

PROJECT STATUS REPORT

JANUARY 2016 - JUNE 2016

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

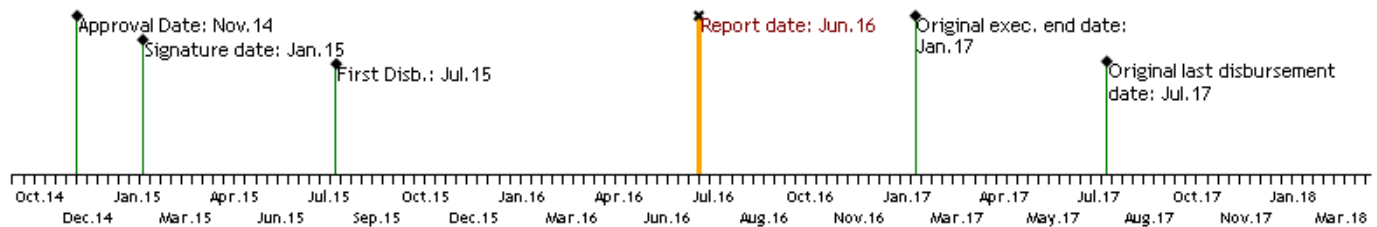
Design Team Leader:

TETSURO NARITA

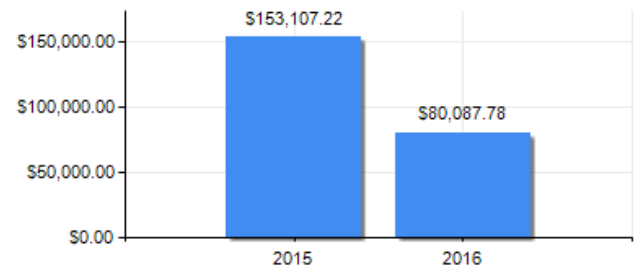
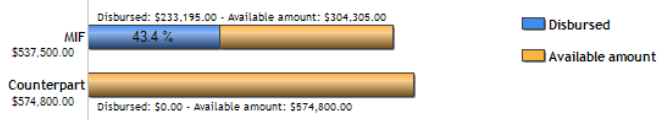
Supervision Team Leader:

WAYNE BEECHER

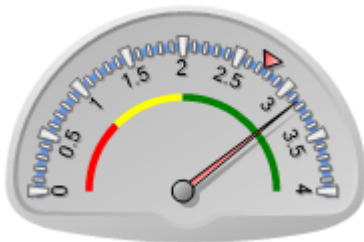
PROJECT CYCLE



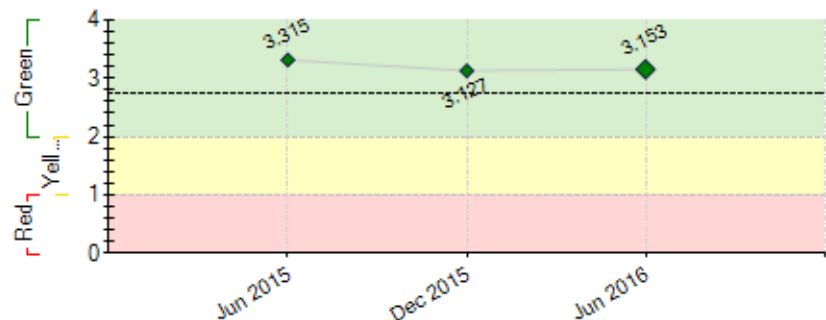
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 3.153
MIF Average: 2.751



