



Call for Papers

Maastricht Observatory for Responsible, Resilient and Sustainable Societies, Economies and Enterprises
5th Annual Conference 2025

Track: Climate Change, Uncertainty and Sovereign Finance

Maastricht, the Netherlands, 22-23-24 October 2025

Track Chairs:

Diogo Sampaio Lima, Giulia Piccillo

Description of the track

This track aims to bring together theoretical and empirical research at the intersection of sovereign debt, climate change and uncertainty. Climate change poses unique challenges for sovereign debt sustainability. The intensification of climate-related disasters affects countries' ability to service debt while simultaneously creating urgent adaptation investment needs. Meanwhile, uncertainty about both the timing and magnitude of climate impacts complicates policy responses and risk assessment. Fiscal and monetary policies are the traditional ways governments and central banks use to balance the business cycle. Recent research has highlighted how climate vulnerability increases borrowing costs and fiscal deficits, while climate adaptation investments may reduce sovereign risk in vulnerable countries. This creates a complex nexus where climate risks, fiscal constraints, and uncertainty interact. This track seeks to deepen our understanding of these interactions and explore potential policy solutions, including innovative financing instruments like green bonds, sustainability-linked bonds, and debt-for-climate swaps.

Relevant questions can be but are not limited to:

- How do climate risks and uncertainty affect sovereign borrowing costs and debt sustainability?
- What are the implications of climate uncertainty for sovereign debt restructuring?
- How should fiscal frameworks incorporate climate adaptation needs under uncertainty?

- What role can innovative financial instruments (green bonds, sustainability-linked bonds, catastrophe bonds) play in climate finance?
- How do climate vulnerability and sovereign risk interact in determining fiscal space for adaptation?
- What is the optimal design of climate-conditional debt instruments and debt-for-climate swaps?
- How do current and past fiscal and monetary policy already account for risks and uncertainties tied to climate change and the climate transition?

References:

- Bolton, P., Buchheit, L. C., Gulati, M., Marcomber, S., Panizza, U., & Weder di Mauro, B. (2022). Born Out of Necessity: A Debt Standstill for COVID-19. *CEPR Policy Insight*.
- Dietz, S., Bowen, A., Dixon, C., & Gradwell, P. (2016). 'Climate value at risk' of global financial assets. *Nature Climate Change*, 6(7), 676-679.
- Giglio, S., Kelly, B., & Stroebe, J. (2021). Climate Finance. *Annual Review of Financial Economics*, 13, 15-36.
- Lemoine, D. (2021). The Climate Risk Premium: How Uncertainty Affects the Social Cost of Carbon. *Review of Economics and Statistics*, 103(5), 1-45.
- Mallucci, E. (2020). Natural disasters, climate change, and sovereign risk. *Journal of International Economics*, 124, 103303.
- Nordhaus, W. D. (2017). Revisiting the social cost of carbon. *Proceedings of the National Academy of Sciences*, 114(7), 1518-1523.
- Bilal, A. and Känzig, D.R., 2024. The macroeconomic impact of climate change: Global vs. local temperature (No. w32450). National Bureau of Economic Research.
- Stern, N., & Stiglitz, J. E. (2021). The Social Cost of Carbon, Risk, Distribution, Market Failures: An Alternative Approach. *NBER Working Paper*.
- Weitzman, M. L. (2012). GHG targets as insurance against catastrophic climate damages. *Journal of Public Economic Theory*, 14(2), 221-244.

The deadline for submissions is **17 August, 2025**.

All submissions **must use the submission procedure on the webpage** otherwise they will not be considered for review.

Submit your paper writing to morse-sbe@maastrichtuniversity.nl.

The registration for the MORSE conference 2025 will be open **until 21 September, 2025**.

Register **clicking on the green button** – when active - on the conference homepage, and in case of problems write to morse-sbe@maastrichtuniversity.nl