

Chapter 2

The Emergence of Green Venture Capital and Its Role in Financing Early–Stage Green Technology Companies

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ABSTRACT

Green venture capital is one of the emerging funding options for early-stage green technology companies. GVC is one of the venture capitals, majorly invested in companies that are developing innovative technologies aimed at reducing environmental impacts and promoting sustainable development. In doing this, this chapter provides an overview of GVC, its uniqueness, and how it differs from other conventional venture capital. The chapter deals with GVC involvement in financing early-stage green

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technology companies. It talks about GVC investments, including the kind of source of capital, mentorship, and expertise the early-stage companies need to progress and grow their business. Implications and risks of GVC investments are also analyzed. High returns among other benefits and having an extensive network of resources, making GVC investments worthwhile. Besides, the chances to make a difference in the environment are excellent. The risks involved relate to uncertainties from the commercialization of green technologies and effects of any regulatory change for the industrial sector.

INTRODUCTION

There is more awareness on the crucial role that green technology is going to play in finding solutions to the many acute environmental problems facing humanity and creating a sustainable future. The urgency to transition into a low-carbon economy and to undo the adverse effects of human activities on the environment accelerates with time because issues such as climate change, depletion of resources, and pollution keep piling up. Therefore, it is at this juncture that this breakthrough green technology developed by early-stage businesses will prove instrumental in it.

One of the investments targeted towards start-up businesses in the research, development, and commercialization of advanced green technologies is green venture capital. It is targeted towards start-ups that undertake activities including research, development, and the commercialization of advanced green technologies to better serve new environmental challenges, promote sustainability, and reduce negative impacts of human activity on the environment (Marra et al., 2017). Green venture capital, in most instances, has been beneficial to the companies that are involved in various operations, such as clean transportation, waste management, sustainable agriculture, and renewable energy. The emergence of green venture capital may be pegged from the fact that there was an enhanced awareness concerning the immediate need for sustainable solutions to environmental problems (Demirel et al., 2019). Governments, organizations, and citizens have been actively seeking ways to facilitate the development and utilization of clean technologies, with such concerns over climate change,

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