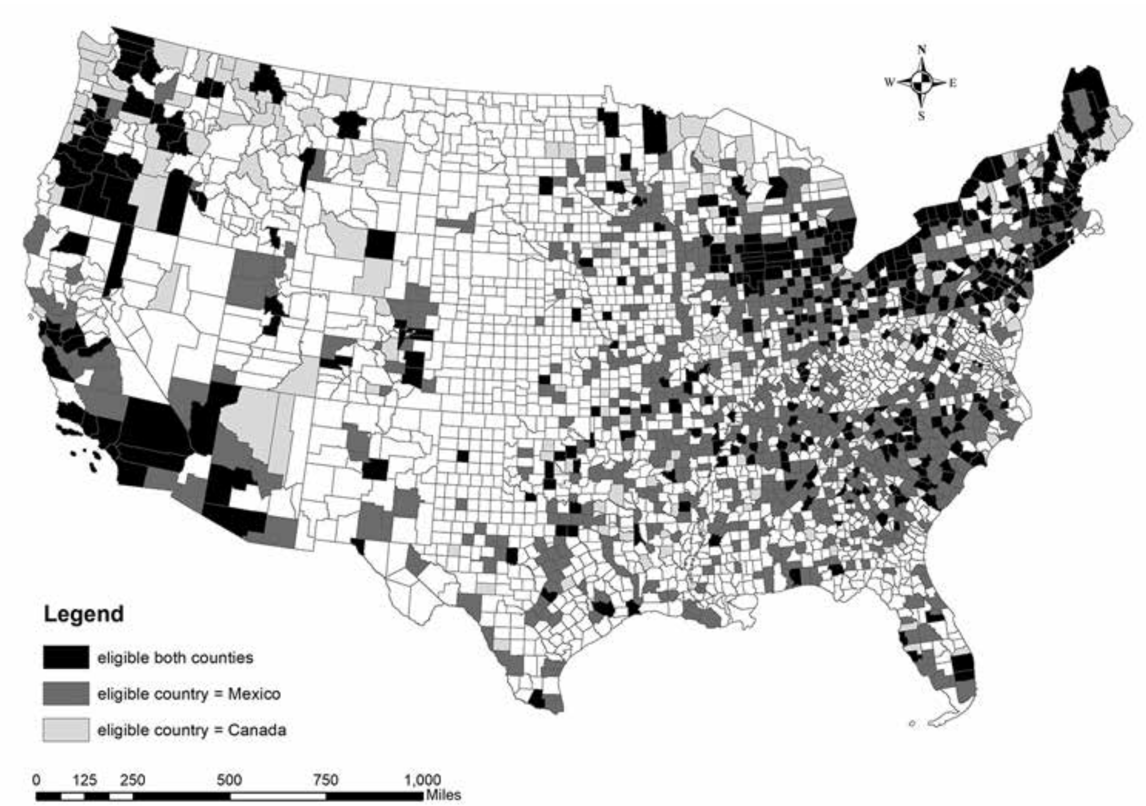
Map 11. Distribution of Estimated CAIP Eligible Counties Related to Canada and Border Counties, 2011-2016



Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Census Bureau, Department of Commerce (2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

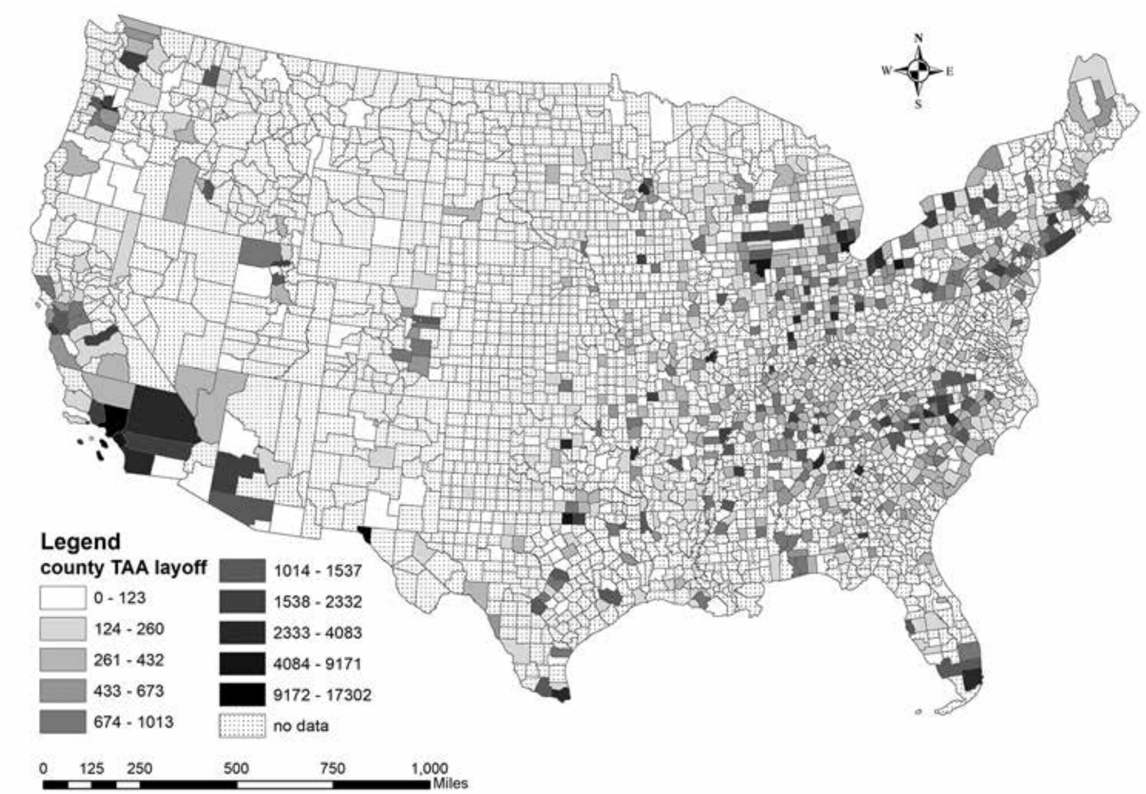
We now turn to a geographic presentation of CAIP eligible counties using the "Broader criteria", which included all TAA Eligible counties. Map 12 shows the distribution of CAIP eligible counties using "Broader criteria" based on trade with Mexico and Canada (including all NAFTA TAA eligible counties), between 1994 and 2016. Maps 13-14 show the distribution of all Mexico TAA Certified Layoffs based on trade with Mexico by County, used for defining CAIP eligible counties using "Broader criteria" from 1994 to 2016.

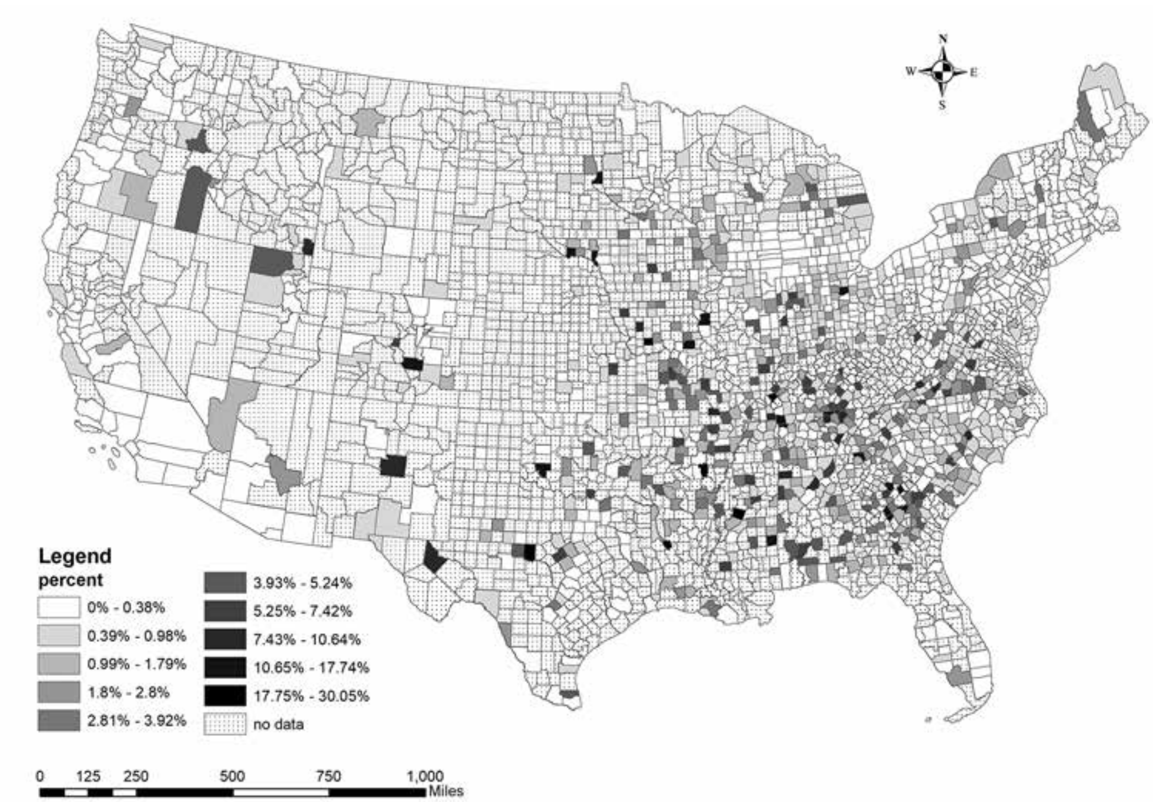
Map 12. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Mexico and Canada, Including all NAFTA TAA Eligible Counties, 1994-2016



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Maps 13-14. Distribution of all Mexico TAA Certified Layoffs Based on Trade with Mexico by County, Used for Defining CAIP Eligible Counties Using "Broader Criteria", 1994-2016

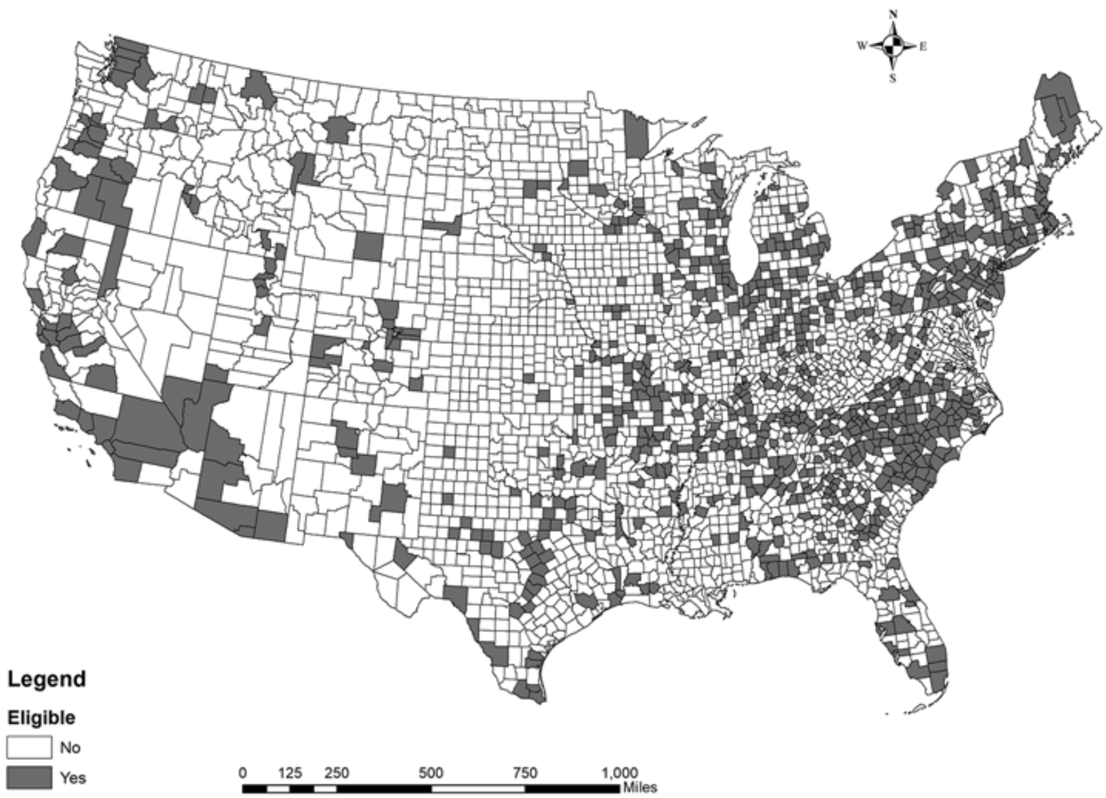




Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

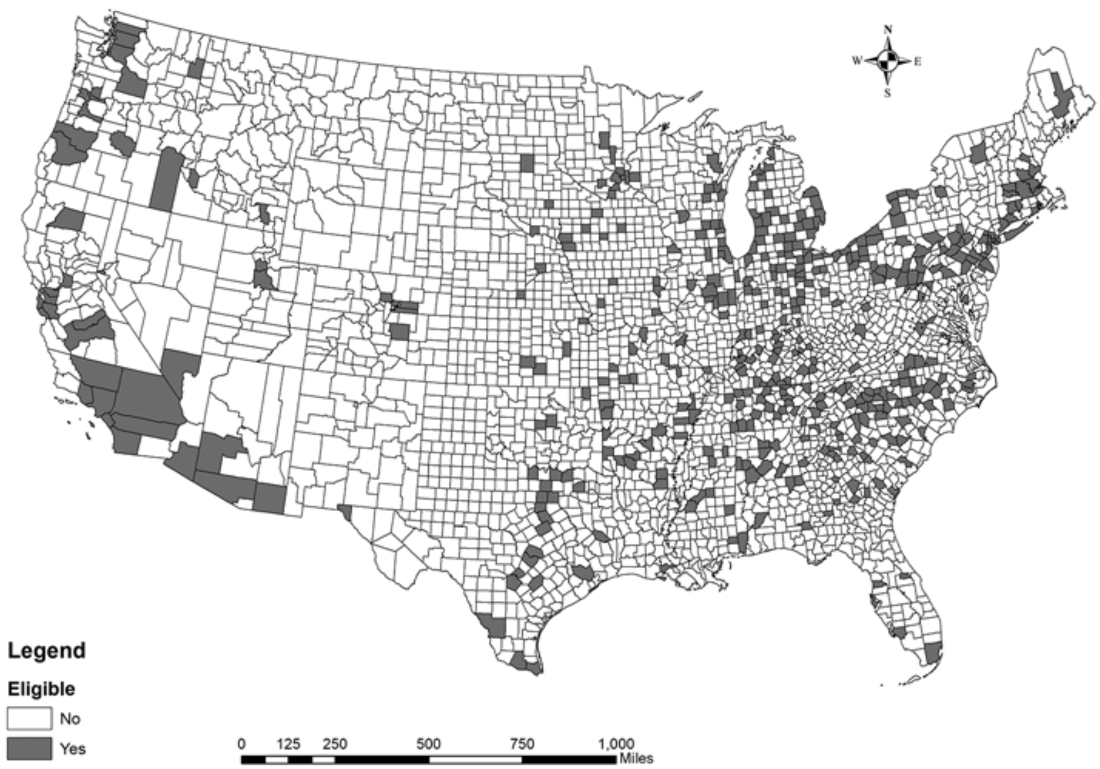
Maps 15-18 show the distribution of CAIP eligible counties using "Broader criteria" based on trade with Mexico (including all Mexico TAA eligible counties), 1994-2000, 2001-2005, 2006-2010, and 2011-2016.

