Wealth Creation in Rural Communities

PHASE ONE REPORTS

Assessment of Triple Bottom Line Financing Interventions

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Assignment #2
Mountain Association for Community Economic Development (MACED)
On behalf of the Triple Bottom Line Collaborative (TBLC)
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1. Overview of Assignment #2

Assignment #2 involves an assessment of "what is and what has been" for this framework in terms of outcomes and measurement practice in relation to the triple bottom line and wealth creation. The assignment was to review a range of interventions within the framework and identify the results of those interventions and the framework as a whole on the economy, environment and social inclusion and on the creation, maintenance or destruction of six forms of wealth (intellectual capital, social capital, individual capital, natural capital, built capital and financial capital). The assignment also involved reviewing and identifying the measures and approaches to measurement used in the interventions and by the framework as a whole.

In this summary, we:

- Describe the definition of the framework used in this analysis;
- Review the methodology;
- Provide a description and analysis of the ten interventions profiled;
- Provide a general analysis of the characteristics and results of this framework;
- Reflect on the insights and challenges related to measurement.

2. Description of Framework

The framework MACED is representing on behalf of the TBLC is defined as community and economic development institutions that use capital investment in combination with other strategies to achieve triple bottom line outcomes in particular places or regions. This is the approach of the Triple Bottom Line Collaborative members. There are two important things to note based on this definition.

Finance is a key shared tool, but collaborative members are diverse in their use of other tools and strategies. TBLC groups provide value-added investment of debt and equity capital by structuring its provision in creative and innovative ways and by making it available for projects and enterprises that can't or aren't accessing capital from conventional lenders. TBLC groups employ other strategies as well, including technical assistance and consulting services, public education and communications, network building, cluster and sector development, economic development planning, policy analysis and advocacy, and entrepreneurial training and mentoring. These strategies are applied not only to business development but to enterprise development more broadly (to include nonprofits and even public sector institutions) as well as housing. To varying degrees, TBLC groups utilize the other frameworks participating in this learning process.

To emphasize the role of finance but also represent the diversity of the TBLC, most but not all of the interventions profiled for this assignment have a finance component. We review five programs (broad, standardized interventions serving a population or sector) and five deals or projects (individualized interventions serving a particular enterprise). We did not seek to monolithically represent the financial services strategy or offer a representative sample of CDFI work, but rather describe the specific work of groups in this collaborative.

This framework is perhaps unique in that we have an explicit and already-defined intent related to the triple bottom line. Although all of the TBLC groups operate programs and conduct deals that are not intended to touch all parts of the triple bottom line, all of the interventions profiled here have at least some positive impact (measured or presumed) on all aspects of the triple bottom line (although not all interventions are explicitly framed in terms of their triple bottom line benefits to clients). For many of the TBLC groups, sustainable development to encompass the three E's is close to the heart of their missions. It thus may be most helpful in this learning process not to see TBLC as a framework parallel to the others (entrepreneurship, clusters, value chains), but as an example of a body of explicit work in this area with special attention given to the role of finance as a tool.

3. Methodology

To conduct this assessment, TBLC created a committee of representatives from four collaborative groups: Coastal Enterprises, Inc., Four Directions Community Development Corporation, MACED and Shorebank Enterprise Cascadia. The committee decided on the following mix of criteria in choosing interventions to assess.

- Interventions with some track record
- Interventions we have or can easily get information on
- Rural (or at least part of a urban-rural value chain)
- Finance has a role
- A mixture of transactions, products and programs
- Replicable
- Scalable
- Creates awareness
- Has policy implications
- Has impact

The committee then identified a list of possible interventions to review. Once the final list was set, TBLC partners identified existing written documents related to those interventions. MACED reviewed the documents and then conducted phone interviews with staff members associated with each intervention. Seven of the TBLC groups are represented with interventions in this analysis. A matrix of the interventions profiled is included in Appendix 1 at the end of the document.

In the next section, "Overview of Interventions," we provide a brief description and analysis of the interventions profiled for this assignment. The overview gives the basic context and background for the intervention and a description of how it was carried out. We then use a chart to identify the results in terms of the triple bottom line and the six kinds of wealth identified in this process. The chart includes specific measured outcomes and likely but unmeasured or difficult-to-measure outcomes identified by program staff.

The report has two concluding sections. The first is on what is known and was learned in general about the characteristics of this framework and the results that are being achieved. The second contains overall reflection on the use of measurement by TBLC groups and by the collaborative as a whole.

4. Overview of Interventions

Shorebank Enterprise Cascadia
Septic Loan Program

ShoreBank Enterprise Cascadia (SBEC) is a nonprofit economic development organization founded in 1995 that serves urban and rural communities in Oregon and Washington. SBEC seeks to strengthen family, ecological and economic resilience through consulting and financial and business assistance to entrepreneurs, nonprofits and others that deliver economic, social and/or environmental benefits to local communities.

A core competency of SBEC is offering non-bank financing to those who cannot access conventional capital. In 2004 SBEC began offering a unique loan product to property owners with non-functioning septic systems. These loans are targeted to properties in close proximity to marine waters in Washington State. The septic loan product is designed to: 1) preserve water quality and the local economic contributions of the shellfish industry; and 2) preserve property assets, especially for lower income people. This product was initially scaled to serve Willapa Bay, a small but critical marine estuary. The second phase of the product has expanded to serve Hood Canal, a much larger region.

The deep marine waters of Hood Canal have a long history of low dissolved oxygen concentrations during the late summer. As a result, thousands of dead fish and other marine life have periodically washed up on beaches. Among the causes of the dangerously low oxygen levels are the impact of nutrients—especially nitrogen—through runoff from fertilizing, septic systems and other sources.

Property owners in the area treat wastewater almost exclusively with onsite treatment systems, and are responsible for regularly maintaining and upgrading their septic systems. Longtime residents of the region, with employment histories linked to diminished natural resource sectors, have little household cash flow and are often employed in low-wage service jobs that are increasingly their only option. Predictably, when choosing between repairing a failing septic system and paying for daily necessities, low-income residents choose the latter. Existing regulations require homeowners to replace failing systems, but many of those regulations cannot be enforced without some residents giving up their homes.

SBEC's program seeks a way around that conflict between equity and the environment by using capital and partnerships to facilitate the growth of a market. That market-making function has the added advantage of creating economic opportunities for businesses in the septic industry. SBEC's program provides loans at 100 percent of the cost of replacing or upgrading a septic system. The program offers tiered rates from two to six percent based on household income, and includes a loan loss reserve and other measures to help promote participation in the program among low-income people. To date, SBEC has made 61 loans totaling $1.5 million. The program involves an extensive partnership in the Hood Canal including three counties, two tribes, local health departments, the septic loan industry and a number of other federal, state and local agencies. An estimated 40-50 percent of the projects are driven by regulatory compliance issues. In many of the remaining projects, there are serious quality of life issues in which sewage is backing up into yards and homes.

The specific indicators in the results section below are from SBEC's triple bottom line outcomes measurement tool, which uses nine indicators (three economy, three environment and three equity) to measure organizational and program impact.

Results

TBL	
Economic Impact	▪ Job creation in the septic loan industry (No good tracking method yet—approximately 60 contractors). ▪ $19,265 leveraged in third party investment. ▪ Increased value of property. ▪ Better opportunities in the shellfish industry and possibly salmon industry.
Environmental Impact	▪ 2,141 feet of riparian zone protected. ▪ 5.8 million gallons of water diverted from the waste stream. ▪ Improvements in surface water quality—fecal coliform and nitrogen.
Social Inclusion	▪ 20 minority/women-owned homes. ▪ 25 low-income families assisted (40 percent of participants very low-income). ▪ $12.7 million in local land tenure. ▪ Quality of life improved for low-income residents with faulty septic systems.
Wealth	
Intellectual Capital	▪ Broader awareness of the economic opportunities in solving region-wide problems systemically.
Social Capital	▪ New, positive working relationships built between various aspects of public, private and nonprofit sectors.
Natural Capital	▪ Improved overall quality of the watershed which is helping rebuild degraded shellfish population.
Built Capital	▪ Improved housing.
Financial Capital	▪ Ability for residents to better leverage their asset (housing) for other financial investment. ▪ Increased incomes to those in septic loan industry which should result in financial wealth.

Coastal Enterprises, Inc.
Farms for the Future

Coastal Enterprises, Inc. is a private, nonprofit Community Development Corporation and Community Development Financial Institution with roots in the civil rights movement. Founded in 1977, the organization provides financing and support in the development of job-creating small businesses, natural resources industries, community facilities and affordable housing. CEI's primary market is Maine, but in recent years CEI has expanded several of its financing programs to northern New England, upstate New York and beyond.

