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## SITUATION ON OUTSTANDING BALANCE OF COMMITMENTS



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## DEVELOPMENT PORTFOLIO: SITUATION REPORT

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## DEVELOPMENT PORTFOLIO: SITUATION REPORT

1. At its Second Regular Session of 1996, the Executive Board decided that “at the beginning of each session at which development projects are presented for approval, the Secretariat should provide a situation report including the outstanding balance of WFP commitments, the total requirements of new development projects being presented, and the amount of resources available for development projects overall”.
2. This note provides the requested information, in addition to being a follow-up to note WFP/EB.2/96/INF/10 entitled “Update on outstanding balance of commitments for ongoing development projects”. The latter also details the methodology for projecting future levels of commitments.
3. The expected global outstanding balance of commitments (OBC)<sup>1</sup> at the end of 1996 is the following:

### DEVELOPMENT PORTFOLIO: OBC ANALYSIS

	'000 metric tons
a) Crude OBC as at 31.12.95	2,809
b) Expected deliveries <sup>2</sup> in 1996	-863
c) New commitments approved in 1996	224
d) Total requirements of projects for EB.3/96 approval	55
e) Estimated crude OBC as at 31.12.96	2,225
f) Adjustment for the delivery performance ratio (DPR) <sup>3</sup>	-309
g) Adjusted balance as at 31 December 1996	1,916
h) Target OBC as at 31 December 1996	2,158
i) Balance <sup>4</sup> for eventual additional approvals in 1996	269

4. To be globally in line with the target OBC, established at 2.158 million metric tons, i.e., 2.5 times the estimated availability of 863,000 metric tons, in theory some 269,000 metric tons could still be committed during the remainder of 1996, in addition to projects proposed for EB.3/96 approval. Taking into account the current resourcing position, the Secretariat

<sup>1</sup> “Outstanding balance of commitments” indicates the volume of approved commitments for ongoing projects that remains to be delivered.

<sup>2</sup> Corresponding to the planned level of resources available for delivery in 1996.

<sup>3</sup> The DPR is 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 figure of 309,000 metric tons is the sum total of 10 percent of the crude OBC at 31.12.95 (281,000 metric tons) and 10 percent of new commitments under items c) and d), i.e., approximately 28,000 metric tons.

<sup>4</sup> The difference between the target and the adjusted balance as at 31.12.96, i.e., 242,000 metric tons, corrected by the DPR, i.e., 242,000/0.9.



is, however, envisaging the approval of only some additional 197,000 metric tons by the end of the year. Practically the totality of this supplementary commitment, i.e., 194,000 metric tons, would be against project Bangladesh 2197 (Exp.10) which is an integral part of the proposed country programme.

5. The estimated commitment level for 1996 is therefore some 476,000 metric tons valued at approximately 182 million dollars.<sup>1</sup> This is the lowest commitment level since 1974. About 54 percent of all planned new commitments in 1996 are for LDCs and 89 percent for low-income food-deficit countries.<sup>2</sup>
6. The resulting crude OBC at the end of 1996 would amount to 2.4 million metric tons. This is almost 390,000 metric tons lower than the balance at the end of 1995 and about 750,000 metric tons lower than the OBC at the end of 1994.
7. This expected volume of 2.4 million metric tons, outstanding at the end of 1996, is to be delivered to recipient countries in 1997 and subsequent years. For 1997, total requirements for delivery are estimated at 1.021 million metric tons. This represents a decrease of almost 25 percent over the average requirements for the past three years.
8. The decline in the level of requirements is not a reflection of less needs, but the result of the efforts pursued by the Secretariat to align the development commitments with the declining level of contributions.

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<sup>1</sup> All values are expressed in United States dollars, unless otherwise stated.

<sup>2</sup> Including Cuba, considered "as if LIFD country".



