



Syllabus

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| Academic Year | 2020/2021  |
| Program       | Law, Digital innovation and Sustainability         |
| course        | Green & Sustainable Finance                        |
| Term          | Fall semester                                      |
| Year          | 2  |
| SSD           | SECS-P/11 - Economia degli intermediari finanziari |
| Credits       | 6  |

INSTRUCTIONAL GOAL

The course is a finance theory-based seminar, including lectures, structured class discussion, inspirational speeches by CEO level guest speakers from major institutional and private investors, international foundations and NGOs, simulations, labs and workshops on real world case studies. The course welcomes students with different backgrounds, interested in understanding the interplay between the structure of the financial system, and the pursuit of welfare goals related to environmental protection and social development. After the 2007 economic crisis, a profound critical rethinking has been characterizing the analysis of financial markets, their underlying structure and set of values. Moreover, climate change causes considerable economic damages: as reported by the (Unisdr) and the Centre for Research on Epidemiology of Disasters (CRED), only in the last twenty years (1998 – 2017) there was a 151% increase in economic losses due to climate – related disasters compared with the previous two decades (1978; 1997). These losses have reached a value pairs to approximately 2.245 billion dollars, that they correspond to 77% of the total (2.908 billion dollars). In the contemporary economy, finance has to play a key role in the transition towards sustainable investments – minimizing the environmental impact of industrial developments – and substantive justice (promoting social equality and access to economic resources for every member of the society). Since climate change is now a fact, estimating its economic impacts has become a necessity at all levels, the particular and operational one of market operators (e.g. industrial companies, investment companies, asset managers and so on) and the more general of policymakers and vigilantes, such as central banks which have already started to record the phenomenon and its effects on the development of major macroeconomic variables (such as GDP, inflation, and interest rates) and on financial stability. The course applies and elaborates both the main emergences coming from the theoretical analysis of financial markets, and the practical implications emerging from the characterizing elements of the modern digital economy (e.g. high-frequency transactions, disintermediation, etc.) in order to provide a systemic overview of the upcoming challenges and opportunities for the financial system, and to offer a perspective on potential solutions. Topics include an overview of the regulatory framework for sustainable finance, an in-depth evaluation of the new entities emerging in financial markets and their role in fostering a “sustainable revolution”, and an examination of new strategies and processes of investment in the digital market, such as ICOs and equity-based crowdfunding.

INTENDED LEARNING  
OUTCOMES

**Knowledge and understanding:**

By the end of the course, students should be able to:

- develop a critical comprehension of the inner functioning of the financial ecosystem and how it impacts on social and environmental development;
- understand the distinction between social and environmental sustainability, the different challenges these two strands of research create, and how they interact between each other;
- comprehend how private actors, public entities, rating and impact evaluation agencies, regulatory authorities interact in the regulation and development of financial markets, in order to promote sustainable finance.

**Applying knowledge and understanding:**

Upon completing the study program, students will be able to:

- Understand the inner working mechanisms and legal framework of financial markets, and the relevant provisions and regulatory initiatives on Green & Sustainable finance;
- assess and interpret different theoretical hypotheses and develop policy guidelines to evaluate how to promote sustainable social goals;
- effectively interact in a business environment as an expert in green and sustainable finance, analyse, evaluate and measure impact of possible investments on green and



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sustainable infrastructure

**Making judgements:**

Upon completing the study program, students will be able to:

- present an informed scientific opinion in the public debate concerning initiatives to integrate sustainability considerations into its financial policy framework in order to mobilise finance for sustainable growth;
- apply both legal and economic reasoning in the main aspects of the debate on sustainable finance;
- gather and interpret information and data from different sources, in order to make judgements in an independent way;
- prepare original research supported by relevant bibliography and data analysis, and debate different perspectives to address the issue.

**Communications Skills:**

Upon completing the study program, students will be able to:

- develop the ability to communicate in written form through completing the assignment and oral form through the final exam and the class debate;
- foster the development relational skills in international and multicultural settings;
- participate in a public policy debate, by researching and expressing expert opinions;
- pitch investment ideas to potential investors.

**Learning skills:**

Upon completing the study program, students will be able to:

- build an analytic toolbox from legal, economic and policy analysis;
- solve problems in dynamics settings and develop critical positions.

This ability will be acquired through: class participation, class debate, and research carried out for the drafting of the written assignment.

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Pre-requisites

Students can easily follow the analytical content of this course if they have a basic knowledge and understanding of corporate law and financial markets.

