

PROJECT STATUS REPORT

JULY 2016 - DECEMBER 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

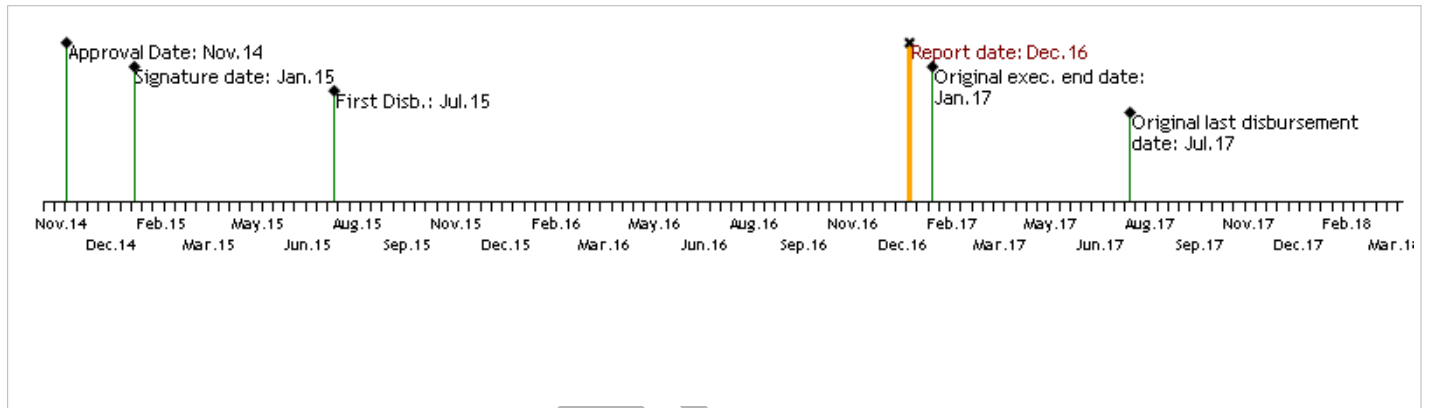
Design Team Leader:

TETSURO NARITA

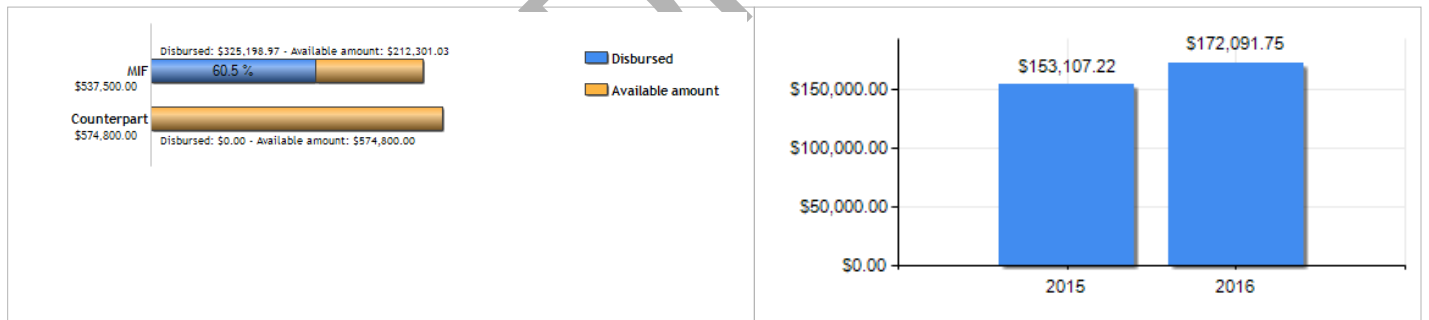
Supervision Team Leader:

