

PROJECT STATUS REPORT

JULY 2015 - DECEMBER 2015

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Promoting Jamaican Junior Stock Exchange

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

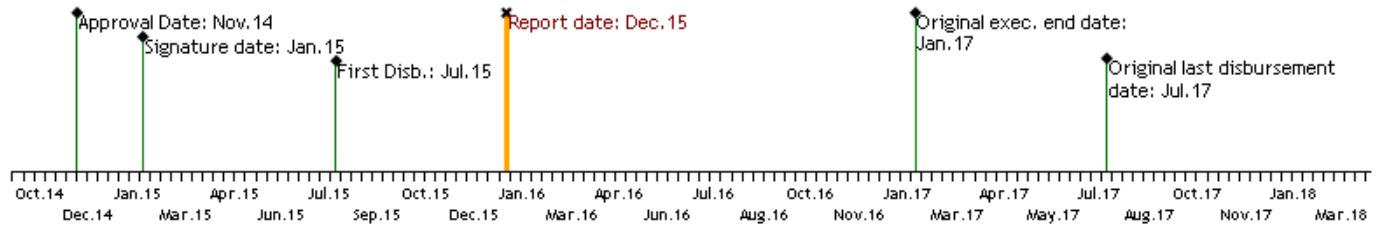
Country Admin
JAMAICA

Country Beneficiary
JAMAICA

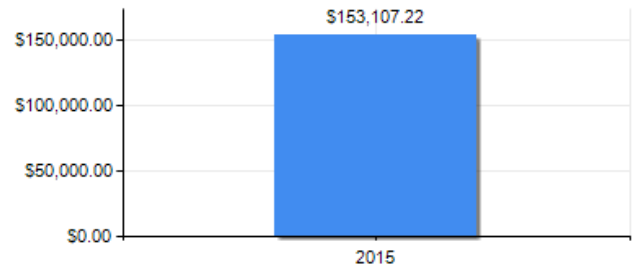
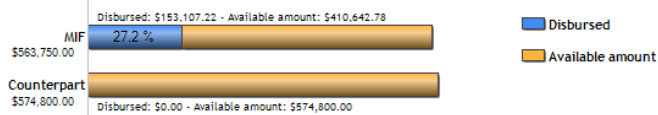
Executing Agency: Jamaica Stock Exchange

Design Team Leader: TETSURO NARITA
Supervision Team Leader: WAYNE BEECHER

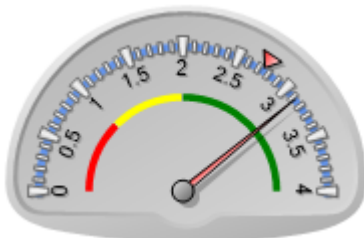
PROJECT CYCLE



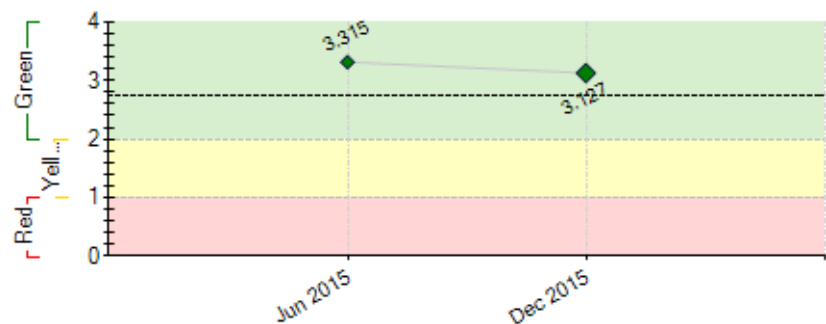
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 3.127
MIF Average: 2.749



