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Executive Board documents are available on WFP's website (https://executiveboard.wfp.org).

Housing allowance of the Executive Director

Five-yearly review

Draft decision*

The Board decides that the Executive Director's housing allowance shall be set at EUR 160,000 per year, inclusive of services and utilities, with effect from 1 April 2023 until further notice. WFP will also continue to provide and maintain necessary security equipment, which will remain WFP property.

The Board further decides that the housing allowance shall continue to be a reimbursement for the actual cost of a property, shall continue to be indexed annually against the Italian retail price index and shall be reviewed at five-year intervals by the Bureau and the Board, taking into account market rates and the allowances paid to the heads of other United Nations agencies in Rome.

The Board also acknowledges that while there are justifiable grounds for increasing the Executive Director's housing allowance as determined by the Secretariat based on available data, the Executive Director has indicated her preference to maintain the housing allowance that was established in 2017, at EUR 160,000 per year.

* 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.

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1. At its 2017 second regular session, the Board approved the Executive Director's housing allowance by its decision 2017/EB.2/23 of 15 November 2017, which sets the allowance at EUR 160,000 per year inclusive of services and utilities, effective from 1 April 2017 until further notice. Based on a security risk assessment, WFP would also provide and maintain necessary security equipment, which would remain WFP property. The Board further decided to reconfirm its decision 2012/EB.2/33 of 14 October 2012 that the housing allowance would continue to be a reimbursement of the actual cost of a property, would continue to be indexed annually against the Italian retail price index and would be reviewed at five-year intervals by the Bureau and the Board, taking into account market rates and the allowances paid to the heads of other United Nations Rome-based agencies.

2. The five-yearly review of the housing allowance was due in 2022. However, it was not undertaken in that year in light of the 12-month extension of the term of the former Executive Director. This is also in line with the recommendation of the Finance Committee of the Food and Agriculture Organization of the United Nations (FAO), of which the Board took note upon the approval of the housing allowance in 2017, which stated that "the timing of the review of the housing allowance be aligned to the timing of the appointment of the Executive Director".

3. In undertaking the review of the WFP Executive Director's housing allowance, the Italian consumer price index (CPI) and the Harmonized Index of Consumer Prices (HICP) were analysed. The CPI is prepared by the Italian national institute for statistics (*Istituto nazionale di statistica – Istat*) and is compiled for the whole country every year. The HICP is compiled by Eurostat and national statistical institutes in accordance with harmonized statistical methods used to measure consumer price inflation. The Italian CPI and the HICP were analysed for the period March 2017 to March 2023. Both include sub-indexes for different price categories such as housing, water, electricity and fuel (HWEF), which is the most relevant category in this case.

4. According to Istat data, the HWEF component of the CPI, assuming 2017=100, reached 143.2 in 2022 (whole years) and 158.6 in March 2023. Similarly, in the case of Eurostat, the HWEF component of the HICP registered a year-on-year increase of 24.5 percent in early 2023.

5. In summary, consumer prices were stable or increased slightly between 2017 and 2020. They started to accelerate in 2021 and peaked in 2022. A slight increase was also evident in early 2023.

6. The HICP and Italian CPI both show that assuming general consumer prices in 2015=100, prices in 2017 were almost in line with those of 2015, while in February 2023, they were up by around 20 percent from the 2015 baseline, with the HICP standing at 119.4 and the Italian CPI at 119.3 . On both indices, the HWEF component appears to have increased considerably compared with general consumer prices. The HWEF component of the CPI inflation rate estimated by Istat indicated an overall increase in excess of 43 percent in 2023 compared to the 2017 level.

7. In its review, the Secretariat also relied on a study conducted by an international real estate investment management firm on variations in the rental value of properties in central Rome between 2017 and 2022. The analysis showed that rental prices were stable over that period.

8. In conclusion, while the rental value of properties in Rome was stable between 2017 and 2023, the HWEF sub-index, which has been taken into account in determining the Executive Director's housing allowance, has recorded a considerable cost increase between 2021 and 2023 as reported by Eurostat and Istat. On this basis, the Secretariat has determined that the housing allowance for the WFP Executive Director should be increased to EUR 170,000 per year.

9. At its forty-third session, in July 2023, the FAO Conference decided, in its resolution 1/2023, that the organization would directly rent appropriate accommodation to be assigned as the official residence of the FAO Director-General and would pay related expenses, in lieu of a rental subsidy. In the past, the housing allowance of the FAO Director-General was established at EUR 180,000 per year.

10. In the case of the International Fund for Agricultural Development (IFAD), at the forty-fourth session of the IFAD Governing Council, in its resolution 216/XLIV in February 2021, the Governing Council decided to maintain the housing allowance of the President of IFAD at EUR 180,000 per year for a four-year period beginning in April 2021. That allowance remained unchanged from the allowance for the previous four-year period, which was approved in 2017.

11. Taking into consideration the market rates and the allowances paid to other United Nations agency heads in Rome, the Secretariat proposes that the 2017 base value for the housing allowance of the WFP Executive Director be increased to EUR 170,000 per year, inclusive of services and utilities. While there are reasonable grounds for supporting an increase in the Executive Director's housing allowance, the Executive Director, mindful of this additional cost to the organization that could instead be used for WFP programmes, has indicated her preference to maintain the housing allowance that was set in 2017 in the amount of **EUR 160,000 per year**, inclusive of services and utilities.