

**IEO Comments on Staff Response to Evaluation of IMF Support to Jordan
Executive Board Meeting
November 21, 2005**

1. The staff's response indicates that they concur with most of the evaluation report's main findings, and the IEO has only a few comments on their response. We also share the staff's caution about drawing general lessons from a single-country case study, but would note that many of these lessons reinforce messages from other IEO evaluations.
2. The report does discuss internal decision-making processes in the Fund. For example, an important finding that motivated Lesson 2 was that the internal analysis of policies and risks was often much more pointed than that provided to the Board. However, we agree with the staff suggestion that systemic factors, such as the link between the requirement for a Fund arrangement and various Paris Club rescheduling agreements, also influenced the Fund's decisions. These systemic factors were also discussed at length in the earlier IEO evaluation of the prolonged use of Fund resources.
3. On candor in staff reports, we do not suggest that reports to the Board should reflect fully the healthy give and take of internal debate where, as the staff rightly notes, divergent views should be exchanged before consensus is reached among staff and management. The point made in Lesson 2 is that some key risks that the staff was well aware of and had analyzed internally—most notably the present challenge posed by the projected massive decline in grants—were not flagged sufficiently in recent Board papers.
4. On the staff's exchange rate advice, our review of the evidence suggests that staff advice on this issue, while appropriately influenced by lessons from the rest of the world, tended to downplay Jordan-specific analysis, including the results of staff analysis that highlighted the importance of nominal shocks in Jordan and which suggested that there was not a strong basis for a change in the exchange rate regime.
5. We recognize that the decision to publish TA reports is one for the authorities to take. However, the lack of wider in-country dissemination of TA advice has probably diminished their influence and the Fund should encourage the authorities to foster greater dissemination.