



P-Glossary



Eco-financing

Eco-financing is an emerging financial tool to cause or motivate businesses to adhere to environmentally friendly business practices and technologies through financial leverage. The underlying concept is that under eco-finance, funds and related opportunities are available to only ventures that are environment friendly or meet the environmental protection requirements. The three major vehicles for eco-financing are: 1) lending and investment funds; 2) government-initiated environment-related subsidies and funds; and 3) mechanisms related to the Kyoto Protocol and similar agreements. The eco-financing concept is under the broad concept of sustainable financing, also known as sustainable and responsible financing, which advocates financial leverage to promote business practices to safeguard social justice, protect the environment, and reduce poverty.

Due to the growing awareness among consumers and investors of the need to protect the environment and reduce mitigation costs, eco-financing is gradually becoming an effective investment-related tool. The size of the eco-finance market in Europe and the USA is steadily rising. However, in Asia it is still a comparatively new concept but is expected to grow.