Farms for the Future is a statewide economic development program of the Maine Department of Agriculture administered by CEI and established in 2001. The program was created to respond directly to one of the primary needs within the farming community: specialized business assistance. Many farmers have an idea for a new product, a new market or improved efficiency in production, but lack the resources to develop the idea into a viable business plan. In addition, the program is designed to directly support the preservation of land for farming purposes. The two-phase program provides farmers with assistance in developing a business plan aimed at increasing farm viability and a grant of 25 percent of the funds needed to implement the plan, up to $25,000.

In exchange for this support, farms that receive grant funds enter into a farmland protection agreement that prevents their land from being developed for non-agricultural purposes for five years. The farmland protection agreement may be terminated by paying back the grant.

Farms for the Future offers farmers a team-based, individualized approach to business planning. Farmers go through an interview process to identify their needs and work with CEI to select a set of advisors. The team is made up of production consultants drawn from the Maine extension service and business counselors from the state's small business development centers, some of which are operated by CEI. Although offered extensive assistance, farmers are still required to write the business plan themselves. Each farmer and his or her team have a budget to pay for the consultant time, research, travel expenses, materials and other needs.

The grant portion of the program is competitive. According to program staff, about half of those who receive the planning assistance go forward with the grant. Some lose interest and a portion of farmers decide not to give away development rights.

Although the program has a triple bottom line impact, according to staff the environmental aspects of the program are not explicitly emphasized in the interaction with farmers. For example, there is no discrimination between organic and non-organic farmers in selection, although applicants for grants are asked whether their plan will "positively impact the soil, water, air and wildlife." Also, the grant must be for a shift in farming practice to better access markets, not just an expansion. Staff report that the farmland preservation requirement and the rise in market demand for local and organic food in Maine embed the environmental aspect in the program without a need for much explicit attention to it.

The outcome measures that are specified below are drawn from a 2008 evaluation of the program.

Results

TBL	
Economic Impact	▪ Participating farms have an estimated 71 additional employees. ▪ 20 family members have left off-farm job to work on family farm. ▪ $7.74 million leveraged in additional farmer investment from $1.57 million in grants. ▪ More than half of farmers report they were unlikely to undertake a Phase 2 project without the grant. ▪ Farm sales have increased an average of 37.3 percent between the year in which the Phase 2 project commenced and the year ending December 2006. ▪ 65.6 percent of farmers reported that net profit from farming operations have increased somewhat since execution of project.

	▪ 78.1 percent of farmers indicated they have changed their internal business practices. ▪ Potential negative impact: trade-off in value of land when development rights given up, although owners can get it back by returning grant.
Environmental Impact	▪ Almost 18,000 acres of farmland have been protected for at least five years.
Social Inclusion	▪ Farmers are low-income, but staff say they don't collect good measures. Staff also note that it's hard to say what level of income in farming is acceptable.
Wealth	
Intellectual Capital	▪ Farmers are identifying and understanding markets for new products and ideas.
Social Capital	▪ Agencies (extension, SBDCs) are developing stronger working relationships with each other.
Individual Capital	▪ Skill development in internal business practices and business planning are being built. ▪ Behavior shift in farmers' identity from victim to entrepreneur.
Natural Capital	▪ Preservation of existing natural capital in land protected from development (for five years only, so not permanent).
Built Capital	▪ Project cost-share grants are often for technology or for structures that didn't otherwise exist.
Financial Capital	▪ Increases in farm sales/income and money saved on project should increase financial capital for individual farmers.

Four Directions Development Corporation
Energy Efficiency Home Loan Program

Four Directions Development Corporation (FDDC) is an inter-tribal community development financial institution based in Orono, Maine. FDDC was created to address obstacles to economic security faced by members of the four Maine tribes. FDDC does so by investing in affordable housing, tribal business ventures and small and medium size businesses.

Housing has been a major issue for FDDC in recent years. Tribal members have difficulty accessing conventional home financing for several reasons. Banks cannot take land or structures on reservation or trust lands as collateral due to tribal and Federal restrictions. On-reservation land and buildings can be owned only by a tribal member or by the tribe itself. Until recently, this all but precluded conventional financing and forced Native peoples to use high interest loan sources (including credit cards and predatory lenders) to finance home repairs and other needs. Also, limited credit histories, inadequate down payment capital and collateral issues remain a barrier. Affordable housing projects on reservations have historically been less than environmentally friendly. Poor insulation, inefficient appliances, substandard construction and a harsh climate have resulted in high energy consumption rates, high energy costs and health problems. The experience of all four tribal reservations indicates that the rapidly escalating cost of home energy is pricing many tribal families out of affordable housing. All of the tribal housing departments have received a significant number of requests for energy assistance (under the LIHEAP program) and housing rehabilitation help.

In response to these conditions, Four Directions developed its Energy Efficient Home Loan program in 2006. This program combines energy audits to help borrowers identify ways to improve their homes' energy efficiency with low cost loans for making those improvements. The program includes loans for home improvements, purchase of Energy Star appliances, purchase of energy efficient homes or purchase of homes and efficiency upgrades and new energy efficient construction.

Qualified borrowers receive an interest rate discount of one percent for energy efficiency loans from FDDC's typical home loan rates. Also, there is a three percent special rate for low-income individuals (below 50 percent median income) for appliances and home improvements. In the first twenty months, FDDC has made six loans totaling $325,424 to tribal members under the program. The program has been combined with an FDDC educational effort on energy efficiency and green building intended to raise awareness of the needs and opportunities in this area. According to FDDC staff, both the rate incentives and the awareness raised through the program are responsible for generating interest.

FDDC is currently seeking to develop a meaningful set of measures to identify the impact of the program and a process that is simple and easy to implement for both Four Directions and the borrower. At a minimum, they report being interested in tracking post-loan energy savings.

Results

TBL	
Economic Impact	▪ Overall savings in energy expenses net of capital cost. ▪ Economic opportunities for auditors and installers to the extent they come from the community. ▪ Increased value of homes and expanded homeownership.
Environmental Impact	▪ Reduction in the use of heating oil, which is the current source, and shift to wood for heat. ▪ Potential negative—impact on indoor air quality of use of wood. ▪ Reduction in use of electricity—tribe has been working to decommission three large hydro dams, which are primary source of electricity.
Social Inclusion	▪ Three percent loan program is encouraging greater low-income usage.
Wealth	
Intellectual Capital	▪ New understanding and awareness of green ideas and the economic and environmental opportunities in them.
Social Capital	▪ New relationships among housing directors and between different entities from the project.
Individual Capital	▪ Skills to do energy efficiency improvements to the extent labor from the community involved in the improvements and construction.
Natural Capital	▪ Potential contribution to eventual decommissioning of dams. ▪ Reduction in use and burning of heating oil lessens global warming and other impact.
Built Capital	▪ New homes construction and improvements to existing homes.
Financial Capital	▪ Savings from energy costs can translate into resident savings. ▪ Home equity increase.

	▪ Home value increase.

Montana Community Development Corporation
Smallwood Utilization Network

The Montana Community Development Corporation was founded in 1989 to foster a resilient economy in western Montana built on the inherent strengths of the people and the place. The organization's mission is to partner with people and communities that want to prosper, using innovative financing and technical assistance tools to create income opportunities for all members of their communities. MCDC provides loans, operates a small business development center and an advanced business consulting network, and runs the Smallwood Utilization Network (SUN).

MCDC started SUN in the wake of disastrous forest fires that began hitting western Montana in 2000. These fires focused attention on the poor forest health that made the state vulnerable to catastrophic fire. The fires showed that western forests need economically and environmentally feasible thinning and harvesting regimes. SUN was organized in response to this need, and its purpose is to move the Montana forest products industry to a point where every forest business has a business plan for economic and environmental sustainability. The tools that SUN uses are education and outreach; research and demonstration; facilitation of projects; and financing. The value that SUN brings is that all of the projects leverage business investment in long-term improvements to forest management systems.

SUN is now a network of wood products businesses, industry suppliers, researchers and government agencies that collaborate on projects to develop more uses, more processing alternatives and more market channels for small diameter wood and wood manufacturing residues. SUN has a weekly e-newsletter with 10,000 subscribers. SUN also operates a network website and commercial online marketplace for standing timber and timber residues. Its biennial Small Wood Conference is an opportunity for face-to-face interaction and learning for people across the industry.

MCDC's primary approach to date focuses on fostering relationship building and information sharing within the industry, but it is also helping facilitate projects and enterprise development using financing and other tools. Three examples include: financing for a company that generates wood shavings for animal bedding that has created 12 jobs; assistance to a company developing a cost-effective technology for collecting slash from the forests; and help creating a network of businesses that provided flooring for the Montana governor's mansion using former waste species larch and fir.