EXTERNAL RISKS

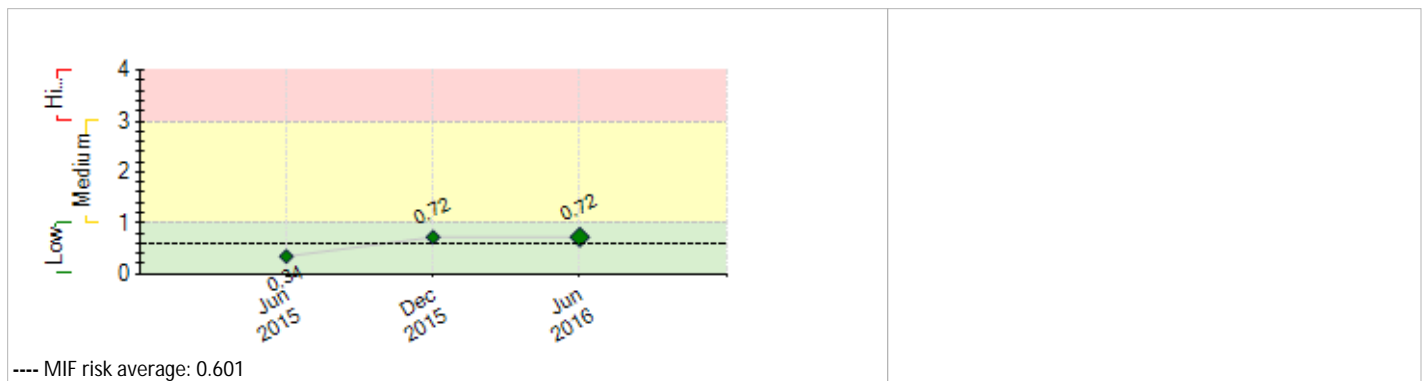
INSTITUTIONAL CAPACITY

Risk

Financial Management: Low

Procurement: Medium

Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

The Jamaica Stock Exchange Group returned a strong performance for the first half of 2016. Of significance was the listing of six (6) new companies on the Junior Market which represents a record for the number of new listings on the Junior Market in a single quarter. A considerable amount of effort has been placed in sensitizing various stakeholders on the positive impact for companies to list on the market and to boost potential investors to consider investing in the local stock market.

The project's main results achieved so far are: (i) 28 securities are currently listed on the Junior Market; (ii) 3 Public Outreach Forums and 3 Stakeholder Consultation sessions were held to increase awareness among SMEs, investors and other stakeholders about the benefits and utility of the Junior Market; (iii) A Knowledge Exchange Visit and International Roadshow was conducted to capture the interest of the diaspora; (iv) 1 round of the Pitch Room competition was held; and (v) 2 SMEs have received Listing Assistance Grant. Difficulties were experienced in scheduling of companies to interview that would facilitate the completion of the project's Video Case Study.

The project to date has achieved 3 of its 6 Milestones.

The project main identified risk has been mitigated with the government's announcement that the 10-year tax break afforded to companies that list on the JSE Junior Market will remain in effect.

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 launch of the Corporate Governance Index (CGI); (ii) sensitization of 137 SMEs; (iii) the execution of 4 Stakeholder Consultation sessions; (iv) the second International Roadshow was accomplished with a visit to Toronto, Canada ;(v) A Knowledge Exchange Visit was conducted at the Toronto Stock Exchange. The general objective of the Exchange was to provide an opportunity for the representatives of the JSE to build networks and partnerships and gain knowledge from successful initiatives; (v) hosting of a 2-day Corporate Governance Workshop that catered to 55 SMEs that are interested in listing.

The major challenge experienced were (i) difficulties related to scheduling timelines to finalize the project's knowledge products; as well as (ii) problems related to the lukewarm interest of the SMEs towards listing on the Junior Market is dwindling, largely due to the JSEs direct sensitization efforts. The final approval of the legislation through Parliament to facilitate the stay of the tax incentive should serve to reduce the reservation of some SMEs to list.

In the next six months, the Executing Unit's efforts will be concentrated on: (i) finalizing the project's knowledge products; (ii) continue the provision of capacity support to SMEs through business development workshops and coaching; and (iii) launch the JSE Loyalty Program.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The uncertainty regarding the continuation of the incentives for listing on the junior market caused a number of the potential candidates for listing, to delay their decision.

