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The ILO in a changing multilateral environment: Towards better effectiveness and efficiency

Purpose of the document

This document contains detailed proposals to improve the effectiveness and efficiency of the Office's operations in a changing and challenging multilateral environment. The Governing Body is invited to provide guidance on the proposals, to endorse the overall strategic direction of the ILO review, and to request further proposals to be examined at its 356th Session (see the draft decision in paragraph 90).

Relevant strategic objective: All.

Main relevant outcome: All.

Policy implications: Yes.

Legal implications: No.

Financial implications: No.

Follow-up action required: See paragraphs 82 to 89.

Author unit: Office of the Director-General (CABINET).

Related documents: GB.355/LILS/1; GB.355/INS/6; GB.354/PV; GB.354/INS/5; GB.353/PFA/1; GB.353/PFA/1(Add.1)(Rev.1); GB.353/PFA/1/1; GB.352/PFA/1; Programme and Budget for 2024–25.

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▶ Introduction

1. At its 353rd Session (March 2025), the Governing Body reviewed the Director-General's Programme and Budget proposals for 2026–27.[1] During the debate, Governing Body members called on the Office to focus its programme of work on the ILO's core mandate, strengthen the ILO's technical services in the field and identify improvements to the Office's structure and modus operandi in order to enhance its effectiveness and realize efficiency gains.[2] In response, the Director-General launched a comprehensive review of the relevance and adequacy of the ILO's programme and operational model in the current changing environment, and established an ILO Review Group, supported by a Review Sounding Board, to coordinate the process and recommend improvements. At its 354th Session (June 2025), the Governing Body considered an initial set of measures to generate efficiency gains, proposed on the basis of the review, and requested the Office to submit more detailed and concrete proposals to the Governing Body at its 355th Session (November 2025), taking into account the guidance it provided.[3]

2. This document was prepared on the basis of a series of internal and external interviews, consultations and information sources from a wide range of stakeholders, including the ILO Staff Union, summarized in Appendix I. The informal consultations carried out in September 2025 with the constituents on potential reform options were very important in the decision to develop specific proposals for different financial scenarios. Follow-up tripartite informal consultations carried out in October 2025 provided valuable feedback on the ILO's core mandate and priorities, structural reform options and implementation timelines.

3. In March 2025, the Secretary-General of the United Nations (UN) launched the UN80 Initiative to improve internal efficiency, review how mandates are implemented and explore structural realignment across the UN system. Recent outputs of the UN80 process, including a report on the mandate implementation review[4] and the report *Shifting Paradigms: United to Deliver*,[5] provide concrete proposals and lessons that may influence how the UN system evolves in the years ahead. Such lessons include, among others, the need to review outdated mandates to ensure that sufficient resources are allocated to priorities, the importance of transparency and consultations with constituents, and the potential of structural consolidation and relocations to address budgetary constraints.

4. In this wider context, the ILO is pursuing its own review and reform process. As a co-lead of the UN80 specialized agencies cluster, the Organization plays a central role in identifying shared challenges and opportunities across the system, while ensuring that the particularities of specialized agencies are fully reflected in the UN80 process. The ILO also participates actively in different UN coordinating bodies, notably the High-level Committee on Management (HLCM) and the High-level Committee on Programmes (HLCP), to promote joint approaches to administrative and substantive issues, with the aim of improving resource utilization and strengthening system-wide efficiency. At the same time, the ILO's governance and

[1] GB.353/PFA/1.

[2] GB.353/PV, paras 836–1092.

[3] GB.354/INS/5 and GB.354/PV, para. 84.

[4] UN General Assembly, *Mandate implementation review: Report of the Secretary-General*, A/80/318, 2025.

[5] UN General Assembly, *Shifting paradigms: United to deliver: Report of the Secretary-General*, A/80/392, 2025.

decision-making remain independent, as determined by its status as a specialized agency. The UN80 process and the work of the HLCM and the HLCP provide valuable reference points and momentum, particularly in the areas of efficiency, mandate management, and structural and programmatic alignment, while ILO's tripartite constituency ultimately determines the scope and direction of its institutional reforms.

5. In exercising his responsibility for the efficient conduct of the Office, [6] the Director-General presents to the Governing Body a strategic direction and concrete proposals in relation to the ILO review to enable the Organization to fulfil its mandate with greater impact in this changing and challenging multilateral environment. Consistent with the strategic direction, the Director-General will continue to exercise his discretion to take necessary decisions in accordance with the rules and regulations in force, upholding the highest duty of care to all staff. As required by the Staff Regulations, [7] the Director-General will engage in social dialogue, information, consultation and collective bargaining, as relevant, with the Staff Union, with particular attention to the repercussions of the proposed measures on individual staff members. The outcome of these discussions will be reported to the Governing Body in due course.

Financial context and perspectives

6. At its 113th Session (2025), the Conference adopted the budget for 2026–27 at a zero-nominal-growth level. Considering annual inflation across all expenditure categories, this represents a 0.4 per cent decrease in real terms in the resources available to the Office for the biennium. [8] Furthermore, recent developments point to a significant decline in official development assistance globally [9] that may affect the mobilization of extrabudgetary resources for the ILO's development cooperation activities. Such resources represent about 50 per cent of the expenditure for the ILO's policy outcomes.

7. In early September 2025, the Office's collection of regular budget contributions slowed to the point where programme needs could no longer be fully funded. With arrears from several Member States totalling over CHF254 million – about 31 per cent of the biennial assessment – the cash flow situation has become critical. Reserves remain sufficient, however, to cover salaries through year-end, if spending is reduced to a minimum. The Office has addressed this situation by reducing non-staff spending, limiting recruitment, reviewing supplier payments and reprioritizing activities while sustaining core services for the constituents.