External conditions have been a significant driver to SUN's impacts. Unhealthy forest conditions that caused extreme fire seasons starting in 2000 made the government, industry and the public begin to seriously pay attention to forest management issues. This attention prompted the funding and willingness among all the collaborators for SUN to bring a mission of healthy forests and forest businesses into the industry. The poor economic environment for Montana's mills and loggers is another important external driver. Mills and loggers are motivated to look at change and innovation in a time when bottom lines are very poor and prospects for improvement seem dim.

While SUN is designed to create markets that are inherently triple bottom line, MCDC reports that the interest is not being driven by the environmental benefits. The program has helped align the economic self-interest of businesses and workers with the environmental goals through market opportunities. Also, MCDC reports that it has been much more difficult to establish outcome measurement for the SUN program than for its traditional lending program because the projects and strategies MCDC uses are diverse and the outcomes to date less quantifiable.

Results

TBL	
Economic Impact	▪ Impact on jobs but difficult to measure because networking and linking is a key part—harder than loans. ▪ Measurable job creation from the loans—for example, 12 jobs from Big Sky Shavings. ▪ Stabilization of jobs—job retention is a big part of the outcomes.
Environmental Impact	▪ Improving forest health through sustainable thinning and harvesting regimes.
Social Inclusion	▪ Job opportunities that are being created are for low and moderate income people—at the mills, trucking jobs. ▪ Potential hard-to-decide impact: how good a job is good enough?
Wealth	
Intellectual Capital	▪ SUN website is a repository for ideas—researchers are a participant in the network and have authored papers that are on the website.
Social Capital	▪ Building social capital within the industry and across aspects of related institutions and interests is central to the program.
Individual Capital	▪ Online resource and relationship building is easing the extent to which people can gain the skills and information they need.
Natural Capital	▪ Improvement in forest health and prevention of future degradation.
Financial Capital	▪ MCDC's loans should help increase incomes for businesses and employees that should translate to permanent financial capital.

Mountain Association for Community Economic Development (MACED) Forest Opportunities Initiative Carbon Credits Program

MACED works in eastern Kentucky and Central Appalachia to create economic opportunity, strengthen democracy and support the sustainable use of natural resources. Founded in 1976, MACED promotes business and enterprise development with capital investment and assistance; operates programs and initiatives that demonstrate development ideas ranging from alternatives to payday lending to opportunities around energy efficiency and conducts research and policy analysis around critical development issues.

Since 1979 MACED has been involved in forestry-related issues in Appalachian Kentucky, a region rich with economically valuable and ecologically diverse hardwood forests. These forests, while contributing significantly to the economy of the region and providing critical environmental benefits, face real challenges. Over-harvesting, high-grading and other threats diminish the economic, environmental and cultural value of this resource. 89 percent of Kentucky's forests are privately owned, many in small plots. Very few landowners have management plans, and many cash-poor low- and moderate-income landowners permit unsustainable logging of their land for immediate income that degrades the long-term economic and ecological value of their asset.

In 2005, MACED began to develop the Forest Opportunities Initiative (FOI). The FOI helps low- to moderate-income private forest landowners practice sustainable forestry by providing education, financial assistance and new income options. MACED began by publishing "The Kentucky Forest Landowner's Handbook," a written and on-line resource to help landowners make smart decisions about land management. The FOI's focus is now on promoting sustainable forestry with a twin revenue model—using the region's forests to sequester atmospheric carbon to sell on the Chicago Climate Exchange (CCX) and sales from timber harvests. To be eligible to enroll in the carbon credit program, all properties must have a stewardship plan, be certified by American Tree Farm or the Forest Stewardship Council and have a current forest inventory. The new approach is intended to advance forest stewardship and resource restoration but also provide monetary incentives to landowners to practice sustainable forestry. It does so by facilitating a connection to an existing market.

To create a revenue stream for carbon credits, MACED became an official aggregator of offsets through the Chicago Climate Exchange. MACED helps landowners understand the process, move through the step, and connect with the appropriate resources at various points. MACED also provides loans to help finance the costs of inventory and certification. To date, MACED has received 47 applications for nearly 25,000 acres. Seven landowners holding almost 5,000 acres have made it through the entire process and will have credits sold on the exchange later this year. Six loans for a total of almost $35,000 have been made for inventories and certifications.

Results

TBL	
Economic Impact	▪ Projected $31,552 in annual income to landowners enrolled at current prices; another $135,998 if all current applicants complete process. ▪ New economic opportunities for consulting foresters hired to conduct inventories. ▪ Long-term increase in the value of forestland from sustainable management.
Environmental Impact	▪ 11 new management plans of 6,660 acres ▪ 17 new certified forestlands of 8,451 acres
Social Inclusion	▪ Low/moderate income landowners are building an asset.
Wealth	
Intellectual Capital	▪ New understanding of potential economic value of sustainable forest management and understanding of value of the forests; climate change as an economic opportunity; important idea in coal-dependent region.
Natural Capital	▪ New certified acreage, some of which would otherwise have been logged or not managed sustainably. ▪ Requirement for 15 years, however; permanency an issue. ▪ "Leakage" is a question (whether increase in sustainably managed land just moves unsustainable logging to neighboring properties).
Financial Capital	▪ Helping them build their forests as sustainably managed assets should result in increased economic value in the long run.

Shorebank Enterprise Cascadia
Fenter-Faring Compass Rose Farm Deal

Over the last several years, Shorebank Enterprise Cascadia has helped build a new partnership among a wide range of organizations and institutions in the Olympic Peninsula of Washington State. Those partners include: Jefferson Land Trust, a traditional land trust that purchases land and conservation easements; Northwest Natural Resource Group, a nonprofit that helps small forest landowners become Forest Stewardship Council-certified; a local food co-op in the town of Port Townsend that does $10 million worth of volume; the Port Townsend farmers' market; the local Conservation District; and the Washington State University Extension Service.

Together, those partners have identified three main issues in the region: 1) the need to preserve farm and forestland from development; 2) the region has the highest average age of landowners in the state, and thus the need for succession planning and a transition to younger farmers; and 3) the demand for locally-owned products in the peninsula exceeds local supply (the food co-op purchases only 30 percent of its organic products locally). The groups formed Jefferson Landworks as a way to begin trying to address those issues. The Fenter-Faring Compass Rose Farm was one of Jefferson Landworks' early projects.

Compass Rose Farm is a 39-acre farm with two creeks running through it—Snow Creek and Salmon Creek—both of which are identified as important salmon runs. The land was sitting idle when the ecological uniqueness of the property generated interest in preservation from both Jefferson Land Trust and the Washington Fish and Wildlife Department. Jefferson Land Trust sought funding for a conservation easement, but had not yet identified who the new owner of the land would be.

The Fenter-Faring family was eventually identified as a potential buyer of the property. The Fenter-Farings are a three-generation family that rented a nearby smaller piece of property and had done some part-time farming in the past. Two members of the family were interested in going into farming full time, and the family had the capacity to put a down payment to buy the property. They began to work with SBEC on a loan. Since the conservation easement lowered the value of the property, the SBEC loan would not be fully collateralized. The partners made a deal where SBEC would receive the cash from the easement when the property was sold which would then be used to pay for improvements to the property that would increase its value to the purchase price.

As part of those improvements, they identified a nearby farmhouse built in the 1920s on land owned by the Department of Fish and Wildlife. Fish and Wildlife wanted to return the property to its natural state, and planned to demolish the house. Jefferson Land Trust swapped a small piece of the property for the house and SBEC then used the proceeds from the conservation easement to pay to move the house a mile up the road to the new property. Easement proceeds also paid for a new septic system, a well, a new foundation and upgraded electrical service in the house and in a greenhouse also moved from the Fenter-Faring's rental property.

The family is now farming organically on the new property. Through the Jefferson Landworks connections, they are selling products to the food co-op and are exploring a long-term contracting agreement. They have also taken steps to fully restore the riparian zone on the two creeks in cooperation with the conservation district and are developing a management plan for the forested part of the property with Northwest Natural Resource Group.

Results

TBL	
Economic Impact	▪ Two jobs created. ▪ $94,000 leveraged investment. ▪ One secondary value-added business created.
Environmental Impact	▪ 2,400 linear feet riparian zone protected. ▪ 39 acres sustainable-certified land protected from development.
Social Inclusion	▪ 50 percent women-owned business. ▪ $212,000 in land tenure.
Wealth	
Intellectual Capital	
Social Capital	▪ Relationships built among the wide range of organizations and agencies in Jefferson Landworks that are learning to trust each other and work together. ▪ Relationship of family to various aspects of Jefferson Landworks.
Natural Capital	▪ Land protected from development. ▪ Salmon run protected from further degradation and enhanced through riparian zone restoration.
Built Capital	▪ Locally recognized farmhouse saved from destruction. ▪ Timbers salvaged from farmhouse property barn will be used in out-buildings. ▪ New septic system installed. ▪ New well installed which enhances productivity on the farm. ▪ Previously-built greenhouse on rental property retained.
Financial Capital	▪ Moving from rental to ownership is helping the family build equity. ▪ Publicity resulting from the deal and another is leading to the creation of a new entity that raises capital for these sorts of investments.

