

GOVERNANCE DESIGN IN SMALL STATES
– Is there an approach for more appropriate designs?

By
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Do small developing countries mimic large ones in their governance structure? Most probably yes as there is neither a model for them nor a credible process by which such countries can arrive at an appropriate governance design. The Weberian assumptions on efficient bureaucracies as well as ideas relating to “institutions” and “markets” are resonated in many ways in the design, language and functioning of Governments in these countries. That should not be surprising as most of the related theories are not only scale-free but arise keeping in view a handful of large populous countries in Europe and North Atlantic regions.

Of the forty countries my professional work took me to, three are notably small with heavy governance designs. St Kitts and Nevis has a population fewer than 55,000 people. Its Governance structure includes among others, six ministers apart from the Prime Minister and the Deputy Prime Minister, ten statutory organisations, and a Financial Services Regulatory Commission. The capital Basseterre is the head quarters for the Eastern Caribbean Central Bank and the Eastern Caribbean Securities Commission of which it is an important member.

Malta in Europe has a population of under 500,000. Its Governance structure includes 14 ministries apart from the Prime Minister’s office. Key institutions include a Central Bank, a Gaming Authority and a Commissioner for Simplification & Reduction of Bureaucracy. Another in South Asia has a population of about 300,000 with about ten ministries apart from the Human Rights Commission and Attorney General offices. It has about 24 Government departments including the monetary authority and many Commissions including for the civil services over the years.

Some studies have shown that the expenditure on Government in such smaller countries is comparatively high as a proportion of GDP. (For instance, the Government consumption in St Kitts & Nevis is about 23% of GDP and the government accounts for 43.3% of total expenditure as also for nearly 42% of employment). For some, the large size of Government exacerbates the fiscal stress while being challenged even otherwise from import-dependence, high cost of reach and logistics, periodic natural disasters and issues of sustainability (especially the rising sea-levels that endanger many island states). The existential challenges are so profound for some that one country has toyed controversially of acquiring land elsewhere for potential resettlement of its population in future!!

The disproportionate size and structures of governance are often justified by some citing three reasons. a) It gives the necessary embellishment for the sovereignty and status in international dealings, b) Government has to create employment any case and over-sized bureaucracy helps especially as the salaries are lower than the private sector, c) Regional cooperation, is slow to happen so some functions like financial regulation and securities

trading leave alone Defence need to be provided irrespective of size as public good. Thus while there is an issue of apparent wild-growth of governance mimicking the large systems, there are specific compulsions in each country that justify some flab.

The inappropriateness of designs is certainly not confined to small states but they look more dramatic. Even in the large ones, the size of the Governments and their down-sizing has been an on-going effort more notably since the 80s. Yet, we have countries where Ministries and organisations survive though they have little to oversee or add value to (For example, in India there are many ministries such as of Steel, Chemicals, Fertilisers, Coal etc., that survive full-size though they have little to contribute with much corporatization and liberalisation over the years - on giving up the socialist and central planning approaches).

The primary challenge for specialists is to devise a unique multi-disciplinary methodology – some of us are working on this - that can be used to design a super-frame of appropriate and coherent Governance at national level. It could then be followed by sub-frames hierarchically leading to action plans for reform at the level of Cabinets, Ministries and Public bodies while also planning for internal process efficiencies.

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