NAMIBIA INSTITUTE OF CORPORATE GOVERNANCE

When the State Is the Shareholder:

Getting the Balance of Power Right

Recent developments involving the boards of Namibian public enterprises and statutory bodies have brought an important governance question to the fore; and that is: where should the authority of the State as shareholder end, and the independence and responsibility of the board begin?

This is particularly relevant as Namibia considers amendments to the Public Enterprises Governance Act (PEGA). The issue is not whether Government should exercise its ownership rights, because it certainly must. Board independence should not become a shield against accountability either. Where boards fail to perform, breach their duties or cease to serve the interests of the enterprise, the shareholder has both a legitimate interest and, in appropriate circumstances, an obligation to intervene.

But how should that authority be exercised, through what processes, and with what safeguards?

Recent State Interventions

In August, the Minister of Works and Transport, Honourable Veikko Nekundi, removed five directors of the Namibia Airports Company and appointed an interim board. The Ministry stated that the intervention was intended to ensure continuity and strengthen governance structures.

This followed the Minister's termination of the entire Engineering Council of Namibia in June 2025. That decision was contested by the former council members, while the Ministry subsequently advanced serious governance concerns relating to the functioning of the council.

In 2024, the then Minister of Sport, Youth and National Service dismissed the National Youth Council board, citing maladministration, procurement failures, conflicts of interest and other governance breaches. The board subsequently approached the High Court to challenge the decision.

At NAMCOR, the issue arose differently. In 2025, media reports alleged tension between the then Minister of Industries, Mines and Energy, Natangue Ithete, and the NAMCOR board over its continued tenure and the recruitment of a managing director. The Minister disputed suggestions of a fallout, while the board reportedly regarded aspects of the intervention as political interference.

These cases are different in law, circumstance and merit and should therefore not be treated as evidence that ministerial intervention is inherently improper. They do however, provide reason to examine whether Namibia has sufficiently clear institutional boundaries between the State as owner, the board as governing body, and management as the executive authority of the enterprise.

Shareholder Authority And Board Independence Are Not Competing Principles

Good governance is not asking for a passive shareholder. An effective shareholder sets expectations, monitors performance, appoints competent directors and acts where governance materially fails.

Best practice however, places considerable emphasis on *how* those powers are exercised. The OECD Guidelines on Corporate Governance of State-Owned Enterprises provide that the State should be an informed and active owner while allowing boards sufficient autonomy to fulfil their responsibilities. They advocate structured, transparent and merit-based board nomination processes and protection of boards from undue political interference. They further recommend that directors be removed for good cause and that appointment and removal processes be insulated from political and electoral cycles.

Shareholder authority and board independence are therefore not competing principles. Properly designed, each strengthens the other.

A board that cannot be held accountable by its shareholder is poorly governed. Equally, a board whose tenure, composition or executive decisions are excessively dependent on the discretion of an individual political office-bearer may struggle to exercise the objective judgement for which it was appointed.

PEGA presents an opportunity to address the architecture

The current reconsideration of PEGA therefore presents Namibia with an important opportunity.

During a Public Enterprises Board Chairpersons' Forum masterclass in 2024 at Midgard, Professor Mervyn King questioned the need for PEGA and expressed concern that it introduced unnecessary discretion. NICG's own Fireplace Conversations have subsequently examined PEGA, the proposed amendments and the often-complex relationship between shareholder authority and board responsibility.

Those conversations are increasingly relevant.

The Public Enterprises Governance Amendment Bill remains before the National Assembly, with parliamentary records showing debate continuing during 2026. As Namibia reconsiders the allocation of public-enterprise governance responsibilities, the objective should extend beyond determining which office-bearer exercises the authority.

Moving concentrated authority from one office to another does not, on its own, resolve the underlying governance question.

The more substantive opportunity is to strengthen the institutional processes surrounding that authority. That is: clear competency requirements; transparent and merit-based nomination; appropriate independent input into appointments; board performance evaluation; documented grounds and fair processes for removal; and clarity on the respective responsibilities of the shareholder, board and management.

Governance should outlast the office-bearer

Public enterprises occupy a particular position. They are owned by the State, but they hold assets and deliver services ultimately on behalf of the public. Their governance arrangements must therefore accommodate legitimate government policy objectives while protecting institutional continuity, professional judgement and accountability.

Ministers, Prime Ministers, Boards will all change. The governance system must be capable of functioning credibly irrespective of who occupies any of those positions.

The present review of PEGA offers an opportunity to build precisely the kind of system in which the State remains an active and accountable shareholder, boards remain answerable for performance, and the exercise of ownership authority is supported by transparent institutional processes rather than being overly dependent on individual discretion.

For Namibia, the question should therefore not simply be about who has the power to appoint or remove a board. It should be whether we have designed a system in which that power is exercised consistently, transparently and in the long-term interests of the institutions it is intended to serve.