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## Investor confidence – Rowland Brown

Maintaining investor confidence is an absolutely critical condition for development, as without this confidence, investment, and by extension developmental progress, can be fast unwound. This is not to say that investor confidence is a sufficient condition for development, but it is unquestionably a required condition.

Since independence, Namibia has been extremely successful in maintaining the confidence of investors, ultimately becoming the darling in the eye of many investors looking for frontier market investment opportunities. The country did this by maintaining peace and stability, holding sacrosanct the rule of law, keeping corruption to a minimum, and implementing sensible, predictable, pro-growth and investor friendly policy and legislation. In short, Namibia is a success story.

However, we must not take this investor confidence for granted, and we must keep in mind the sources of our success. This entails many things, from press freedom, to respect for the rule of law, to social and political stability, to stable and sensible economic policy. Confidence can be eroded by action or inaction, but it can also be damaged by uncertainty, a lack of transparency and intentional or unintentional misguidance.

The reason that this is important is that investors, both domestic and foreign, can choose where they invest their funds and by extension, where they create wealth and jobs. In Namibia, private sector investors (of all sizes – from small scale farmers to large financial corporates) are the source of over 80% of the country's jobs, around 75% of the local net output (GDP), and over 75% of the country's hard currency earnings (that allow us to buy all the externally produced consumables we so cherish). Moreover, investors such as these are likely to be the lynchpin for future job and wealth creation in the country, given the current financial challenges faced by the Government.

These fiscal challenges, amongst other issues, are the very reason that this is a pertinent topic at present. Namibia has got herself into a fiscal bind, which if not carefully handled could cause major long-term challenges for the country. However, this need not be the outcome. By maintaining investor confidence, and playing sensible and open cards with investors as to the current challenges and actions being taken to address them, confidence can be maintained. However, if we pretend that nothing is wrong, or that our problems are caused by others and thus not in our control, investors will likely start looking for the exits.

Namibia has done extremely well over the past 26 years, and it would be a huge shame to regress unnecessarily due to a loss of confidence. This can, and should be avoided at all cost.