WAYNE BEECHER

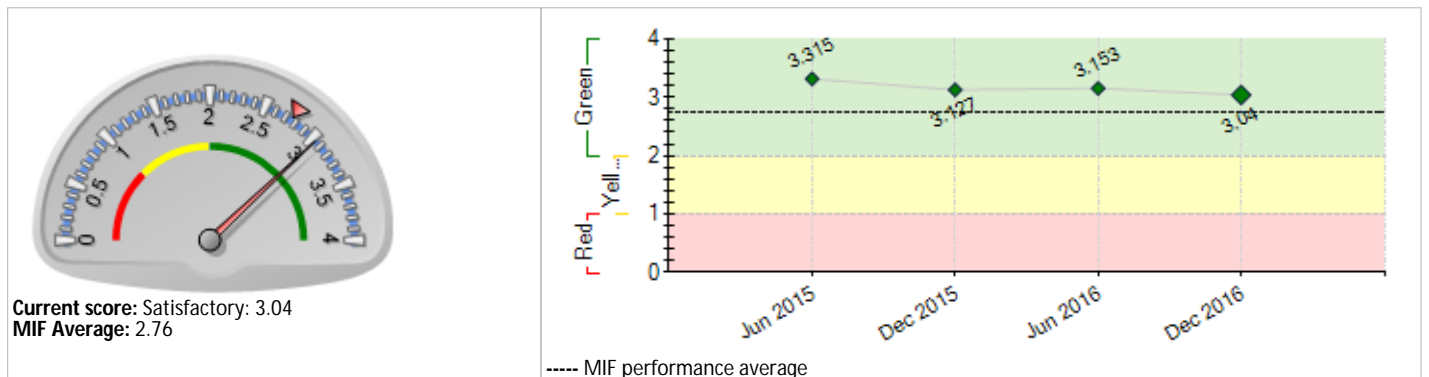
PROJECT CYCLE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

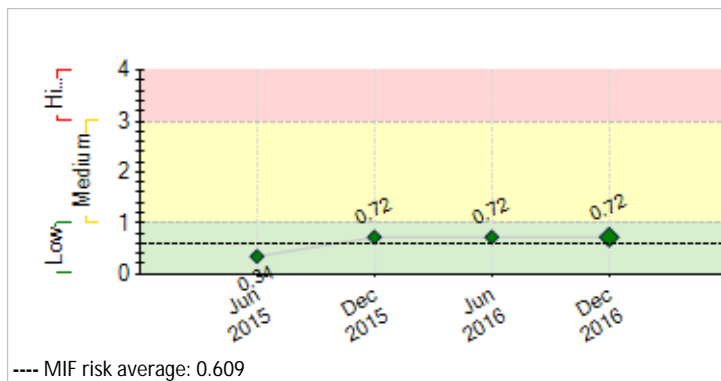
INSTITUTIONAL CAPACITY

Risk

Financial Management: Low

Procurement: Medium

Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

The project has steadily made improvements in achieving the objective of enhancing the functions of the JSE functions, primarily the monitoring activities. This is being achieved through the development and implementation of the Corporate Governance Index, which is intended to raise the overall standard of corporate governance for companies listed on the Jamaica Stock Exchange.

The project's main results achieved so far are: (i) Four (4) milestones completed; (ii) Thirty-three (33) securities are listed; two (2) companies reissued other instruments to raise additional funding through the Junior Market; (iii) 18 companies have accepted capacity support to facilitate listing; (iii) a "how to" manual has been developed for brokers for identifying prospective SMEs, analyzing and understanding their needs, and accompanying them throughout the listing process; and (iv) The JSE Loyalty Programme was launched with at six (6) Junior Market companies partnering with the JSE to offer benefits to active investors.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

The Jamaica Stock Exchange Group (JSEG) returned a strong performance for the third quarter of 2016. The main achievements of the semester were: two (2) companies listed on the Junior Market reissued additional securities to raise funding; ii) the project has continued sensitization efforts to increase investor awareness of the stock exchange; (iii) the Stock Market Game for the 2016/2017 period was revamped and launched in October; and the Evaluation Committee for the Corporate Governance Index was formed in partnership with the Private Sector Organization of Jamaica. Additionally, the Pre-Listing Unit has continued the efforts to engage prospective firms for listing through the engagement of an additional listing facilitator. One (1) milestone was achieved during the period.

The major challenge experienced was: (i) garnering the interest of SMEs to consider the Junior Market as an attractive means of raising financing, despite increase promotion efforts. The government announcement to reinstate the tax incentive with the Junior Market in November 2016, is expected to yield improved results.

