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UPDATE ON OUTSTANDING BALANCE OF COMMITMENTS FOR ONGOING DEVELOPMENT ACTIVITIES

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1. As indicated in the last information note on the outstanding balance of commitments (OBC)¹ for ongoing development activities (document WFP/EB.1/97/INF/9), the Programme has continued its pro-active approach in aligning the commitment level with the projected availability of resources.
 2. In order to address the sharp reduction in resource availability during 1995 and 1996, the following actions have been taken by the Operations Department (OD):
 - a) some 144,000 metric tons have been de-earmarked against unmet needs as at 31 December 1995;
 - b) approximately 75,000 metric tons are in the process of being de-earmarked against unmet needs as at 31 December 1996;
 - c) approximately 50,000 metric tons will be de-earmarked against projects which are not performing as well as expected or are in phasing-down mode.
 3. The resourcing situation for 1997 has improved due to additional ad hoc contributions, including slightly higher pledges for development announced by some donors, and the availability of special grants such as the Women's Health and Micronutrient Facility and the Disaster Mitigation Grant. The initially estimated availability of some 720,000 metric tons is currently set at approximately 820,000 metric tons.
 4. As shown in the table on the next page, it is estimated that the Programme will be below the target outstanding balance of commitments at the end of the year. However, in keeping with the projections of resource levels for development in the WFP Strategic and Financial Plan 1998-2001, indicating a decline in future availability of commodities, it is proposed not to increase the commitment level for 1997, which had been set at 500,000 metric tons in the January note.
 5. As requested by the Executive Board, the Secretariat will be placing increased emphasis on Least Developed Countries in designing and implementing its development activities.

¹ "Outstanding balance of commitments" (OBC) indicates the volume of approved commitments for ongoing projects that remains to be resourced.



DEVELOPMENT PORTFOLIO: OBC ANALYSIS
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Thousand metric tons

a) Crude ¹ OBC as at 31.12.1996	2 406
b) De-earmarkings against unmet needs as at 31.12.95	-144
c) De-earmarkings in progress	-125
d) Expected ² delivery in 1997	-820
e) New commitments approved since 1.1.97	253
f) Potential ³ for additional commitments in 1997	247
g) Expected crude OBC as at 31.12.1997	1 817
h) Estimated adjustment for the DPR ⁴	-132
i) Estimated adjusted balance as at 31.12.1997	1 685
j) Target ⁵ OBC as at 31.12.1997	1 800

¹ "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.

² Corresponds to the estimated level of resources available for delivery in 1997.

³ The difference between the indicative commitment ceiling provided in January i.e. 500,000 metric tons and the level of new commitments approved so far in 1997.

⁴ DPR stands for "delivery performance ratio". It 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 amount of 132,000 metric tons is lower than 10% of the expected crude OBC at the end of 1997 because of de-earmarkings in progress included under item c).

⁵ Equal to 2.5 times the estimated availability. In view of ad hoc nature of additional contributions since January, the estimated availability has been kept at the initially estimated level of 720,000 metric tons (2.5 X 720,000= 1,800,000).