----- MIF performance average

EXTERNAL RISKS

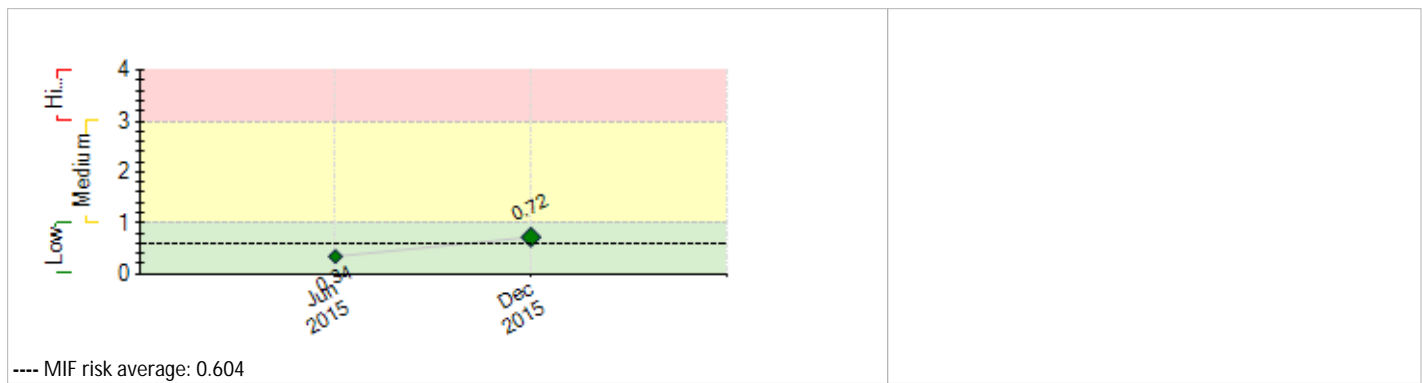
INSTITUTIONAL CAPACITY

Risk

Financial Management: Low

Procurement: Medium

Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

2015 has been one of the most successful years for the Jamaica Stock Exchange (JSE). Up to December 2015, the six year old JSE Junior Market has raised approximately USD\$558.60 million in equity and debt financing for local companies. This achievement was significant in creating jobs, increased contribution to individual taxes and increased import duties

Some of the project's main results achieved thus far are: (i) 28 securities are currently listed on the Junior Market; (ii) 2 business development agencies have been retained to provide capacity support to potential listing firms; (iii) completion of a market study that assesses the investment appetitive of prospective SMEs and investor's; (iv) Completion of a Marketing Campaign plan; and (v) 2 Marketing Sensitization workshops and 1 Stakeholder Consultation session have been held. Difficulties were experienced in gaining responses from the targeted respondents for the Market Study. A reschedule deadline for the submission of the completed Study was mutually agreed to allow for effective results.

To date, the project has achieved 2 of its 5 Milestones

Project risk identified: (i) The targeted number of firms identified for training and listing maybe constrained by the removal of the 10-year tax break afforded to companies that list on the JSE Junior Market effective March 2016. To mitigate the risks identified, the executing agency has launched efforts to lobby the government to reconsider the removal of the tax incentive.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

The main achievements of the semester were: (i) the execution of the first international Roadshow visit under the project. The visit saw the JSE's representatives meeting with various stakeholders in New York through a series of events aimed at inspiring potential investors to consider Jamaica for investment opportunities; (ii) the project has continued sensitization efforts to increase awareness of the stock exchange as a viable source of raising capital for business growth; (iii) a Consultant has been engaged to undertake the preparation of the Corporate Governance Index; and (iv) the 2016 Stock Exchange Game for High Schools was launched in September.

The major challenge experienced was: (i) gaining the interest of SMEs to consider the Junior Market as an attractive means of raising financing. The reason for this is primarily the government proposed announcement to remove the tax incentive from the Junior Market. In an effort to address the challenge, the JSE has increased its awareness raising activities.

In the next six months, the Executing Unit's efforts will be concentrated on: (i) launching the JSE Corporate Governance Index; (ii) conduct awareness-raising activities; (iii) finalize the process of hiring a business development specialist to provide capacity support to prospective listing companies; (iv) sign-up at least 12 prospective firms who are interested in listing and; (iv) initiate planning for the project's Knowledge Exchange Visit to Canada.

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
Purpose:							
Milestones	Planned	Due Date	Achieved	Date of	Status		

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 Coordinator
2. 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 Coordinator
3. 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 Coordinator
4. 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 Coordinator
5. Inability to synchronize schedule for international shows with JSE availability.	Low	Schedule well in advance with coordination of all department	Project Coordinator

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 8 **IN EFFECT RISKS:** 8 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0**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:**

1. The executing agency will be establishing a Pre-Listing Technical Assistance Unit. The Unit is expected to be a permanent unit providing capacity support to prospective listing firms.

SECTION 6: PRACTICAL LESSONS*[No lessons learned found]*