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Course content

The course is divided into four main parts. The first part provides an introductory overview over the general principles and main topics of Sustainable Finance, as well as the main legal framework for sustainable finance. The second part explores the features and characteristics of the new commercial entities operating in financial markets, and their potentials in terms of fostering sustainable growth. The third part of the course focuses on New Markets & Financial Instruments, while the fourth part provides an overview of some compelling topics for the contemporary debate on the Green and Sustainable finance.

Part I – An overview. General principles and main topics of Sustainable Finance

Topics of this part will include:

- Key definitions. Sustainability and Sustainable Finance;
  - Main areas & most relevant case studies;
  - Sustainable Financial System;
  - European and International framework (Recent regulations; Incoming initiatives & soft law; EU & international policy for sustainable finance);
  - OECD role and studies;
  - Environmental issues, related risks and their impact on economic growth and global economy;
  - SF by a macroeconomic point of view;
  - Financial risk management and stress testing for green and sustainable investments. Models adopted by Central banks and rating agencies;
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- Relevant aspects of environmental regulation for SF;
  - Statistics.

Part II – New Commercial Entities

- Sustainable Enterprise & Green Companies: definition and features (SF and corporate law. A brief overview; Corporate sustainability; Green management & Sustainable supply);
- Bank system, Innovative start-up & Sustainability (Sustainable Start-up; Private banking & sustainability; Sustainable Investments);
- National and international regulation: a comparative analysis (Company models. Profit & No-profit entities; Carbon Markets and Carbon Management; Water resources and waste management).

Part III – New Markets & Financial Instruments. New metrics.

- Equity-based crowdfunding & ICO (New trends in enterprise financing; Online platforms; Cryptocurrencies & trading; Exchange & Wallet provider);
- social finance tools (e.g. catalytic philanthropy, mission-related and mission-oriented investments; donor advised funds; public private partnerships, social and development impact bonds);
- blended social finance;
- Green shares and green certificates (CO2 emissions; NoPollution-as-a-value; Comparative regulatory analysis);
- Green-bond and other sustainable products (Early experiences, comparative analysis and case studies);
- Evaluation mechanisms such as Environmental, Social and Governance, Social Impact, Theory of Change and related KPIs;
- ESG risks and mitigation policies (integration of ESG issues in the risk matrix).

Part IV – Regulation & Policy

- Tax and public sector issues (Ecobonus et similia; State aids; Impact of regulation);
- Green procurement (Public procurement: key issues; Tenderers requires, qualification, certification);
- Green loan framework;
- Forthcoming applications (Blockchain and product traceability; Artificial intelligence, Robo-advisory, Algorithmic trading; Internet-of-Things for Sustainability).

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Reference Books

The analysis of very recent or current issues means that it is impossible to refer to a specific textbook. The slides, referring to a given lesson, will be made available to students in advance. However, in order to have a general and analytical view on sustainable and green finance, students can refer to:

Dirk Schoemaker, Willem Schramade, 2019, Principles of Sustainable Finance, Oxford University Press;

Cary Krosinsky, Nick Robins, Stephen Viederman, 2012, Evolutions in Sustainable Investing: Strategies, Funds and Thought Leadership, John Wiley & Sons, Inc. / Wiley Finance;

Marcel Jeucken, 2001, Sustainable Finance and Banking: The Financial Sector and the Future of the Planet, Earthscan Publications;

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Sonia Labatt and Rodney R., White, 2002, *Environmental Finance: A Guide to Environmental Risk Assessment and Financial Products*, John Wiley & Sons, Inc. / Wiley Finance;

Othmar M. Lehner (eds.) 2018, *Routledge Handbook of Social and Sustainable Finance*, Routledge;

Kim Alter 2006, *Social Enterprise Models and Their Mission and Money Relationships*, in Alex Nicholls (ed.), *Social Entrepreneurship. New Models of Sustainable Social Change*. Oxford: Oxford University Press, pp. 205–32  
Mirjam Staub-Bisang, 2012, *Sustainable Investing for Institutional Investors: Risk, Regulations and Strategies* Wiley Finance;

Vikash Ramiah and Greg N. Gregoriou, 2016, *Handbook of Environmental and Sustainable Finance*, Academic Press.

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## Teaching Methods

Slides will be available before the lesson covering each of the specific topics addressed in the course. Hence the traditional presentation of the analytical problems can be concise and leave room to Q&A and discussions.

Guests will give a lecture on Sustainable Finance Policy (names to be announced).

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## Assessment

The assessment of students learning will be centered mainly on written outputs (e.g. business plan, information memorandum, etc.) and their presentation (50% of the final grade), and class participation including students' presentation and class debate (50% of the final grade). The final week will foresee student projects presentations (15 minutes per presentation, plus 5 minutes for questions and discussion). There will be time for feedback and suggestions for how to improve the course going forward.

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