SECTION 3: INDICATORS AND MILESTONES

Indicators

Baseline Intermediate 1 Intermediate 2 Intermediate 3 Planned Achieved Status

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.	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	4143 Jun 2016	
	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	32 Mar 2016	
	R.3	Number of institutions who access MIF knowledge products or knowledge transfer activities	0 Jan 2015	3 Apr 2015			6 Apr 2016	0	

Component 1: Awareness-raising and Stakeholder Consultation Weight: 20% Classification: Satisfactory	C1.11	Number of SME and investor appetite assessment report submitted	0				2 May 2015	2 Sep 2015	Finished
	C1.12	Design of marketing plan	0				1 May 2015	1 Oct 2015	Finished
	C1.13	Number of attendees at Launch Event	0 Jan 2015				150 May 2015	150 Jan 2015	Finished
	C1.14	Number of government consultations held	0 Jan 2015	1 Mar 2015			2 May 2015		Delayed
	C1.15	Number of Specific stakeholder consultation conducted	0 Jan 2015	2 Apr 2015			4 Jun 2015	1 Nov 2015	Delayed
	C1.16	Number of SME Sensitized	0 Feb 2016	125 Jan 2015	75 Jul 2016	100 Jan 2017	150 Jul 2015	150 Jun 2016	Delayed
	C1.17	Number of international investor presentations	0 Jan 2015				2 Jan 2017	2 May 2016	On Course

Component 2: Enhancement of JSE Functions Weight: 30% Classification: Satisfactory	C2.11	Launch of an Online Trading Platform	0				1 Sep 2015	1 May 2015	Finished
	C2.12	Financial Reporting Standardization Template released (financials for listed companies, frequency etc.)	0				1 Sep 2015		Delayed
	C2.13	Implementation of new risk surveillance software	0				1 Apr 2016	1 Apr 2016	Finished
	C2.14	Number of teachers trained in using Stock Exchange Game platform	30 Jan 2015	40 Jul 2015	55 Jan 2016	70 Jul 2016	80 Jan 2017	37 Jun 2015	On Course
	C2.15	Number of SMEs registered for loyalty program	0 Jan 2015	6 Jan 2016			12 Jan 2017	5 Sep 2015	On Course
	C2.16	Number of knowledge exchange visits	0 Jan 2015	1 Jan 2016			2 Jan 2017	1 May 2016	On Course

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		Delayed
	C3.12	Number of SMEs who received capacity building training	0				25 Jan 2016		Delayed
	C3.13	Number of pitch sessions held	0 Jan 2015	1 Jul 2015			2 Jul 2016	1 Jul 2015	Finished
	C3.14	Number of SMEs applying for Listing Assistance Grant	0 Jan 2015	5 Apr 2016			18 Jan 2017	2 Feb 2016	On Course
	C3.15	Number of SMEs who received Corporate Governance Training	0				25 Jul 2016	55 Jun 2016	On Course
	C3.16	Number of mentors and attorneys trained (disaggregated by sex and location)	0				20 Dec 2015		Delayed
	C3.17	Dealer engagement session held	0				1 Feb 2016		Delayed
	C3.18	Number of SMEs reissuing shares or other instruments through JSE	4 Jan 2015				9 Jan 2017		
	C3.19	Pre-Listing Technical Assistance Unit established	0				1 Jan 2017	1 Jan 2016	On Course

Component 4: Knowledge management and strategic communication Weight: 15% Classification: Satisfactory	C4.11	case studies / infographic produced	0	1 Jan 2016			2 Jul 2016		Delayed
	C4.12	Number of Stock Exchange conferences held	0	1 Jul 2015			2 Jul 2016	1 Jan 2015	On Course

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M1 Conditions Prior	10	Jul 2015	10	Jul 2015	Achieved
M1 [*] Marketing Plan Design	1	Nov 2015	1	Nov 2015	Achieved
M2 [*] Pre-Listing Unit established	1	Mar 2016	1	Jan 2016	Achieved
M3 [*] Capacity building assessment and training for 25 SMEs completed	25	Jul 2016	55	Jun 2016	Achieved
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

[X] Legislative approvals

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	Low	Build awareness of the JSE potential to stimulate economic growth	Project Coordinator

conductive to growth		through investment from the Diaspora. Launch online trading platform	
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 JSE delivered the first in its series of Corporate Governance Workshop. The sessions are intended to engage prospective listing companies and sensitize them of the requirements of the Junior Market. The model for the session is being further developed and will be held bi-annually, as a means of engaging prospective firms.
2. The JSE employed a Business Development Specialist for its newly formed Pre-Listing Technical Assistance Unit. The Unit is expected to provide capacity support to prospective companies and follow-up with the listed companies incentivizing them to further utilize the Junior Market

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]