Map 15. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Mexico, Including all Mexico TAA Eligible Counties, 1994-2000



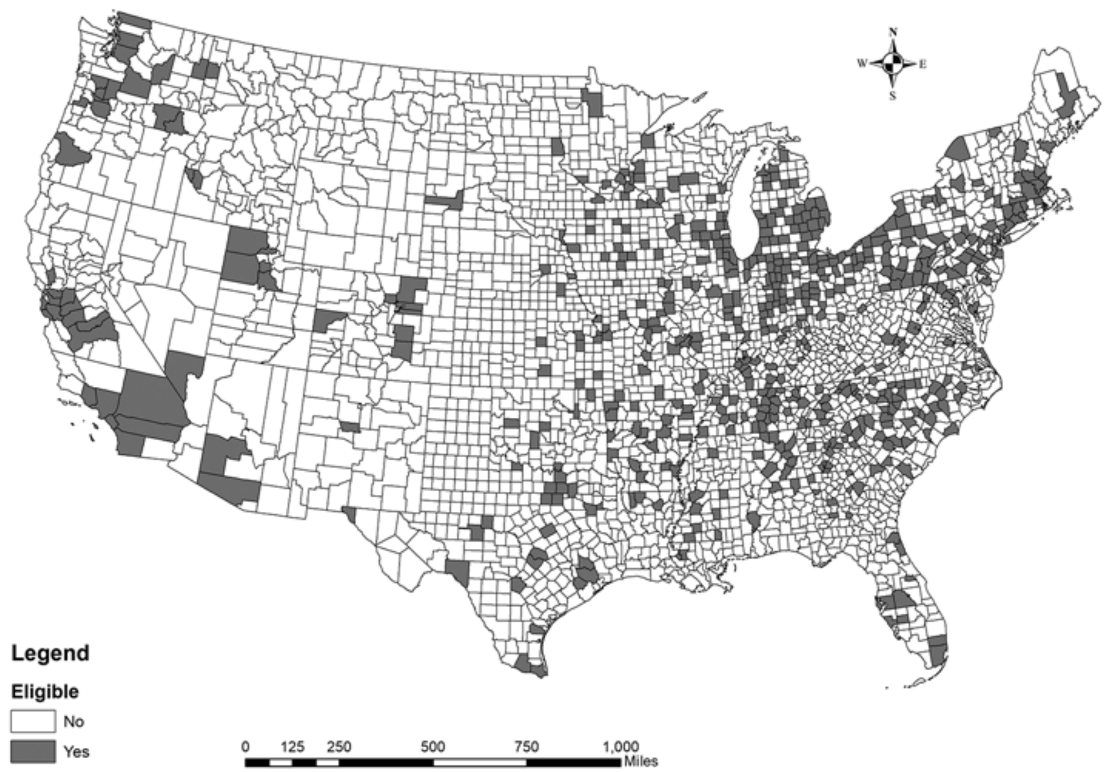
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 16. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Mexico, Including all Mexico TAA Eligible Counties, 2001-2005



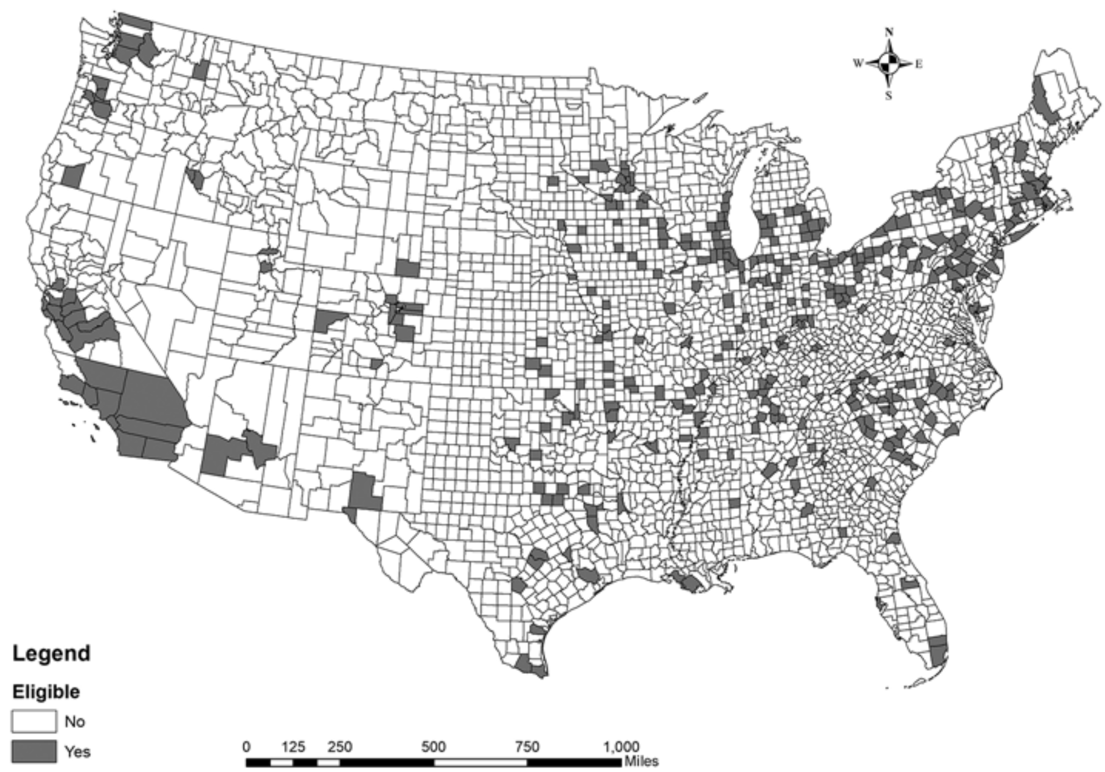
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 17. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Mexico, Including all Mexico TAA Eligible Counties, 2006-2010



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

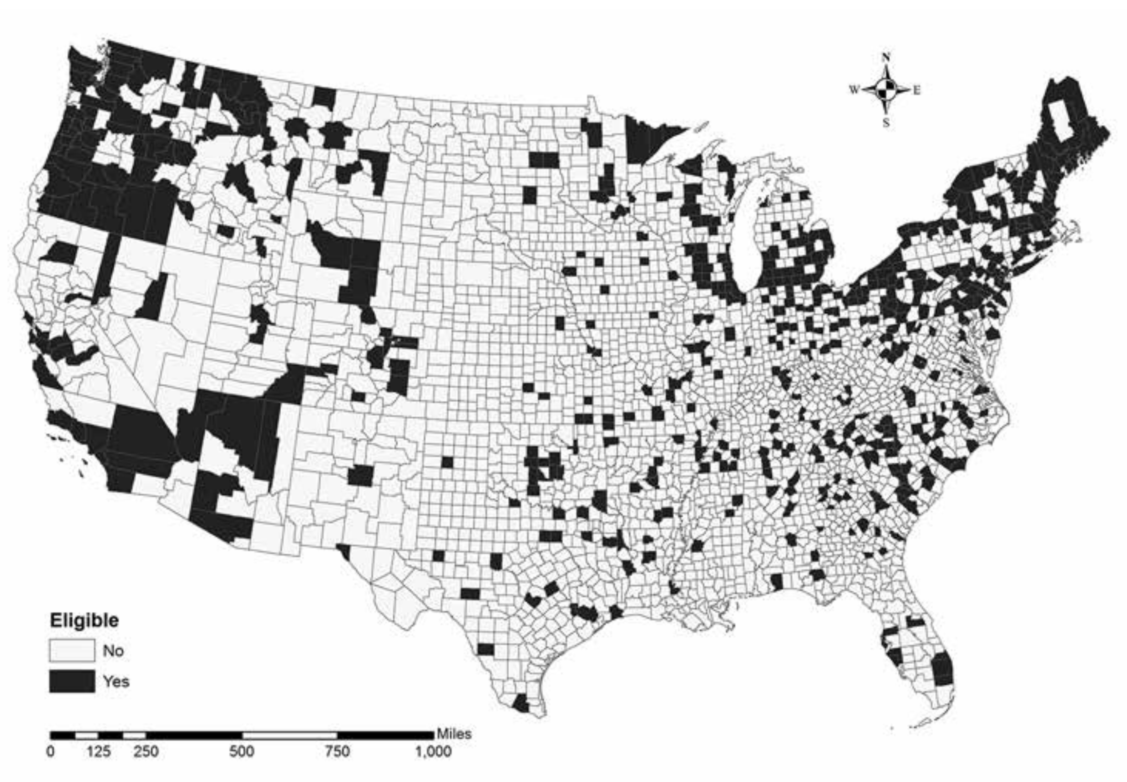
Map 18. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Mexico, Including all Mexico TAA Eligible Counties, 2011-2016



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

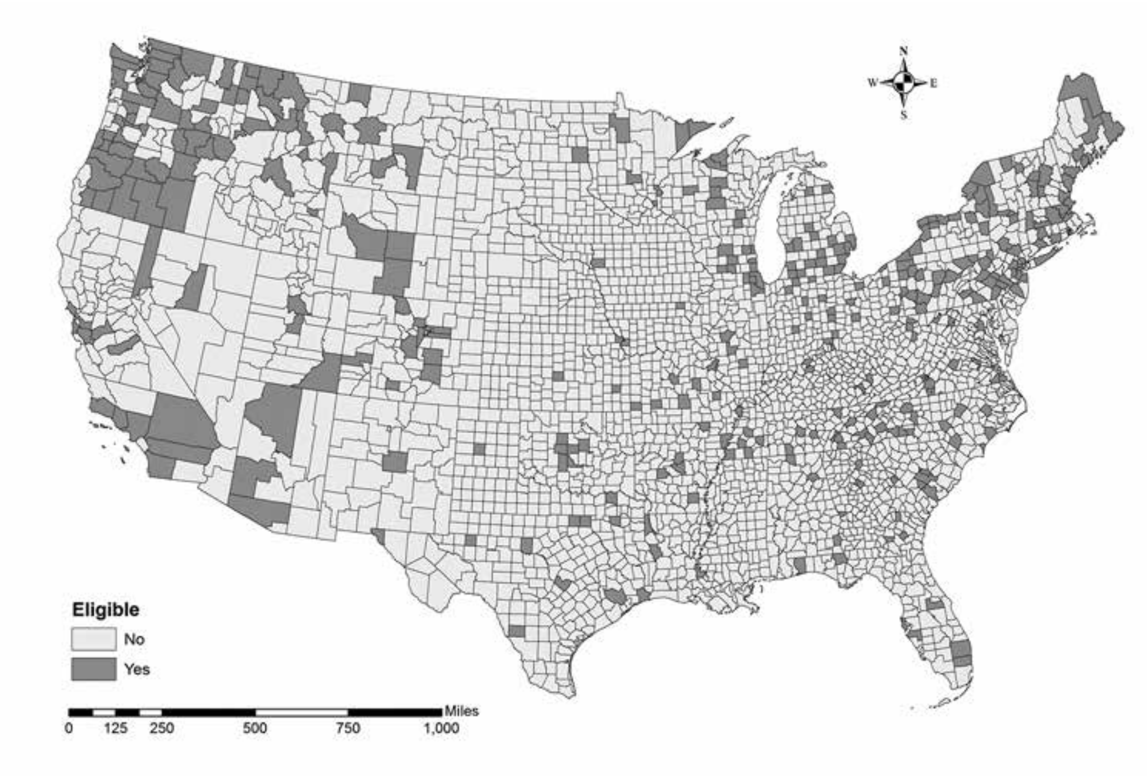
Map 19 shows the distribution of CAIP eligible counties using "Broader criteria" based on trade with Canada (including all Canada TAA eligible counties), 1994-2016. Maps 20-23 show the distribution of CAIP eligible counties using "Broader criteria" based on trade with Canada (including all Canada TAA eligible counties), 1994-2000, 2001-2005, 2006-2010, and 2011-2016.