Northern Initiatives
War Memorial Lean Project

Northern Initiatives (NI) is a nonprofit community development corporation that supports entrepreneurs, businesses, manufacturing firms, banks, educational institutions and nonprofit organizations in a common effort to strengthen the economy of Michigan's Upper and northern Lower Peninsula and Northeastern Wisconsin. Originally established by Northern Michigan University in 1985, NI became a private nonprofit corporation in 1992. NI provides a blending of financial and information services to support the growth of entrepreneurs and the development of rural economies.

NI has provided consulting and training services for many years in the area of lean manufacturing as the home of Michigan's manufacturing extension service. It has expanded that work in recent years to include health care and other service enterprises in recognition of the changing economy of the region. War Memorial Hospital, a nonprofit health care facility in the economically distressed region, contacted NI about doing an introduction to lean health care at a quarterly training meeting. NI's support in this area looks to improve internal business processes that move all the way through an organization, have a negative impact on employees' morale and create barriers to them doing their job and have an impact on the business' bottom line. War Memorial leaders were intrigued by what they learned and were able to identify a number of areas where greater efficiency and thought were needed. War Memorial and NI decided to work together on a lean analysis of the organization's materials management—its inventory, processing and use of medical supplies, linens and other materials.

The purpose of the process was to create improvements that enhanced organizational effectiveness, eliminated waste, reduced costs and allowed for increased time caregivers could spend with patients. For six weeks, NI staff conducted four hour sessions with a cross-functional team from the hospital. The team created a map of the current reality in the storage and use of material resources and then worked to create a more streamlined, standardized approach to inventory management and storage. They identified a great deal of redundancy and complexity in the current system and a significant amount of latent frustration and conflict among staff members because of the existing system.

Though the impact of this intervention reaches all aspects of the triple bottom line, the language in which it is discussed focuses on business efficiency.

Results

TBL	
Economic Impact	▪ 25 percent reduction in carrying cost for supply stock resulting in $4.4 million in inventory savings. ▪ Another $9.2 million savings from what would have been lost in revenue due to shut down (process identified storage issues that were fire marshal violations). ▪ Time savings for employees associated with counting and replacing inventory. ▪ Anecdotal evidence that it's freeing staff up for more time at the bedside, allowing hospital to provide better service.
Environmental Impact	▪ Reduction in physical inventory and better allocation of physical space. ▪ More efficient utilization of linen (25 percent reduction); water, energy, use of chemicals, but haven't estimated resulting environmental impact.
Social Inclusion	▪ Low-income clientele will have more time with staff (patient satisfaction survey will be conducted by hospital). ▪ Anecdotal evidence of employee satisfaction (haven't done survey).
Wealth	
Intellectual Capital	▪ Stronger understanding of a learning and continuous improvement model within the organization—they are now applying it to other areas (operating room and lab).
Social Capital	▪ Improved patient teams and less conflict among the staff; more focus on problems with the system as opposed to each other. ▪ More time for relationships with patients.
Natural Capital	▪ Lowered waste stream should have impact on the region's natural capital.

Financial Capital	▪ Significant savings to the hospital from less waste and avoided fines should increase its financial capital.

Coastal Enterprises Inc.
Look's Gourmet Deal

One of Coastal Enterprises Inc.'s initiatives is the operation of small business development centers (SBDC) on Maine's behalf. A CEI SBDC counselor met Mike Cote, the new owner of Look's Gourmet—a struggling 90 year-old seafood business—-at a products show. When the counselor learned that the owner was largely financing the business himself with some help from a local bank, he encouraged Mike to contact a CEI subsidiary called CEI Ventures, which operates a venture capital fund. CEI Ventures gained additional interest in the business after meeting the new owner and learning of his experience as a sales executive, his plan to shift to an all-natural product and his interest in moving the business to Maine's poorest county.

In the fall of 2005, CEI Ventures and CEI Community Ventures Fund (another CEI venture capital fund) each decided to make $350,000 equity investments in the company. Also, they helped Look's Gourmet acquire technical assistance grants for the business that allowed it to write a business plan, do a marketing plan (including hiring a national sales executive to look at marketing), review manufacturing operations and do a brand review. They introduced the company to a food development expert, and through their equity position helped it build a board of directors and further develop its overall strategy.

CEI uses screening tools and expectation agreements to help deals better achieve the organization's overall goals. It conducts a low-income job assessment for large loans and equity investments that examines the quality of the jobs through a questionnaire and interview process. Additionally, in the case of Look's Gourmet it had the company sign an Employment Training Agreement. This agreement requires that the company make a good faith effort to hire economically disadvantaged people, target 50 percent of new jobs to public job program trainees, report to CEI on the hiring of trainees and provide job training.

By the summer of 2007, the company was continuing to grow and looking to raise more capital. CEI Ventures helped Look's Gourmet connect to the Sea Change Fund, a private for-profit venture capital fund which focuses on sustainably sourced seafood. Sea Change Fund made an investment in the company, and as a result Look's Gourmet is now transitioning to the use of sustainably harvested seafood. Also, with CEI's help the company received an equity investment from the Small Enterprise Growth Fund, a venture fund sponsored by the state of Maine, and acquired a community development block grant to develop a warehouse in an abandoned naval base in the community of Cutler.

CEI Ventures tracks the social and economic impact of its investments through a quarterly Social Benefits Report, from which some of the result numbers are obtained.

Results

TBL	
Economic Impact	▪ 10 new jobs (from 16 to 26). ▪ $150,000 in leveraged investment.

Environmental Impact	▪ Move to all-natural and then sustainably certified seafood products.
Social Inclusion	▪ Many of the jobs created are semi-skilled, low-income. Agreement helps with hiring of disadvantaged people.
Wealth	
Intellectual Capital	▪ CEI grants and assistance (access to experts) has pre-disposed the company more to product development and accelerated product development. ▪ Helped develop opportunities and understanding of opportunities in all natural and certified sustainable products.
Social Capital	▪ Helped bring together for-profit and public partners, including the state's venture capital fund and a private-sector VC fund.
Individual Capital	▪ Grant and technical assistance helping build owner's and company's skills in a number of areas.
Natural Capital	▪ Sustainable certification and growing market share should help improve natural capital.
Built Capital	▪ Plant was a disaster area in the poorest county in Maine. Re-developed warehouse is part of the defense conversion of an old naval base.
Financial Capital	▪ Equity investment helped leverage new financial capital—bank financing, public sector monies, private venture capital funds.

Natural Capital Investment Fund
Renick Millworks Deal

The Natural Capital Investment Fund (NCIF) is a business loan fund that provides debt and equity financing to small businesses located in North Carolina, northeast Tennessee, southwest Virginia and West Virginia. NCIF is affiliated with The Conservation Fund, a national nonprofit organization with a unique dual mission of land and water conservation and economic development. The NCIF provides flexible financing and investments and targeted technical assistance to a variety of natural resource based businesses, which range from small crafts enterprises and specialty food manufacturers to multi-million dollar forest products enterprises. NCIF's business clients are predominantly located in economically distressed rural communities and are unable to access capital from traditional sources.

Renick Millworks, located in Renick, West Virginia, is a family-owned company that turns lumber salvaged from old buildings into custom flooring and millwork products. The company was started by Jay and Steve Petre, two brothers from a Mennonite farming community with previous experience in the wood products and construction industry who identified a demand for high-quality custom flooring and millwork. They established the business in January 2005. Renick's products were well received in the market, and the company took off, with sales growing 206% in 2006 and 49% in 2007.

Recognizing they needed additional equipment and working capital to keep up with demand, Jay and Steve successfully approached their local bank for a loan to purchase equipment and build a small dry kiln. But the bank was unwilling to lend Renick working capital to build inventory and implement its marketing plan due to its limited track record and net worth. The West Virginia Small Business Development Center (WVSBDC) recommended that the company contact NCIF.

Working with NCIF and the WVSBDC, Jay and Steve developed a business plan and determined the working capital needed to support their projected growth. With this plan in place, the company received a $40,000 working capital loan from NCIF.

As a result of working with NCIF and WVSBDC, the company recognized that it needed to improve its internal financial management capacity in order to sustain its growth. Renick Millworks also needed assistance with their marketing materials and product positioning to tap into the growing green market. The company participated in a five-day financial management workshop for rural entrepreneurs co-sponsored by NCIF and BB&T Bank. NCIF paid for marketing assistance through a grant from the USDA Rural Development Program that allowed them to upgrade their printed materials.

NCIF also coordinated technical assistance services from the West Virginia University extension service to help the company with new product development. In May 2008, with NCIF's help and the added incentive of a two percent rate reduction on the working capital loan, Renick obtained Forest Stewardship Council (FSC) chain-of-custody certification so it can sell in the growing LEED building market.

