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SOCIAL SECTOR PRACTICE

A development agenda for Haiti's new government

**The country has come a lot further than most people realize.
Long-term development is the new challenge.**

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The election of Haiti's new president represents a pivotal moment and a management challenge that will equally confront any of the candidates who stood for election on March 20 (the winning candidate is expected to be confirmed in April). Fourteen months after Haiti's devastating earthquake, images of tent camps, crowded hospitals, and chaos abound. Yet they belie the country's potential and recent progress.

What is essential today is that the government should undertake the strong management needed to work with the private and nonprofit sectors. The goal: to create structures that will allow Haiti to shift its focus from immediate relief and recovery to longer-term development, which will permit Haitians to build better lives for themselves. The ongoing tragedy of the devastation in Japan, a nation with substantial resources for aid and economic recovery, shows how large the rebuilding challenge is for a country like Haiti and highlights the importance of continuing investment.

There's no question that the problems remain daunting. Funding is insecure. The donor community has been slow to fulfill its pledges; only 60 percent of the promised spending for 2010 was disbursed, though that was up from 20 percent originally. Many projects have sufficient start-up money, but little is clear about what happens to them beyond the next one or two years. In the education sector alone, sustaining Haiti's current investments will require \$600 million in 2011 and \$780 million each year from 2016 onward—far more than what is currently available from donors.

Coordination could also be better: many recovery operations are conducted by nongovernmental organizations (NGOs) that have failed to register with the government or the Interim Haiti Recovery Commission (IHRC). This omission makes it impossible to ensure that their work is consistent with Haiti's development priorities. And sustainable long-term development will require an increase in private-sector investment from both domestic and foreign sources, though many companies and investors have difficulty knowing where to start.

Nonetheless, Haiti does have a solid foundation for economic growth. The World Economic Forum projects that the country can lift its GDP by 6 to 8 percent a year for the next decade. Haiti has exceeded expectations by containing inflation, quickly recovering government revenue, and stabilizing the currency. In the third quarter of 2010, exports were actually higher than they were before the earthquake.

To realize that potential, though, Haiti's new administration must now make hard choices about planning, coordination, funding, and sustainability. It must be both decisive and transparent. McKinsey's pro bono work in the country over the past year suggests five critical steps.

Communicate

During its first week in power, the new government should lay out its priorities and make specific demands of stakeholders. It must unmistakably establish its own agenda and speak with one voice to make it easier for donors, NGOs, and investors to do their work. The administration should create a single access portal—whether online, by phone, or through methods such as cell phone texting (used by the Haitian presidential candidates during their campaigns). The portal ought to provide information about programs and services and to direct queries to the right people. These objectives may sound ludicrously basic, but without a comprehensive communications approach for recovery, failure will be inevitable. There are some good initiatives already in place, including the IHRC’s database about ongoing projects and the Ministry of Health’s call center, which has handled more than 50,000 calls since October, after a cholera outbreak began.

Decide

The new government must resolve—immediately—the policy questions for which uncertainty holds back both donors and investors. Debris removal, for instance, remains a priority, and the government must approve sites and decide whether to demolish unsound structures. In housing, land use must be resolved or there will continue to be confusion about assistance for affected families and opportunities for business development. After the 2004 Indian Ocean tsunami, for example, Indonesia’s government declared that all those who had lost homes would receive new ones and then defined a minimum standard. This approach gave donors clear directions and set expectations for efforts to deal with the problems of displaced people. Haiti’s government too must articulate an overall policy. Whatever the decision, it must be reached quickly, communicated clearly, and administered consistently.

Attract investment

The government needs to update codes and regulations that affect new businesses, particularly international ones, entering the market. Streamlining permit approvals and enforcement systems would be a start. The government should also consider opening a facilitation window for investors who need help and creating a public procurement facility. In addition, it should increase access to credit, particularly for the small and midsize enterprises that will be the engine of Haiti’s growth. According to the World Bank, it takes roughly 105 days—50 more than the average in Latin America—to start a new business in Haiti.

Still, a few successful local examples suggest how the future could be different. In one case, an official at the Ministry of Commerce and Industry showed a donor representative a company-creation form she had processed in three days—something that might have taken more than 300 days before the earthquake. Beyond better regulation, it is also crucial to strengthen Haiti’s justice system to give investors confidence that contracts will be enforceable and disputes will be fairly adjudicated.

Staff up, delegate down

The government must build capacity quickly, but not everywhere at once. Instead, it should focus resources in key areas: health, finance, and public works, as well as in the body that will oversee housing and neighborhood redevelopment. The government should move capable staff to these priorities, get new staff from the private sector, and draw more systematically on the Haitian diaspora. As has already happened in convening groups representing specific sectors at the IHRC, the government should be able to ask for help from international institutions while retaining national sovereignty.

When the government's bureaucratic capacity increases, it will become even more important for top leaders in each area to share information and delegate decision making down to the lowest appropriate level of authority. This will be a particular challenge: forcing decisions up to top leaders is part of the fabric of government culture in Haiti. But if ministers and their staffs cannot take responsibility, the country's top leaders won't have time to focus on the real priorities.

Establish and empower a new development agency

Haiti needs the confidence of the international community to keep money and expertise flowing in. To set priorities and improve coordination, the IHRC brought the country's leaders across economic sectors together with members of the international community. The commission approved \$3 billion in projects in line with Haiti's stated development goals. It presented a comprehensive cross-sector plan for recovery through the end of October 2011, when it is scheduled to become wholly Haitian in governance rather than half international, as at present. The government should signal its continued support for the commission but also clarify plans for a successor agency. In any case, it should not squander the IHRC's hard-won capacity to coordinate the recovery, as this would imperil the progress made so far and endanger the economic welfare, health, and even lives of many Haitians.

Funding for the successor agency must be secure. The government should not only explicitly include money for the agency in its own budget but also direct donor money there. Finally, the administration's political commitment must be obvious and absolute. The government should compel the international community and Haitian ministries to heed the successor agency; otherwise, the coordinating body will just add more bureaucracy and confusion instead of cutting through red tape. The successor body will also need top talent as it continues growing to meet demand. To recruit the best people, the government should consider allowing the successor agency to pay staffers more than standard civil service jobs do. The president should consider making the body's leader a member of the Cabinet, with independent authority and reporting directly to the president or the prime minister.

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The reality in Haiti today is that hard work and dogged hopefulness have brought the country further than most people realize. If the new administration leads, donors and investors should follow with dollars and renewed human resources. Too many Haitians, as well as others who care about the country, have invested too much heart and too many hours to allow the momentum to falter now. [○](#)

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