Map 19. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Canada, Including all Canada TAA Eligible Counties, 1994-2016



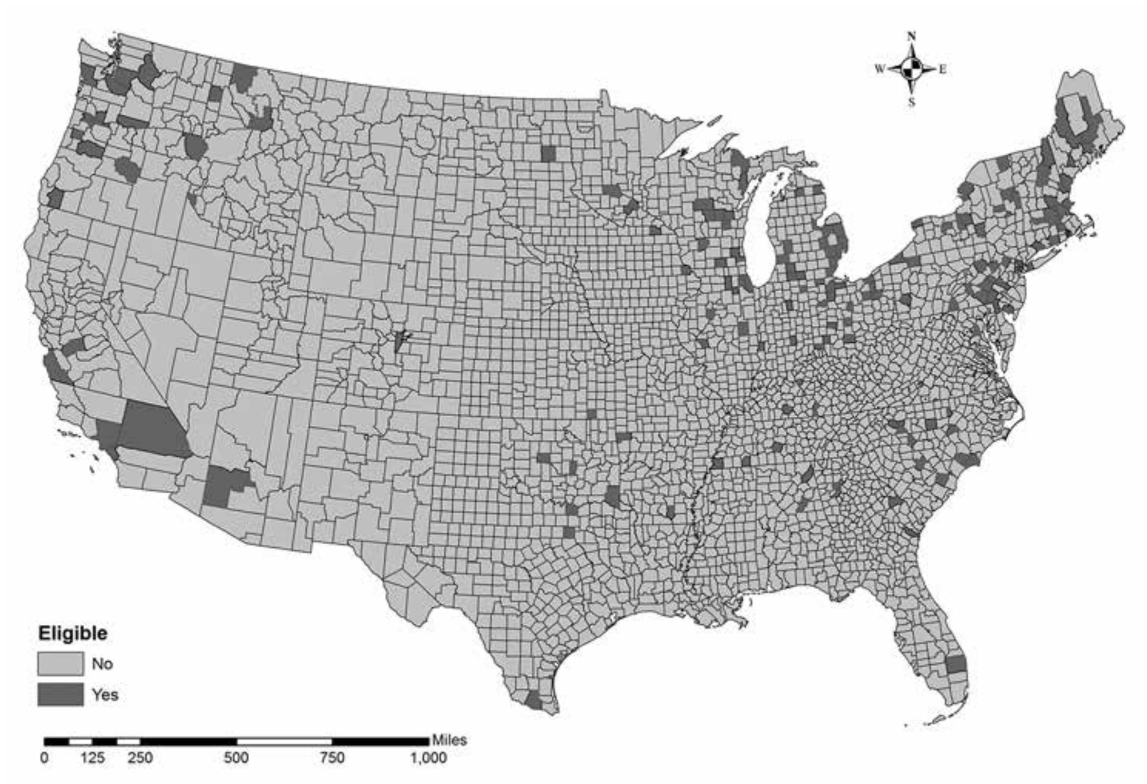
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 20. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Canada, Including all Canada TAA Eligible Counties, 1994-2000



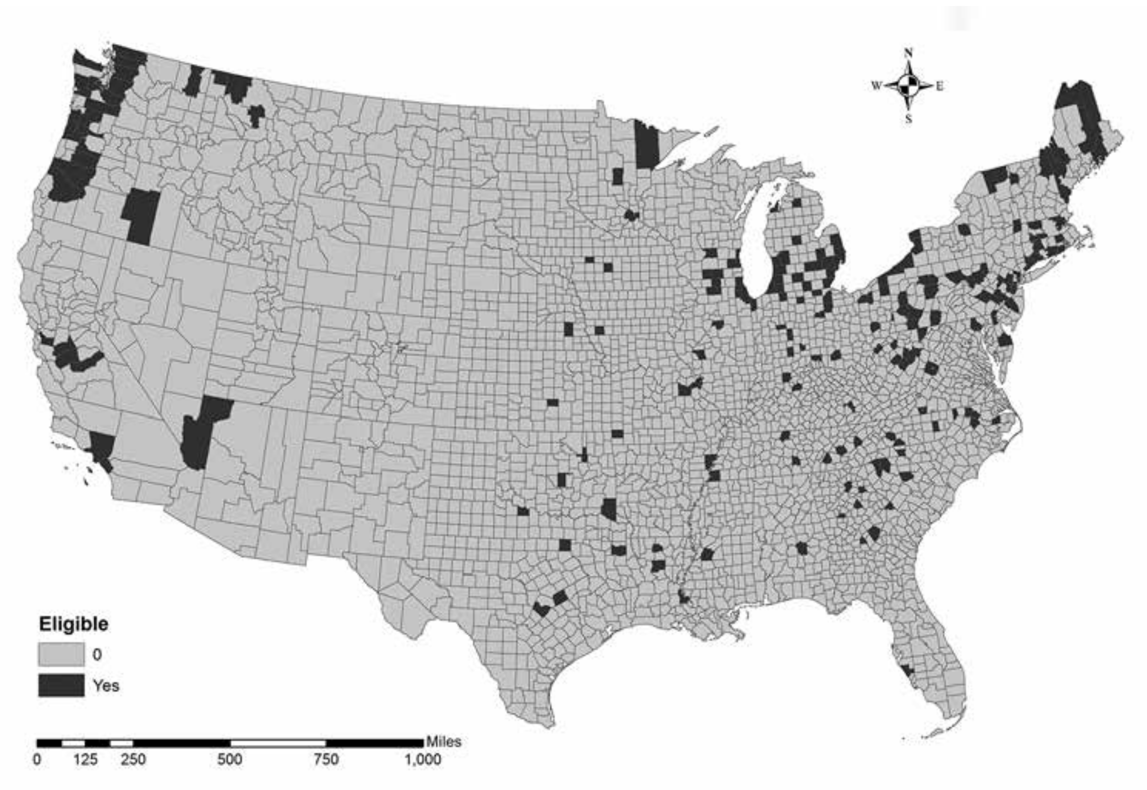
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 21. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Canada, Including all Canada TAA Eligible Counties, 2001-2005



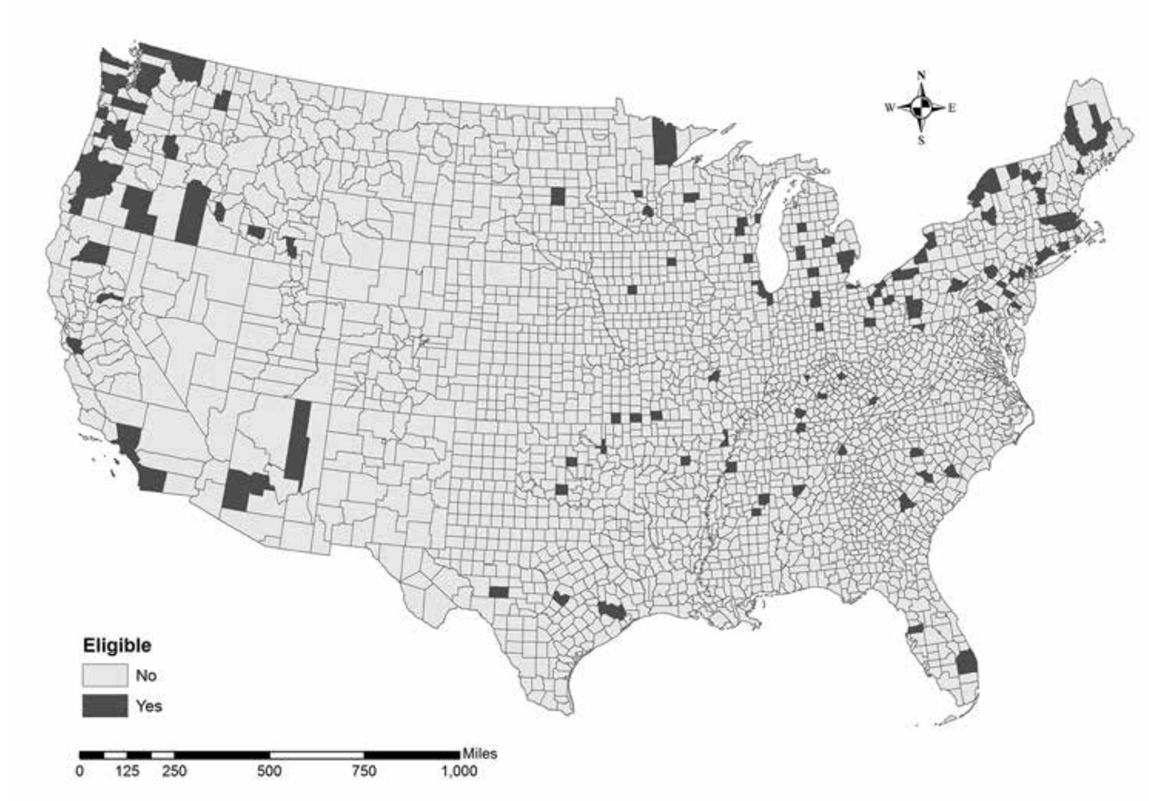
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 22. Distribution of CAIP Eligible Counties Using “Broader Criteria” Based on Trade with Canada, Including all Canada TAA Eligible Counties, 2006-2010



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 23. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with Canada, Including all Canada TAA Eligible Counties, 2011-2016

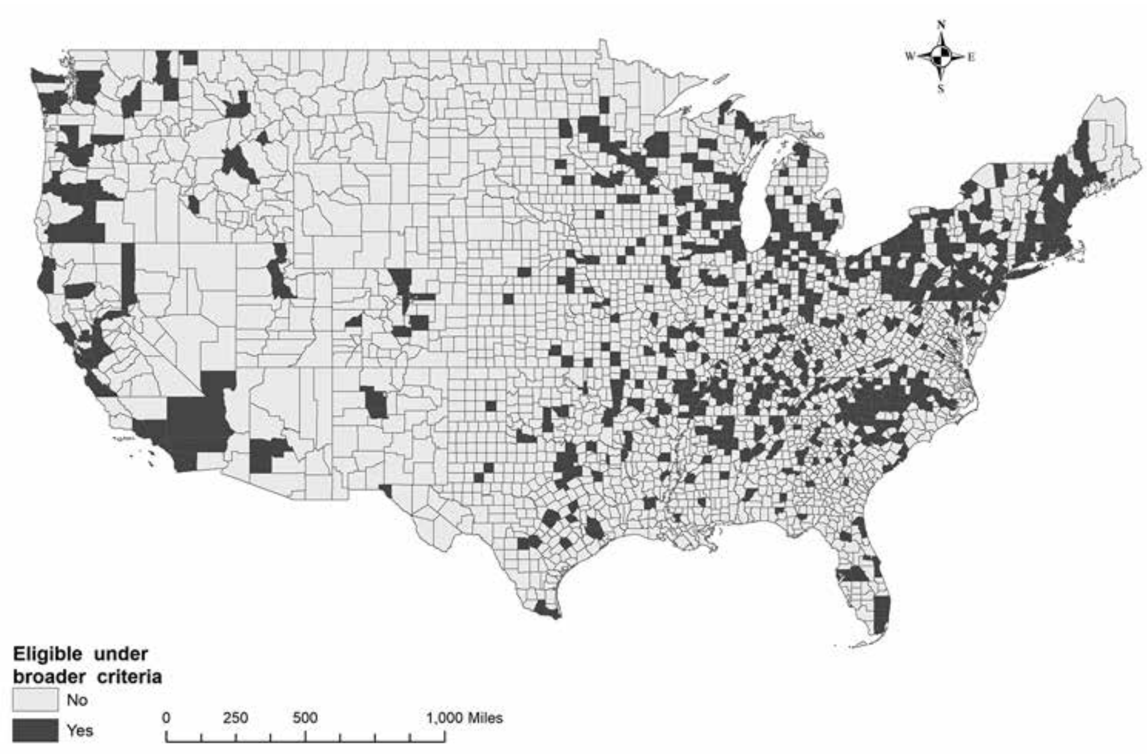


Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 24 shows the distribution of CAIP eligible counties using "Broader criteria" based on trade with China (including all China TAA eligible counties), 1994-2016. Maps 25-28 show the distribution of CAIP eligible counties using "Broader criteria" based on trade with China (including all China TAA eligible counties), 1994-2000, 2001-2005, 2006-2010, and 2011-2016.

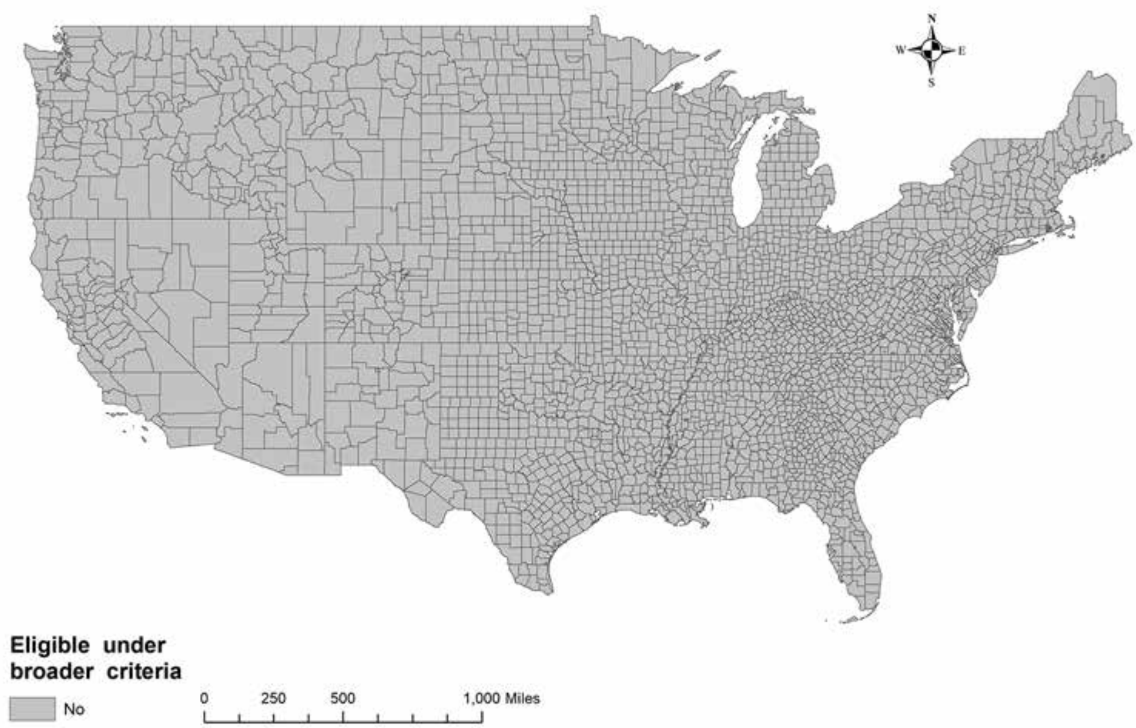
As we shall see below, the historical geographic trajectory of CAIP eligible counties compared to TAA certificated workers by socio-economic characteristics reveal a diverse landscape of vulnerability and uneven opportunities for employment creation by CAIP programs of community adjustment and investment.

