How do Banks Finance Commodity Supply Chains? And how could they support the growth of sustainable production?

**Flows of Finance**

**Direct Financing of Production**
- **Eg**
  - Project finance
  - General purpose lending (working capital)
  - Small business lending
  - Capital raising

**Trade Finance**
- **Eg**
  - Letters of credit / open account
  - Country risk mitigation / payment processing
  - Syndicated loans
  - Capital raising

"80-90% of world trade relies on trade finance, mostly from banks" (WTO)

**Corporate Finance**
- **Eg**
  - General purpose lending (working capital)
  - Capital raising
  - Term finance
  - Receivables finance

**Result**
- Develop new products that finance yield and livelihood improvements, releasing unnecessary pressure on landscapes
- Work with customers to adopt higher standards as a new market norm
- Incentivise the import/export of sustainably produced commodities
- Support capital raising activities that enable the transition of targeted elements of the supply chain
- Align banking services with changing buyer requirements and form strategic partnerships to enable the transition
- Support capital raising activities that enable the transition of targeted elements of the supply chain

This infographic draws on the work of the Banking Environment Initiative (BEI), which is convened and coordinated by CISL. The BEI’s ‘Soft Commodities’ Compact with the Consumer Goods Forum (CGF) aims to align the banking industry’s services with the CGF’s goal to help achieve zero net deforestation by 2020, and has so far been adopted by banks representing over 20% of the market for international financing of agricultural commodities.*

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*Based on publicly available data from Bloomberg