I. Project Context

Country Context

1. Jamaica, the largest English speaking country in the Caribbean with a population of 2.7 million, is an upper middle income country with a long history of elusive growth and high public debt. The country’s progress on poverty reduction and shared prosperity has been hampered in recent past due in large part to economic shocks that were amplified by structural weaknesses in the economy. For the past 30 years real per capita GDP increased at an average of just one percent per annum, making Jamaica one of the slowest growing economies in the world.

2. Nevertheless Jamaica made significant progress in poverty reduction during the early part of the past decade. Between 1997 and 2007 the poverty rate fell from 19.9 to 9.9 percent, and while overall inequality remains relatively low compared to the rest of the region, people at the bottom 40 percent of the income distribution have suffered more than the average household in recent years. Recent years, however, have witnessed the erosion of these earlier gains in poverty reduction and rising inequality with poverty sharply increasing to 17.8 percent in 2010. In urban areas such as the Kingston Metropolitan Area (KMA), poverty rates doubled in two years, from 7 percent in 2008 to 14.4 percent in 2010. Unemployment has also substantially increased (from 9.7 percent in 2007 to 16 percent in 2013), especially among women and young people. Youth unemployment is
particularly worrisome, as 38 percent of young women (ages 15 to 24) and 25 percent of young men were unemployed in 2010.

3. Economic difficulties in Jamaica disproportionately affect the bottom 40 percent of the population, where food consumption accounts for over 50 percent of expenditures. The consumption level of the bottom 40 percent of Jamaica’s population, which had improved from 16.7 percent to 17.8 percent between 2001 and 2007, fell slightly to 17.3 percent in 2010. Jamaica was hit hard by the global economic crisis, as tourism and bauxite revenues plummeted, Foreign Direct Investments (FDI) and remittances declined and the economy contracted by 1.2 percent on average per year between 2009 and 2011. As in many other small open economies, economic recovery has been subdued. Moreover, Jamaica faces extreme difficulties in improving its debt situation.

4. In the current economic environment, Jamaica faces several important challenges to reverse the recent surge in poverty levels and ultimately eradicate extreme poverty and boost shared prosperity. Committed to restoring growth and building an inclusive prosperous Jamaica, the GoJ prepared and garnered local and international support for a comprehensive program of fiscal adjustment and structural reforms. In May 2013, the GoJ embarked on an ambitious reform program which obtained the support of the International Monetary Fund (IMF) through an Extended Fund Facility (EFF) for SDR 615.4 million (about US$932.3 million) for the period of April 2013 to March 2017. The first review of the program, which supports debt restructuring, fiscal consolidation, and financial sector reforms, was successfully completed in October 2013. Since that time the GoJ has continued to demonstrate a clear commitment to reforms and showed that overall policy implementation under the program is strong and all quantitative performance targets and indicative targets for end-September 2013 were met, including the floor on social spending.

**Sectoral and institutional Context**

5. The population of Jamaica was reported at 2.7 million in 2011, with 52 percent residing in urban areas, and approximately 17 percent living below the poverty line. Since the 1960s the country has witnessed a steady growth of the urban population, and with an estimated annual increase of 1.31% per annum, the number of people living in Jamaica’s cities is projected to be 1.5 million by 2020 and 1.8 million by 2030. This growing urban population requires support in terms of improved basic urban infrastructure and services in a socially safe environment.

6. Inadequate land use and urban planning has resulted in imbalanced regional development and inequitable distribution and access to services, and stable employment opportunities. This is evidenced by rundown town centers, urban sprawl, environmental degradation, and unsafe and dilapidated housing. Peri-urban areas, or areas in transition to become fully urbanized, are facing similar conditions, indicating that future community security and urban renewal projects should focus on communities in a range of geographic locations and stages of urbanization. Households living in these communities have limited access to income and employment, low skills, low wages, unemployment and primarily work in the informal sector. Youth unemployment is also a major problem and is increasingly linked to growing social problems and can create urban unrest.

7. Consistently high rates of crime and violence, particularly in urban areas, have posed a serious obstacle to the formation of social and human capital, and contributed to limiting economic
growth in Jamaica. The cost of productivity losses, for example, due to interpersonal violence related injuries accounted for 4 percent of Jamaica's GDP. While homicide rates have declined from a peak rate of 62 per 100,000 inhabitants in 2009 to 39.8 per 100,000 in 2012, Jamaican homicide rates and other violent crime rates remain among the highest rates in the region. The geographical distribution of homicides is highly concentrated. Five urban police divisions (St. Andrew South, St. James, Clarendon, St. Catherine North and South,) accounted for the majority of reported murders in 2012. The profile of those directly involved and affected by violent crime – perpetrators and victims alike – are typically young, unskilled, unemployed, and undereducated youth males ages 15-29 from vulnerable urban neighborhoods that suffer from higher rates of poverty, unemployment, lower educational attainment, low social capital, and low levels of investment in public spaces.

8. In response the Government of Jamaica (GoJ) developed a National Security Strategy (NSS), a National Crime Prevention and Community Safety Strategy (NCPCSS) and launched the Community Renewal Programme (CRP) in order to actively fostered better coordination at national and sub-national or community levels. The NSS seeks to reduce violent crime, strengthen justice and the rule of law, increase effective delivery of social intervention programs, and promote the integration of democratic governance within the communities most at risk for crime. In line with this approach, the CRP provides a whole of government platform for the coordination and enhancement of the delivery of government and civil society services to 100 volatile and vulnerable communities in the five most crime-affected parishes. With a focus on supporting the transformation of such communities, the CRP’s priority areas broadly include: (i) governance, (ii) youth development, (iii) safety and justice), (iv) socio-economic development, (v) physical transformation, and (vi) social transformation.

