Document of

The World Bank

Report No: 63394-JM

Restructuring PAPER

ON A

PROPOSED Project restructuring

of

JAMAICA Inner City Basic Services for the Poor Project

p091299/IBRD 41890

TO THE

Government of Jamaica

July 28, 2011

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Jamaica — Inner City Basic Services for the Poor Project

P091299 / IBRD 41890

**Restructuring Paper**

1. The closing date for Jamaica Inner City Basic Services for the Poor (P091299/IBRD 41890) will be extended from December 31, 2011 until December 31, 2013.
2. Project disbursements have steadily increased since project effectiveness in 2006, and disbursements total $17 million (58%) of the US $29.3 million loan; however, the current rate of disbursements remains below what was originally expected. The primary reason for this lower-than-expected level of disbursement has been the lack of fiscal space resulting from reductions in public expenditures by all public entities to meet targets agreed with the IMF in 2010. For the project, the imposed spending limit meant delaying procurement of several large contracts in 2009 and 2010. This has slowed provision of basic services to the large, primarily inner-city, communities where poverty and violence are more entrenched and where community organization has been more difficult. This extension will enable the project to meet expectations in those communities.
3. The project is of very high strategic importance to the Government of Jamaica because of its focus on crime and violence prevention at the neighborhood level. Specifically, the project is one of the pillars for driving the recently approved Community Renewal Program, which focused on community-based crime and violence prevention, forward.
4. The Bank team believes that the proposed extension is realistic because: (i) the Government has increased the fiscal space allocation for the project to US$6.2 million for the Jamaican FY2012 (which began in April 2011), up significantly from the Jamaican FY 2011 level of US$ 5 million; (ii) the proposed extension would allow for fiscal space to be allocated over three Jamaican FYs, including the FY that just started. To fully disburse, the Project requires about US$14 million in fiscal space. As US$6.2 million have been allocated for this FY, the project would need only about US$4 million for each of the two subsequent Jamaican FYs.
5. The team notes that: (i) The project’s objectives continue to be achievable; (ii) the performance of the Borrower and the project implementation agency is satisfactory and the Project is currently rated Moderately Satisfactory for both DO and IP; (iii) the Borrower has prepared a specific action plan acceptable to the Bank to complete the project; (iv) neither the loan in particular, nor Jamaica, are subject to an ongoing suspension of disbursements; and (v) there is no pending audit and outstanding financial management or procurement issues. The most recent audit report raises neither serious accountability nor internal control issues.
6. This will be the **first** extension of the project.