

Identification	Subject (Code, title, credits)	ECON 423 Environmental Economics, 3KU (6 ECTS)
	Department	Economics and Management
	Program	Undergraduate
	Term	Fall, 2026
	Instructor	Abdul Baghi Nabiyeu
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	Classroom/hours	41 Mehseti street (Neftchilar campus), Khazar University,
	Office hours	By appointment
Prerequisites	ECON 203 Microeconomics; MATH 215 Linear Algebra & Mathematical Analysis	
Language	English,	
Compulsory/Elective	Compulsory	
Required textbooks and course materials	Core textbook: - Environmental Economics: An Introduction, 2024 Release ISE by Barry C. Field Martha K. Field Supplementary textbook: Core internet source: http://www.ecosystemvaluation.org Math review: Fundamental Methods of Mathematical Economics, 4th Edition, Kevin Wainwright, Alpha C. Chiang	
Course outline	This course introduces students to the economic principles underlying environmental issues and the interaction between economic activity and the natural environment. It covers market failures, externalities, public goods, environmental valuation, and benefit–cost analysis. The course then examines the macroeconomic dimensions of environmental challenges and climate change, including physical and transition risks. Particular attention is given to ESG principles, sustainable finance, green finance, climate finance, and green taxonomies. The course concludes with an examination of environmental and climate policies in Azerbaijan and globally, supported by student presentations and practical applications.	
Course objectives	The objectives of an Environmental Economics course generally focus on understanding the interplay between economic systems and environmental issues, aiming to equip students with the tools needed to analyze environmental policies, resource management, and sustainability challenges. Here are some common objectives: - Develop an understanding of the economic relationship between the environment and economic activity. - Introduce key concepts including externalities, public goods, market failures, and environmental quality. - Develop skills in benefit–cost analysis and environmental valuation for evaluating environmental policies. - Examine sustainable development, climate change, and their economic implications. - Analyze climate-related physical and transition risks and relevant policy responses. - Introduce ESG principles and sustainable finance, including green finance, sustainable investment, green taxonomies, and climate finance. - Evaluate environmental and climate policies in Azerbaijan and globally. - Develop students' ability to critically assess environmental challenges and formulate evidence-based policy recommendations.	
	By the end of the course, students should be able to critically assess environmental policies, apply economic reasoning to environmental challenges, and propose solutions that promote sustainability and economic welfare.	

Learning outcomes	By the end of the course, the students should be able: Through lectures, homework, a class project, discussions, and guest lectures, students will: 1. Explain the key concepts and principles of environmental economics and the economy–environment relationship. 2. Apply microeconomic tools to analyze environmental externalities, public goods, and market failures. 3. Evaluate environmental policies using benefit–cost analysis and environmental valuation methods. 4. Analyze the economic impacts of climate change, including physical and transition risks. 5. Explain and assess the role of ESG and sustainable finance in supporting the green transition. 6. Evaluate environmental and climate policies in Azerbaijan and globally and communicate evidence-based policy recommendations.		
Teaching methods	Lecture		x
	Group discussion		x
	Experiential exercise		x
Evaluation	Methods	Date/deadlines	Percentage (%)
	Midterm Exam	TBA	30
	Attendance		5
	Activity		5
	Quiz	November	5
	Individual Project	December	15
	Final Exam	TBA	40
	Total		100
Policy	• Activity and attendance – Mark will be evaluated based on the participation discipline in the classes and how active you interact during the lecture. Students exceeding the 25% absence limit will not be allowed to participate in the final exam. • Quizzes – Might occur randomly; therefore, you should duly prepare yourself for each class. Questions will be mix of open and multiple-choice questions. No make-up quizzes will be made! • Group project - The project is an individual assignment given to each student and is evaluated with a maximum of 15 points. The assignment includes writing (6-8 pages) and presentation (about 3-5 slides). The following criteria are taken into account during the assessment: 1. Full coverage of the topic in a 6-8 pages article (10 points) 2. Good demonstration of knowledge gained during the presentation (5 points) Assignments submitted after the deadline will not be accepted. The course teacher has the exclusive right to make all decisions related to the behavior and success of students. Plagiarism should not be allowed when completing tasks, sources of obtained information should be cited and references should be indicated. The work will be reset when 25% or more cases of plagiarism are detected in the assignments submitted by the students for assessment (except for cases where the source of relevant references is indicated). • Use of AI – Generative AI tools may be used for learning, research, idea generation, and language editing. Students are responsible for the accuracy, originality, and integrity of their submitted work. AI use is not permitted during exams, quizzes, or in-class assessments unless explicitly authorized. Any use of AI in assignments must be disclosed. Presenting AI-generated work as one's own constitutes a violation of academic integrity		

Tentative Schedule			
Week	Date/Day (tentative)	Topics	Textbook/Assignments
1		Microeconomics & Math Review, Basics of Environmental Economics	Handout provided
2		What Is Environmental Economics? The Economy and the Environment	Chapters 1 and 2, Barry
3		Benefits and Costs, Supply and Demand	Chapter 3, Barry
4		Markets, Externalities, and Public Goods	Chapter 4, Barry
5		The Economics of Environmental Quality	Chapter 5, Barry
6		Frameworks of Analysis	Chapter 6, Barry
7		Benefit–Cost Analysis: Benefits	Chapter 7, Barry
8		Midterm exam	
9		Benefit–Cost Analysis: Costs	Chapter 8, Barry
10		Environmental valuation methods	Handout provided
11		Environmental Macroeconomics and Climate Change Economics	Handout provided
12		Climate Change: Physical & Economic Impacts; Climate Risks and Transition	Handout provided
13		Sustainable Finance: Green Finance, Sustainable Investment, Green Taxonomy & Climate Finance	Handout provided
14		Environmental Policy in Azerbaijan and globe	Handout provided
15		Class Presentations	
		Final exam	