

PROJECT STATUS REPORT (FINAL)

JANUARY 2017 - JUNE 2017

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

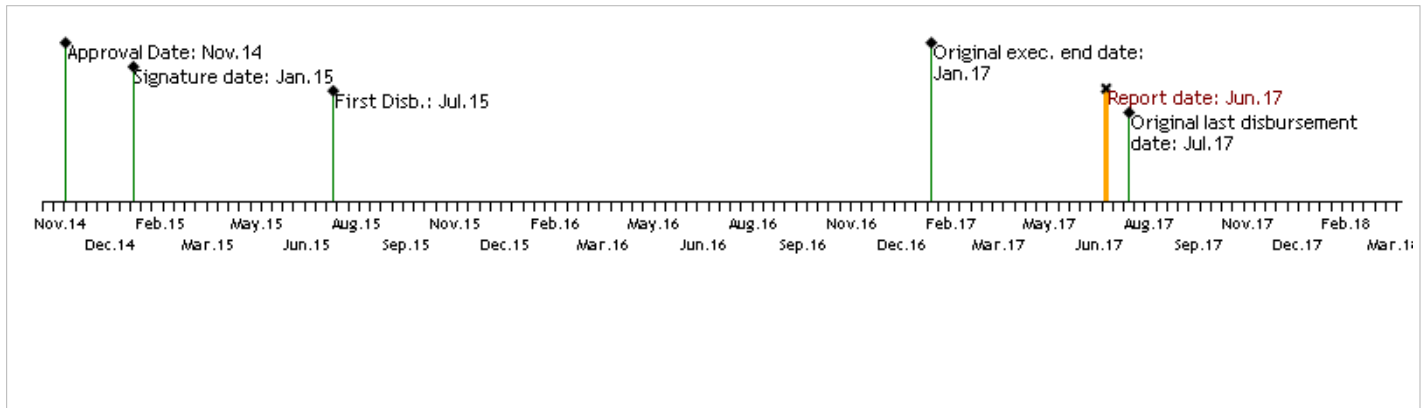
Design Team Leader:

TETSURO NARITA

Supervision Team Leader:

WAYNE BEECHER

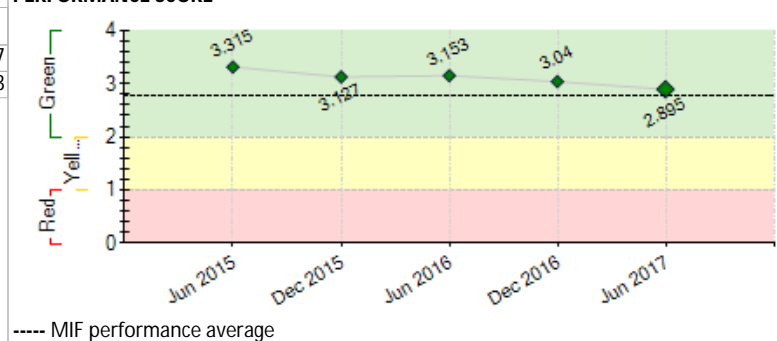
PROJECT CYCLE



FUNDS

	Approved	Cancelled	Disbursed
FOMIN	\$563,750.00	\$63,314.53	\$500,435.47
Counterpart	\$574,800.00	\$0.00	\$251,050.13

PERFORMANCE SCORE



SECTION 2: RESULTS AND ACHIEVEMENTS

Performance once project is completed

Project execution has been completed and most of the implementation indicators have been achieved. These include: 1) The establishment of an Online Trading Platform 2)

sensitization of SMEs & Investors 3) the enhancement of a monitoring and supervision system (Corporate Governance Index) 4) the establishment of a Pre-Listing Technical Assistance Unit 5) SMEs have received customized training and corporate governance training 6) the Junior Market has started offering a loyalty program 7) Two (2) International roadshows conducted 8) the completion of a Case Study and; 9) the training of mentors and attorneys are scheduled to be completed.

