

October 2012



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## FINANCE COMMITTEE

**Hundred and Forty-sixth Session**

**Rome, 29 - 30 October 2012**

**Housing Allowance of the Executive Director**

Queries on the substantive content of this document may be addressed to:

**Mr Jim Harvey**

**Chief of Staff & Director, Office of the Executive Director**

**World Food Programme**

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### EXECUTIVE SUMMARY

- The current housing allowance of the Executive Director, established pursuant to EB decision 2007/EB.1/17, stands at €132,463.45 per annum.
- The allowance is reviewed at five-year intervals by the Bureau and the Board, taking into account market rates and the allowances paid to the other agency heads in Rome.
- Following market analysis, application of the IPCA consumer price index for housing, water, electricity and fuel and taking into account allowances for agency heads of FAO and IFAD, the housing allowance of the WFP Executive Director is proposed to be set at €160,000 per annum, inclusive of services and utilities.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the “Housing Allowance of the Executive Director” and to endorse it for approval by the Executive Board.

#### Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve the draft decision as outlined in the document “*Housing Allowance of the Executive Director*”.**

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**Executive Board  
Second Regular Session**

**Rome, 12–14 November 2012**

## **OTHER BUSINESS**

**Agenda item 13**

*For approval*



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## **HOUSING ALLOWANCE OF THE EXECUTIVE DIRECTOR**

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for approval**

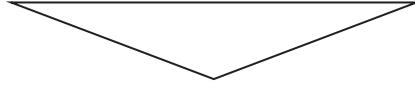
The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Chief of Staff and Director, OED\*: Mr J. Harvey tel.: 066513-2202

Should you have any questions regarding availability of documentation for the Executive Board, please contact Ms I. Carpitella, Senior Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Office of the Executive Director

## DRAFT DECISION\*



The Board decides that the Executive Director's housing allowance shall be set at €160,000 per annum, inclusive of services and utilities, effective 1 April 2012 until further notice. On the basis of a security risk assessment WFP will also provide and maintain required security equipment, which will remain WFP property.

The Board further decides that the housing allowance: i) continue to be a reimbursement of the actual cost of a property; ii) continue to be indexed annually against the Italian retail price index; and iii) be reviewed at five-year intervals by the Bureau and the Board, taking into account market rates and the allowances paid to the other agency heads in Rome.

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

1. At its 2007 First Regular Session, the Board approved the Executive Director's housing allowance with decision 2007/EB.1/17 of 22 February, as follows:

The Board decided that the Executive Director's housing allowance would be set at €121,440 per annum, inclusive of services and utilities, effective 1 April 2007 until further notice.

The Board further decided: i) that the housing allowance continue to be a reimbursement of the actual cost of a property; ii) that it should continue to be indexed annually against the Italian retail price index; and iii) that it should be reviewed at five-year intervals by the Bureau and the Board, taking into account market rates and the allowances paid to the other agency heads in Rome.

2. In accordance with the Board's decision, and using the April index value as a base, after five years the housing allowance ceiling stands at €136,377.12.
3. The five-year review of the housing allowance is due in 2012. For discussion purposes, the Italian retail price index (RPI) was compared with a harmonized consumer price index (HCPI) developed by the Italian Institute of Statistics to measure and compare inflation rates in the European Union. The HCPI includes sub-indices for different price categories; the index for housing, water, electricity and fuel (HWEF) is the most relevant in this case. Table 1 compares the increases that result when applying RPI and HCPI/HWEF values during the period April 2007–April 2012, from a base value of €121,440.00.

<b>TABLE 1: HOUSING ALLOWANCE INCREASES BASED ON THE RPI AND HCPI/HWEF INDICES 2007–2012</b>		
	<b>RPI (12.30%)</b>	<b>HCPI/HWEF (21.30%)</b>
Index increase (April 2007–April 2012)	€14,937.12	€25,866.72
Resulting housing allowance as of April 2012	€136,377.12	€147,306.72

4. The application of the HCPI/HWEF index to the 2007 level leads to a revised ceiling of €147,306.72. However, this does not take into account that rent trends for diplomatic residences are different than for other types of residence. WFP asked CBRE, an international real estate company in Rome, to analyse trends in the real estate market in central Rome for 2007 to 2012. The analysis showed that low-value property rental prices had decreased, whereas high-value properties maintained similar rental price levels over the last five years. The HCPI/HWEF index for diplomatic residences for the 2007–2012 period is 7 to 10 percent higher than for the Rome rental market as a whole. Based on that difference, the Secretariat proposes applying a correction of 8.5 percent – €12,500 – to the HCPI/HWEF, bringing the adjusted ceiling to €159,806.72.

5. The Food and Agriculture Organization of the United Nations and the International Fund for Agricultural Development reviewed the housing allowances of their heads recently, setting them at €180,000 per annum.
6. Taking into consideration the market rates and the allowances paid to other agency heads in Rome, the Secretariat proposes that the housing allowance 2012 base value be set at €160,000 per annum, inclusive of services and utilities.