1. Project Data:

- **OEDID**: L4115
- **Project ID**: P044139
- **Project Name**: Second Economic Reform and Development (ERDL II)
- **Country**: Jordan
- **Sector**: Other Non-sector Specific
- **L/C Number**: L4115
- **Partners involved**: none
- **Prepared by**: David Greene (Consultant), OEDCR
- **Reviewed by**: Alice Galenson
- **Group Manager**: Ruben Lamdany
- **Date Posted**: 07/30/1998

2. Project Objectives, Financing, Costs and Components:

ERDL II was the second in a series of three one-tranche adjustment operations designed to assist Jordan's medium term reform program. It provided US$ 120 million of balance of payments/budgetary support for improvements in trade policy, including adoption of measures to speed customs clearance, simplify tariffs and reduce the maximum rate to 40%; financial sector reforms, including strengthening of prudential regulation, gradual elimination of interest rate subsidies, and reduction of central bank intervention in commercial bank operations; and some actions designed to accelerate privatization and to modernize the legal framework affecting private enterprises.

3. Achievement of Relevant Objectives:

Since this was a single tranche operation, all relevant actions were taken before loan approval. Continuity of the program is assured by the proposed follow on ERDL III.

4. Significant Achievements:

Under ERDL II Jordan took modest, but significant steps towards establishing the policy framework required by a more competitive, market oriented economy.

5. Significant Shortcomings:

Jordan's adjustment process seems to be moving relatively slowly and the measures supported by this project are modest by international standards.

6. Ratings:

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<tr>
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<th>ICR</th>
<th>OED Review</th>
<th>Reason for Disagreement / Comments</th>
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<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td>Highly Satisfactory</td>
<td>Satisfactory</td>
<td>Relatively modest reforms supported.</td>
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<td><strong>Institutional Dev.</strong></td>
<td>Substantial</td>
<td>Substantial</td>
<td></td>
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<td><strong>Sustainability</strong></td>
<td>Likely</td>
<td>Likely</td>
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<tr>
<td><strong>Bank Performance</strong></td>
<td>Satisfactory</td>
<td>Satisfactory</td>
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<tr>
<td><strong>Borrower Perf.</strong></td>
<td>Highly Satisfactory</td>
<td>Satisfactory</td>
<td>Overall apparently slow progress of reform since 1989.</td>
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<tr>
<td><strong>Quality of ICR</strong></td>
<td></td>
<td>Satisfactory</td>
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7. Lessons of Broad Applicability:

The lessons the ICR indicates were learned from this project - the importance of "ownership" and the value of building on past success - are generic. However, this project also demonstrates the potential usefulness of supporting adjustment with a series of one-tranche adjustment operations with actions taken before board presentations, provided the operations are built around a comprehensive, well thought through reform agenda.

8. Audit Recommended?  ○ Yes  ● No
3. Comments on Quality of ICR:
The ICR is satisfactory.