



NAVIGATING THE CLIMATE CRISIS:

**CENTRAL BANKS, GREEN
FINANCE, AND NAMIBIA'S
HYDROGEN FUTURE**

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CLIMATE CHANGE

As the realities of climate change unfold, Central Banks and Supervisory Authorities must ask themselves how we can support the transition to a sustainable, low-carbon economy while protecting the financial systems.

This challenge presents a unique opportunity for Namibia to lead the emerging green economy.



“Global temperatures are rising and are likely to reach new highs over the next few years”

The World Meteorological Organisation



\$275 BILLION USD

Global damages from weather-related events reached \$275 billion USD in 2022.



10% & 7.3% GDP

Low- and lower-middle-income countries are projected to lose up to 10% and 7.3% of GDP, respectively, by 2023 due to climate-related disruptions.



USD145.5 billion

Africa requires USD145.5 billion annually to meet its climate action and Nationally Determined Contribution commitments.

THE DUAL CHALLENGE CENTRAL BANKS FACE



Mitigating the macroeconomic and financial stability risks associated with climate change.



Supporting the alignment of financial markets with sustainability goals and expanding sustainable finance and investment.



Central banks have two core mandates:



MAINTAINING PRICE STABILITY



SAFEGUARDING FINANCIAL STABILITY



As extreme weather events become more frequent and severe, they could disrupt agricultural and industrial production, leading to supply shocks and cost-push inflation.

THERE ARE AT LEAST THREE REASONS WHY CENTRAL BANKS NEED TO BE CONCERNED ABOUT CLIMATE CHANGE, AND THE LOSS OF NATURE



Central Banks must respond to environmental externalities that impact our core mandates.



Central Banks can play a vital role in aligning the financial sector with sustainability goals.



Central Banks must lead by example.



SUSTAINABILITY INVESTMENTS

To achieve the twin goals of the Paris Agreement and the 2030 Sustainable Development Goals, investments must be directed toward sustainable economic pursuits.

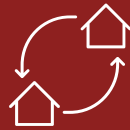
The Bank of Namibia has a role to play in managing climate and nature-related financial risks and supporting the scaling up of sustainable finance and investment in emerging renewable sectors.



SUSTAINABILITY FRAMEWORK



The Bank of Namibia is adopting a **proactive and forward-looking approach** to support the just transition, ensuring the stability, resilience, and sustainability of both the banking sector and the broader economy.



In 2024, the Bank of Namibia developed a Sustainability Framework which outlines the Banks' vision to **institutionalise sustainable finance within the financial industry**

THE WORLD IS EVOLVING RAPIDLY AS IT ACCELERATES TOWARDS ACHIEVING NET-ZERO TARGETS

New markets and new growth pathways are emerging as nations race towards this sustainable future, and those who embrace the green agenda will have a competitive advantage in the race for capital.



NAMIBIA AS THE INVESTMENT DESTINATION OF CHOICE

Namibia is committed to creating the right regulatory environment to unlock the country's hydrogen potential.

To fully capitalise on these emerging opportunities, it is imperative to fast-track ongoing measures to improve the business environment.



GOVERNANCE & REGULATORY ENVIRONMENT

Namibia established the Sovereign Wealth Fund to strengthen the governance and management of the country's prospective energy revenues.

In May 2022, Namibia established the Welwitschia Fund.

The Welwitschia Fund, was launched with USD17.7 million (NAD 262 million) in seed capital.



The promulgation of the Sovereign Wealth Fund Bill will ensure that the Fund is well-managed.

The Bank of Namibia has been entrusted to manage the Funds' assets, and as of August 20th, 2024, the Fund's asset base has grown to USD24 million (NAD428 million).

"We are the first generation to feel the effect of climate change and the last generation who can do something about it."

**Ban Ki-moon,
United Nations Secretary-General**



THANK YOU