Based on these achievements, all five (5) Milestones have been accomplished

On October 18, 2016, the Government reinstated the full incentive to the Junior Market through an amendment of the Income Tax (Amendment) Act. The benefits include a 10-year period tax break, where no corporate tax is paid for the first five years and 50 per cent of the prevailing rate is paid in the next five years. The

wisdom of this decision is evident in the positive nature of the Junior Market and the significant success companies on this Market have made in growing sales (increasing GCT), creating new jobs (increasing payroll taxes) and creating significant wealth for the tens of thousands of new investors, including companies' employees, who had not previously owned stocks. Since the reinstatement, four (4) companies have listed on the Junior Market.

Additionally, the following activities will be completed during the period August 15 to August 30:

- Capacity Building Workshop – Business Sustainability
- Conducting the knowledge dissemination workshop
- Training of Mentors & Attorneys Workshop
- Junior Market Workshop

Comments from the Supervision Team Leader

The project was well executed even though impacted by regulatory issues which impacted the deal flow of SMEs listing

Final evaluation

Comments from the Supervision Team Leader

Reported as the final report under Knowledge product as this section of the system would not allow for upload of the report

[Final evaluation](#)

SECTION 3: INDICATORS

Indicators		Baseline	Planned	Achieved	Percentage
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. Classification: Satisfactory	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	4363.7	4687.5	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	49	41	0 %
	R.3 Number of institutions who access MIF knowledge products or knowledge transfer activities	0	6	10	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	2	0 %
	C1.12 Design of marketing plan	0	1	1	0 %
	C1.13 Number of attendees at Launch Event	0	150	150	0 %
	C1.14 Number of government consultations held	0	2	2	0 %
	C1.15 Number of Specific stakeholder consultation conducted	0	4	4	0 %
	C1.16 Number of SME Sensitized	0	150	966	0 %
	C1.17 Number of international investor presentations	0	2	2	0 %
Component 2: Enhancement of JSE Functions Weight: 30% Classification: Satisfactory	C2.11 Launch of an Online Trading Platform	0	1	1	0 %
	C2.12 Financial Reporting Standardization Template released (financials for listed companies, frequency etc.)	0	1		0 %
	C2.13 Implementation of new risk surveillance software	0	1	1	0 %
	C2.14 Number of teachers trained in using Stock Exchange Game platform	30	80	73	0 %
	C2.15 Number of SMEs registered for loyalty program	0	12	6	0 %
	C2.16 Number of knowledge exchange visits	0	2	2	0 %
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	1	0 %
	C3.12 Number of SMEs who received capacity building training	0	25	45	0 %
	C3.13 Number of pitch sessions held	0	2	2	0 %
	C3.14 Number of SMEs applying for Listing Assistance Grant	0	18	7	0 %
	C3.15 Number of SMEs who received Corporate Governance Training	0	25	55	0 %
	C3.16 Number of mentors and attorneys trained (disaggregated by sex and location)	0	20		0 %
	C3.17 Dealer engagement session held	0	1		0 %
	C3.18 Number of SMEs reissuing shares or other instruments through JSE	4	9	6	0 %
	C3.19 Pre-Listing Technical Assistance Unit established	0	1	1	0 %
Component 4: Knowledge management and strategic communication Weight: 15%	C4.11 case studies / infographic produced	0	2	1	0 %
	C4.12 Number of Stock Exchange conferences held	0	2	2	0 %

Classification: Satisfactory

Milestones

Planned

Due Date

Achieved

Date of
achievement

Status

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Legislative approvals
[X] National political changes

SECTION 4: RISKS**CRITICAL RISKS MANAGED DURING IMPLEMENTATION****1.** Socio-economic environment not conducive to growth**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** The Online Platform was launched in May 2015. The Platform is expected to enhance the ability of investors within the Jamaican diaspora to invest in Jamaica's Stock Exchange.**2.** 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.**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** A Marketing Campaign Plan has been developed and will be executed in an effort to stimulate interest and provide information on the JSE Junior Market.**3.** Low investor confidence resulting in low take up of stock.**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** Sensitization sessions through Public Investor Forums are on-going.**4.** Change to tax structure that is unfavorable to SMEs**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** The Government of Jamaica has announced the removal of the 10-year holiday from income tax for companies listed on the JSE Junior Market by the end of March 2016. This change in the project external environment is expected to negatively impact the interest of firms considering listing on the Junior Market.**5.** Longer than expected validation time for beta test of online trading platform**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** The Online Platform was launched in May 2015. The Platform is expected to enhance the ability of investors within the Jamaican diaspora to invest in Jamaica's Stock Exchange.**6.** Some specific data such as gender composition and compensation not readily available**Level:** Low**Responsible:** Project Coordinator**Status:** In effect**Comments:** The Online Platform was launched in May 2015. The Platform is expected to enhance the ability of investors within the Jamaican diaspora to invest in Jamaica's Stock Exchange.**PROJECT RISK LEVEL:** Low **TOTAL NUMBER OF RISKS:** 8 **IN EFFECT RISKS:** 7 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 1**SECTION 5: SUSTAINABILITY****Likelihood of project sustainability after project completion:** HP - Highly Probable

