PPEH Climate Finance Documentation Project

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Abstract

The Climate Finance Public Research team worked with 2 project partners, Bethany Wiggin from Penn Program in Environment Humanities (PPEH) and Tyler Hoffman from the Wharton Social Impact Initiative, and 3 other research interns to provide resources for understanding Wharton’s Total Impact Portfolio Challenge (TIPC) and climate finance more broadly. The goals were to document the human faces of climate finance, highlight the experiences of TIPC contestants, explore the power of finance when strategizing climate solutions, and make the work digestible and approachable to the public. Methodology consisted of preliminary research on climate finance and remote interviews with students and experts using Google Forms. The research findings were key terms and definitions for understanding climate finance, and information about the TIPC. These were used to build a website (www.investing4future.org) and social media accounts (@_invest4future) to disseminate the information in an accessible way. Future directions for the project are to create blog posts and articles from the interview responses, and an opportunity for a future study is to use the platform created this year to document next year’s TIPC and build on the website.

Introduction

With the climate crisis posing increasingly high risks to the world, there is a need to find solutions from all sectors. Climate finance is an emerging area of interest to approach climate solution strategies from a financial perspective at the intersection of capitalist market economy goals and environmental goals. Wharton’s 2019-2020 TIPC focuses on a specific application of these tools by challenging teams to invest the endowment of a fictional college in ways that support climate solutions. Because this field is relatively new, not many resources exist to offer a climate finance curriculum to student participants, or anyone else interested in the subject. By working with PPEH and the TIPC, the Climate Finance Public Research team attempted to both document this challenge and make approachable information related to climate finance available to everyone.

Project Overview

There were two underlying goals to our project: to help document the TIPC challenge and capture this phenomenon of increased interest in climate finance for future marketing use, and to provide a general resource for students interested in climate finance. In order to create the public resource, the research process was divided into two main stages. First, a literature review of already existing resources around climate finance and impact investing was conducted. This process ended up in the creation of a lexicon that helped to dissect complex terms in climate finance into more digestible pieces for those who might not have a technical background in
finance. The second part of the research process was conducting primary research through stakeholder interviews. Through interviewing TIPC participants, industry experts and academic researchers, we began to lay the groundwork for blog content.

Research Findings

For a large part of the project, the focus was on brainstorming and simply compiling a list of resources to identify what exactly climate finance is. As a highly dynamic, evolving field, there is little consensus on what exactly climate finance is. Hence, the team investigated all the different aspects of where finance and environmental initiative intersected. Climate finance, as it turns out, was first used in 1992 by the United Nations to describe broad initiatives aimed at wealthier Global North countries providing financial backing to the developing countries of the south. The logic being that funding would allow these developing countries to skip a fossil fuel “industrial revolution” phase and allow them to start building green infrastructure sooner. Today climate finance has branched out into many fields, but at its core, it represents a method addressing the climate issue using the private market and capitalism. Climate Finance is about creating situations where the quest for profit intersects an environmental goal. Profit as a motivating tool has fueled some of the greatest strides in technology and human development, and it could just hold the key to unlocking massive strides in environmental efforts. Traditionally business developments are evaluated purely on Return on Investment (ROI), a quantitative method of analysis that assigns no value to positive or negative societal/environmental impacts. Hence, social impact investing arose as a more humane counter to strict ROI, these investments would support environmental and social causes while also landing a profit. Furthermore, recent studies by McKinsey & Company suggest that the stigma of low returns from impact investing is a “myth”. As more and larger companies start prioritizing social impact investment, industry-wide moves to such new standards seem poised to move. Thus a major goal in climate finance is to keep showing and convincing the private market that impact investing is secure and just as financially feasible as typical investments. This is what Wharton’s Total Impact Portfolio challenge sought to demonstrate in regard to college endowments.

The COVID-19 crisis threw a huge wrench in the team’s plans, especially with regards to the TIPC as the in person competition was canceled. Still, further research findings were broad and varied between the six PPEH climate finance interns. Different intern focuses, ranging from energy finance to social justice to economics. Everything from the importance of entrepreneurship in the energy industry to the importance of women’s education in tackling climate change were discussed in differing articles.

Overall, this website, found at [www.investing4future.org](http://www.investing4future.org), serves as a foundation for further public research on climate finance. This information could contribute to both personal environmental initiatives to a possibly even a proposed climate finance curriculum.

Results and Evaluation

The most successful results of this research were the website and social media. The website consists of an introductory “About” page, a “Blog” page, a page dedicated to the “Investment Challenge,” and a “Lexicon” page to introduce people to the language used in the
content. Blog posts include TIPC Contestant Spotlights, and “Looking Beyond Bonds: Women’s Education as a Climate Finance Tool,” and we will continue to add to this page. Key words and phrases defined in the lexicon include the Climate Issue, Return on Investment, Social Impact Investing, Climate Finance, Marketing Green Investment, and Green Investment Risks.

This website provides the basis for releasing more information to the public, and spreading the word about climate finance. The social media aspect of the project, using Instagram and Twitter, further amplified the message and reached different audiences than the website would alone. These accounts shared blurbs from the “Lexicon” page, bios of the PPEH team, and articles or other content related to climate finance.

I would add in a few of the results of the research and some of the important pieces of lexicon.

There were a few challenges that arose throughout the research process, especially regarding COVID-19 and the transition to online school and social distancing measures. The first semester was primarily spent building background knowledge and brainstorming interviews and projects for the next semester. However, when this semester was interrupted, the central approach of in person interviews had to be rethought. The time lag from an extra week of Penn’s break and having to redesign the research approach resulted in much less content for the website than originally planned. Additionally, although Google Forms provide a way to hear people’s voices, they do not provide the same type of conversation as an in person interview, nor do they allow for creating podcasts as part of the website, as originally planned. There was a substantial amount of background work that needed to be done and the team had many ideas that were not actualized due to time constraints, but this provides opportunities for the future.

Now that the website and social media accounts exist, key information has been compiled, and contacts have been made with important partners, there is a basis for the research to be continued in the future. The website is a blog model, which means new posts can continually be uploaded to it, and the social media accounts can share new progress as it is made. Also, the TIPC will happen virtually at a postponed date, and is an annual competition, so documenting this is still entirely possible in the future. While unexpected challenges altered the expected trajectory of the project this year, the ultimate outcome did fulfill most of the goals and laid the groundwork for future work.

Conclusion

The project ended up being a valuable learning experience for the team and project partners. While the start of the process was more delayed than hoped for, the process was still valuable and set the stage for any future work that PPEH might want to conduct in the realm of climate finance. This likely includes expanding on the public research database we’ve created and setting the framework for a proposed climate finance curriculum.

Appendix

Project Partner:
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Climate Finance Public Research Interns:

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