NCIF used the TBLC scorecard as part of this deal; the specified measures in the section below are drawn from the scorecard. NCIF has also created a "Summary of Social and Environmental Impact Investment Criteria" that it uses as part of its investment screening process.

Results

TBL	
Economic Impact	▪ 2 jobs created. ▪ Possibly helped preemptively retain ten current jobs from eventual cash management problem. ▪ $253,000 in financial leverage (bank fixed capital financing).
Environmental Impact	▪ 8 acres conserved annually because use of salvage/recycled lumber. ▪ Use of salvage lumber diverts 3,262,500 lbs. of material from waste stream annually; 150,000 sq. ft. recycled annually; 511,650 gallons of water not sent to waste stream annually. ▪ 83,434 million BTUs of energy saved because company uses wood-fired kiln. Also results in 4,550 MW of renewable energy generated. ▪ Estimated 129 metric tons of CO_2 reduced from wood-fired kilns. ▪ By helping company obtain FSC certification, improves demand for FSC-certified wood/acreage.
Social Inclusion	▪ Assistance provided in rural, low-income New Markets Tax Credit-eligible census tract. ▪ Provides entry-level jobs for low-income people; however no health benefits (Mennonite community that does not use health insurance).
Wealth	
Intellectual Capital	▪ Company now has better understanding of market opportunities in green building sectors—the value of FSC certification in the marketplace. May be a precedent for others in the community in the same industry. ▪ Product development assistance resulting in new ideas of products to sell (flooring).

Social Capital	▪ Relationships between service providers are strengthened (SBDC and Extension) because NCIF is facilitating the interaction. Critical because physical distance barriers are big in the state.
Individual Capital	▪ Much better able to understand financials and do financial management, which helps them in interactions with bankers.
Natural Capital	▪ If successful, will grow the demand for FSC-certified inputs leading to more certified forestland management.
Financial Capital	▪ Increased income from the job creation and success of the company should result in owners' equity and other financial wealth.

Northern Initiatives
Garden Bouquet Deal

The owner of Garden Bouquet and Design, a retail florist in Marquette, Michigan specializing in locally grown organic flowers, contacted Northern Initiatives (NI) in 2007 about a microloan to restructure existing debt. At the same time, Garden Bouquet was looking to relocate from its current rented facility outside of town and purchase a building a few blocks from downtown Marquette. The building happened to be located in a block where NI had already made loans to a food co-op and a children's museum. Those businesses had been the beginning of revitalization for a neighborhood that had been declining for decades and contained only a dry cleaner and a number of dilapidated buildings. Because of the proximity, NI saw the opportunity to support its existing investments and help increase this enterprise's success by more actively assisting the company.

NI made a loan of $175,000 to fund the purchase and renovation of the building. The building itself was empty, run down and contaminated, having been a small engine repair shop from the 1950s to the 1970s. The renovation required environmental remediation of toxins and also included improved energy use. The owners' intend to make it a green building as much as possible.

The move into Marquette allows Garden Bouquet the opportunity for more walk-in traffic and increased visibility to customers of the food co-op and the children's museum, both natural markets for its product. Also, the move will help the business with gasoline costs through closer proximity to suppliers and customers. In addition, the financing will mean the renovation of the upstairs apartment in the building, which the owners plan to make available for an affordable rent.

Like the Renick Millworks deal, Northern Initiatives used the TBLC scorecard to track outcomes from the deal, and some of the data reported here is from the scorecard.

Results

TBL	
Economic Impact	▪ 5.5 jobs created or retained. ▪ $85,000 in leveraged investment. ▪ 1 housing unit renovated.
Environmental Impact	▪ 5 acres of local, organically grown flowers maintained. ▪ 1 ton of toxics reduced or eliminated. ▪ 2840 sq. ft. of buildings re-used and made healthy and energy efficient. ▪ 3889 sq. ft. of in-fill of buildings, sites and infrastructure.
Social Inclusion	▪ Unit of housing is affordable.

	▪ 50% woman-owned business. ▪ Assistance to a low-income family business.
Wealth	
Intellectual Capital	▪ Promoting awareness and synergy among green businesses in area.
Social Capital	▪ Helping create a micro-neighborhood in this community.
Natural Capital	▪ Protecting land in sustainable agricultural use. ▪ Eliminating/remediating a toxic space.
Built Capital	▪ Refurbishing a building. ▪ Creating an affordable apartment.
Financial Capital	▪ Helping build equity for the owner/business through purchase. ▪ If business income improves should result in greater financial capital.

5. Characteristics and Results of the Framework

The overview of interventions reveals a number of approaches to triple bottom line development that members of the TBLC use. Three main approaches are as follows:

Responding to existing triple bottom line opportunities that arise with targeted assistance.

One part of the TBLC groups' approach is to be open and responsive to opportunities pursued by people and businesses in their communities that are already triple bottom line in orientation. The TBLC group then comes in with a specialized form of assistance to help the individual or group make the project or enterprise more successful. Most commonly, that help is in the form of capital, although other forms of assistance are also given. Sometimes these are one-off transactions, but they are often longer-term relationships that include multiple rounds of financing as well as other kinds of assistance and connections to resources, as in the examples of CEI's work with Look's Gourmet and NCIF's work with Renick Millworks.

Incentivizing, encouraging and expecting behavior change that increases triple bottom line outcomes.

A second theme in TBLC practice is the promotion of increased triple bottom line outcomes through program design and among clients and enterprises that the organization already works with. This can happen in a number of ways, including through special rate reductions or incentives (FDDC's energy efficiency loan, SBEC septic loan, NCIF's Renick Millworks deal, etc.); application forms or other tools that simply ask triple bottom line-oriented questions of clients and promote thinking (TBLC Scorecard, CEI low-income job assessment, NCIF investment screen); one-to-one assistance and education that helps clients understand the opportunities in a more triple bottom line-oriented approach (NI's War Memorial lean project, most of the deals, SUN's projects); and requirements of increased triple bottom line behavior in exchange for financing or other assistance (certification and management plans in MACED's carbon credits program, CEI's employee training agreement, farmland preservation in CEI's Farms for the Future).

Creating new opportunities in new markets that are inherently triple bottom line.

Perhaps the most innovative approach that members of the TBLC use is to design and create new market opportunities that are inherently triple bottom line. This often involves actively helping create new markets where none currently exist, or connecting enterprises and communities to existing but not currently accessed markets. These sorts of approaches require a more complex analysis of a region or sector and deeper market knowledge and involve multiple strategies and capacities at a greater level of integration. With that intensity comes the potential to get to greater scale. These efforts focus on aligning economic self-interest and opportunities in the marketplace with environmental and social goals. Examples include SBEC's septic loan program, MCDC's Smallwood Utilization Network and MACED's carbon credits program.

There are a number of other notable characteristics of the approach in this framework, including:

The importance of building unlikely partnerships across sectors.
A number of the successful TBLC initiatives are based in unlikely partnerships across the private, nonprofit and public sectors that align economic interest with public social and environmental goals. They address the collisions between social, environmental and economic issues with market-based solutions that lead to "win-win-win" advances.

The importance of an analysis of a place or region and of place-based work.
A number of the TBLC interventions are based in the development of a systemic understanding of the region's economy in relation to its ecology and issues of poverty, and are designed around that analysis. In addition, focusing interventions on places is a key strategy in recognition of the positive externalities from locally-targeted efforts.

The importance of market knowledge.
Having capital alone is not enough; the success TBLC groups' have had is dependent on knowing what projects, enterprises or programs have market viability and knowing what it takes to achieve viability.

The importance of the developing green markets as a driver of the results.
Many of the TBLC interventions were dependent on the developing markets for green products and services for their ultimate success, and are making progress in part because those markets are opening up. Most of the focus of TBLC interventions has been on the supply side of those markets and not on the demand side.

The importance of the decline and waning success of traditional economic strategies as a driver.
In a number of the interventions, industries and businesses are turning to the opportunities in triple bottom line approaches as traditional approaches fail. In some cases, as in forestry, this is because a lack of attention to environmental issues has undermined the possibility of economic gain in some places. As traditional commodity production becomes more and more of a dead end, a move to higher value-added and coincidentally more triple bottom line markets is more attractive.

There are also some critical questions that TBLC groups face in approaching this practice. Here are some of the questions that recurred in this analysis of interventions.

What level of job quality is good enough to promote equity in a rural area?
Many of the TBLC groups struggle with the balance of promoting entry-level jobs for low-income people in job-scarce areas with the desire that those jobs be good jobs. In seeking to measure the outcome of job quality in terms of equity, it was difficulty for groups to say what is acceptable.