Map 24. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with China, Including all China TAA Eligible Counties, 1994-2016



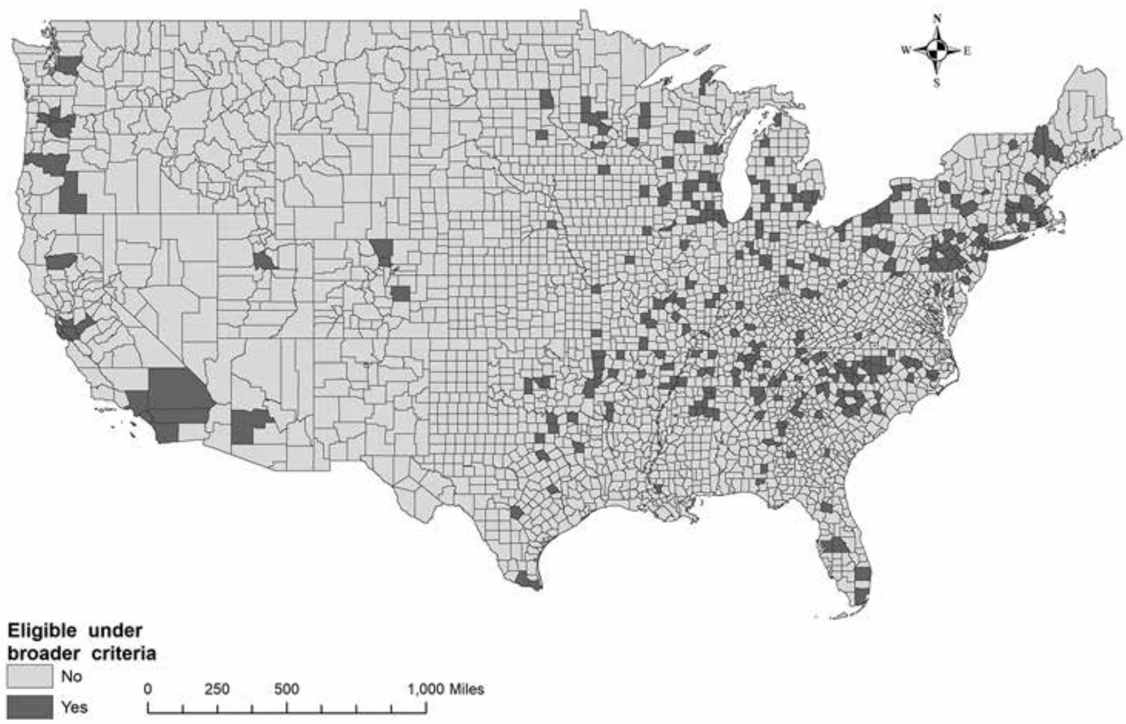
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 25. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with China, Including all China TAA Eligible Counties, 1994-2000



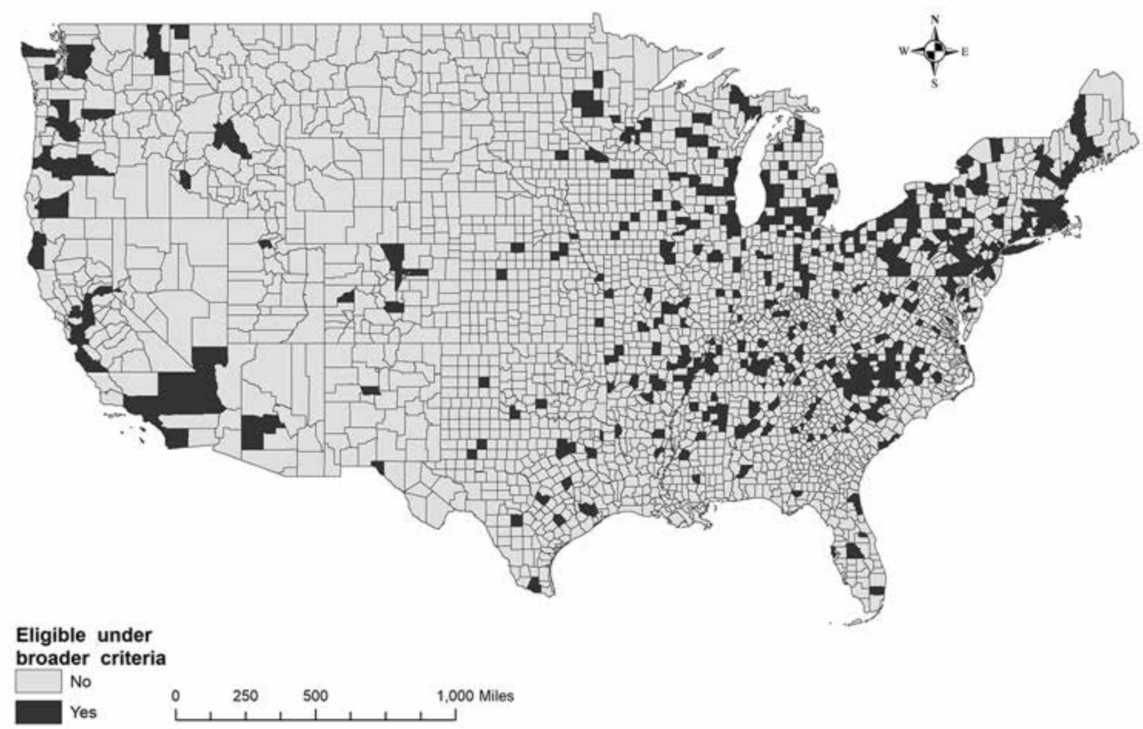
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 26. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with China, Including all China TAA Eligible Counties, 2001-2005



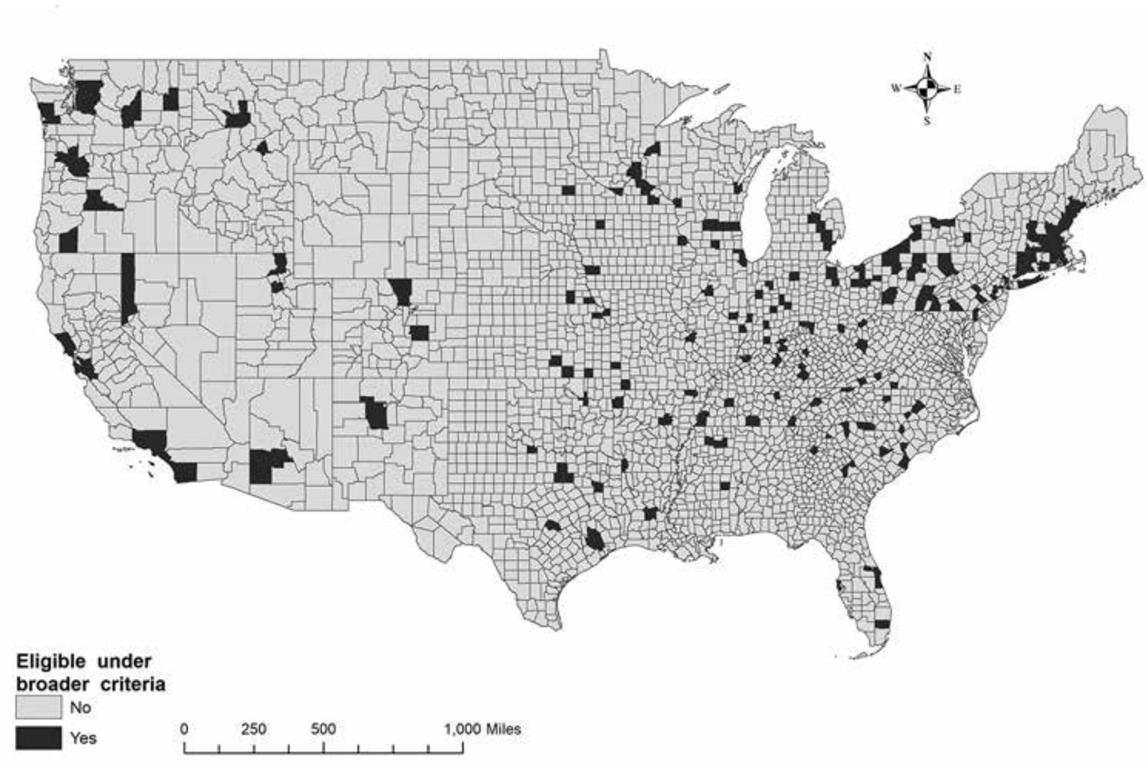
Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 27. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with China, Including all China TAA Eligible Counties, 2006-2010



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Map 28. Distribution of CAIP Eligible Counties Using "Broader Criteria" Based on Trade with China, Including all China TAA Eligible Counties, 2011-2016



Source: Public Citizen (2017); U.S. Census Bureau, Department of Commerce (2019).

Comparative Analysis of CAIP and TAA Eligible Counties

We next turn to a comparative analysis of the economic and demographic characteristics (Table 15) of CAIP eligible counties using "Limited" CAIP criteria (including CAIP border and non-border counties) compared to counties eligible using the "Broader" TAA based criteria (including a separate group of counties "left out" of the CAIP limited criteria). A comparative analysis of TAA and CAIP eligible counties indicates that the CAIP use of the criteria of "significant" TAA certified job loss and of unemployment rate being one percent above average results in a group of selected counties that have much more vulnerable socio-economic characteristics compared to all TAA certified counties.

Table 15. Characteristics of CAIP DEA by "Limited" and "Broader" Criteria

	CAIP Eligible (Limited Criteria)	*CAIP Non-Border*	*CAIP Border*	*TAA Counties (Broader Criteria)*	*TAA Counties "Left out" of CAIP*
Population	92 778 716	84 170 292	14 671 636	246 608 807	153 830 091
White	72.50 %	73.97 %	26.17 %	76.57 %	79.23 %
Hispanic	9.92 %	8.11 %	68.79 %	8.59 %	7.71 %
Black	13.69 %	14.02 %	1.60 %	10.36 %	8.18 %
County Manufacturing Employment	623 453	558 737	92 328	1 381 931	758 478
Manufacturing Employment Share	15.50 %	15.78 %	4.66 %	14.49 %	13.83 %
Black	7.02 %	7.23 %	0.58 %	5.24 %	4.25 %
Hispanic	23.99 %	22.03 %	73.47 %	18.88 %	16.06 %
White	68.99 %	70.74 %	25.95 %	75.88 %	79.69 %
Agricultural Employment Share	3 744 001	3 510 459	404 380	10 259 686	6 515 685
Percent in Employment Agriculture	4.14 %	4.12 %	8.91 %	3.44 %	2.98 %
Black	15.92 %	16.37 %	1.59 %	12.00 %	9.85 %
Hispanic	14.44 %	12.57 %	61.60 %	12.08 %	10.78 %
White	69.65 %	71.05 %	36.82 %	75.92 %	79.38 %
County Poverty Rate	19.56 %	19.42 %	23.69 %	16.58 %	14.62 %
Black	33.61 %	34.03 %	19.23 %	30.68 %	28.83 %
Hispanic	31.40 %	31.51 %	27.23 %	28.16 %	26.05 %
White	15.02 %	15.08 %	13.78 %	13.12 %	11.88 %

Source: U.S. Census Bureau (2019).

In general, the CAIP criteria of higher unemployment rate combined with a significant TAA displacement levels results in CAIP eligible counties characterized by relatively higher share of manufacturing (15.50 % for CAIP versus 14.49 % for TAA), higher share of agriculture (4.14 % for CAIP versus 3.44 % for TAA), and relatively higher poverty rates (19.56 % for CAIP versus 16.58 % for TAA). "Left out" counties (TAA certified, but not CAIP) have the lowest share of manufacturing and agriculture as well as poverty, further indicating that CAIP counties represent the more vulnerable of all TAA certified counties (more exposed to manufacturing and agricultural trade with higher poverty rates).

CAIP eligible border counties, meanwhile, are facing the most difficult economic circumstances, including the highest poverty rates (23.69 %), and are the most dependent on agriculture (8.91 %) as well as containing the lowest rates of manufacturing (4.66 %). Non-border CAIP counties, on the other hand, have highest rates of manufacturing (15.78 %) and poverty (19.42 %) compared to all TAA counties and those TAA counties left out of CAIP.

With respect to demographic characteristics, it is significant that TAA eligible counties contain 75 percent of the U.S. population, while CAIP counties contain 28 percent. The CAIP use of higher unemployment criteria also results in selecting counties that are more Latino and Black. All TAA eligible counties have a higher share of Whites (76.57 %) compared to CAIP counties (72.5 %), while CAIP counties have higher shares of Latinos and Black (9.92 and 13.69 %) compared to all TAA counties (8.59 % and 10.36 %). CAIP border counties have the highest share of Latinos (68.79 %) and the lowest share of Whites (26.17 %), while TAA counties left out of CAIP have the highest White share (79.23 %) and the lowest Latino and Black shares (7.71 % and 8.18 %).

We next turn to demographic characteristics of those workers most exposed to NAFTA related trade: workers employed in manufacturing (Tables 16-17). Within all TAA eligible counties, Whites make up the strong majority of manufacturing workers (71.46 %) compared to Latinos (18.95 %) and Blacks (9.59 %). Within CAIP eligible counties, however, the share of Latinos in manufacturing rises to 26.51 percent while falling for Whites (62.47 %) and Blacks (11.03 %). Somewhat surprisingly, within CAIP border counties which are eligible regardless of unemployment rates, Whites have a relatively larger share (63.74 %) while Latinos have a slightly lower share (24.73 %). When CAIP non-border counties with built in higher unemployment rates are considered, however, Latinos have their highest concentration of manufacturing employment (45.89 %) while Whites have their lowest (51.16 %).

Table 16. Number of Manufacturing Workers (NAICS 31-33) by Race

(1)	(2)	(3)	(4)	(7)	(8)	(9)
Race	*Number of Workers for TAA Eligible Counties*	*Number of Workers for CAIP Estimated Counties*	*Number of Workers for Left out Counties (TAA - CAIP Estimated)*	*Number of Workers for CAIP Estimated Counties Without Border Counties*	*Number of Workers for Border Counties*	*Number of Workers for LA County*
Black	1 055 953	446 822	609 131	12 100	440 084	15 072
Hispanic	2 087 119	1 074 131	1 012 988	188 485	943 573	278 727
White	7 867 973	2 531 489	5 336 484	210 121	2 431 964	102 316

Source: U.S. Census Bureau (2019).

Table 17. Percentage of Manufacturing Workers (NAICS 31-33) by Race

(1)	(2)	(3)	(4)	(7)	(8)	(9)
Race	*Percent of Workers for TAA Eligible counties*	*Percent of Workers for CAIP Estimated Counties*	*Percent of Workers for Left out Counties (TAA - CAIP Estimated)*	*Percent of Workers for CAIP Estimated Counties Without Border Counties*	*Percent of Workers for Border Counties*	*Percent of Workers for LA County*
Black	9.59 %	11.03 %	8.75 %	2.95 %	11.53 %	3.80 %
Hispanic	18.95 %	26.51 %	14.56 %	45.89 %	24.73 %	70.37 %
White	71.46 %	62.47 %	76.69 %	51.16 %	63.74 %	25.83 %

Source: U.S. Census Bureau (2019).

In general, Latinos and Blacks are more likely to be more dependent on manufacturing as a share of their employment in all counties (Table 18). Within all TAA counties, Latinos are more likely to be employed in manufacturing (17.17 %) than Blacks

(15.22 %), and particularly more than Whites (13.7 %). Within CAIP eligible counties, Latinos have an even higher concentration share in manufacturing (17.37 %), as do Whites (14.38 %) and Blacks (17.84 %) compared to all TAA certified counties. Within CAIP eligible border counties (regardless of unemployment), the share of employment concentration in manufacturing is even higher for all groups: Latinos (17.84 %), Whites (14.65 %), and much more for Blacks (18.19 %). Yet most significantly, the concentration of Latinos in manufacturing by far the highest (21.61 %) in non-border CAIP counties with higher unemployment rate requirements, while it is the lowest for Whites (3.13 %) and Blacks (3.61 %). Yet within CAIP counties, (17.84 %). By contrast, in the left out counties that are not CAIP eligible, the Latinos employment concentration share is lower (17.06 %), while higher for Whites (13.26 %) and Blacks (13.56 %).

Table 18. Weighted Percentage Concentration of Manufacturing Workers by Race

(1)	*(2)*	*(3)*	*(4)*	*(7)*	*(8)*	*(9)*
Race	*Weighted Percent for TAA Eligible Counties*	*Weighted Percent for CAIP Estimated Counties*	*Weighted Percent for Left out Counties (TAA - CAIP Estimated)*	*Weighted Percent for CAIP Estimated Counties Without Border Counties*	*Weighted Percent for Border Counties*	*LA County*
Black	15.22 %	17.84 %	13.56 %	3.61 %	18.19 %	4.63 %
Hispanic	17.17 %	17.37 %	17.06 %	21.61 %	17.84 %	13.15 %
White	13.70 %	14.38 %	13.26 %	3.13 %	14.65 %	7.42 %

Source: U.S. Census Bureau (2019).

