Workshop SHIFT

SUSTAINABILITY

Harnessing Individual and Further Transitions

Venue
Room 614B, 6th floor, EconomiX
University of Paris Nanterre
Bâtiment G - Maurice Allais,
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Local organizers
Bénédicte COESTIER
Lucille NEUMANN NOEL
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PROGRAM

April 11, 2025

8:30 – 9:15 *Welcome and Coffee Meeting*

9:15 – 10:45
Session 1. Capital, Debt, and Economic Growth
Chair: Lionel Ragot (EconomiX, University of Paris Nanterre)

Paper 1 [9:15-10:00]	*Economic growth with brown or green capital* - **Stefano Bosi (EPEE, University d'Évry)** and Cuong Le Van (Paris School of Economics and IPAG Business School)
Paper 2 [10:00-10:45]	*Credit Rationing in Unsecured Debt Markets* - V. Filipe Martins-da-Rocha (Sao Paulo School of Economics and Université Paris-Dauphine), **Yiannis Vailakis (University of Glasgow)** and Toan Phan (The Federal Reserve Bank of Richmond)

10:45 – 11:00 *Coffee Break*

11:00 – 12:30
Session 2. Individual Preferences and Market
Chair: Phu Nguyen-Van (EconomiX, University of Paris Nanterre)

Paper 3 [11:00-11:45]	*Investigating new ways to finance organic farming: a national survey on French consumers* - Jens Abildtrup (BETA, INRAE), **Anne Stenger (BETA, INRAE),** Nathalie Picard (BETA, University of Strasbourg), Yuqi Zhang (BETA INRAE), Raphaëlle Rio (BETA, INRAE)
Paper 4 [11:45-12:30]	*ESG News Sentiment and Equity Prices* - **Hans-Jorg Von-Mettenheim (IPAG Business School)**

12:30 – 14:15 *Lunch Break*

14:15 – 15:45

Session 3. International Climate Finance

Chair: Lucille Neumann Noel (EconomiX, University of Paris Nanterre)

Paper 5 [14:15-15:00]	*Determinants of International Climate Finance: A Gravity Panel Model Approach* - David Dosso (CEPN, University of Sorbonne Paris Nord), Imen Ghattassi (CEPN, University of Sorbonne Paris Nord), **Francisco Serranito (EconomiX, University of Paris Nanterre)**
Paper 6 [15:00-15:45]	*Climate finance and North-South relationship under ambiguity in environmental concern* - **Ngoc-Sang Pham (EconomiX and EM Normandie)** and Thi Kim Cuong Pham (EconomiX, University of Paris Nanterre)

15:45 – 16:00 *Coffee Break*

16:00 – 17:30

Session 4. Regulation

Chair: Élisabeth Tovar (EconomiX, University of Paris Nanterre)

Paper 7 [16:00-16:45]	*Intertwining politics and business ethics: Unraveling the Influence of Political Connections on Corporate ESG Performance* **-** Xiaodong Yang (Shihezi University), **Ahmed Imran Hunjra (IPAG Business School),** Maria Giuseppina Bruna (IPAG Business School), Tapas Mishra (University of Southampton), Shikuan Zhao (Chongqing University)
Paper 8 [16:45-17:30]	*Climate and environmental disclosure: laws as catalyst - Mathieu Bernard (LPNHE, Sorbonne University), **Bénédicte Coestier (EconomiX, University Paris Nanterre),** Fabienne Llense (EconomiX, University Paris Nanterre), Maxime Lucet (Sorbonne University)*

ABSTRACTS

Paper 1. ***Economic growth with brown or green capital* - Stefano Bosi** (EPEE, University d'Evry) and Cuong Le Van (Paris School of Economics and IPAG Business School)

We study a discrete-time growth model where capital affects the productivity of other firms and can therefore be "brown" or "green". Brown inputs, decreasing productivity, are a negative externality, while green inputs, whether human or natural, increasing productivity, are a positive externality. We prove the existence of self-consistent externalities before the existence of a competitive equilibrium, and the occurrence of two-period cycles through bifurcation analysis. In particular, externalities lead to cycles: when negative, under dominant income effects; when positive, under dominant substitution effects.