When is financing truly additive?
The issue of not wanting to substitute private capital is one the entire CDFI industry faces, not just the TBLC groups. But it is one the groups' questions as they assess where to target resources for the greatest outcomes. This is less of a challenge with programs than with deals, as programs are often building markets that wouldn't otherwise exist. But even with deals, financing for the TBLC groups is not just a product they provide, but an opportunity to build a longer-term relationship that—as several of these interventions show—can result in greater triple bottom line outcomes in the long-term than would have happened through bank financing.

When should the intervenor seek to build capacity versus responding to capacity that is already there?
There is sometimes a trade-off between need and potential—those with more need may have less potential, while those with greater potential may have less need. It is an art for the groups to figure out when and where their resources make the most impact.

What should a group do when aspects of the triple bottom line are at odds?
One example of this that came up several times was the question of protecting farmland from development. In terms of economic outcomes, the choice to promote land preservation may be an immediate decrease in economic outcomes (and equity for low-income landowners) for an increase in environmental ones. While the hope is that the economic loss is offset by the eventual economic gains from farm success, that result cannot be guaranteed.

These observations lead to a few questions about the relationship of the aspects of the triple bottom line to each other. If it is best to focus resources on interventions in which each aspect of the triple bottom line clearly reinforces the others, how many of those opportunities exist? Should triple bottom line groups promote responsibility and altruism in action among clients in relation to the triple bottom line, or focus only on economic self-interest to the extent that it meets the other goals? What is the role of 'explicitness' versus 'embeddedness' in the use of language when talking about, for example, the environmental benefits of an economic effort? Approaches to that question among the TBLC groups seem to range—some interventions actively promoting greater awareness and responsibility for these other issues as part of the effort while others connect everything back to economic self-interest. These are questions to be explored.

We include here a composite of the results identified (measured or identified and not measured) through this process. Measures are included here if they were identified at least once in the ten interventions.

Composite TBL and Wealth Measures and Indicators Identified
(Those included in at least one of the ten TBLC interventions profiled)

TBL	
Economic Impact	Increase in job and business opportunities ▪ Job creation ▪ Job retention ▪ Freedom to pursue an job or business interest ▪ Creation of secondary value-added businesses Increase in investment

	▪ Leveraged 3rd party investment Increase in incomes (business and individuals) ▪ New sources of income ▪ Increased profitability ▪ Business revenue growth Increase in number and value of assets ▪ Increased property and home values ▪ Expanded home ownership ▪ New housing or buildings Cost savings and avoidance ▪ Cost savings (energy, materials, inventory) ▪ Fines avoided Increased efficiency ▪ Employee time saved ▪ Improved service through better employee-client relations ▪ Improved employee satisfaction and retention
Environmental Impact	Protection from environmental degradation ▪ Protection of riparian zone ▪ Diversion of water from waste stream ▪ Protection of and maintenance of farmland Improvements in environmental condition ▪ Improvements in water quality ▪ Improvements in habitats (fish, forest) ▪ Improved forest health Increase in sustainable practices ▪ Transfer to recycled materials ▪ New certified sustainable acreage Reduction and elimination of hazards ▪ Decrease in use of toxics ▪ Elimination of existing toxics ▪ Reduction in use of fossil fuels and other environmentally problematic energy sources Re-use and more efficient use of existing space and materials ▪ Re-use of existing space ▪ More efficient allocation of existing physical space
Social Inclusion	Expanded opportunities for minorities and women ▪ Expanded minority and women ownership (businesses & homes) Expanded opportunities for low-income people ▪ Assistance to low-income families ▪ Improvements to living conditions (sewage problems) ▪ Job and income opportunities for low-income people Increased assets for low-income people ▪ Low-income access to affordable housing, housing improvements and home ownership Increase in local ownership ▪ Increase in local land tenure

Wealth	
Intellectual Capital	Understanding of new ideas and opportunities in products and markets ▪ Awareness of economic opportunities in environmental issues and green markets ▪ Product development ideas ▪ Understanding of new and emerging markets New ways of thinking and understanding ▪ Thinking and awareness of systems and connections in a region ▪ Understanding of continuous improvement and lean models
Social Capital	Improved working relationships across sectors (public, private, non-profit) and within industries and businesses and aligned goals ▪ Improved working relationships between diverse agencies, organizations and entities ▪ Social capital within industry sectors and among businesses in a place ▪ Relationships of individuals and businesses with public sector entities ▪ Improved employee relations
Individual Capital	Increased skills and capacities in enterprise management and emerging sectors ▪ Skill development in operations management, financial management, business planning, marketing ▪ Increased leadership capacity to be an entrepreneur ▪ Skill development relevant to new sectors under development (energy efficiency, for example) ▪ Increased awareness of available resources to develop skills
Natural Capital	Protection, restoration and improvement of natural capital ▪ Improved water quality ▪ Restored fisheries habitat ▪ Preservation of existing farmland ▪ Space remediated from toxic conditions ▪ Restored natural conditions ▪ Improved atmospheric conditions (global warming) ▪ Improvement in forest health and prevention of future degradation
Built Capital	New buildings, infrastructure and technology ▪ New residential construction ▪ New technology and structures (farming) ▪ New sewage infrastructure ▪ New infrastructure to access water (wells) Protection, improvement and restoration of existing buildings and infrastructure ▪ Revitalization of existing buildings ▪ Improved housing stock (septic systems, efficiency, renovations) ▪ Protection of existing buildings (houses, buildings)
Financial Capital	Increase in financial wealth from increased incomes and savings ▪ Financial wealth resulting from greater incomes, sales, profitability

	(for businesses/enterprises and individuals) ▪ Financial wealth resulting from cost savings (energy costs) Growth in equity ▪ Increase in business equity ▪ Increase in home equity Increase in asset value ▪ Increase in value of assets (homes) ▪ Increase in value of non-cash but potentially financially convertible assets (forestland) Increase in access to capital ▪ Increase capital from leveraging new or improved assets

6. Reflections on Measurement

The current practice of outcomes measurement for TBLC and among the TBLC groups includes a number of relevant themes for this learning process, which are noted here.

The TBLC Scorecard and other up-front tools are one way TBLC and its groups seek to measure triple bottom line impacts.

The TBLC scorecard[1] provides a disciplined, uniform set of questions and indicators to use in the assessment of how particular deals fit into a triple bottom line framework. It translates key goals of economic, environmental and equity impact into specific quantifiable indicators. The TBLC practice of reviewing deals as a group brings additional experience and learning in how to use such a tool. As members note, it's not just a measurement tool—it's a frame of mind or a lens to promote thinking that biases us toward results and includes all aspects of the triple bottom line. This affects not just the groups' choices on individual deals, but how they design new programs and efforts.

This review of interventions reveals a number of other up-front screening tools various TBLC groups have developed to assess how triple bottom line-oriented a deal or project will be, such as CEI's low-income job assessment. These tools are designed to be used at the beginning of an intervention, but can also be used to follow-up to see how well targets or expectations were met. TBLC is about to re-assess the scorecard tool again—one issue that has arisen is the tension between keeping it as simple as possible so that it doesn't take too much time to use and making it complex enough to reflect the diverse texture of desired outcomes.

TBLC groups have had more experience and success measuring the outcomes of their financial strategies than other strategies.

A number of TBLC groups noted the inherent difficulties in applying the same kind of measurement discipline to programs or projects, where the outcomes may be harder to see or be aware of, less tangible or less quantitative. The fact that financing involves a shared liability between the lender and the borrower means an additional incentive and expectation for regular reporting that triple bottom line questions can be easily integrated into. For example, TBLC groups do annual surveys of their portfolios. TBLC groups in general have had less success developing measurement systems for non-finance strategies.

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[1] TBLC Scorecard with data from 2006 is included in Appendix 2 at the end of the document.

TBLC's experience reveals the difficulty, if not impossibility, of identifying uniform measures or indicators.
Indicators of change in terms of the triple bottom line are often place- and culture-specific, and are specific to the kind of intervention (strategy) that is being undertaken and its intent. Thus, it is practically impossible to expect to find a uniform set of indicators that will work across the board. Context matters a great deal. Two exceptions to this are: 1) TBLC's scorecard is uniform across place and context for the assessment of individual deals; 2) Shorebank Enterprise Cascadia has developed a set of nine indicators that it uses across programs to measure its outcomes. These two examples should be examined more closely to see what can be learned about the possibility of creating more uniform measures.

Choosing individual measures and indicators that matter is also challenging.
The challenge in TBLC's experience is to find core/systemic measures that get to the heart of what is trying to be achieved. Also, it's important to pick measures that can be plausibly linked to the intervention. Additionally, many important outcomes can be difficult to quantify. Finally, some things are more costly to measure than others, and the benefits of measuring them may not outweigh the cost.

