

# PROJECT STATUS REPORT

JANUARY 2015 - JUNE 2015

## SECTION 1: PROJECT SUMMARY

**PROJECT NAME:** Promoting Jamaican Junior Stock Exchange

Project Number: JA-M1029 - Project Num.: ATN/ME-14592-JA

**Purpose:** The intended result of the project is increased access to equity financing for Jamaican SMEs by improving the framework of the JSE's Junior Market and providing SMEs with capacity-building so that they can meet the requirements for listing on the Junior Market.

**Country Admin**

JAMAICA

**Country Beneficiary**

JAMAICA

**Executing Agency:**

Jamaica Stock Exchange

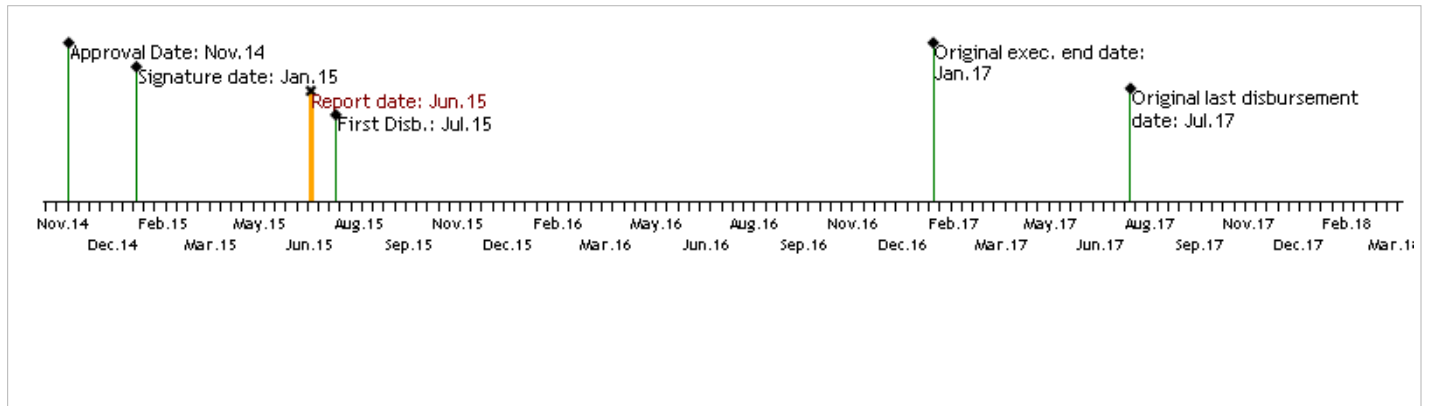
**Design Team Leader:**

TETSURO NARITA

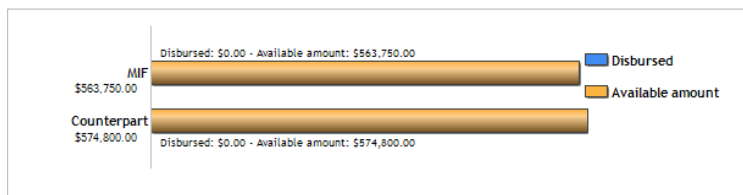
**Supervision Team Leader:**

WAYNE BEECHER

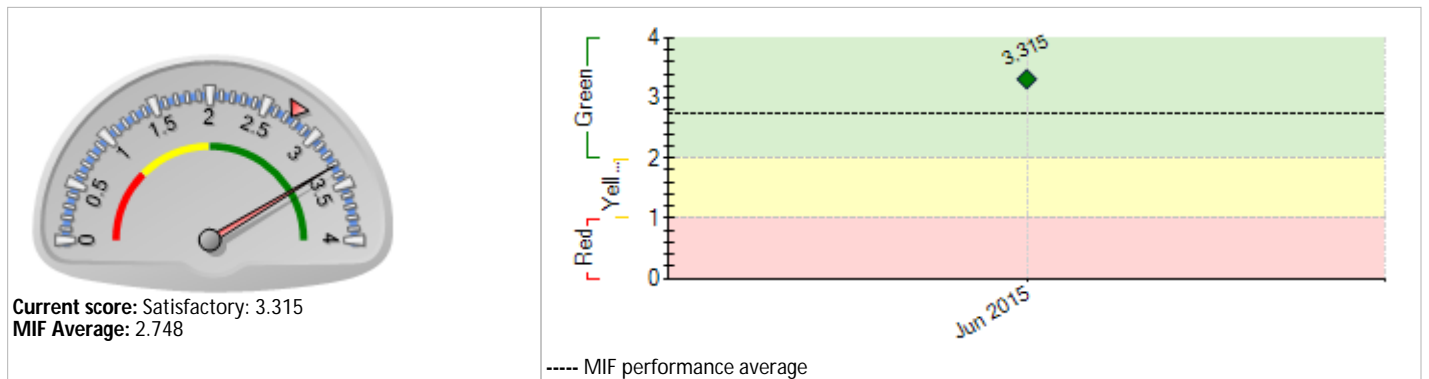
### PROJECT CYCLE



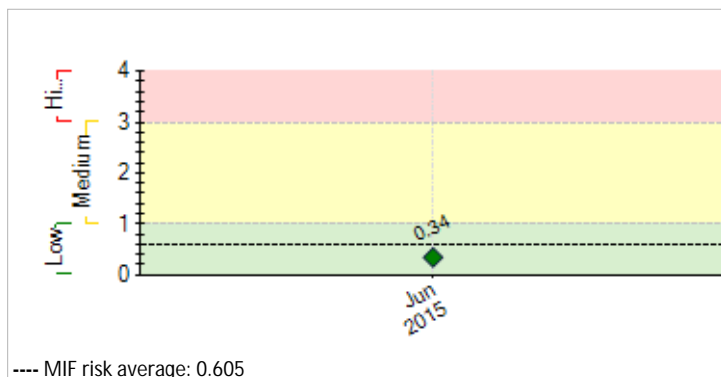
### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS



### INSTITUTIONAL CAPACITY

**Risk**

**Financial Management:** Low

**Procurement:** Medium

**Technical Capacity:** Low

## SECTION 2: PERFORMANCE

## Summary of project performance in the last six months

The project has spent 22% from the funds allocated by the IDB and 20% from the JSE budget. The project prime focus is on mobilizing prospective SMEs through the execution of on-going marketing activities. The necessary steps are been undertaken to set-up the Pre-Listing Unit to provide capacity support to SMEs.

## Measurable indicators completed include:

## Component 1

- The Technical Cooperation Agreement was signed at the Launch Event, establishing the partnership between the JSE and the IADB
- Marketing Study Completed
- Seminars were held to sensitize small and medium-sized enterprises about the benefits of listing on the Junior Market.
- Marketing Campaign Plan completed
- One specific stakeholder Consultation session held

## Component II

- The Online Trading Platform was successfully launched in May 2015.
- The JSE Stock Market Game for High School Awards Ceremony was held in April. 2015
- One Pitch Room competition hosted

## Component IV

- The JSE Annual Conference was held in January 2015