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Paper 2. ***Credit Rationing in Unsecured Debt Market*s** - V. Filipe Martins-da-Rocha (Sao Paulo School of Economics and Université Paris-Dauphine), **Yiannis Vailakis** (University of Glasgow), Toan Phan (The Federal Reserve Bank of Richmond)

We revisit the welfare properties of competitive credit markets with endogenous debt limits that arise from limited commitment. We introduce a novel concept of constrained efficiency to encompass economies where market interest rates influence default values and participation constraints. We explore this concept through a baseline economy featuring heterogeneous agents with cyclical endowments. The analysis shows that the efficiency of market equilibria and welfare outcomes are sensitive to the nature of default punishments. It suggests that laissez-faire debt limits, while supportive of risk-sharing, might not always optimize welfare. The study illustrates how credit rationing—tightening future debt limits—can enhance current risk-sharing and overall welfare. This occurs because such interventions influence market interest rates and the default option's value, thereby affecting agents' present consumption and saving choices, and enabling a more efficient allocation of resources.

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Paper 3. ***ESG News Sentiment and Equity Prices*** - **Hans-Jorg Von-Mettenheim** (IPAG Business School)

In this study we analyze how ESG related news impacts equity prices. Indeed, news is often one of the first signs of events that are in the process of happening and have the potential to impact ESG scoring or specific SDG related scores. We observe large equity universes in order to assess whether markets care about such type of news. We find that building strategies based on our scores delivers attractive Sharpe ratios compared to index benchmarks on a monthly basis.

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Paper 4. ***Investigating new ways to finance organic farming: a national survey on French consumers* -** Jens Abildtrup (BETA, INRAE), **Anne Stenger** (BETA, INRAE), Nathalie Picard (BETA, University of Strasbourg), Yuqi Zhang (BETA INRAE), Raphaëlle Rio (BETA, INRAE)

France is struggling to expand the area under organic farming (OF). Public investment in the conversion and maintenance of this agricultural system remains limited, despite European objectives aiming for 25% of agricultural land dedicated to OF and France's national target of 18% by 2027. In this study, we conducted a survey of French consumers to explore crowdfunding as a potential financing solution to assist farmers. We are among the first studies to explicitly examine citizens' preferences for participatory support mechanisms for OF, specifically through monetary contributions (crowdfunding), including donations (crowdgifting) and loans (crowdlending), as well as time contributions (crowdsourcing). Crowdfunding participation is influenced by a variety of socio-economic, experiential, and behavioral factors. We observe that willingness to contribute—whether financially or through labor—is high, and that certain project characteristics, such as location or the presence of a counterparty, are particularly valued. Individuals who consume organic products are more likely to engage in crowdfunding. Additionally, those following specific dietary regimes (e.g., vegetarianism, veganism) show a higher propensity to support crowdfunding projects that do not involve livestock production. Willingness to pay a price premium for organic food is also a strong determinant of crowdfunding participation. Furthermore, individuals who perceive their involvement in crowdfunding as a factor influencing their future organic food consumption are more likely to participate in donation- and loan-based crowdfunding. Understanding these dynamics is essential for designing targeted campaigns that effectively engage potential contributors.

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Paper 5. ***Determinants of International Climate Finance: A Gravity Panel Model Approach* -** David Dosso (CEPN, University of Sorbonne Paris Nord), Imen Ghattassi (CEPN, University of Sorbonne Paris Nord), **Francisco Serranito** (EconomiX, University Paris Nanterre)

This paper addresses climate change by examining the determinants of international climate finance. In response to the effects and potential damages of climate change, countries and international institutions are increasingly making efforts to mitigate its impacts. While financial assistance are being increasingly mobilized to help countries confront this threat, many nations remain underprepared for the effects of climate change and are at risk of experiencing significant economic and social damage due to climate-related events. This paper focuses on the allocation of international climate finance, exploring the extent to which countries are supported in their climate change adaptation efforts, particularly with regard to more vulnerable nations. By employing a Gravity Panel Model that includes 140 recipient and 30 provider countries over the period 2000-2021, this paper shows that vulnerable countries to climate change are not likely to receive climate finance in the form of either grants or loans. Political ties and economic interests appear to play a significant role in the allocation of international climate finance.

