



## **EPEE – Economics and Policy of Energy and Environment**

### **SPECIAL ISSUE**

#### **Climate risks and green opportunities.**

#### **The role of finance for the energy transition**

Ahead of COP26 many countries joined the European Union in declaring net zero emissions targets. Just some years ago, such goals were inconceivable. They strongly moved forward the frontier of climate, even if the issue of the real implementation of climate policies is still open. In such a context the scaling up of green finance arised as a key ingredient: on the one hand, it is crucial in assessing risks and supporting the energy transition also providing new tools and fresh resources; on the other hand it represents a yardstick for evaluating the goodness of long-term and consistent climate policies. Authorities and financial institutions are trying to steer the direction of the financial flows by introducing regulations and best practices and leading by example. For instance, the EU taxonomy is an important step in addressing investments towards sustainable activities. The fields of action which are considered by the European taxonomy are much broader than the traditional areas of climate change, such as mitigation and adaptation. Other objectives which are taken into account are the sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Thus, green finance is still dominated by climate change risks but and can be seen as a key boost for a new sustainable economy where also ecosystem restoration and biodiversity conservation are considered (as witnessed by the recent launch of the Task Force on Nature-related financial disclosures).

This special issue intends to gather contributions concerning the current status of green finance, dimension and trend of the phenomenon, its practical implementation, criticalities and lessons learned. The term green finance is here used for covering a set of phenomena, such as climate-related finance, ESG investments, sustainable finance and the like. The focus of the special issue will be on the financial side of the green investments rather than the real investment flows in green energy and activities. However, the way in which the former can influence and boost the latter will be investigated. Guest editors encourage submissions of original research articles in the following fields:



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### ***Climate risks, the macroeconomy and financial stability***

#### *Integrating climate impacts and policies in modelling and macroeconomic analysis*

1. Climate scenarios in macroeconomic and financial models
2. The effects of the transition on commodity and consumer prices
3. Climate risks and consumer and investor preferences
4. Assessment of the compounding risks of climate change and the pandemic

#### *Climate-related risks to financial and macro stability*

1. Sizing the financial impacts from physical risk. Exposure, PD and LGD.
2. The transmission channels of climate risks (stranded assets, feedback, cross border spillovers and other amplification effects)
3. Climate-related risks for governments finance
4. Climate and nature risks and the GVCs

### ***Economic policies and regulatory mechanisms***

1. Monetary policy and climate change
2. Prudential tools to monitor and tackle climate risks
3. Fiscal and central bank coordination in addressing climate change
4. The link between green financial tools and green real investments
5. The role of public institutions in driving and supporting green finance
6. The insurance sector as a mitigation and as an investor

### ***Markets – Asset prices, data and disclosures***

#### *Climate change, green finance and asset prices*

1. Pricing of various dimensions of climate risk in financial markets
2. Risk preferences and climate risk: measuring climate risk premia and hedging climate risk
3. Climate risks and portfolio alignment modelling
4. Assessing climate-related financial risks for sovereigns
5. Green bonds and Green Exchange Traded Funds
6. Performance of green finance vs traditional finance
7. ESG investments and impact on business

#### *Climate change and data for investors*

1. Metrics of green finance: trend and dimensions of the markets
2. Net zero commitment and portfolio alignment
3. ESG data quality and coverage for large caps and SMEs
4. Greenness of bond issues and issuers, and relevant disclosures
5. Climate and credit risk: the role of rating agencies
6. Biodiversity and financial risks



## **EPEE – Economics and Policy of Energy and Environment**

### **Guest Editors**

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### **Submission Information**

All submitted papers must contain only original work, which has not been published by or is currently under review for any other journal.

Detailed guidelines for editing are available at the following link:

<http://www.francoangeli.it/riviste/NR/Efe-norme.pdf>

Manuscripts should be submitted via this link:

[http://ojs.francoangeli.it/\\_ojs/index.php/fr/about/submissions](http://ojs.francoangeli.it/_ojs/index.php/fr/about/submissions)

### **Key dates**

Full paper submission deadline: **February 28, 2022**

First reviewers' advice: **April 30, 2022**

Publication: **EPEE n. 1/2022**