1. Key development issues and rationale for Bank involvement
Jamaica is the fourth largest island in the Caribbean with an estimated population of 2.6 million – 50 percent of which is urban. Overall economic performance in Jamaica has been stagnant in recent years with GDP growth averaging less than one percent annually between 1993 and 2003. At the same time the Jamaican economy has been undergoing a gradual structural transformation. Between 1989 and 2002 the manufacturing sector declined from 20% of GDP to 15.4% while the service sectors increased to account for 55.8% GDP. A driving force behind this transformation is the growing importance of the tourism sector and associated impact that tourism has on the construction and transportation sectors.

These changes in the economy have had an impact on the spatial organization of cities and towns. Business and industrial activity – particularly in the capital of Kingston – have gradually left city centers resulting in high levels of unemployment and declining investments in basic inner-city services. The 2002 Jamaica Survey of Living Conditions (JSLC) estimates that poverty has increased in Jamaica since the previous year from 16.9% to 19.7%. Although poverty is higher in rural areas, the proportion of poverty in urban areas has increased in the most recently reported period accounting for a large proportion of the overall increase. The GoJ reports that between 2001 and 2002 poverty rates rose in the Kingston Metropolitan Area (KMA) from 7.6 to 10.4 percent and in all other urban areas from 13.3 to 18.7 percent while rural poverty rose only moderately. The increase in urban poverty is mirrored by rapidly declining household consumption. In 2001 household consumption decreased on aggregate by 6.2 percent – driven largely by a 10.2 percent decline in urban areas other than Kingston. Disaggregated data within urban areas was not available – but overall poverty statistics and the wide inequalities that traditionally exist within urban areas suggest widespread and rapidly increasing poverty in inner-cities. The gender

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1. The GoJ refers to ‘inner-city communities’ as the neighborhoods in the central area of the city in or bordering the historic core and central business district. These inner-city neighborhoods suffer from decaying physical infrastructure, poor service provision and high densities and environmental hazards. Inner-city neighborhoods have also become associated with social fragmentation and as centers of crime, violence, drug trafficking and gang activity. More generally, the term ‘inner-city’ is also used to describe slum settlements on the periphery of towns that suffer the similar lack of access to services and social fragmentation.

The dimension of urban poverty in Jamaica is particularly acute. Of 57 cities surveyed by the UN-Habitat, two Jamaican cities (Montego Bay and Kingston) reported the highest difference in general poverty incidence and incidence in poverty amongst women-headed households.³

The quality and coverage of basic services in inner-city communities is poor with pockets of extreme deprivation in particular neighborhoods. A survey of 48 Kingston-area inner city neighborhoods found that the quality of sanitation is inadequate. The quality and coverage of water supply varies considerably across inner-city neighborhoods. In the survey of Kingston neighborhoods the access levels to potable water ranged from 88% access to no access at all while many inner-city settlements. Access to transportation, health, public areas and social and sport facilities is also inadequate for a majority of these neighborhoods. An analysis of 44 inner city communities showed that the predominant needs were for water and sanitation (23%), employment (17%), community capacity building (13%), housing (10%), education (8%), roads and transport (8%) and recreation (7%). The demand for basic infrastructure services accounted for 56% of the expressed needs.⁴

Jamaica’s inner-city communities have also become a flashpoint for the country’s burgeoning crime and violence problem. Jamaica has the third highest homicide rate per capita in the world (after Colombia and South Africa).⁵ Approximately 12.1 percent of all households in the 2002 JSLC were victims of crime in 2001 and 1.2 percent of all households reported that a family member had been murdered in the past twelve months.⁶ High levels of violent crime can be linked to a pattern of politically motivated violence established in the 1970s and 1980s, and to the emergence of Jamaica as a major point for the transshipment of drugs from South America to the US and Europe. A complex relationship has evolved in recent years between organized crime and inner-city communities.

Crime and violence – coupled with growing poverty and unemployment – has further exacerbated social fragmentation and the weakness of civic organizing in inner-city communities. A 1997 World Bank study of Urban Poverty and Violence concluded that violence in poor urban communities erodes the two key assets vital to poverty reduction – labor and social capital. The report recommended projects that integrate the delivery of services with the development of civic institutions. The Government is also increasingly cognizant of the economic impact of crime and violence in terms of a worsening investment climate and diminished tourism sector revenues.

The Government of Jamaica has identified inner-city renewal – with a focus on crime and violence prevention – as a key priority. In 2002, GoJ developed a comprehensive inner-city renewal program which aims to ‘provide a general framework for integrating the dimensions of human, social, economic and environmental development’ of inner-city communities in Jamaica.⁷ The Government’s Medium Term Social and Economic Framework (MTSEF) lists inner-city renewal as a priority.⁸ In 2000, the Prime Minister of Jamaica established a committee of senior officials to oversee and coordinate all inner-city renewal interventions in the country. This proposed project’s focus on sustainable water and sanitation provision, crime and violence prevention and improved mobility and safety complements the GoJ program.

³ http://www.unchs.org/publication/Analysis-Final.pdf, page 21
⁴ Social Assessment of the Inner City (August 2000). Comprehensive and disaggregated urban service delivery data is not available in Jamaica. It is proposed that such data will be collected and monitored under the project.
⁵ http://www.nationmaster.com/graph-T/cri_mur_cap
⁷ http://www.pioj.gov.jm/piojdocs/special/finalWHOLEDOC.htm
The Government has demonstrated a commitment to civic participation and strong performance in community-based service provision. The Social Development Commission of the GoJ has formulated a framework to enhance civil society participation through a three-tiered system of public-civic committees. Community Development Committees (CDC) and Development Area Clusters are being formed at the neighborhood and neighborhood cluster levels, while Parish Development Committees (PDC) have already been established in every parish in the country. Additionally, the Jamaican Social Investment Fund (JSIF) was established in 1996 to reduce poverty and help create an environment for sustainable development. JSIF is currently executing the National Community Development Project (NCDP), financed in part by the World Bank. JSIF has considerable experience in financing community infrastructure projects in inner city communities – including those for critically needed water and sanitation, education, health and transport services. JSIF has also supported a range of community-based capacity building initiatives in inner-city neighborhoods to build social capital. The Government is committed to building upon the successful JSIF experience by deepening interventions in inner-cities in the areas of water, sanitation, crime and violence prevention and traffic management.

**Rationale for Bank Involvement**

The Bank is uniquely positioned to support the Government’s program. First, the program is fully consistent with Bank the CAS and recent sector work. The proposed operation will help support three of the four pillars that constitute the Government’s sustainable poverty reduction strategy detailed in the CAS. These include - restoring economic growth, protecting the poor and ensuring inclusion, and ensuring sustainable development. Crime and violence also emerges strongly as a key impediment to boosting growth and facilitating poverty reduction in both the latest Country Economic Memorandum and the 1997 Bank study on Urban Violence and Poverty in Jamaica. The latter identifies the lack basic water, sanitation and transportation services as critical investments that can contribute to the reduction of crime and violence in the country’s urban neighborhoods.

Second, the Bank will leverage its experience and expertise in urban service provision to the poor and crime and violence prevention. The proposed project will benefit from extensive lessons and experiences associated with the Bank’s longstanding urban upgrading portfolio. Bank experience points to the benefits of integrated and flexible upgrading projects over single-sector interventions. Recent experience has also led to a greater emphasis on national programs to scale-up upgrading interventions. Experience in the developing world has reinforced the importance of targeting the poor, community participation, cost-recovery, operations and maintenance and the need to develop sustainable institutional arrangements to deliver services to the poor. A recent study of participation in slum upgrading in Latin America found that citizen involvement in the design, implementation and maintenance of upgrading interventions is a central determinant of success and sustainability.9 The Bank’s emerging program in urban crime and violence prevention builds on international experience in innovative solutions to community-based crime and violence reduction. The program reflects experience that demonstrates that community policing and conflict prevention initiatives are often more successful when implemented in parallel to urban upgrading interventions.

Third, the proposed project will also build upon the ongoing Bank-supported National Community Development Project (NCDP) being implemented by JSIF. Under the NCDP, JSIF has successfully initiated programs in inner-city communities thereby demonstrating the ability to deliver sustainable basic services. NCDP has piloted the use of community based contracting for building community infrastructure. The JSIF-EU project in Whitfield Town is a leading example of community management

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of basic service provision including contract management, building skills within the community to create and maintain community infrastructure and ensuring community ownership through in-kind contribution. The team proposes to pilot the approach to be used under the project through the selection one inner-city community under the on-going NCDP. The design of this project will be fine-tuned using the lessons learnt form the pilot.

Fourth, the proposed Bank engagement will complement and build upon successful experiences of a number of parallel initiatives being implemented by the Government of Jamaica with international assistance. An innovative community policing project is being implemented in Grant’s Pen with USAID assistance. Similarly, the Kingston Restoration Company, in collaboration with the Bank of Nova Scotia and CIDA, has established a successful a micro-enterprise fund with repayment rates of over 99% targeting small firms. The Inter-American Development Bank (IDB) has a strong presence in Jamaica with a series of projects that will impact inner-city communities including the Citizen’s Security and Justice Project, the Kingston Water and Sanitation Project, the Parish Infrastructure Development Project and the Kingston Urban Renewal Project. These operations, however, either do not focus specifically on inner-city settlements or focus on a small area and sector(s). Financing from donors and lenders, while significant, is not sufficient to address all the critical inner-city rehabilitation needs articulated by the GoJ. The proposed operation aims to offer a “menu” of multi-sectoral interventions targeted specifically to poor residents in inner-city communities. In doing so the project will seek to replicate innovative approaches and avoid unnecessary replication by maintaining active dialogue with donors active in the country. Additionally, the Bank will cooperate with other international development agencies working in Jamaica to replicate their successful interventions within the project area.

Fifth, in May 2004, the Government of Jamaica made a request to the Bank for assistance with an urban infrastructure operation targeting inner-city communities. This was followed up by a discussion with the Director General of the Planning Institute of Jamaica (PIOJ) in late May and then a pre-identification mission in July 2004, which had in-depth discussions with all stakeholder ministries and agencies, as well as NGOs and community organizations working in inner-cities of Jamaica to clarify and prioritize project components. In August 2004, the Government of Jamaica made a formal request for the loan. It has been agreed with GoJ that the project would be implemented through JSIF given its successful experience in implementing Bank projects including the on-going NCDP.

2. Proposed project development objective(s)

The project aims to improve access in targeted poor inner-city communities to basic services including reliable potable water, sanitation and solid waste management. Additionally, the project aims to improve public safety in target inner city communities.

Specific objectives include: (i) significantly increasing coverage in poor households within the selected communities to water, sanitation, storm water drainage and solid waste management facilities; (ii) creation of employment opportunities for low-income groups through the use of labor-intensive construction, operation and maintenance methods for urban infrastructure; and (iii) improving community safety as measured by reduced crime rates and public perceptions of safety.

3. Preliminary Project Description

The team proposes use of a Specific Investment Loan. While the proposed project will incorporate several innovative integrated development features, the infrastructure works to be financed are traditional ones.
Implementation
The project will be executed through JSIF. To ensure buy-in from other stakeholder agencies the project will have a high-level steering committee that would give strategic guidance to the project and ensure a coherent and harmonized policy environment. This committee would ensure harmonization of all government, non-government and international donor partner interventions in the project areas aimed at inner-city renewal. It would be chaired by the Director General of PIOJ, with representation at the Head of Department/Agency level of ministries and agencies including but not limited to the Ministry of Finance and Planning, Ministry of Local Government, JSIF, National Water Commission, National Works Agency etc.

The project will develop a sub-project facility through which JSIF will approve, fund and supervise monitor community infrastructure improvement sub-projects. This project design will enable communities to be directly involved in the design, implementation and management of community-based programs. In developing the sub-project facility JSIF will benefit from and build upon past successful experience with community contract management under the community based contracting system that has been rolled-out as part of the NCDP.

The overall project coverage and implementation approach will be phased – starting with those municipalities and communities most capable and in the greatest need based on a set of objective eligibility criteria. The eligibility criteria to be used to select participating inner-city communities will be developed during the preparation phase. The selection strategy for the project aims to target poor and service-deprived neighborhoods with patterns of crime and violence. Additional eligibility criteria will include a high number of women-headed households, demonstrably strong social organization, community willingness to participate in basic infrastructure development and maintenance (through in-cash contributions and in-kind involvement), and the ability to link communities to trunk infrastructure in a cost-effective manner. The number of beneficiaries is expected to be about 20,000 in no more than two neighborhoods.