It is important to point out that the original research on the projected impacts of NAFTA on Latino workers predicted that they would be the demographic group most likely to face manufacturing import competition, particularly in more vulnerable labor markets (Hinojosa-Ojeda, Robinson, & Wolff, 1992). This was one of the key arguments made by the Latino groups involved in the CAIP Advisory Committee process in agreeing to the higher unemployment criteria for the CAIP eligibility. Yet this research also pointed out that Latino manufacturing employment was also much more concentrated in particular counties with low unemployment rates but with high levels of both imports and exports, as was the case of Los Angeles County.

Los Angeles County is the highest concentration of manufacturing workers and particularly of Latino manufacturing workers (nearly a tenth of the national total), yet despite very high rates of TAA certification, the county was never included on the CAIP eligibility list. In fact, there are more Latino manufacturing workers in Los Angeles than in all the non-border CAIP DEA. A comprehensive proposal to address Los Angeles employment impacts was made to the CAIP for technical assistance on behalf the Los Angeles Community Development Bank and other high concentration counties, but this proposal was not approved by the CAIP (Los Angeles Community Development Bank, 1999).

How Effective Was the NADB CAIP in Addressing NAFTA Related Employment Impacts?

Building on the empirical analysis of CAIP eligibility, funding and employment generation compared to other adjustment programs (TAA and SBA/RDA), in this chapter we turn to the question of the efficacy and comprehensiveness of CAIP programs in addressing the full community adjustment and investment needs associated with NAFTA related impacts.

First, we review the literature as to the estimated employment impacts of NAFTA related trade and investment patterns. We then turn to a counterfactual examination of the level of CAIP financing that would have been required to provide 100 percent of the employment related needs associate with NAFTA related trade. Finally, we address how existing and augmented CAIP resources, in strategic combination with other adjustment and investment programs (TAA and SBA/RDA) could have been combined to more fully address the potential NAFTA related employment needs.

Estimates of NAFTA Related Employment Impacts

How big was the NAFTA-related employment impact? Were the right metrics used to evaluate the projects that resources were invested in, and the geographies in which those resources were invested?

We conducted a literature review of the scholarship on the relative strengths and weaknesses of the primary techniques and metrics that are used to evaluate NAFTA regional employment impacts, and those that are used to evaluate investments in trade adjustment programs. We then attempt to determine a set of evaluation best practices and compare these to the evaluation techniques employed by the CAIP program.

There is a convergence between academic and policy estimates of the U.S. employment impacts of post NAFTA economic integration (900 000) and the actual number of beneficiaries of various trade adjustment policies, including TAA, SBA, RDA, and the NADB CAIP from 1994 to 2017.

While the displacement of 900 000 people is a significant figure (especially if you are one of the families affected), the reality is that over a 25-year period it is very small compared to the regular turnover of employment in such a large economy like the U.S., where monthly employment turnover is between 1 to 2 million. Even in regional specific terms, the distribution of employment displacement is very small (see Map 14).

Alternative Methodological Approach

TAA/Public Citizen

Public Citizen maintains a database (2017) where one can search for specific workplaces that have laid off U.S. workers due to rising imports or offshoring of production. The Department of Labor certifies these trade-impacted workplaces under its Trade Adjustment Assistance (TAA) program, which provides laid off workers with training and extended unemployment benefits. Using this database, Public Citizen estimates that more than 930 000 specific U.S. workers have been certified under TAA as losing their jobs to NAFTA. Public Citizen states, however, that the TAA program does not provide a comprehensive list of facilities or jobs that have been offshored or lost to import competition (2017).

Economic Policy Institute

Economic Policy Institute estimates that U.S. trade deficits with Mexico as of 2010 displaced production that could have supported 682 900 U.S. jobs; given the pre-NAFTA trade surplus, all of those jobs have been lost or displaced since NAFTA. This estimate of 682 900 net jobs displaced takes into account the additional jobs created by exports to Mexico (Scott, 2011, p. 2). As of 2010, U.S. trade deficits with Mexico totaling 97.2 billion dollars had displaced 682 900 U.S. jobs, of which 116 400 are likely economy-wide job losses because they were displaced between 2007 and 2010, when the U.S. labor market was severely depressed (Scott, 2011, p. 1).

NAID Armington Model

The UCLA NAID Center developed an alternative methodological approach to tracking the potential employment impacts of trade, using partial equilibrium CES (Constant

Elasticity of Substitution) aggregation functions at a 4-digit SIC sectoral level to estimate U.S. domestic demand for domestic production, given a particular level of imports. These production estimates are then translated into domestic labor requirements using direct and indirect input-output labor coefficients. By utilizing the econometrically estimated Armington elasticities, these functions attempt to account for the complementarity in production between the United States and a given country in a given sector.

The usefulness of this partial equilibrium model is to isolate the impact of imports and to show that even in the most exaggerated scenario —with demand and productivity fixed— the potential job impact is relatively small. If we add up these estimates across sectors,[1] we find the totals are not large (970 000) over a 25-year period.

Assessing CAIP Capacity to Address NAFTA-Related Impacts

How well did the CAIP do in addressing NAFTA-related impacts? What share of full NAFTA-related employment estimates were covered by the CAIP program? Were CAIP resources spent where the NAFTA impact appears to have been the most extreme? In this section we conduct a series of comparative and counterfactual exercises order to determine how well the CAIP eligibility criteria and funding capabilities served to address the estimated full community employment impacts and investment needs.

We begin by conducting a comparative analysis of actual CAIP eligible counties and displaced workers compared to the complete set of full county and worker impacts as estimated from trade adjustment program data (TAA).

Table 19 presents the annual data of estimates of CAIP eligible counties and workers using a "limited criteria" compared to eligible counties and workers using the TAA "broader criteria". The results of this comparison show that CAIP eligible DEA contain less than one third (27.12 %) of NAFTA impacted counties eligible for TAA. CAIP eligible counties contain only 30.51 percent of workers eligible for TAA (Trade Adjustment Assistance). The CAIP Federal Agency Program which subsidized fees through SBA and RDA loans likely generated approximately under the "limited criteria" approximately 21 percent of re-employment of TAA eligible workers in CAIP DEA under the "broader criteria".

[1] Because they are partial equilibrium estimates, we have no theoretical basis upon which to add them, nor to interpret the magnitude of the sum. But certainly the sum is an overestimate of the true general equilibrium impact.

Table 19. CAIP Eligible Counties Under Current "Limited" Criteria (TAA and Unemployment Rate ">+1") Compared to "Broader" Criteria (TAA, Regardless of Unemployment Rate)

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
Year	*Number of Eligible Counties Under TAA (Broader Criteria)*	*Number of Eligible Counties Under TAA and Unemployment Rate "> +1" (Limited CAIP Criteria)*	*Number of Eligible Counties Under Limited CAIP Criteria/Number of Eligible Counties Under Broader Criteria*	*Estimated Number of Workers: Broader Criteria*	*Estimated Number of Workers: Limited CAIP Criteria*	*Estimated Number of Workers Under Limited CAIP Criteria/Workers Under Broader Criteria*
1994	42	11	26.19 %	6 498	3 022	46.51 %
1995	85	26	30.59 %	11 836	5 070	42.84 %
1996	158	63	39.87 %	28 311	12 160	42.95 %
1997	168	64	38.10 %	26 636	10 771	40.44 %
1998	167	40	23.95 %	29 822	8 583	28.78 %
1999	264	74	28.03 %	51 967	14 599	28.09 %
2000	366	87	23.77 %	81 347	25 031	30.77 %
2001	207	53	25.60 %	45 146	11 832	26.21 %
2002	9	1	11.11 %	2 129	420	19.73 %
2003	45	19	42.22 %	4 520	1 353	29.93 %
2004	129	34	26.36 %	15 064	4 143	27.50 %
2005	195	58	29.74 %	27 169	8 369	30.80 %
2006	205	56	27.32 %	31 042	11 953	38.51 %
2007	268	66	24.63 %	39 642	9 348	23.58 %
2008	248	68	27.42 %	47 464	12 989	27.37 %
2009	58	20	34.48 %	9 038	3 139	34.73 %
2010	76	26	34.21 %	8 109	3 431	42.31 %
2011	83	18	21.69 %	8 696	2 108	24.24 %
2012	103	23	22.33 %	14 394	3 825	26.57 %

(continued on next page)

(continuation)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	*Number of Eligible Counties Under TAA (Broader Criteria)*	*Number of Eligible Counties Under TAA and Unemployment Rate "> +1" (Limited CAIP Criteria)*	*Number of Eligible Counties Under Limited CAIP Criteria/Number of Eligible Counties Under Broader Criteria*	*Estimated Number of Workers: Broader Criteria*	*Estimated Number of Workers: Limited CAIP Criteria*	*Estimated Number of Workers Under Limited CAIP Criteria/Workers Under Broader Criteria*
2013	129	27	20.93 %	18 016	3 364	18.67 %
2014	96	22	22.92 %	12 816	4 659	36.35 %
2015	118	18	15.25 %	25 224	6 163	24.43 %
2016	15	3	20.00 %	1 446	340	23.51 %
Total	3 234	877	27.12 %	546 332	166 672	30.51 %

Source: Public Citizen (2017); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

The NADB CAIP more limited eligibility criteria for DEA was thus likely able to identify most egregious cases of impacted counties with higher than average unemployment levels. CAIP Community Adjustment and Investment resources, however, were not available to support NAFTA impacted areas with lower than average unemployment which constitute the vast majority of counties and workers certified by TAA.

CAIP Counter-Factual Exercise

We now turn to a counter-factual analysis to determine the impact of using a broader eligibility criteria for the use of CAIP resources compared to the more limited criteria historically deployed. The use of the broader alternative eligibility by eliminating the CAIP relatively higher local unemployment rate requirement criteria would mean covering 100 percent of TAA eligible workers rather than the current 30 percent.

Using this counterfactual criteria, we identify how much more CAIP resources would have been required to meet the needs within the broader criteria and how those resources might have been allocated differently. Table 20 presents the results of the counterfactual exercise assuming that the CAIP could expend the commensurate amount of resources to cover the full broader criteria including all TAA certified counties and workers.

Increasing the CAIP funding and the scope of geographic eligibility to 100 percent of TAA eligible counties and workers would have implied increasing CAIP resources from 15.2 to 505.9 million dollars. These additional CAIP resources would have facilitated the targeted mobilization of an estimated 7.9 to 18.7 billion dollars in SBA and RDA lending required to create sufficient new jobs. The wide range of required SBA/RDA lending is due to the use of alternative estimates of loans-to-jobs based on historical data from the SBA SBIC ($14 500 per job)[2] to CAIP historical data ($34 300 per job) (see *supra* Table 12, "Combined" column).

Table 20. Counterfactual Exercise Using a "Broader" CAIP Criteria: Total CAIP Investment and Employment Generation

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Year	*Broad Certified Counties*	*Broad Certified Workers*	*CAIP Annual Agency Costs*	*Total SBA/RDA Lending*	*Mobilization*
1994	42	6 498	6 017 148	94 221 000	222 985 368
1995	85	11 836	10 960 136	171 622 000	406 164 176
1996	158	28 311	26 215 986	410 509 500	971 520 276
1997	168	26 636	24 664 936	386 222 000	914 040 976
1998	167	29 822	27 615 172	432 419 000	1 023 371 752
1999	264	51 967	48 121 442	753 521 500	1 783 299 572
2000	366	81 347	75 327 322	1 179 531 500	2 791 503 652
2001	207	45 146	41 805 196	654 617 000	1 549 230 136
2002	9	2 129	1 971 454	30 870 500	73 058 764
2003	45	4 520	4 185 520	65 540 000	155 108 320
2004	129	15 064	13 949 264	218 428 000	516 936 224
2005	195	27 169	25 158 494	393 950 500	932 331 404

(continued on next page)

[2] Using data from the Small Business Administration's (SBA) SBIC program, the report finds that from 1995-2014 nearly 3 million new jobs were *created* by small businesses, with an average investment by SBIC of 14 500 dollars per job. In addition, 6.5 million jobs were *sustained* by small businesses with an average investment by SBIC of 4 500 dollars per job —jobs that might otherwise have been lost by those companies for lack of access to capital. Equity investments were especially effective in creating jobs in the small businesses financed by SBIC (Schimpp, 2017).

(continuation)

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Year	*Broad Certified Counties*	*Broad Certified Workers*	*CAIP Annual Agency Costs*	*Total SBA/RDA Lending*	*Mobilization*
2006	205	31 042	28 744 892	450 109 000	1 065 237 272
2007	268	39 642	36 708 492	574 809 000	1 360 354 872
2008	248	47 464	43 951 664	688 228 000	1 628 774 624
2009	58	9 038	8 369 188	131 051 000	310 148 008
2010	76	8 109	7 508 934	117 580 500	278 268 444
2011	83	8 696	8 052 496	126 092 000	298 411 936
2012	103	14 394	13 328 844	208 713 000	493 944 504
2013	129	18 016	16 682 816	261 232 000	618 237 056
2014	96	12 816	11 867 616	185 832 000	439 793 856
2015	118	25 224	23 357 424	365 748 000	865 586 784
2016	15	1 446	1 338 996	20 967 000	49 620 936
Total	3 234	546 332	$505 903 432	$7 921 814 000	$18 747 928 912

Source: Public Citizen (2017); S. Lopez Gaona, personal communication (October 11, 2019); U.S. Department of Labor, Bureau of Labor Statistics (2019a); U.S. Department of Labor, Bureau of Labor Statistics (2019b).

The counterfactual exercise of broadening the CAIP criteria to address all TAA eligible workers and counties indicates that nearly all of the quantitative NAFTA-related employment displacement could have likely been adequately addressed with a reasonable increase in CAIP expenditures ($20 million a year). Most of the projected increase in CAIP-focused SBA/RDA business lending would have implied a relatively minor reallocation of already expending resources by these federal programs to more targeted community adjustment and investment needs. The reallocation of expenditures of 7.9 to 18.7 billion dollars in SBA and RDA would have represented a small fraction (3-6 %) of total SBA/RDA lending during the post NAFTA era, much of which was likely spent in the impact counties anyway.[3]

[3]The near approximate calculation could be made with SBA and RDA lending by county and year.

Implication of Analysis Results

What does this reexamination of CAIP investments and evaluations metrics tells us about different ways of understanding NAFTA, its employment impact, and the other social, regional, technological, and economic forces that may have impacted employment in DEA?

