

## Foreword

This report evaluates the role of the IMF in supporting economic reform in Jordan during 1989–2004. The country has had a long period of participation in IMF-supported programs, initiated by a severe balance of payments crisis, as well as deep-rooted macroeconomic and related structural problems. A massive external public debt, large deficits in the external current account and fiscal rigidities impeded the country's return to sustainable growth. In addition, Jordan was susceptible to shocks related to regional economic and political developments throughout the period of IMF engagement.

The evaluation of IMF support to Jordan provides an opportunity to assess typical features of relations between IMF and its borrowing members, and to put into a specific country context IEO's earlier findings on program design and the links between programs, surveillance and technical assistance (TA). The key issues for evaluation are threefold: (i) the effectiveness of programs, including strategies, policies, as well as conditionality, in achieving their objectives, and the factors that determine outcomes; (ii) the extent to which IMF surveillance activities contribute to identifying and tackling deep-rooted macroeconomic problems; (iii) identification of what drives the provision of technical assistance, and how effectively IMF TA contributed to Jordan's capacity to formulate, implement, and monitor macroeconomic policies and performance.

Jordan has made major progress over the 15-year period of its IMF program involvement—it has achieved macroeconomic stability, restored external viability, and transformed the structure of its economy. However, fiscal sustainability has only been partly achieved and will remain a challenge in the medium term. While attribution of specific final outcomes is not possible, the report is of the view that IMF-supported programs did make an important contribution. Technical assistance was also crucial in this regard, and the report argues for a broader dissemination of TA findings, both within the government and, as appropriate, with other interested stakeholders, recognizing that publication is ultimately the decision for the authorities. Going forward, the biggest adjustment challenge that Jordan faces is how to adjust to a projected decline from exceptional high levels of grants. This will require a more candid assessment by the IMF of the potential risks associated with this adjustment than was contained in previous staff reports. The report highlights a number of broad lessons suggested by IMF experience in Jordan as well as other lessons focusing on IMF's future role in Jordan.

Following standard practice, this volume includes, alongside the evaluation report itself, the response of IMF management and staff to the evaluation, as well as the Summing Up of the Executive Board discussion of this report. The full case study report can be found on our website at [www.imf.org/ieo](http://www.imf.org/ieo).