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Paper 6. ***Climate finance and North-South relationship under ambiguity in environmental concern*** - **Ngoc-Sang Pham** (EconomiX and EM Normandie) and Thi Kim Cuong Pham (EconomiX, University of Paris Nanterre)

This paper aims to investigate the donor's choice of aid and its impact on both the environmental quality and economic development of donor and recipient countries. Adopting a two-country and two-period model, we account for the potential misallocation of aid by the recipient government, which decides on climate aid use, public investment, and environmental spending by maximizing its objective function incorporating both population welfare and its own interests. In a context where the donor cannot fully observe the recipient government's environmental priorities, we explore how the donor determines the optimal allocation of aid. Furthermore, we assess conditions under which climate aid can effectively contribute to improving global environmental quality and fostering sustainable growth in both countries.

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Paper 7. ***Intertwining politics and business ethics: Unraveling the Influence of Political Connections on Corporate ESG Performance*** **-** Xiaodong Yang (Shihezi University), **Ahmed Imran Hunjra** (IPAG Business School), Maria Giuseppina Bruna (IPAG Business School), Tapas Mishra (University of Southampton), Shikuan Zhao (Chongqing University)

Corporate ESG performance has gained increasing attention in a tremendous context of global warming and environmental crisis urging companies' socio-environmental commitment and calling for deep socio-organizational and economic transitions. Political connections, which providing firms with efficient access to key-resources and strategic information, are believed to influence ESG performance sustainable development, while academic research in the field results as limited. To fill the gap, the present study analyzes A-share listed companies from 2009 to 2022 to examine how political connections can affect ESG performance and its economic implications. The empirical findings show a strong positive relationship between political connections and ESG performance, suggesting that companies leverage government-backed resources to enhance ESG efforts as part of their commitment to sustainability. The robustness of these results is confirmed through a range of methods, including provincial fixed effects, removing pandemic-period data, excluding firms from centrally governed municipalities, omitting enterprises listed for less than three years, and using clustered and Poisson regression models. Political connections improve ESG performance by reducing financing constraints, enhancing executives' green perceptions, and increasing media attention. The impact is stronger in firms located in eastern regions, less-polluting industries, and those led by executives with international experience, while it is weaker in midwestern firms and those with leaders lacking overseas exposure. Political connections engender the greatest impact on social performance, followed by governance and environmental aspects. ESG performance significantly influences total factor productivity. These findings offer valuable insights for policymakers and businesses seeking to leverage political connections to improve ESG outcomes.

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Paper 8. ***Climate and environmental disclosure: laws as catalyst*** **-** Mathieu Bernard (LPNHE, Sorbonne University), **Bénédicte Coestier** (EconomiX, University Paris Nanterre), Fabienne Llense (EconomiX, University Paris Nanterre), Maxime Lucet (Sorbonne University)

During the 2010s, mandatory disclosure of extra-financial information in France has been encouraged by five major laws passed to reinforce social, environmental and climate accountability of systemic actors, key to the transition process to a low-carbon, circular and sustainable economy. Whether these laws are paper tigers is of the utmost importance in understanding, notably, how firms disclose when disclosure is mandatory. Considering laws as linguistic formulations and their meanings, embedding their expressive and reflexive roles, we provide a qualitative analysis of Universal Reporting Documents of some of the largest publicly traded French companies (CAC40). We highlight that this period of intense regulation has fostered a common language, instilling an environmental and climate reporting culture. In addition, based on a variety of accountability profiles - *responsiveness-oriented*, *controllabillity-oriented*, and *out-of-step* firms -, we underscore diverse dynamics as to the appropriation of the successive laws, along with private and institutional standards.