The general conclusion of this report is that the original mission of the NADB CAIP was obtainable, both with respect to identifying the nature and size of the NAFTA related adjustment challenges as well as providing commensurate resources in a critically catalytic way to enhance community focused adjustment investments. Significantly, the cost effectiveness of the CAIP activities can be shown to be a fully scalable program with a manageable budget that could address the complete size of the NAFTA-related employment challenge. Furthermore, closer integration between CAIP activities and other U.S. government programs (such as SBA and RDA) and private sector financing can be shown to generate more than sufficient resources to address NAFTA-related community adjustment and investment needs in the U.S.

CAIP Community Project Implementation Case Studies

Having reviewed the historical trajectory and geography of CAIP eligibility and CAIP program investments, we turn our attention to the effectiveness of the specific projects, loans and technical assistance programs in both design and implementation. Selected case studies offer insights into success rates, obstacles and lessons over the course of the program from its inception to date.

Working with former and present CAIP staff, we selected five case studies for evaluation. The selection sought to include a geographical range, a mix of projects and technical assistance and of grant and direct loan support, a range of project types and a spread over the time period from the first grants and loans in the early 2000s to present. These projects are analyzed by awardee, rather than individual outlay, involving direct loans and grants from CAIP and in some cases a combination of the two over time. We believe that the case studies, which span a period from 2001 to 2016, provide a representative sample of CAIP support over the period.

The criteria for evaluating the projects include:

1) Whether or not they made their job creation/retention goals (indicated on the final reports by project).
2) The status of the investment and job creation/preservation today (determined in 2018 interviews).
3) Additional positive (or negative) impacts where available information permits an analysis, such as: *1)* capital infusion or additional funds leveraged as a direct result of the project; *2)* long-term capacity-building in local planning and governance; *3)* sustainability.
4) Obstacles encountered and actions to overcome obstacles.

5) Subjective assessments of the impact on the community employment environment based on the number and quality of jobs created, the populations served, capacity-building in community development, and job training for economic transition under the programs.

The awardees examined are the following:

1) Name of Recipient: Georgia Southern University Research and Service Foundation.
2) Name of Recipient: South Texas Trade Adjustment UTSA. Small Business Development Center (SBDC).
3) Name of Recipient: Martin County Economic Development Corporation (MCEDC) North Carolina.
4) Name of Recipient: California FarmLink.
5) Name of Recipient: Northern Economic Development Initiatives.

Name of Recipient: Georgia Southern University Research and Service Foundation

Type of assistance: Project, Three-year grant to extend services of the Georgia Southern City Campus and assist entrepreneurs and small business owners in the rural counties of Jeff Davis, Jefferson, Lincoln, Telfair and Wilkes, all of which are defined as the Designated Eligible Areas (DEA) for Georgia (Shallmangsu, 2013).

Grant period: 4/3/2013 to 4/31/2016.

Grant amount: 295 927 dollars.

Eligible area: Jeff Davis, Lincoln, Telfair, Jefferson and Wilkes counties, Georgia.

Interviewee: Dominique Halaby, Georgia Southern University, Business Innovation Group.

This grant originated to assist trade-impacted unemployment in a non-border area. The director of the project had previous contact with the CAIP and NADB in Texas before moving to Georgia Southern University and developed a proposal focused on building capacity to mobilize local assets and available state and external resources for job creation and preservation, as well as building stronger and more effective linkages between the business communities and local university programs. The resulting GENIE program is described as:

> a web-based virtual business incubator focused on assisting entrepreneurs and small business owners in economically challenged counties in Georgia. GENIE goal is to help create and retain jobs in Georgia by harnessing the power of entrepreneurship. GENIE is a grant secured through the CAIP which helps the private

> sector to create new jobs and preserve existing jobs that are at risk of being lost in communities that suffered job losses directly or indirectly attributed to the NAFTA. GENIE participation is open to any interested parties in Georgia with efforts focused in Jeff Davis, Jefferson, Lincoln, Telfair, and Wilkes counties (Business Innovation Group, 2014, para. 11).

The director, Dominique Halaby, described the situation at the outset of the project as one in which, twenty years after NAFTA, many parts of the state were still struggling with the impacts of international trade, compounded by the 2007-2008 recession (personal communication, March 20, 2018). This was particularly evident in the textiles and some light manufacturing industries. The five counties of central Georgia selected for participation in the project all amply complied with the eligibility requirement of a county unemployment rate approximately one percent above the national average (Federal Reserve Bank of St. Louis, 2019):

1) Jeff Davis County: population 15 068; unemployment rate 8.9 percent in April 2013 (grant starting date); 5.5 percent in April of 2016 (grant ending date).
2) Telfair County: population 16 500; unemployment rate 8.6 percent (spiked to 16.8 % in June 2013); 8.3 percent end of grant period.
3) Jefferson County: population 16 930; unemployment rate of 12.8 percent in April 2013; 7 percent end of grant period.
4) Wilkes County: population 10 593; unemployment rate 10.4 percent start, 5.6 percent end.
5) Lincoln County: population 7 996; unemployment 9.4 percent start; 5.4 percent end.

These rates compare to a national unemployment rate of 7.6 percent in April of 2013, and a Georgia state rate of 8.5 percent. It is relevant to note that all counties in the state (grant counties and non-grant counties) experienced a significant decrease in unemployment during the grant period, with the state average dropping from 8.5 percent to 5.4 percent and the national from 7.6 percent to 5.0 percent (U.S. Department of Labor, 2019a).

The CAIP grant was distributed relatively evenly over the three-year period. The bulk of the grant ($219 335, or 74 %) was paid out to personnel (salaries and benefits), mostly to support small business advisors and economic research.

As a direct result of the grant that matched experts and researchers with local leaders, four of the five counties drafted and adopted community development plans. While law and current state institutions required such plans on a regional basis, it was not required or common to develop them for municipalities. This planning exercise proved to be a very useful tool, according to interviews and available information. It obliged county officials to take stock of their own assets and challenges and resulted in adapting community college curriculums to labor needs, identifying retail gaps as opportunities, and studying the viability of modifications for changing markets, such as one company that successfully moved from producing raw lumber to a niche in customized furniture. The engagement with the university has continued even after the grant expired and counties and businesses now pay for services.

According to the director's assessment, the overall impact of the grant varied from county to county. While in Jefferson County, the expansion of Battle Lumber created the majority of the new and preserved jobs, the political situation in Lincoln County hindered progress and plans. The obstacles in this case had to do with difficulties in creating a fully cooperative environment with local authorities (D. Halaby, personal communication, March 20, 2018).

Mr. Halaby also noted that the overall impact of the program went beyond the strict metric of job creation to include indirect impacts, citing among other examples, the ability to leverage other funds, including a OneGeorgia grant for the construction of a rail spur that helped the county retain and expand lumber companies that had threatened to leave (personal communication, March 20, 2018). The Target Industry and Retail Gap Analyses provided a database for investors that remains useful beyond the grant period, and staff believe that some projects that did not come to fruition could still come through in the future.

Job creation and retention: The GENIE virtual incubator grant met its benchmarks in both job creation and job retention by the final report. It surpassed the goal of creating 20 full-time jobs by creating 35.5 full-time jobs (25 from Battle Lumber alone), and retained 77 full-time jobs of its goal of 75 full-time jobs (50 from Battle Lumber).

Observations: The GENIE Team also met its own performance standards with the exception of referrals to "angel investors" (they were unable to identify interested investors of this type) and monitoring six squared sessions, which was modified to a case-by-case mentor program. Workshops were sometimes under-attended or canceled for lack of interest, leading the team to focus on web resources. The team was unable to obtain traditional bank funding or investment for clients during the reporting period.

The final report notes: "The GENIE grant was very time-intensive to establish and grow relationships. It took a while to gain momentum, but once it was there we were able to do quite a bit with the resources available" (Georgia Southern University Research and Service Foundation, 2016). That momentum was clear by the third year, when clients actively helped recruit new clients, and is expected to continue to build even without CAIP assistance.

The GENIE program of the Business Innovation Group received an Excellence in Economic Development Award in 2015 from the International Economic Development Council for communities with populations from 25 000 to 200 000. The award cited the program's work in Georgia's impoverished rural areas, with 23 businesses assisted and training among students and faculty of the university in market research and human resources (Business Innovation Group, 2015).

Name of Recipient: South Texas Trade Adjustment UTSA Small Business Development Center (SBDC)

Type of assistance: Project "Small Business Development, Research and Strategy Development."

Grant Period: 2/9/2010 to 2/28/2014.

Grant Amount: 779 740 dollars.

Eligible Area: Brewster, Brooks, Cameron, Crockett, Culberson, Dimmit, Duval, Edwards, El Paso, Frio, Hidalgo, Hudspeth, Jeff Davis, Jim Hogg, Kenedy, Kinney, La Salle, Maverick, Pecos, Presidio, Real, Starr, Sutton, Terrell, Uvalde, Val Verde, Webb, Willacy, Zapata, and Zavala counties, Texas.

Interviewee: Al Salgado, Regional Director, South-West Texas Border Small Business Development Center (SBDC) Network.

The Small Business Development Center of the University of Texas at San Antonio received a 779 740 dollars CAIP grant in February 2010. The SBDC reported finding out about the CAIP program through their association with NADB in San Antonio. Through their research, they determined that the program fit the work they were doing in rural communities and developed a proposal. They began by identifying communities and assessing sustainable assets, income revenue and demographics, as well as unemployment and trade adjustment requirements. They then developed programs to assist these communities with strategic planning and capacity building. Al Salgado, director of the SBDC, notes that the strategic planning is "very important for the communities in identifying gaps and needs and helping them look for funding" (personal communication, March 26, 2018).

The RBP provided research, training, community planning and business development services to the Designated Eligible Area, the Eagle Ford Shale area. This region is characterized by "rural communities experiencing economic distress due to trade impacts, obsolescent infrastructure, low levels of investment and little or no business growth" (The University of Texas at San Antonio, 2014). The median household income is significantly below the Texas state average and the national average. The unemployment rates of these 30 counties are generally above the average.

The planning provided by the SBDC emphasized needed transitions due to trade impact on historically important industries, and future transitions for when shale oil production decreases and oil workers are displaced. The team produced the report "Economic Impact of the Eagle Ford Shale" with the Center for Community and Business Research in May 2012, following up with Parts 2 and 3 in October 2012, broken down by county (The University of Texas at San Antonio, 2012). The RBP also supports the Eagle Ford Consortium to connect localities and businesses within the area and a business-to-business network called Bid2Biz for suppliers and procurers in the oil and gas industry. In April 2012, the project completed a housing survey and a study of economic opportunities. In partnership with Shell Oil and UTSA College of Public Policy, the project conducted two leadership and capacity-building training sessions in 2014.

The bulk of the grant was paid out in personnel salaries and benefits ($648 385). The project reported meeting its performance standards to: *1)* Conduct research, leadership training and development, in part through the "municipal capacity building program", which joins local officials and community and business leaders for capacity building in specialized needs identified through the research tools and studies. In total, they carried out 85 training sessions during the grant period, with 1 793 attendees, as well as monthly conference calls; *2)* meet with community leaders conduct community assessments and work plans. The project developed a rapid methodology for elaboration of economic base assessments for communities. The program experienced increased demand as a result of expansion of shale development in the area and developed tools for prioritization, selection and deliverables in "community engagement processes" (A. Salgado, personal communication, March 26, 2018). The goal of 12 communities served was surpassed with a final tally of 21.

Job Creation and Retention: The third and most important performance standard from the perspective of the CAIP program is job creation and retention. The project surpassed its goal of creating 550 jobs, registering a total in its final report of 1 072 jobs created. It made its job preservation goal of 420 jobs preserved, registering 424.

In the areas of business startups, business expansion, loans generated, clients served and capital infusion it surpassed its performance goals. The report lists 45 326 886 dollars in capital infusion, including a 1.5 million-dollar loan for the Encinal municipal building as a result of a vision study carried out by the project and its partners, and a 250 000 dollars grant to Eagle Pass for infrastructure as part of the Border Region Innovative Committee. Other current projects include an oil and gas vocational school and public library in Asherton, a study of the Turkey watershed to conduct a viability assessment for dam construction, a strategic plan for Uvalde County, and work on security and tourism with Zapata County. Completed projects include the housing study, Eagle Pass vision study, a Falcon Lake proposal for hotel development, a four-city vision plan for Dimmit and Zavala counties, assessment study of the IH-35 South Corridor with community profiles and the formation of the IH-35 South Coalition for implementation, and various studies for communities in the area.

Observations: Staff identified key aspects for the success of the program: continuity of commitment, inclusion, governance, connectivity and regionalism. Director Al Salgado notes that once communities are identified and studies carried out, the program sticks with them and they become long-term clients: "The networks are sustainable since we're still there and we renew them and hold conferences to continue to accentuate and spread the relationships even further" (personal communication, March 26, 2018). This continuity enables them to adapt programs and identify new and evolving challenges.

Another positive outcome is the involvement and increased linkages between the university and the communities, including the Schools of Architecture and Public Policy. An important aspect is governance training, where the UTSA School of Public Policy and other extension services offer seminars to local officials on managing rural communities. The director noted that most local leaders are part-time hires on the basis of having had some, but not extensive, experience in public service (A. Salgado, personal communication, March 26, 2018). They usually lack formal training in public policy and education to manage rural communities. In the seminars, mayors, city council members and experts get together to discuss specific difficulties and challenges.

Salgado also emphasizes the importance of broad inclusion in the planning and implementation process (personal communication, March 26, 2018). For them, the key was activating local assets and involving the real players in economic development — mayors and local people— since it had not been standard practice to get all stakeholders involved. The next step was bringing in state and federal agencies for possible resources.

Also important was building connectivity, looking at clusters of communities with similar assets and challenges to create mutually supporting plans. For example, the grant sought to cluster the business exporters in the area to focus research and training on how to grow their businesses, using information on global markets, Mexican and Canadian markets, logistical requirements, etcetera. They also looked into available government contracting opportunities.

In this sense, he notes that the CAIP grant that brought together 30 counties revealed the critical importance of a broader regional view of sustainability for rural communities, with regionalism in this context being the connection between communities miles apart that are affected by the same water or infrastructure development challenges, or tourism plan, for example (A. Salgado, personal communication, March 26, 2018). Few bureaucratic mechanisms existed to do this kind of linkage, so the grant helped to create those long-term mechanisms.

This connection happened not just geographically, but also between agencies. Salgado described a "highly siloed" situation where USDA may not know what State Agricultural Department is doing in the communities, let alone the many other government and private agencies (personal communication, March 26, 2018). SBDC advisors and researchers created maps of agencies, needs and resources that brought these factors together in strategic planning, citing as major players USDA, SBA, Commerce and state Economic Development offices and local banks.