In the next six months, the Executing Unit's efforts will be concentrated on: (i) executing the first JSE Corporate Governance Index rating; (ii) conduct awareness-raising activities including Stakeholder Consultation; (iii) providing capacity-support to prospective listing firms (iv) and, (iv) initiate planning for the project's Knowledge Exchange Visit to Brazil.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The removal of the incentives for listing on the Junior market affected the demand for SME listing. Although the incentives are now reinstated, the deal flow has already been impact and thus put at risk the achievement of the indicator regarding the number of companies listed

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

C1.I1 Number of SME and investor appetite assessment report submitted

0

2

2

Finished

Stakeholder Consultation Weight: 20% Classification: Satisfactory	C1.12	Design of marketing plan	0				May 2015	Sep 2015	Finished
							1	1	
	C1.13	Number of attendees at Launch Event	0				May 2015	Oct 2015	Finished
			Jan 2015				150	150	
	C1.14	Number of government consultations held	0	1			May 2015	Jan 2015	Delayed
			Jan 2015	Mar 2015			2		
	C1.15	Number of Specific stakeholder consultation conducted	0	2			May 2015		Delayed
			Jan 2015	Apr 2015			4	3	
Component 2: Enhancement of JSE Functions Weight: 30% Classification: Satisfactory	C1.16	Number of SME Sensitized	0	125	75	100	150	177	On Course
			Feb 2016	Jan 2015	Jul 2016	Jan 2017	Jul 2015	Sep 2016	
	C1.17	Number of international investor presentations	0				2	2	On Course
			Jan 2015				Jan 2017	May 2016	
	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		Delayed
							Sep 2015		
Component 3: Training for Prospective Listing Companies, Mentors and Brokers Weight: 35% Classification: Satisfactory	C2.13	Implementation of new risk surveillance software	0				1	1	Finished
							Apr 2016	Apr 2016	
	C2.14	Number of teachers trained in using Stock Exchange Game platform	30	40	55	70	80	73	On Course
			Jan 2015	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Dec 2016	
	C2.15	Number of SMEs registered for loyalty program	0	6			12	6	On Course
			Jan 2015	Jan 2016			Jan 2017	Nov 2016	
	C2.16	Number of knowledge exchange visits	0	1			2	1	On Course
			Jan 2015	Jan 2016			Jan 2017	May 2016	
Component 4: Knowledge management and strategic communication Weight: 15% Classification: Satisfactory	C3.11	New 'How To' manual for member dealers developed	0				1	1	On Course
							Jul 2015	Dec 2016	
	C3.12	Number of SMEs who received capacity building training	0				25	45	On Course
							Jan 2016	Jul 2016	
	C3.13	Number of pitch sessions held	0	1			2	1	Finished
			Jan 2015	Jul 2015			Jul 2016	Jul 2015	
	C3.14	Number of SMEs applying for Listing Assistance Grant	0	5			18	2	On Course
			Jan 2015	Apr 2016			Jan 2017	Feb 2016	
Component 4: Knowledge management and strategic communication Weight: 15% Classification: Satisfactory	C3.15	Number of SMEs who received Corporate Governance Training	0				25	55	On Course
							Jul 2016	Jun 2016	
	C3.16	Number of mentors and attorneys trained (disaggregated by sex and location)	0				20		Delayed
							Dec 2015		
	C3.17	Dealer engagement session held	0				1		Delayed
							Feb 2016		
	C3.18	Number of SMEs reissuing shares or other instruments through JSE	4				9	2	On Course
			Jan 2015				Jan 2017	Sep 2016	
Component 4: Knowledge management and strategic communication Weight: 15% Classification: Satisfactory	C3.19	Pre-Listing Technical Assistance Unit established	0				1	1	On Course
							Jan 2017	Jan 2016	
	C4.11	case studies / infographic produced	0	1			2	1	Delayed
				Jan 2016			Jul 2016	Sep 2016	
Component 4: Knowledge management and strategic communication Weight: 15% Classification: Satisfactory	C4.12	Number of Stock Exchange conferences held	0	1			2	1	On Course
				Jul 2015			Jul 2016	Jan 2016	

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	1	Aug 2016	Achieved
M5	[*] Development of JSE Junior Market Case Study	1	Mar 2017	1	Sep 2016	Achieved

[*] 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 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	Low	Awareness-raising and consultations among all of the related	Project Coordinator

take up of stock.

stakeholders will be conducted with this project

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:

The sustainability of the Stock Market Game has been enhanced through the two (2) year sponsorship deal inked with Sagicor Investments, a JSE member dealer. The entity has committed its support for the 2017/2018 period.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]

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