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Bankers must do the right thing, says Le Hunte

A SENIOR BANKER has urged his colleagues to ensure the projects they finance were environmentally and socially responsible. The advice came from Barbados National Bank (BNB) managing director Robert Le Hunte as he addressed a training workshop on Environmental and Social Risk Management In Lending And Investment Processes at Hilton Barbados

yesterday, organised by the United Nations Environmental Programme – Finance Initiative, Government's Environmental Division and the Barbados Bankers' Association. "Commercial banks have not only a social responsibility but a moral responsibility to do the right thing. "Yes, while we have a responsibility to ensure that we make returns on our investments ... w a

moral responsibility to the people we employ, our stakeholders, our customers and the communities in which we operate to critically assess what comes before us for the benefit of society as a whole," he emphasised. Regarding BNB's own operating guidelines, Le Hunte said the bank's lending policies specifically required that it receive confirmation from borrowers that all statutory

approvals were in place for projects which would require environmental approvals. "In the case of Barbados, these requirements would of course be environmental impact assessments and in some cases social impact assessments," he added. The issue of social risk or social protection, the banker noted, was not a topical issue in the current environment. At the same time, the BNB

boss told participants: "This, however, would relate to us ensuring that our borrowers operate ethically in everything they do. For instance, they do not flout labour laws as was the case with the Indian workers at the recent Cricket World Cup or the experiences of Nike which manufactured goods in developing countries where child labour is exploited." (GE)

Commercial banks must strengthen themselves

WITH \$3.6 billion deposited with them and a world financial system that is expected to deteriorate further, commercial banks need to quickly introduce more protection measures.

Minister of Family, Youth Affairs and Sport Dr. Esther Byer-Suckoo issued this advice to officials from the commercial banking sector yesterday during a Workshop on Evaluation

and Management of Environmental and Social Risks in Lending and Investment Practices at Hilton Barbados. Dr. Byer-Suckoo, who was asked to address the meeting as

Environment Minister, a portfolio she no longer holds effective yesterday, said, "Acknowledging the growing momentum of sustainability issues in the global financial services sector,

not least in the context of current economic and financial crisis, will be important if are to buttress our local sector. PROTECTION on Page

Region's success depends on ability to co-operate

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against any potentially negative effects".

"When one considers that deposits in the local commercial banks increased from \$3.21 billion in 2007 to \$3.61 billion in 2008, an example of the continued upward trend in that sector, special attention must be paid to strengthening and developing new approaches to investment protection," she added.

She said in light of this sector leaders and practitioners needed to "re-look, in more detail, your evaluation processes, agitate for improved relations and standards to support the region's sustainability agenda, fast track information sharing systems, and design capacity building schemes in the various layers of your respective organisations" in the short term.

According to her, in addition to "enhancing our ability to assess and manage risks, such moves can also serve to heighten the competitiveness of this region in the medium and

long run with respect to the evolving international trade, finance and investment regimen".

Of note, the Minister stated, were "the opportunities for local financial service companies to assist in facilitating economic activity with the European Union, or simply to enable the movement of multinational business to emerging and developing markets".

"I will admit there is still a slight trend of seeing environmental and social risk management as optional, but we still see some firms doing the basics just to surf the green wave. But, in this current financial climate or turmoil and uncertainty, which requires a heightened need for prudence, transparency and accountability, I expect that this attitude will be wiped out sooner rather than later," she said.

"The global financial crisis is expected to continue into next year and may not begin to abate until 2010. Therefore, Barbados and the other Small Island Developing States in the region have limited

lead time to put measures in place to lessen the impact of the crisis on the region and prepare a sound foundation for taking our financial sector into a post crisis economy that can no longer operate using the business as usual model".

Byer-Suckoo noted that while the financial services sectors in the region individually were small and vulnerable to external shocks a united region "stands a better chance of mitigating against these external shocks".

"In light of the rapidly globalising world economy and the loss of preferential treatment, the region's strength must lie in the delivery of services more so than products. Much of the region's success in this regard will depend largely on our ability to co-operate in core businesses such as tourism, international business and financial services," she said.

"Credit and investment analysts in the CARICOM region need to be aware of potential environmental and social risks and work with their clients to avoid



Royal Bank of Canada vice-president Roy Royer (left) in conversation with Jerry Blenman of the Barbados Sustainable Finance Task Force.

them. Of course, that means extra due diligence, but it is above all another critical service

that more and more clients are demanding. Emerging trends in risk management tend to focus

on risk avoidance as much as possible," the official also noted.

(SC)