"I would give recognition to CAIP for bringing resources together, for bringing agencies together where they don't necessarily work together", stated Salgado in the evaluation interview. "That was an outcome that wasn't in the proposal or the reports, but that continues to be very important" (A. Salgado, personal communication, March 26, 2018). The CAIP grant also resulted in the creation of a best practices network as a reference for future projects.

Most of the strategy focused on growing existing small businesses, with some but less emphasis on bringing in outside businesses. The SBDC continues to work with these communities. Many rural communities in the area have benefited from the Shell Ford oil boom beginning in 2009, but job levels have fluctuated and Salgado notes that while most of the jobs created still exist (exact figures were unavailable at the time of this writing), they anticipate that the oil boom will dry up in the future and are planning diversification of long-term employment (personal communication, March 26, 2018).

The CAIP grant allowed the SBDC to carry out its program and meet its goals. However, Salgado notes that "the need is as great today as it was then to get as much help as possible out to the communities" (personal communication, March 26, 2018). In terms of obstacles, the biggest one reported is the lack of qualified practitioners in the field. Another important challenge regards the high turnover in local leadership and general lack of public management skills, leading to problems due to inept or corrupt practices in the management of public funds and complying with fiscal and legal frameworks.

Economic downturns also greatly affect planning, with the consequent drop in available public revenue. Moreover, downturns tend to hit rural communities harder, according to the SBDC. If the revenue base drops, existing programs become very difficult to maintain. The planning process attempts to take into account these fluctuations to build resiliency and sustainability into the local economies.

Salgado expressed his opinion as a result of this work that trade adjustment should not be a one-time only effort, stating "in rural communities, trade adjustment should be a key economic development component" (personal communication, March 26, 2018). With present uncertainty over NAFTA, trade adjustment may be even more necessary, particularly in the sectors covered by this grant: light manufacturing, services, small-scale agriculture and sales vulnerable to changing import-export terms.

Finally, when asked to summarize the difference about the work done under the CAIP grant made in the communities, Salgado stated: "The difference is really the knowledge base we brought to leaders, the actual process of working through their asset analysis for sustainability" (personal communication, March 26, 2018). He added that this contribution is long term, "That knowledge works year after year, project after project. That's the sustaining effect of this project" (personal communication, March 26, 2018). The RBP plans to continue building on this work following the close of the CAIP grant. If further CAIP funding were available, it would enable the RBP to do outreach with more communities and further implementation of current projects.

Name of Recipient: Martin County Economic Development Corporation (MCEDC)

Type of assistance: Projects.

1) Real Estate Development Grant, 500 000 dollars, 2001.
2) Direct Loan 395 000 dollars.
3) Construction Grant 275 600 dollars, 2014-2016.

Grant Period: 1/9/2002-5/30/2005 (final report), 4/28/2014-4/30/2016.

Grant Amounts (see above):

Eligible area: Martin County, North Carolina.

Interviewee: Jason Semple, President, MCEDC.

The MCEDC found out about possible eligibility for CAIP support from a regional development marketing entity that no longer exists. The county had lost employment, notably in textiles (Fruit of the Loom, Parkdale) and manufacturing as a direct result of NAFTA. This process continues especially in textiles, as evidenced in the 2017 layoff of 97 Parkdale cotton mill employees (Ohnesorge, 2017).

The grant notes that the Martin County had lost tax receipts as a result of the shutdown of some industrial capacity and consequently sought to "diversify its tax base by attracting other industries" (J. Semple, personal communication, March 19, 2018). It complied with the criteria of having an unemployment rate of approximately one percent above the national average: in 2002 at the time of the first grant, the county reported an unemployment rate of 7.1 percent according to the Federal Reserve Bank of St. Louis in 2019 (Federal Reserve Bank of St. Louis, 2019).

Details of the 2002 CAIP Grant: In that year, the MCEDC received a 500 000 dollars CAIP grant in the category of "real estate development". This grant was used

> to offset a portion of building retrofit costs to allow Vesper Corporation's PENCO Products Division to move and expand into the area. The building moved into what was the former Dyersburg Corporation Alamac Knits facility, a textile facility closed as a direct result of NAFTA, (Martin County Economic Development Corporation, 2016)

notes the project summary, which asserts that the CAIP grant was part of a total of 11.2 million dollar private-public initiative. PENCO is a metal products manufacturer that moved its East Coast manufacturing facilities to Hamilton in Martin County and relocated its corporate headquarters to nearby Greenville, North Carolina. Of the investment leveraged in the project, records show that the North Carolina Department of Commerce awarded a Building Reuse grant to the county for 220 000 dollars; for renovations, the county provided 11 000 dollars local match and 7 000 dollars in administrative support, and PENCO provided 209 000 dollars in investment (Martin County Board of Commissioners, 2015).

The grant was followed up by a series of direct loans in the amounts of 550 000 dollars in July of 2002, 1 310 000 dollars in July of 2004 and 395 000 dollars in September of 2006, all of which have been paid in full. The direct loans had a job creation/retention goal of 169 total, listed as "achieved" (see Table 13). The 395 000 dollars loan was to the city of Williamston, Martin Country to assist the MCEDC with acquisition of a recently vacated manufacturing facility. The Caraustar specialty packaging company relocated to Tultitlán, Mexico and the goal was to avoid conversion into low-job creating warehouses and instead keep/attract high-job industries, like pharmaceutical companies. The EDC partnered with NC Agricultural Finance Authority, which provided 405 000 dollars, in compliance with the CAIP rule to provide no more than 49 percent of the financing for projects, in this case a 800 000 dollars retrofit.

Job creation and retention: The 2002 grant project failed to meet its goal of 300 jobs created by the final report, achieving 261 at its peak, leveling off at 239 for a while, then sinking to the current level of approximately 160. The final report indicates that this was due to a weak economy at the time and implies that there were problems with a local college training program (Martin County Economic Development Corporation, 2016).

Details of the 2014 CAIP Grant: The MCEDC received a two-year grant for 2014 to 2016 for a total of 275 600 dollars in the budget category of “construction”, which was fully spent in the time period. The purpose was listed “to establish a revolving fund for constructing shell buildings in the DEA in order to continually attract new manufacturers. In a private-public partnership, the Applicant will oversee the construction, occupation and sale of industrial space on a cyclical basis” (Martin County Economic Development Corporation, 2016). The grant funded the construction of a “shell building” completed in December of 2014 with the intention of selling the building to a job-providing industry.

At the time of the final report, the MCEDC had not found a buyer for the building. Job creation was conditioned on selling the building to an active business. The goal of 60 jobs created had not been met (0) at the time of the final report. The 2018 evaluation interview indicated that the building was finally sold to Weitron manufacturer of refrigerator gases in 2017 as part of a 12.8 million-dollar private investment (J. Semple, personal communication, March 19, 2018). Proceeds from the sale were to finance the construction of another shell building in the same industrial park. The project also leveraged state funds to build a lead track and rail spur in the industrial park to provide direct rail service. The planners are optimistic that with the facilities and infrastructure now available the park will continue to expand.

Job Creation and Retention: Goal of 60 full-time jobs created, 31 created. The project did not meet its job creation/retention goal.

Observations: In general, this project was the most capital-intensive CAIP investment analyzed. Given the large amount of capital invested, the total job creation results were disappointing. However, the MCEDC believes that prospects are good for long-term expansion. Jason Semple, president, noted that

> Having an existing facility is very important in the recruitment of these projects. According to the state Economic Development Partnership of North Carolina, 83 percent of projects looking at North Carolina require a building, so from a marketing perspective, to be in the game you need to have a facility —and not only a facility, but a good facility… Having that available product —and a good product— is what allowed us to get some jobs and investment. (Personal communication, March 19, 2018)

He notes that the CAIP grant covered a significant funding gap that needed to be filled for the project to move forward. Semple also affirmed that the project received state grants for job training, infrastructure and allowed public participation in the process.

The MCEDC reported that the grants enabled the county to recruit companies that are now stable and providing jobs, which contributes to the tax base (J. Semple, personal communication, March 19, 2018).

"We are leveraging infrastructure that is going to pay off for us again", Semple noted (personal communication, March 19, 2018). The project does not keep data on whether the jobs created are commensurate in pay and benefits with those lost, or if the racial, gender and migratory status of workers is comparable. However, they did indicate that the workforce employed is diverse. Although job creation did not meet the goals, there is still an expectation that the investment in the facilities and infrastructure will continue to expand employment opportunities.

Name of Recipient: California FarmLink

Type of assistance: Projects "Small business financing" grants.

Grant Period: 2012-2015, 2014-2016.

Grant Amount: 400 000 dollars. Effective date: 3/16/2012; final report: 3/31/2015.

Second Grant Amount: 250 000 dollars. Effective date: 4/30/2014; final report 4/30/2016.

Eligible Area: Monterey, Santa Cruz, San Benito, San Diego, Imperial and Riverside Counties, California.

Interviewee: Reggie Knox, Executive Director, California FarmLink.

California FarmLink was established in 1999 and

> supports beginning, limited-resource, immigrant and other underserved farmers. FarmLink helps farmers to: *1)* find land, develop sound lease agreements, partner with landowners to purchase farms or transition to the next generation; *2)* participate in training on financial and business management; *3)* access capital through FarmLink's loan program and other lenders. (California FarmLink, n. d.)

The two CAIP grants, totaling 650 000 dollars from 2012 to 2016, were used to expand FarmLink's small farmer loan program in the eligible counties. The organization learned of the CAIP program from a colleague and noted that "as a small CDFI lending to small farmers, our primary lending counties overlapped almost perfectly with NADB target counties" due to high unemployment, especially high seasonal unemployment in agriculture and farmworker activities (R. Knox, personal communication, March 7, 2018). Agriculture in the area, for example the flower industry, had been hard hit by imports from Mexico under NAFTA.

The organization found the application process rigorous, but straightforward. Some of the budgetary requirements seemed very detailed, but the program director, Sylvia Lopez Gaona, helped navigate the process. Obtaining the funds flowed smoothly.

First Grant: The organization reports that FarmLink began making direct loans in 2011. They report that during the three-year period (of the first CIP grant) "loan volume, average loan size, loan products, job creation and retention and repayment history have all experienced improvements and/or increases" (R. Knox, personal communication, March 7, 2018). FarmLink reports that it complied with its performance standards of *1)* develop business plans and other materials to build scale that will facilitate loan fund self-sufficiency; *2)* recruit, train and hire staff and consultants who will provide underwriting, packaging and technical assistance; *3)* renegotiate agreements for servicing loans as needed; *4)* provide individual technical assistance on business planning and farm financing to 120 aspiring and beginning farmers; *5)* provide in-depth professional technical assistance on business planning, financial management, and farm start-up for at least 30 loan applications for beginning and underserved farmers; *6)* promote loan program opportunities and develop pool of viable borrowers through marketing and outreach efforts; *7)* monitor lending outcomes; *8)* report on borrower data; and *9)* submit semi-annual reports.

Job Creation and Retention: The job creation benchmark was 115 by the end of the three-year period. The project created 176.5 jobs in total, surpassing its goal. For job retention, the three-year benchmark was 135 jobs preserved and the final tally came to 335.5.

Second Grant: The purpose was listed as

> expanding its farming microloan program established in a previous grant round with CAIP assistance. The proposed project will use capital secured from the private sector with CAIP funds as leverage along with USDA loan guarantee resources. The Applicant will increase its loan volume and the self-sufficiency of the program. (R. Knox, personal communication, March 7, 2018)

FarmLink again reported that the grant enabled them to improve and expand their loan program with a total of 76 loans made to "limited resource, small-scale, underserved and minority farmers and ranchers in the Designated Eligible Area" (R. Knox, personal communication, March 7, 2018). This totaled 2 414 040 dollars in loans. The organization was able to hire loan officers and invest in professional development. They also were able to integrate their loan and land access programs, and open a new office in Watsonville. They met their performance standards in areas of professional training, software purchase, loans through partners and technical assistance, increased retailer relationships and marketing for loan programs, improved review process, training in loan underwriting, recruit credit professionals to Board of Directors, and develop loan accounting system.

Job Creation and Retention: The two-year total benchmark was 105 jobs created; actual performance was 106.5. On job retention, the benchmark was 262 and performance was 339.5. The program surpassed its goals in job creation and retention.

Observations: FarmLink states that it is on a strong growth trajectory in its loan capacity and other indicators and is receiving more inquiries and applications. Executive Director Reggie Knox stated that the organization's needs aligned well with the program and allowed them to meet and surpass job creation goals:

> The NADB CAIP funds came in at a key time… they came in very early into our loan fund, helping us to stabilize and grow into a financially stable organization at a time when we needed the equity. We have since grown and are helping businesses create and retain even more jobs than at the time of the NADB funds… it was injecting capital into an organization that had a focus on low-income regions that was getting started. That capital was key to our growth and stability. (R. Knox, personal communication, March 7, 2018)

He also notes that small businesses face a dearth of capital, which is the purpose of the program (R. Knox, personal communication, March 7, 2018). Demand is high in the farming community, where 70 percent of their clients are Latino farmers who were often farmworkers before going into business themselves. The program complements USDA, which they say, doesn't reach these communities and is making a difference for small farmers by providing capital and technical assistance.

The NADB CAIP program required a focus on job creation, which is often a target of CDFIS. But, for FarmLink, it was the CAIP that obliged them to look more closely at job creation. They then developed surveys and methodologies on job creation and retention. This has been an important metric for strategic planning that is used to date.

The project noted that the expectation that farmers would be able to access traditional commercial financing after 1-2 years of borrowing from FarmLink turned out to be unrealistic. Instead, they found that farmers needed 3-5 years to establish personal and business credit necessary, thus causing a delay in achieving some goals of the program (R. Knox, personal communication, March 7, 2018). This reflects the experience of several projects with a continued reticence of commercial banks to provide credit to small, minority or underserved applicants. In this case, we also see benefits of the grants and support extending well beyond the grant period, specifically into long-term program development and expansion of services.

Name of Recipient: Northern Economic Development Initiatives

Type of assistance: Projects "business development".

First Grant Period: 29/11/01-30/03/05. Amount: 204 850 dollars.

Second Grant Period: 15/02/08-31/05/10. Amount: 200 000 dollars.

Third Grant Period: 05/02/10-29/02/12. Amount: 100 000 dollars (TA).

Fourth Grant Period: 21/03/12-30/09/14. Amount: 100 000 dollars (TA).

Eligible Areas: Gogebic, Ontonagon, Iosco counties, Michigan.

Interviewee: Dennis West, President, Northern Initiatives.

Northern Economic Development Initiatives (NI) is a community development financial institution "that provides loans and business services to small businesses and entrepreneurs" in the states of Michigan and Wisconsin (D. West, personal communication, March 12, 2018). They received a total of 604 850 dollars in CAIP grants from 2001 to 2014 in four grants in Michigan. The projects focused on creating and implementing strategic development plans for the two-county region of Ontonagon and Gogebic counties, primarily in tourism. These counties have experienced high unemployment, have lost population for the last 50 years, according to the NI president, and are at only 60 percent of the median state income (D. West, personal communication, March 12, 2018).