Appendix 1: TBLC Intervention Matrix

Intervention	*Organization*	*Location*	*Time Period*	*Scale*	*Type*	*Sector*	*Tools*
Energy Efficiency Home Loan Program	Four Directions Development Corporation	Maine	2006-present	6 loans	Program	Energy	Loans, audits, education
Septic Loan Program	Shorebank Enterprise Cascadia	Washington	2004-present	61 loans for $1.5 million	Program	Housing	Loans, partnerships
Farms for the Future	Coastal Enterprises, Inc.	Maine	2001-present	165 farms supported; 18,814 acres placed in non-development	Program	Agriculture	Cost share grants, business planning team technical assistance
Smallwood Utilization Network	Montana Community Development Corporation	Montana	2000-present	e-network has 10,000 subscribers	Program	Forestry	Networking, communication and education, assistance, loans
Forest Opportunities Initiative--Carbon Credit Program	Mountain Association for Community Economic Development	Kentucky	2005-present	47 applicants for 25,000 acres; 6 loans	Program	Forestry	Technical assistance, loans
War Memorial Hospital lean project	Northern Initiatives	Michigan	2007?	1 project	Consulting Project	Health care	Consulting services
Garden Bouquet deal	Northern Initiatives	Michigan	2007-present	1 deal	Deal	Agriculture	Loan
Renwick Millworks deal	Natural Capital Investment Fund	West Virginia	2006-present	1 deal + assistance	Deal	Forest Products	Loan, technical assistance, training
Fenter Fairing/Compass Rose Farm	Shorebank Enterprise Cascadia	Washington	2006-present	1 deal	Deal	Agriculture	Loan
Look's Gourmet	Coastal Enterprises, Inc.	Maine	2005-present	2 investments + grants	Deal	Fisheries	Equity investment, grants, assistance

Appendix 2: TBL Collaborative Investment Portfolio - October 1, 2006

		Unit	Impact	Number of Investments
	Amount of Portfolio ($):	$	$ 11,059,100	17
Economy Metrics				
1	Number of Jobs Created and/or Retained	#FTE	416	16
2	Payroll and Benefits	$	$ 1,678,000	7
3	Leveraged Investment	$	$ 20,478,000	14
4	Secondary Value-added Businesses: Manufacturing Businesses	#	7	8
	Natural Resource Businesses	#	4	4
5	Local Sourcing	$	$ 3,954,000	8
6	Housing units constructed or preserved	#Units	20	3

Environment Metrics		Unit	Impact	Number of Investments
	Sustainable Management of Natural Resources			
7	Sustainable/Certified Natural Resource Management	#Acres	8,620	4
		#Spcs	1	
8	Land Conserved or restored	#Acres	0	0
	Protection of Water quality and systems			
9	Functioning riparian zone restored or retained	#Ft	0	0
10	Water Quality preserved (gallons)	#Gall	933,783	4
	Reductions in Material use and Toxics			
11	Material diverted from the waste stream	# Lbs	5,220,000	7
		#Units	0	
		#Gall	2000	
12	Toxics reduced or eliminated	#Lbs	0	0
13	Building Re-use	#SqFt	238,101	7
14	Healthy buildings: improve indoor air quality	#SqFt	78,200	2
	Reductions in Energy consumption & Green House Gas Emissions			
15	Energy saved / conserved	#MBTU	2858054.1	6
16	Energy efficient improvements	#SqFt	187,590	6
17	Renewable energy capacity generated	# MWh	35	3
		#Hour	0	
		#Gall	0	
18	Reduction in Greenhouse Gas Emissions (CO2.)	#Tons	767	3

		Unit	Impact	Number of Investments
	Promotion of Healthy Communities: Healthy Buildings, Smart Growth and Livable communities			
19	In-fill of buildings, sites and infrastructure	#SqFt	608,200	6

Equity Metrics		Unit	Impact	Number of Investments
	Targeted Group Impacts			
20	Assistance provided to businesses or households in a targeted group	#	15	5
21	Employment and training opportunities created for members of targeted group	#	362	3
22	Investment ($) in a business or household controlled by a targeted group	$	$ 3,385,000	4
23	Assistance to low income families	#	1025	5
	Targeted Area Impacts			
24	Assistance provided to businesses, or households in a targeted area	#	14	13
25	Employment and training opportunities created in a targeted area	#	384	5
26	Investment ($) in a business or household in a targeted area	$	$ 5,996,100	13
	Local Control and Access Impacts			
27	Assets under local control in a targeted area	$	$ 15,075,000	13
28	Public access to land/facilities	#Acres	7.1	1
29	Access to working lands	#Acres	2300	1
		#lin. Ft.	500	
	Housing Access Impacts			
30	Affordable housing units	#	20	4
31	Businesses and Housing units made more accessible	#	10	2

Triple Bottom Line Collaborative Investment Scorecard

Instructions for Use: This is a Triple bottom Line scorecard for community development investments. In order to qualify as a Triple bottom Line investment, each investment must have at least one measurable impact (metric) in each of the three Triple Bottom Line Categories - Economy, Environment, and Equity. Each metric has a nested definition and standard unit for reporting. Only those metrics with this data will be counted. Submitting community development organizations are responsible for TBL metric data collection and documentation. Submitting organizations should be prepared with backup documentation in the event of a TBL portfolio audit.

Approach: This scorecard is focused on the direct outcomes of an investment. The outcomes generated as a result of the loan or technical assistance determine the eligibility of the investment for triple bottom line status. Impacts related to the investment resulting from existing conditions, past improvements (prior to the investment) or secondary impacts do not. There is space provided at the end of the card that allows submitting organizations to describe the important but secondary impacts of the loan, for example the building financed will have tenants that relate to our list of outcomes.

Origin: The TBL Collaborative Investment Scorecard was developed in 2006 by a collaborative of nine community development financial institutions. The scorecard captures the triple bottom line impacts of investments made by members of the TBL Collaborative.

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ECONOMY	
The purpose of this metric category is to measure improvements to the economic health of individuals, enterprises and communities. Therefore, these metrics include tracking how TBL loans/investments generate income or assets for individuals and enterprises and how this then improves community or regional economic health. Metrics include tracking jobs created or retained, payroll and benefits, other capital leveraged into the region, housing units constructed and goods or services locally sourced.	
Number of Jobs Created and/or Retained (#FTE)	Number of Jobs Created and/or Retained: Enter the number (in whole and half units) of new jobs anticipated or projected and existing jobs retained. For the business itself: one FTE is a 35-hour or more work week. Part time employees should be combined; i.e. 2 part time employees that work 17.5 hours equal one FTE. Data point in increments of whole or half. Real Estate loans, report the number of construction jobs expected to be created by the financed construction project. Using the RIMS II multiplier model, 1 FTE construction job is created by every $83,000 in construction activity.
Payroll and Benefits ($)	Payroll and Benefits: Enter the estimated increased value ($) of payroll and benefits on an annual basis resulting from activity related to this investment.
Leveraged Investment ($)	Leveraged Investments: Enter the total amount of funds leveraged in addition to the investment. Private Funds: Any leveraged investment that is not from Public Funds; Public Funds: Dollars derived from and/or invested by government resources. Owner Equity: Cash or in kind investments made by Borrowers in the same transaction being financed.

Secondary Value-added Businesses: Manufacturing Businesses (#), Natural Resource Businesses (#)	Value-added Businesses: Enter the number of value-added manufacturing and natural resource businesses supported by the investment. Secondary Value Added Businesses add value to a product through a processing activity and sell the processed product to a buyer farther down the supply chain. Value-added natural resource products could include: filleted or herbed fish, repackaged fish, restaurant meals, milled lumber, cheese, etc. Value-added manufacturing products could include: machined metal parts, ceramics, furniture assembly, computer chips, etc. Products which are NOT secondary value added: service businesses, construction, transportation.
Local Sourcing ($)	Local Sourcing: Enter the estimated value of local goods and services purchased for the latest year available. Local defined as: within a 100 mile radius of the financed business.
Housing units constructed or preserved (#)	Housing Units: Enter the number of housing units projected to be constructed or renovated as a result of the investment.

ENVIRONMENT
The purpose of this metric category is to measure both increasing positive and reducing negative effects on nature's macro systems through sustainable management of resources, by protecting water quality and systems, through reduction in material use, toxics, energy consumption and greenhouse gas emissions.
Sustainable Management of Natural Resources: The following measurements capture positive environmental impacts resulting from TBL investments in natural resource management systems.