CBO involvement and NGO intermediation will be important elements of project implementation. The complexity of working in Jamaica’s poor and often conflict-ridden inner city communities will require strong community organization and effective social intermediation. The project will aim to include locally trusted NGOs and CBOs with demonstrated capacity to work in inner-city neighborhoods as implementing partners for sub-project activities. These organizations will facilitate community consultations, participation in implementation activities and insure smooth implementation by managing the day-to-day coordination required between residents, JSIF representatives, contractors and other actors with roles in implementation.

Flow of Funds
The GoJ will be the Borrower and will pass funds to JSIF as a grant. JSIF will have overall administrative responsibilities which are already clearly spelt out in JSIF’s operation manual developed for the NCDP.

Components
The proposed loan will finance three project components:

(1) Urban Infrastructure and Basic Service Provision: This primary component will support a series of integrated basic infrastructure investments in target inner-city communities. The project will offer a menu of core and auxiliary infrastructure services that can be selected by target communities based on a participatory decision-making process. The menu of potential infrastructure services will be established
during project preparation and will likely include – sanitation services; household and public water connections; drainage; solid waste collection and management; tertiary and secondary road network widening and improvements; and sidewalks and street lights.

The project will aim to provide access to the most **socially, economically and technically appropriate basic infrastructure services**. Public water standpipes will not be installed, for example, in communities where residents indicate a social preference for alternate forms of water service. Concurrently, the project will aim to provide a level of service that communities are willing to pay for and maintain over a period of time. Community ownership will be ensured by providing up-front for at least 20 percent community contribution in-cash or in-kind and agreements with the communities on operations and maintenance of the created assets. The project will also attempt to provide low-cost alternatives to traditional technical standards for basic services to ensure optimal project coverage and affordability. Additionally, the component will support the use of **labor-intensive infrastructure development** methods in target communities to provide short-term employment opportunities.

The component will support the development of secondary, off-site trunk infrastructure where applicable. In such cases target communities may lack access to nearby primary trunk infrastructure for water, sanitation or drainage. Similarly, the mobility of local residents may be severely restricted by the poor quality of an off-site secondary road. The component will assist in the development of secondary or off-site infrastructure development based on the factors of affordability and participation of responsible federal and local agencies.

**Public Safety Improvement**: The component aims to assist inner-city neighborhoods to improve the public safety situation through a series of innovative and tested community-based methodologies. In particular the component will support preventive community based multi-sectoral interventions including community based diagnostics, situational prevention including adaptation of fencing, street lighting, street addressing and social prevention. The component will focus particular attention on issues of gender in the development of interventions. Women play an important role in inner-city communities given the high percentage of female-headed households in these settlements.

**Community-Based Infrastructure Management Capacity Building**: The third component will aim to build the capacity of community organizations to implement, manage and maintain community-based infrastructure. The component will aim to enhance the sustainability of investments by strengthening community capacity to manage and participate in maintenance mechanisms for local systems for solid waste, water, sanitation, drainage and other basic infrastructure systems.

Conditional on good implementation of the first project and continued interest by GoJ, this project could be rolled-out nationally through a series of repeater projects every two-three years.

**Safeguards Policy Approach**
Minor environmental and resettlement issues are expected to arise from the proposed operation. Operations policies for Environmental Assessment and Involuntary Resettlement will be triggered. Appropriate frameworks will be prepared in accordance with Bank procedures.

**Partnerships**
From inception, the team has worked closely with major IDPs working in Jamaican inner-cities like USAID, DFID, IDB, EU and CIDA. We had useful preliminary meetings with all these agencies during pre-identification mission in July. DFID has put a staff on the project preparation team.
4. Safeguard policies that might apply
Environmental Assessment (OP/BP 4.01)
Involuntary Resettlement (OP/BP 4.12)

5. Tentative financing
Source: ($m.)
Borrower 00.0
International Bank For Reconstruction And Development 25.0
Local Communities 5.0
Total 30.0

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