NI president Dennis West reports that they learned about the CAIP program through their congressional representative. The upper peninsula area suffered job loss with the contraction of the timber industry, and the drop in the price of copper that affected mining, specifically the White Pine mine, which closed down. The president was unaware of the specific NAFTA connection. This is common among the projects as the eligibility requirements are not strict in terms of the direct causal relationship (D. West, personal communication, March 12, 2018).

NI found the application and funding procedures to be clear and sound, and also depended on what they considered the capable assistance of the CAIP program officer. The grants in general focus on developing year-round nature tourism activities by identifying resources for local businesses.

First grant: The first grant was used to create a revolving loan fund for moderate risk loans to small businesses in Ontonagon and Gogebic counties. The first loan was to grow transgenic plants in a former copper mine. It preserved company jobs company as personnel tested corn, tobacco and other crops at the site. Other loans included manufacturers and services. The success of these loans enabled NI to surpass its job creation goal.

Job creation and retention: The Revolving Loan Fund supported by the CAIP grant set a benchmark of 18 jobs created and 3.25 retained. The performance reported was 35.5 jobs created and 182.75 retained. The performance amply met the goals.

Second Grant: This grant was also used for the Revolving Loan Fund. The capital allowed NI to make a 150 000 dollars loan to Agates LLC to purchase Big Powder Horn Mountain Ski resort, turning it from a seasonal to a year-round operation in 2010 and carry out a number of property improvements, thus generating new jobs that paid from minimum wage to 15.50 dollars an hour.

Job Creation and Retention: The job creation benchmark was 10 jobs; performance was 9.5 meaning that it slightly missed the mark. The job retention benchmark was 20 jobs retained, and actual performance came in at 40 jobs retained, surpassing the goal.

Third grant: This Northern Initiatives Technical Assistance grant proposed

> assisting the affected communities with the development of a travel/tourism strategy focusing on the abundant natural resources and public lands in these Upper Peninsula counties of Michigan on Lake Superior… to attract an increased number of visitors and encourage longer stays. (D. West, personal communication, March 12, 2018)

The organization reported achieving performance standards including: mapping cultural and natural assets, targeting markets launching a baseline online survey of fifty tourism businesses regarding their experience in the area, branding and web development ("The Wilds of Michigan" branding strategy), web design and launch, social media campaigns, submitting reports, creating trail maps, sustainability plan and product development needs, launch pure Michigan campaign, customer service workshops, and follow up. The breakdown of how the 100 000 dollars grant was spent included 48 500 dollars for personnel and 41 000 dollars for consultants.

Job creation and retention: The benchmark was to create 40 full time jobs; the actual performance was the creation of 30.5 jobs. The goal was not attained. In job retention, the benchmark set 80 jobs retained, and the actual performance was 80 jobs retained.

Fourth Grant: This grant was a continuation of the third technical assistance grant, also focused on tourism development, with the outlining of the Wilds of Michigan events, launch of the partnership, professional development, partner meetings, and report on branding.

Job Creation and Retention: Benchmarks, 30 jobs created, 60 retained. Performance, 20.5 jobs created and 60 retained. The grant did not make its job creation goal. The semi-annual report (only one available) does not specify the problem.

Observations: Due to the relatively small number of grants involved in the CAIP program, West referred to it

> as a kind of boutique program where you had the chance to be able to share with your program officer how things were going and when things were taking a turn, to be able to work that out and reflect any changes from quarter to quarter. (Personal communication, March 12, 2018)

Another positive aspect of the CAIP grants was the ability to leverage other resources, in both capital and human resources. The Wilds of Michigan project, for example, brought to the table small businesses in tourism (lodges outfitters, restaurants, etcetera), visitors bureaus, the National Forest Service, and state parks to gather information on available assets and develop maps. West noted:

> We were a pretty broad set of businesses and nonprofit and governmental actors that were being pulled together in order to work on these projects… All the projects were public-private partnerships that engaged a lot of institutions and people in the development work that followed. (Personal communication, March 12, 2018)

The focused effort in specific communities served not only to develop those communities but to build pilot experiences. West noted that the project was important psychologically for the community to "build beachheads where other things can be built off of" (personal communication, March 12, 2018). The grants helped the communities "build a bridge toward a transition to a different kind of economy, one which is more diverse and has more resiliency than the one that's built exclusively on extractive industries" (D. West, personal communication, March 12, 2018). The new jobs do not offer the pay and benefits of the mine, however.

Again, the interviewee stressed that despite some success these counties will continue to need assistance. He noted that if the program continued with the focus on challenged communities, "if you can consistently keep pushing significant projects into these communities, it has an impact, it would really help stimulate the economy" (D. West, personal communication, March 12, 2018). The program has a role to play in the future as well as a catalyst for projects.

When asked what was uniquely valuable about the CAIP support West responded:

> the ability to have access to a very concentrated set of funds that could only be used in some really challenging places was really good because it was trying to find ways to catalyze opportunity in places that have seen a lot of job loss or population loss in no or low wealth communities. It brings focus and attention from both the private sec-

tor and the public sector to work on things cooperatively. (Personal communication, March 12, 2018)

Some General Observations from the Case Studies

1) All interviewees from the six case studies reported that the application, funds disbursal and reporting processes were smooth and relatively easy, especially compared to other types of federal grants. They unanimously noted that a major factor in the successful implementation of the projects was the one-on-one work with the CAIP Program Director Sylvia Lopez Gaona, which provided an opportunity to answer specific questions and challenges and obtain additional expertise.
2) All projects managed to leverage other public and private funds, usually both. The CAIP projects served as a hub for identifying and mobilizing resources and assets.
3) In most cases, the projects provided the impetus to carry out local development planning in stressed communities in ways that had not previously been done. This included developing participative processes to identify local needs, link to nearby communities and think forward to economic transitions.
4) The CAIP grants that encouraged participative processes that brought multiple stakeholders to the table, such as the south Texas projects, appear to be more sustainable with or without CAIP funding. Although often these mechanisms proved difficult to coordinate and sustain, they served to create new networks that tended to last beyond the grant period.
5) Interviewees reported that among the most usefuls in the toolkit developed by their CAIP projects were *1)* inventories of local resources (human, financial and natural); *2)* research on accessible resources.
6) In many cases, the role of local and state educational institutions (universities, community colleges, vocational schools) was key in job training, research and planning. There is a clear need to improve and refine these linkages.
7) The two Technical Assistance grants examined here, both to Northern Initiatives, under-performed the Projects on the central metric of job creation. There was not sufficient information to come to firm conclusions as to why this was, but the investment in consultants and promotional materials did not result in the concrete investment expected during the time period. There are some indications that the specific programs require a longer time frame to come to fruition, since they propose an ambitious plan to transition from abandoned extractive activities to largely tourism-based sources of income.

Obstacles

1) A primary obstacle reported by all was the turnover in local community officers. Often after building relationships that were key to the successful development and implementation of projects, personnel and local officials would change leading to delays or setbacks in plans. This obstacle seems to be unavoidable unless or until programs and collaborations are institutionalized so as to depend less on interpersonal relations.
2) The immediate job creation and retention metrics obviously cannot take into account future job creation resulting from the groundwork laid and the programs established during the grant period, yet these exist in a large number of the cases studied. While several projects were not able to meet their jobs benchmarks within the grant time period, they were able to meet them later and reported having established programs and practices that continue to broaden employment opportunities long after the CAIP grant period.
3) Direct capital grants to subsidize private investment generally created a high investment-to-job-creation ratio and in the cases studied led to fewer jobs than expected and greater delays. Examples of this are the 2002 Martin Country that had a goal of 300 jobs created and attained a sustainable level of 160, despite considerable investment of not only CAIP but other public funds to support industry, in this case PENCO products, and the project to construct and sell a shell building in the same county that failed to sell in the duration of the project, causing multiple readjustments in marketing strategies, although it was eventually sold to Weitron in 2017. The eventual job creation benefits of projects that create publicly funded infrastructure for sale to private sector companies as a location enticement would not seem to justify the risks involved in these projects where capital outlay is high and results uncertain.
4) Commercial banks and traditional investors continue to show minimal interest in lending to small businesses, especially in poor areas. Hopes to mainstream grants or loans often did not pan out. This problem was reflected in the Georgia Southern University project, which reported being unable to obtain projected bank lending or private sector investors for its clients in the DEA during the grant period. This indicates that government programs must play a critical role in trade-related economic transitions in affected communities, at least in the initial stages.
5) The lack of a specific trade impact reporting criteria made it impossible to measure a direct relationship between NAFTA-related trade impact and the high unemployment rates in the selected areas, except through partial historical or anecdotal information.
6) The metric of direct job creation served well since it is fairly easily quantifiable, however, the overall impact on employment and employment trends is difficult to

measure due to non-trade-related factors in the often widely fluctuating employment rates within the eligible areas. In many rural counties, these rates are highly susceptible to fluctuations due to low population density, making them a somewhat unreliable indicator of impact.

7) It is not known from the data whether the new jobs created are comparable to the jobs lost through trade impact in terms of salaries, benefits and unionization rates, nor whether they are employing similar sectors of the population in terms of gender, race and immigrant status. This information is important for the local communities to track in the future when evaluating impacts.

Lesson Learned and Recommendations for NADB CAIP 2.0

The general conclusion of this book is that the original mission of the NADB CAIP was obtainable, both with respect to identifying adjustment challenges as well as providing commensurate resources in a critically catalytic way to enhance community-focused investments. The findings provide evidence of a continued need for assistance with NAFTA-related job loss and demonstrate that this can be accomplished in a highly cost effective manner within a comparatively modest budget.

A review of CAIP activities shows that they were cost effective in organizing and mobilizing activities to address community employment adjustment needs. Significantly, CAIP activities can be shown to be a fully scalable program that could address the complete size of the NAFTA-related employment challenge within a manageable budget. Furthermore, closer integration between CAIP activities and other U.S. government programs (such as SBA and RDA) and private sector financing can be shown to generate more than sufficient resources to address NAFTA-related community adjustment and investment needs in the U.S.

The key findings are:

1) There is a convergence between academic and policy estimates of the U.S. employment impacts of post-NAFTA economic integration (800-900 thousand range) and the actual number of beneficiaries of various trade adjustment policies, including TAA, SBA, RDA and the NADB CAIP since 1994 to 2017.
2) The NADB CAIP eligibility criteria for DEA was able to identify the likely most egregious cases of impacted counties and workers needing CAIP Community Adjustment and Investment resources (in NAFTA impacted areas with higher than average unemployment). Yet these CAIP eligible DEA contain only 30 percent of workers eligible for TAA (Trade Adjustment Assistance) and represent less than one third (27 %) of NAFTA-impacted counties eligible for TAA.

3) The CAIP Federal Agency Program, which subsidized fees through SBA and RDA loans, likely generated approximately 10-21 percent of re-employment of TAA eligible workers in CAIP DEA. The CAIP programs for Direct Credit and Technical Assistance Grants generated much smaller numbers of jobs, which were nevertheless sustainable and important to local communities according to CAIP case studies.

4) CAIP investment methodology (particularly the TA grants and direct credit programs) proved to be effective in mobilizing additional resource to address concerted responses "that would not have been made possible without the CAIP" (D. West, personal communication, March 12, 2018).

5) Case studies and interviews of five representative CAIP projects and their local partners indicate that the success of projects was closely related to local participation and the persistent accessibility to CAIP staff and their ability to closely evaluate and provide specific targeted resources to meet specific special needs which could otherwise not be addressed.

6) A counterfactual exercise of broadening the CAIP criteria to address all TAA eligible workers and counties (100 % rather than the current 30 % by eliminating the CAIP relatively higher local unemployment rate requirement) indicates that nearly all of the quantitative NAFTA-related employment displacement could have likely been adequately addressed. Increasing the CAIP funding and the scope of geographic eligibility to 100 percent of TAA eligible counties and workers would have implied increasing CAIP resources from 15 to 505 million dollars, which would have facilitated the targeted mobilization of 7.9-18.7 billion dollars in SBA and RDA resources. Most of this more focused business lending would imply a reallocation of already expending resources by these federal programs to more targeted community adjustment and investment needs.

7) Further comparative analysis of the CAIP eligible and non-eligible counties indicates that the CAIP use of the criteria of "significant" TAA certified job loss and of unemployment rate being one percent above average results in counties that have much more vulnerable socio-economic characteristics compared to all TAA certified counties. CAIP eligible counties on average have higher poverty rates, higher shares of manufacturing employment, as well as higher concentrations of Latino and Black trade exposed workers.

8) Continued active labor market policies in the NAFTA area are still needed as two-way trade can easily be expected to grow between countries in North America, baring a scenario of major trade disruptions. Managing future trade adjustment is both affordable and doable, with proven positive returns from NADB CAIP programs.

9) By the end of 2014, 243 projects had been certified by the BECC and the NADB had issued 2.40 billion dollars in loan and grant funding for 204 projects. These projects have produced tangible results, such as an increase in waste water treatment coverage along the border from 21 percent in 1995 to 87 percent in 2012, water savings estimated at 371 000 acre-feet per year (enough to provide drinking water to four million people, solid waste projects enabling proper management of 1 550 tons of waste per day, and renewable energy projects that are helping to avoid the release of 2.1 million metric tons per year of carbon dioxide and other greenhouse gasses. The NADB-BECC merger went into effect in on November 10, 2017. By the end of 2016, 172 projects have been completed addressing issues such as water conservation, solid waste infrastructure, air quality, and renewable energy.

Future research should compare NAFTA related impacts as quantified by trade adjustment program data and the impacts quantified by other sources and types of NAFTA related impact data. These include:

1) Country level import and export data with specific reference to Armington elasticities.
2) Country level projections of econometric and computable general equilibrium modeling scenarios pre and post NAFTA. These could be produced as part of collaboration between the NAID Center and the Peterson Institute for International Economics (PIIE) and the NAID Center NAFTA Tracking Project (at the national, regional, and local geographic level).
3) County level expenditures on SBA and RDA lending activity.

This analysis will allow us to better discern the various forces causing dis-employment and underemployment in the DEA. In addition, this analysis will allow us to determine the relative significance of these impacts, as well as improving the effectiveness of CAIP value added relative to other SBA/RDA investment contributions going forward.

The ongoing future debate on U.S. international economic policy will undoubtedly be highly focused once again on the U.S.-Mexico issues, and will be another opportunity to go beyond simple yes or no stances and to propose politically viable transnational policy alternatives. The future evolution of the North American pattern of integration and development, as well as the scope and efficacy of agreements and institutions, will depend on the evolution of transnational societal capacity for coordinated action, including strategic choices that will influence the agenda of states and traditional economic actors within and across borders.

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