The Junior market represent the fastest growing segment of the overall exchanged. Since the project disbursement period expired the JSE has gone on to list at least 4 other companies with a strong pipeline of firms scheduled to be listed in the next few months

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY*[None reported in this period]***Actions related to sustainability which have been implemented:**

Stock Market Game for High Schools

There is a pending partnership with Junior Achievers Jamaica, which will expand the Stock Market Game for high Schools to Grade Nine (9) students in over 40 high schools. This intervention will undoubtedly boost the reach of the programme and improve its sustainability in high schools.

Capacity-Building Support

The JSE has had initial discussions with the Manager of the DBJ Technical Assistance Unit to discuss the possibilities of partnership to sustain the capacity building support programme that has been established under the JSE/MIF programme. Corporate Governance Advisory service is one of the capacity building needs that are required by prospective listing companies but is not included in the DBJ Technical Assistance programme targeted at SMEs.

[Sustainability Plan](#)**SECTION 6: KNOWLEDGE**

Lessons learned	Relative to	Author
1. The elements of the JSE/MIF project which had the highest impact were sensitization of SMEs and investors and providing technical assistance to SMEs.	Implementation	Smith-Lindo, Patrice
These should be targeted for expansion while concurrently enhancing the programme and agendas of both to specifically cover improving SME competitiveness. The project only supports a few SMEs and a broader initiative is required for a deep and sustainable impact in order to enable SMEs to meet the requirements for listing on the Junior Market, and to increase their growth and competitiveness using equity financing from the Junior Market. The intervention was designed not only to improve understanding of how to implement good corporate governance but also to disclose credible and transparent information for moving to the next stage of growth strategies.		
2. Broader initiatives are needed in order to boost transnational transactions using the Online Trading Platform.	Sustainability	Smith-Lindo, Patrice
While the Online Trading Platform has enhanced the capability of investors to buy and sell securities at their ease and convenience, it has not sufficiently address the main intention of stimulating interest of members of the Jamaican diaspora. Of fifty (50) new clients registered in April 2017, only one (1) client was registered outside of Jamaica. A direct marketing plan is required for attracting greater interest from investors abroad as well as the youth demographic		
3. SMEs which participated in interventions have achieved greater levels of expectation realization.	Implementation	Smith-Lindo, Patrice
SMEs which participated in require a longer period to satisfy the requirements to list on the JSE Junior Market. At the onset of the capacity-building programme, most beneficiaries desired to list their firms on the Junior Market within six months to a year, based on an assessment of the companies after the intervention, their timelines were typically expended to readiness within two years. Most SMEs were however highly motivated to make improvements in their businesses and have realized their improvement expectations as a direct result of participating in the project.		

Indicate which are the main products of the project, where they can be found, and how they could be “shared” with other entities or similar projects.

4

Main products of the project

[Aug 2015] JSE Market Research (Technical publications)

Author: Dichter & Neira Research

[Apr 2016] Jamaica Stock Exchange Corporate Governance Manual (Other)

Author: Dr. Howard Haughton

[Jan 2017] JSE Annual Conference (Other)

Author: Marlene Street Forrest

[Jul 2017] JSE Final Report (Lessons learned/best practices)

Author: Patrice Smith

SECTION 7: DOCUMENTS

06/NOV/2014 [Donors Memorandum](#)

[<http://www.fomin.org/file.aspx?DOCNUM=39210091>]

30/APR/2015 [Donors Memorandum](#)

[<http://www.fomin.org/file.aspx?DOCNUM=39607912>]

[Project profile](#)

<http://apps.fomin.org/public/psr/projectprofile.aspx?proj=JA-M1029&lg=EN>