## Project Risks and Challenges

The announcement of the phase-out of the 10-year holiday from income tax for companies listed on the JSE Junior Market by the end of March 2016; is a change in the project external environment and an identified project risk that may significantly impact the project expected outputs.

The number of firms interested in listing has dwindled

## Critical Actions

Of critical importance is the instituting of the framework to provide capacity building support to firms interested in listing on the JSE Junior Market.

## Comments from the Supervision Team Leader

Agree with the Executing Agency comments

## SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
<b>Purpose:</b> The intended result of the project is increased access to equity financing for Jamaican SMEs by improving the framework of the JSE's Junior Market and providing SMEs with capacity-building so that they can meet the requirements for listing on the Junior Market.	R.1	Total deployed amount (value) of new financial products for firms (under the context of this project, this means the total amount raised on the Junior Market by all the newly listed SMEs) (\$'000)	3283.7 Feb 2015	3583.7 Mar 2016		4363.7 Feb 2017	0	
	R.2	Number of firms accessing credit or other financial products (under the context of this project, this means the number of SMEs that raise funds on the Junior Market)	26 Jan 2016	32 Mar 2016		49 Jan 2017	0	
	R.3	Number of institutions who access MIF knowledge products or knowledge transfer activities	0 Jan 2015	3 Apr 2015		6 Apr 2016	0	
<b>Component 1:</b> Awareness-raising and Stakeholder Consultation  <b>Weight:</b> 20%  <b>Classification:</b> Unsatisfactory	C1.I1	Number of SME and investor appetite assessment report submitted	0			2 May 2015		Finished
	C1.I2	Design of marketing plan	0			1 May 2015		Finished
	C1.I3	Number of attendees at Launch Event	0 Jan 2015			150 May 2015	150 Jan 2015	Finished
	C1.I4	Number of government consultations held	0 Jan 2015	1 Mar 2015		2 May 2015		Delayed

C1.15	Number of Specific stakeholder consultation conducted	0	2			4		Delayed
		Jan 2015	Apr 2015			Jun 2015		
C1.16	Number of SME Sensitized	0	125	75	100	150		Delayed
		Feb 2016	Jan 2015	Jul 2016	Jan 2017	Jul 2015		
C1.17	Number of international investor presentations	0				2		On Course
		Jan 2015				Jan 2017		

**Component 2: Enhancement of JSE Functions****Weight:** 30%**Classification:** Satisfactory

C2.11	Launch of an Online Trading Platform	0				1	1	Finished
						Sep 2015	May 2015	
C2.12	Financial Reporting Standardization Template released (financials for listed companies, frequency etc.)	0				1		
						Sep 2015		
C2.13	Implementation of new risk surveillance software	0				1		
						Apr 2016		
C2.14	Number of teachers trained in using Stock Exchange Game platform	30	40	55	70	80	37	On Course
		Jan 2015	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Jun 2015	
C2.15	Number of SMEs registered for loyalty program	0	6			12		On Course
		Jan 2015	Jan 2016			Jan 2017		
C2.16	Number of knowledge exchange visits	0	1			2		
		Jan 2015	Jan 2016			Jan 2017		

**Component 3: Training for Prospective Listing Companies, Mentors and Brokers****Weight:** 35%**Classification:** Satisfactory

C3.11	New 'How To' manual for member dealers developed	0				1		
						Jul 2015		
C3.12	Number of SMEs who received capacity building training	0				25		
						Jan 2016		
C3.13	Number of pitch sessions held	0	1			2		Finished
		Jan 2015	Jul 2015			Jul 2016		
C3.14	Number of SMEs applying for Listing Assistance Grant	0	5			18		
		Jan 2015	Apr 2016			Jan 2017		
C3.15	Number of SMEs who received Corporate Governance Training	0				25		
						Jul 2016		
C3.16	Number of mentors and attorneys trained (disaggregated by sex and location)	0				20		
						Dec 2015		
C3.17	Dealer engagement session held	0				1		
						Feb 2016		
C3.18	Number of SMEs reissuing shares or other instruments through JSE	4				9		
		Jan 2015				Jan 2017		
C3.19	Pre-Listing Technical Assistance Unit established	0				1		
						Jan 2017		

**Component 4: Knowledge management and strategic communication****Weight:** 15%**Classification:** Satisfactory

C4.11	case studies / infographic produced	0	1			2		
			Jan 2016			Jul 2016		
C4.12	Number of Stock Exchange conferences held	0	1			2	1	On Course
			Jul 2015			Jul 2016	Jan 2015	

Milestones		Planned	Due Date	Achieved	Date of achievement	Status
M1	Conditions Prior	10	Jul 2015			
M1	[*] Marketing Plan Design	1	Nov 2015			
M2	[*] Pre-Listing Unit established	1	Mar 2016			
M3	[*] Capacity building assessment and training for 25 SMEs completed	25	Jul 2016			
M4	[*] Design of the Corporate Governance Index	1	Nov 2016			
M5	[*] Development of JSE Junior Market Case Study	1	Mar 2017			

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE***[None reported in this period]***SECTION 4: RISKS****MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. Not enough firms willing and able to list.	Medium	The JSE "canvassed" at least 100 prospective companies for the Junior Market during the design phase of the project. In addition, awareness-raising and consultations among all of the related stakeholders will be conducted with this project.	Project Guest
2. Inability to synchronize schedule for international shows with JSE availability.	Low	Schedule well in advance with coordination of all department	Project Guest
3. Socio-economic environment not conducive to growth	Low	Build awareness of the JSE potential to stimulate economic growth through investment from the Diaspora. Launch online trading platform	Project Guest
4. For designing this project the JSE "canvassed" at least 100 prospective companies for the Junior Market. In addition, awareness-raising and consultations among all of the related stakeholders will be conducted with this project.	Low	The project will also offer training to those service providers allowing them to better understand the needs of smaller companies and thus to set up a differentiated fee structure applicable to firms planning to list on the Junior Market	Project Guest
5. Low investor confidence resulting in low take up of stock.	Low	Awareness-raising and consultations among all of the related stakeholders will be conducted with this project	Project Guest
<b>PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 8 IN EFFECT RISKS: 8 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0</b>			

## SECTION 5: SUSTAINABILITY

**Likelihood of project sustainability after project completion:** P - Probable

**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY**

*[None reported in this period]*

**Actions related to sustainability which have been taken in the reporting period:**

The JSE will establish a Pre-listing Technical Assistance Unit within the JSE and will provide complementary support to the Business Development Agencies that will be engaged to provide prospective SMEs with capacity-building support to meet the listing requirements in terms of corporate governance, and financial and legal reporting. This Unit will also follow-up with the listed companies incentivizing them to further utilize the Junior Market (additional share offerings and/or issuances of fixed income instruments). The JSE is seeking to engage the staff and has since tendered the vacancies for the positions.

## SECTION 6: PRACTICAL LESSONS

*[No lessons learned found]*