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## UPDATE ON OUTSTANDING BALANCE OF COMMITMENTS

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1. The following table updates the last Information Note on the outstanding balance of commitments (OBC)<sup>1</sup> for ongoing development activities (document WFP/EB.2R/97/INF 7):

<b>DEVELOPMENT PORTFOLIO: OBC ANALYSIS</b>	
	<b>Thousand metric tons</b>
a) Crude <sup>1</sup> OBC as at 31.12.1996	2 406
b) De-earmarkings against 1995-96 unmet needs and low-performance projects	- 269
c) Expected <sup>2</sup> deliveries in 1997	- 820
d) New commitments approved since 1.1.1997 (including budget revisions)	303
e) Projects/programmes <sup>3</sup> submitted for approval at EB.3/97	116
f) Potential <sup>4</sup> for additional commitments in 1997	81
g) Expected crude OBC at 31.12.1997	1 829
h) Estimated adjustment for the delivery performance ratio (DPR) <sup>5</sup>	-132
i) Estimated adjusted balance as at 31.12.1997	<b>1 697</b>
j) Target OBC as at 31.12.1997	<b>1 800</b>

<sup>1</sup> "Crude" OBC represents the total outstanding balance of commitments. When adjusted for the delivery performance ratio (DPR - defined in footnote 5), it becomes a "net" OBC.

<sup>2</sup> Corresponds to the estimated level of resources available for delivery in 1997.

<sup>3</sup> Programme commitments represent the share of programme activities approved by the WFP Country Directors in line with Executive Board decisions and guidelines.

<sup>4</sup> The difference between the indicative commitment ceiling provided in January (500,000 metric tons) and the sum of the level of new commitments approved so far in 1997 and those proposed for approval at EB.3/97.

<sup>5</sup> An empirical adjustment factor defined as the ratio of final deliveries over total approved commitments. Globally, the DPR is currently estimated at 90 percent. The amount of 132,000 metric tons is lower than 10% of the expected crude OBC at the end of 1997 because of the level of de-earmarkings achieved in 1997 (as per b) above).

2. To be in line with the target OBC, established at 1,800 thousand metric tons (i.e., 2.5 times the estimated availability of 720,000 metric tons), some 603 thousand metric tons could in theory be committed during 1997. However, an increase in the approved 1997 commitment ceiling of 500,000 tons is not proposed, in view of the projected declining availability of resources, as per WFP's Strategic and Financial Plan, 1998-2001. Should the Board approve all projects/programmes submitted for approval, a total of 81,000 tons could still be approved during the remainder of 1997, while staying within the commitment ceiling of 500,000 tons.
3. The resulting crude OBC at the end of 1997 would amount to 1,829 thousand metric tons, which is lower than the January 1997 estimate of 2,036 thousand tons on account of higher-than-projected levels of 1997 deliveries and de-earmarkings. This is 577,000 metric tons lower than the balance at the end of 1996 and about 980,000 lower than the OBC at the end of 1995.

<sup>1</sup> Indicates the volume of approved commitments for ongoing projects that remains to be resourced.