Sustainable/Certified Natural Resource Management (acres, # of species management systems)	Certified/Sustainable Natural Resource Management: Enter the sustainable acres and/or species management systems supported by the transaction. Calculated at the number of acres/species management systems impacted borrowing enterprise. Includes acres certified by third-party certification (USDA National Organic Program, Forest Stewardship Council), species certified by Marine Stewardship Council. In cases, where there is not a third party audited system used the lending entity must make reference to existing Sustainability standards and the case that the borrower reported resource management improvements results in improved resource sustainability. Sustainable Fisheries investments include those under CEI's Fishtag agreement which requires borrowers to contribute to marine research.
Land Conserved or restored (acres)	Land conserved: Enter the number of acres conserved or restored as a result of the investment.
Protection and Preservation of Water quality and Water Systems: The following measurements capture positive environmental impacts resulting from TBL investments in projects that preserve water quality through habitat protection and water conservation practices.	
Functioning riparian zone restored or retained (ft.)	Riparian Zone: Enter the number of lineal feet in riparian zone protected or restored as a result of investment. Riparian refers to a stream, river or other moving waterway; it can be constructed if it functions as a true ecosystem or habitat.
Water Quality preserved (gallons)	Water Diverted from Waste Stream: Enter the number of gallons of water not used or treated sustainably thru installed septic system or storm water practices for new construction or renovation including bio-swales, pervious surfaces or water conservation practices (low flush toilets). Measured in gallons of water not used or treated as a result of the investment.
Reductions in Material use and Toxics: The following measurements capture positive environmental impacts resulting from TBL investments in projects that reduce the use of harmful materials and/or re-use and recycle built environment assets.	

Material diverted from the waste stream (lbs), (# of units), (gallons)	Materials diverted: Enter the weight (lbs/tons) or number of units (e.g. computer monitors) of materials diverted from the solid waste stream due to increases in efficiency, substitution, or recycle/reuse. This can be measured in terms of units (e.g. typical for electronic waste) or in volume (gallons) or in weight (standard tons).
Toxics reduced or eliminated (pounds)	Toxics reduced: Enter the weight (lbs/tons) of toxic substances reduced and/or eliminated through efficiency and substitution as a result of the investment.
Building Re-use (sq. ft.)	Building Re-use: Enter the square footage of a building renovated/remodeled as a result of the investment. In order to qualify for re-use, the time past since the completion of original construction must meet or exceed 40 years.
Healthy buildings: improve indoor air quality (sq. ft.)	Healthy Buildings: Enter the square footage of residential or commercial buildings that, as a result of the investment, have improved the health of the building by: using Zero VOC paints, non toxic carpets; (note: the Carpet and Rug Institute (CRI), administers the "green label" Indoor Air Quality Carpet Testing Program to assure consumers that the carpet product has been tested and meets the criteria for low emissions and non toxic cleaning supplies). Indoor air quality is influenced by interior products like carpets, paints, and other office equipment. Products made with hazardous materials are harmful to humans and can degrade the natural environment during production and after disposal. The increase in asthma among children over the past few decades has been linked to the quality of the air in indoor environments.
Reductions in Energy consumption & Green House Gas Emissions: The following measurements capture positive environmental impacts resulting from TBL investments in projects that effectively reduce energy consumption, generates new renewable energy capacity and/or reduces green house gases.	
Energy saved/conserved (BTUs)	Energy Conserved: Enter the estimated energy (BTUs) conserved as a result of the investment. (Conversions: 1 Kilowatt = 3,412 BTUs, 1 gallon diesel fuel = 139,000 BTUs, 1 gallon gasoline = 124,000 BTUs).

Energy efficient improvements (sq. ft.)	Energy Efficiency Improvements: Enter the square footage of buildings receiving energy efficiency improvements as a result of the investment. This can include efficiency improvements of lighting (lower usage fixtures, fewer fixtures) increase in building performance through improved insulation, installation of energy efficient windows and higher heating/cooling and appliance efficiency.
Renewable energy capacity generated (megawatts)	Renewable Energy: Enter the number of megawatts of renewable energy generated as a result of the investment. Renewable energy includes wind, hydro, solar and biomass.
Reduction in Greenhouse Gas Emissions (metric tons of CO2.)	GHG Reduction: Enter the reduction in GHG emissions as the result of improvements in change in energy source, energy efficiency, or transportation policy. A GHG reduction/removal is real if it reduces the concentration of GHGs in the atmosphere, and is the result of a specific and identifiable project that is measurable and directly attributable to the project.
Promotion of Healthy Communities: healthy buildings, Smart Growth and livable communities: The following measurement captures the positive environmental impacts resulting from TBL investments in projects that reduce 'sprawl' through the use and re-use of existing infrastructure.	
Infill of buildings, sites and infrastructure (sq. ft.)	Infill: Enter the square footage of land developed or re-developed within an existing area's infrastructure (utilities, roads). This investment can strengthen and encourage growth in existing communities by realizing multiple environmental benefits from "re-using" sites and infrastructure. To achieve credit for an environmental metric, this must be accompanied by another qualifying environmental metric (e.g. Building Re-use).

EQUITY

This category measures the investments' contribution to building social capital by providing capital, assistance and asset development towards historically disadvantaged individuals, sectors and communities.
Targeted Group Impacts: The Targeted Group measurements capture positive impacts generated by TBL investments on individuals in a targeted group. Targeted groups are defined as members of a historically disadvantaged group (people of color, low-income families, women, disabled persons, youth, elderly, etc) and/or members of a distressed community or business sector.

Assistance provided to businesses or households in a targeted group (#)	Assistance to Targeted Group: Enter the number of the businesses or households impacted by the TBL investment if the business or household is more than 50% owned or controlled by a representative of one or more targeted groups. If the business is for profit concern, more than 50% of its owners must be targeted; if the business is a nonprofit, more than 50% of its BOD must be comprised of minorities (i.e. CEO).
Employment and training opportunities created for members of targeted group (#)	Employment and Training Opportunities: Enter the number of employment opportunities and/or training opportunities (e.g. housing, financial, employment) provided to members of a targeted group.
Investment ($) in a business or household controlled by a targeted group	Investments in Targeted Group: Enter the amount ($) of investment (loan, equity or grant) in a business or real estate asset held or controlled by members of a targeted group.

Assistance to low income families (#)	Low Income Family Assisted: Enter the number of low Income families assisted. Low Income is defined as an annual income adjusted for family size of not more than: 80% of median the applicable County's annual income, per census data for 2000. Low Income Status: The income status of the Borrower. If more than one borrower, respond for the primary. If more than one primary select the income status of the highest income person. Low Income means an annual income adjusted for family size, of not more than: for metropolitan areas 80% of the area median family income; and for non-metropolitan areas the greater of 80% of the area median family income; or 80% of the statewide non metropolitan area median family income.
Targeted Area Impacts: The Targeted Area measurements capture positive impacts generated by TBL investments on geographic areas that are determined to be distressed. Distressed areas include CDFI Funds Hot Zone (reference), HUD's Empowerment Zone or Enterprise Community, or Renewal community, SBA's HUB Zone, Native American Tribal Lands, or a state or local economic development zone.	
Assistance provided to businesses, or households in a targeted area (#)	Targeted Area Assistance: Enter the number of businesses or households impacted by the TBL investment if the business or household is located in a targeted area.
Employment and training opportunities created in a targeted area (#)	Employment and Training Opportunities: Enter the number of employment opportunities and/or training opportunities (e.g. housing, financial, employment) provided in a targeted area.
Investment ($) in a business or household in a targeted area	Investment in Targeted Area: Enter the amount ($) of investment in a business or real estate asset located in a targeted area.

Local Control and Access Impacts: The Local Control and Access measurements capture the positive impacts generated by TBL investments that enhance local control and access to local assets.	
Assets under local control in a targeted area ($)	Local Control: Enter the value ($) of the property asset or estimated value ($) of the access right if the investment facilitates the transfer of ownership, continued ownership, or other long term proprietary rights to use, occupy and/or develop land, improvements or business assets in a special target area by resident of the same target area. Value of property based on post appraisal value for construction loan, for equipment / working capital use most recent appraisal or in lieu of that a tax assessment. Value of access right based on lender estimate.
Public access to land/facilities (acres, sq. feet)	Public Access: Enter the acres or square footage of property if the investment facilitates the opening of land or facilities for public use. Project must result in a net benefit for a target group (low-income families, people of color, etc.). May include an asset moving into public ownership, or a private asset opened for public use (1 acre = 43,560 square feet).
Access to working lands	Access to Working Lands: Enter the acres of the property if the investment facilitates the continued 'working' use of a local natural resource asset in a rural area. Enter the lineal feet of waterfront if the working landscape pertains to dock access in the fishing industry. Working lands include forest land and agricultural land.
Housing Access Impacts: Housing Access measurements capture the positive impacts generated by TBL investments that increase financial and physical assess to housing, and increase physical access to businesses.	
Affordable housing units (#)	Affordable Housing: Enter the number of units created, renovated, leased or sold that meets affordable housing definition for targeted area.
Businesses and Housing units made more accessible (#)	Accessible Buildings: Enter the # of businesses or housing units that have reduce accessibility barriers in the built environment and promote the full integration of people with disabilities into society.