9. The National Development Plan, “Vision 2030” highlights “Sustainable Urban and Rural Development” as a key outcome in striving for a healthier environment. In order to address the present urban development issues from a national level, Vision 2030 outlines specific strategies that will support achieving this outcome: (i) create a comprehensive and efficient planning system; (ii) create an appropriate framework for sustainability planning; (iii) create sustainable urban centers, including urban renewal and upgrading; (iv) create vibrant and diversified rural areas; and (v) ensure safe, sanitary, and affordable shelter for all.

10. “Vision 2030” similarly calls for a holistic approach in national crime reduction efforts. With a focus on root cause eradication and greater participation of community members, and the private sector, the National Development Plan lays out Jamaica's national crime and violence reduction priorities. These priorities include: (i) the reduction of involvement of young people in crime, (ii) instilling a culture of law among all citizens, and (iii) restoring public trust in protective services.

11. Partnerships with international development agencies also play a role in supporting sustainable urban renewal through infrastructure development and crime and violence prevention in Jamaica. The Inter-American Development Bank, DFID and CIDA support the Citizen Security and Justice Programme (CSJP), the flagship crime prevention program for the GOJ, and with which ICBSP II will closely coordinate. USAID carries out a wide range of programs in Jamaica spanning the sectors of crime and violence, health, education and economic development. DFID also supports a range of community policing and deportee resettlement projects. Similarly, the European Union's Poverty Reduction Program (PRP) aims to alleviate poverty through investment
in basic infrastructure and education in over 50 vulnerable communities, while also promoting the active participation of community groups.

II. Proposed Development Objectives
The Development Objective of the operation is to enhance access to basic urban infrastructure and services, and contribute towards increased community safety in selected economically vulnerable and socially volatile inner city communities of Jamaica. The objective will be achieved by (i) improving basic infrastructure and access to services through increases in the level of urban investments, (ii) enhancing public safety and building community capacity through the implementation of a package of interventions responsive to the needs of targeted communities, and (iii) strengthening institutional capacities for urban management and approaches to promote public safety within selected government agencies.

III. Project Description
Component Name
Basic Infrastructure and Access to Services
Comments (optional)

Component Name
Public Safety Enhancement
Comments (optional)

Component Name
Institutional Strengthening for Urban Management and Public Safety
Comments (optional)

Component Name
Project Administration
Comments (optional)

IV. Financing (in USD Million)

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V. Implementation
13. The implementing agency, the Jamaica Social Investment Fund (JSIF) was established in 1996 to reduce poverty and help create an environment for sustainable development. JSIF is a
limited liability company established as a component of the GoJ's National Poverty Alleviation Strategy. The Fund was designed primarily to channel resources to small-scaled community based projects. JSIF executed the first Inner Cities Basic Services Project financed by the World Bank and the Government of Jamaica. The Fund will remain as the selected implementing agency for the Second Inner Cities Basic Services Project.

14. The JSIF is well positioned to undertake implementation of the proposed project as they possess valuable knowledge of lessons learnt and best practices for implementation developed under the first ICBSP and other projects. Since inception, the JSIF has completed over 1,000 sub projects in vulnerable communities and delivered these to some 1.6 million underserved beneficiaries. Thus, the JSIF has in the past 17 years been laying a solid foundation to support Jamaica’s development. For each of those years, at least 78% of JSIF’s annual budget has gone directly into poor communities in the form of implemented subprojects. Despite the challenging global economic climate, the JSIF continues to attract funding for its various programs and initiatives. In 2011/2012 the JSIF managed a portfolio of US$108; 759 million comprising loans (69%), grants (26%), and Government of Jamaica (GoJ) counterpart funding (5%). In 2011/2012 the GoJ disbursed US$4.676 million to support the work of the JSIF in community development and beneficiary communities provided US$0.38 million in cash and in-kind equity as contribution to their sub projects. Qualifying their capacity to handle this project, JSIF has a standard Project Operational Manual which has been modified for the ICBSP II and will guide project implementation.

15. During the first phase of the project, JSIF successfully applied the World Bank’s Policy on Involuntary Resettlement using the project Land Acquisition and Resettlement Policy Framework. This demonstrated the capacity of JSIF to prepare and disclose abbreviated resettlement action plans for compensating informal land users, and to successfully negotiate and document the voluntary donation. ICBSP II will require only minor adjustments to the land acquisition and resettlement policy framework in order to better capture the volume and characteristics of land donations. JSIF was also successful in putting in place a state of the art social management and monitoring systems that functioned to identify and manage the social and employment impacts of the project, gender disaggregated impacts, as well as grievances and complaints.

16. In addition to the JSIF, there are multiple stakeholders associated with the Second Inner Cities Basic Services for the Poor Project. These include: the Planning Institute of Jamaica, the Social Development Commission, the Ministry of National Security, the National Solid Waste Management Authority, the National Water Commission, the Jamaica Public Service Company, Ministry of Education and Ministry of Health.

VI. Safeguard Policies (including public consultation)

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VII. Contact point

World Bank
Contact: Eric Dickson
Title: Sr Urban Spec.
Tel: 473-4106
Email: edickson@worldbank.org

Borrower/Client/Recipient
Name: JAMAICA
Contact:
Title:
Tel:
Email:

Implementing Agencies
Name: Jamaica Social Investment Fund
Contact: Scarlette Gillings
Title: Managing Director
Tel: (876) 929-1620
Email: jsif@jsif.org

VIII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop