



STUDY PROGRAMME

ECO

ACADEMIC YEAR

2025 - 2026

SEMESTER

2

COURSE TITLE

SUSTAINABLE FINANCE IN THE EU

COURSE PROFESSORS

**PAUL HIEBERT, ISABEL VANSTEENKISTE &
REINER MARTIN**

COURSE ASSISTANT

COLM LAVELLE

NATURE OF COURSE (COMPULSORY, OPTIONAL)

OPTIONAL

LANGUAGE OF INSTRUCTION

ENGLISH

ECTS CREDITS

4,5

1. **COURSE OBJECTIVE**

Sustainable finance will provide a vital underpinning for a needed green transition, the pace and scale of which embeds both financial risks and opportunities. Within the EU, the European Commission's Sustainable Finance Strategy notes the key role for the financial sector in this 'green' transition. At the same time, climate adaptation and mitigation does not stop at the EU's borders, with large shifts in economies and financial flows expected across the globe over the next years and even decades.

The purpose of this course is to provide students with a thorough understanding of the rapidly evolving topic of sustainable finance. It will set out the perspective of managing financial risk from climate change, through tracing out the economic and financial implications of climate change, on the one hand. It will also review the enabling role of sustainable finance toward climate related goals, i.e. how sustainable finance can support the green transition, on the other hand. The contributing role of policy institutions and private markets to further both aims can play will also be debated. In this regard, the current on-going EU initiatives will be reviewed and put in the global context. Finally, the course will review the challenges and obstacles to supporting the green transition and mitigating the impacts from climate change.

After this course, students will have an understanding of the financially relevant channels through which climate change impacts the macroeconomy and financial sector, the concept of sustainable finance, and the on-going initiatives at EU level and roadblocks to enable the green transition.



2. LEARNING OUTCOMES

At the end of this course, the student will possess:

- a sound knowledge of the financially relevant channels through which climate change impacts the macroeconomy and the financial sector
- a deep understanding of the concept of sustainable finance, its role in enabling the green transition
- the capacity to take a position in the debate concerning the role played by the various EU institutions and national governments in supporting the climate transition and the trade-off with other policy goals
- an ability to evaluate the advantages and disadvantages of various policy options
- an appreciation of the challenges and obstacles to the climate transition
- insights regarding the broader global context

The learning outcomes for this course tie in with the following learning outcomes for the European Economic Studies programme:

- apply economic concepts to assess current problems and policies;
- think innovatively and provide constructive analytical commentary as well as potential recommendations on the evolution of the EU and its possible future development;
- recognise the importance of empirical foundation for knowledge acquisition and evidence-based policies and use quantitative techniques and other empirical methods to evaluate theoretical knowledge;
- be autonomous in their preparation and review of materials for the courses as well as in their completion of assignments bearing different requirements in terms of methodology, workload and evaluation of the final work;
- demonstrate knowledge of the European Union' institutions, competences and substantive principles;
- recognise, analyse, explain and critique economic developments and economic policies in Europe;
- integrate their knowledge of related disciplines (particularly EU law) into the domain specific knowledge of economics.

3. COURSE CONTENTS

- Introduction to key climate change and sustainable finance challenges
- Review of the market failures in environmental economics, both informational and allocative, motivating a role for public policy
- Overview of key concepts in sustainable finance, including a need for a holistic systems view given so-called *dual materiality*
- Sustainable financial markets



- V. Measuring and quantifying financial exposures to climate-related risks
- VI. Forward-looking climate scenario analysis
- VII. The role of policy institutions in leveraging their respective mandates to deal with climate change challenges and in supporting sustainable finance (EU and global)
- VIII. An overview of on-going EU initiatives and the global context

4. TEACHING METHOD(S)

Classes: Students are expected to participate actively in the course and express their views, and may be asked to solve exercises during and in-between classes. Contact hours: 30h.

Term assignment: Students will be required to present an individual analysis on evidence-based policy underpinnings fostering sustainable finance on a scale needed to address the challenges posed by climate change (a session will be organised in which students have to present their progress and preliminary findings in class). The professors and fellow students will give feedback on the work presented.

Class debate: A debate will take place in group format.

5. COURSE MATERIAL

Lecture notes and readings. The readings will be made available through the course web page.

6. EVALUATION

The evaluation will be based on:

- a. Written exam (closed-book), three hours in length, which will take place during the May examination session (50% of the grade).
 - The closed-book exam will consist of four or five questions, and may be divided into sub-questions. All questions will carry the same weight.
 - For the rules concerning the second session examinations, please consult the study rules
- b. Term assignment (25% of the grade)
- c. Class debate (15% of the grade)
- d. Active participation in class lectures (10% of the grade)

For those who have to do their resits in September/October session, the written exam counts 100% of the weight.

The College of Europe reserves the right to change the delivery and assessment of the course in case of force majeure. Any communication from the Department in this regard takes precedence over the information provided in this ECTS card.



7. FURTHER SPECIFICATIONS

In this course, the use of generative artificial intelligence (genAI) is strictly prohibited at all stages of the work process on the in-class oral presentations. According to art. 38 of the Study Regulations, prohibited use means that “all tasks related to an assignment, from planning, conceptualisation to research and writing, must be completed without any support of genAI.”

Failure to respect these rules will be considered academic misconduct and be sanctioned in line with the Study Regulations (Section 4.4.). The use of AI-powered tools for grammar checking or reference management is permitted.

Throughout the whole duration of the exam, all the mobile phones and other electronic devices (except the laptop which you take the exam on) need to be put in silent mode and be kept in your bag. If you want to take and upload pictures to the exam, e.g. graphs, please raise your hand and wait for an explicit authorisation of a supervisor. Any other unauthorised usage and/or possession of phones and/or other electronic devices throughout the entire duration of the exam (inside or outside of a classroom) will be considered as (attempted) cheating and lead to a mark of 0 (under Art. 30b of the Study Regulations).

For the detailed rules on the (digital written) examinations at the College of Europe, please refer to the provisions of the Study Regulations and Dispositions particulières. Students are responsible to have read and complied with the applicable rules.