8. At the start of 2026, Member States will begin paying their assessed contributions to the regular budget for 2026–27, as approved by the International Labour Conference. Depending on the collection of outstanding contributions in 2025, the Office may need to take additional financial measures in 2026–27 to replenish internal reserves and restore the resources

[6] ILO Constitution, article 8(1).

[7] Staff Regulations, article 10.1(c).

[8] ILO, Resolution concerning the adoption of the Programme and Budget for 2026–27 and the allocation of the budget of income among Member States, International Labour Conference, 113th Session, 2025.

[9] The Organisation for Economic Co-operation and Development (OECD) projects a 9–17 per cent drop in official development assistance in 2025, on top of the 9 per cent reduction registered in 2024, with the outlook beyond 2025 remaining highly uncertain. See OECD, "Cuts in official development assistance: OECD projections for 2025 and the near term", OECD Policy Briefs, No. 26, June 2025.

available for staff turnover adjustments to the 2024–25 level. If a substantial share of assessed contributions – potentially approaching 20 per cent of the approved budget for 2026–27 – are not received, the Office would face a sharp shortfall in available income. Addressing such a gap would necessitate the adoption of extraordinary measures to realign the approved programme of work with the reduced level of resources and to curtail expenditures accordingly.

The ILO review: vision and focus

9. Within the ILO institutional and financial frameworks outlined above, the review process seeks to strengthen the Organization's capacity to deliver on its mandate of promoting decent work for social justice. It aims to make the ILO more streamlined, agile and resilient, with improved operational efficiency and a balanced strategic focus. The process also provides an opportunity to align organizational structures and operations more effectively and to reinforce technical capacity in the regions.

10. The vision and priorities articulated in the ILO's Strategic Plan for 2026–29 remain relevant and will inform the Office's programme of work. The Office remains committed to advancing the four key priorities outlined in the Strategic Plan, which are as follows:

(i) inclusive and effective governance of work;

(ii) full and productive employment and sustainable enterprises for decent work;

(iii) equality and protection at work; and

(iv) policy coherence for fair transitions.

11. In an evolving global context marked by increasing demands on multilateral institutions, resource constraints and growing expectations for demonstrated impact, the ILO must adapt to remain a trusted and effective actor in advancing its mandate and priorities in a balanced manner. This requires reaffirming the Organization's unique tripartite character and modernizing its operations to remain responsive, results-oriented, and financially sustainable, while ensuring the well-being and capabilities of its staff.

12. In doing so, the Office will continue to complement its normative work with policy advice, development cooperation and technical programmes. A modernized normative framework supported by effective supervisory mechanisms, [10] effective tripartism and social dialogue, and the continued promotion of the four pillars of the Decent Work Agenda in pursuit of social justice will remain central to the ILO's programme of work. The Organization will also place particular emphasis on emerging developments in the world of work, including digital transformation, automation, artificial intelligence (AI), climate change, and wage policies. Accordingly, the ILO will:

- strengthen the coherence between the core mandate, the quadrennial strategic plan, the biennial programme of work and the Office's organizational structure, while reducing redundancy in planning, monitoring and reporting processes;

[10] This includes the proposal to streamline and modernize the reporting system to facilitate Member States' engagement with the supervisory bodies through the progressive roll-out of thematic implementation reports as from 2026 submitted to the Governing Body in document GB.355/LILS/1.

- ensure that the staffing at headquarters and in the field is fit for the delivery of the core mandate and the priorities for action;
- reinforce the technical capacity in the regions while retaining critical expertise for global work at headquarters;
- advance the "One ILO" approach by aligning strategies, resources, and delegated authority across all levels through integrated, results-based management;
- continue to embed a culture of tripartism across all departments and offices;
- foster innovation and organizational agility by streamlining operations, processes and structures to generate savings, enhance efficiency, and increase responsiveness;
- broaden the resource base by accessing non-traditional funding sources, including the private sector, foundations and civil society, in close cooperation with the social partners.

13. The ILO has been headquartered in Geneva since 1920, except during a brief period from 1940 to 1948 when it was headquartered in Canada, with constant and reliable support from the host government, at the city, cantonal and federal levels. Given the Organization's history and taking into account the favourable political and strategic factors, the ILO's headquarters will continue to be based in Geneva, a city that has been home to numerous UN organizations for decades, has an extensive diplomatic network, offers the necessary infrastructure for major events, and provides good living conditions for staff. The Office gratefully acknowledges the support it has received and continues to receive from the Swiss Government in various forms. The Office remains in active discussions and exchanges with the host country to explore further avenues of cooperation and offers of assistance. In particular, these cover the temporary suspension of loan repayments for 2025 and 2026 (a total amount CHF4.7 million), a financial contribution to cover the costs of the International Labour Conference, and the enhancement of digital infrastructure, including data centres and to advance AI capabilities. This is linked to the ILO meeting certain requirements to be agreed on, including with regard to its presence and related commitments in Geneva. The aim of the discussion of this item by the Governing Body is to ensure a well-functioning, efficient and cost-effective ILO that benefits from and maintains a strong and strategic presence in Geneva.

14. Considering these strategic dimensions, the ILO review has focused on:

- the ILO's core mandate, to ensure that it serves as a strategic compass guiding the definition of the programme of work and the prioritization or adjustment of specific workstreams;
- the ILO's planning and budgeting processes, to ensure that financial and human resources are allocated to priority areas and managed for measurable results and impact in an agile and adaptive manner;
- the organizational model at headquarters and in the field, with a view to: (i) rationalizing top management; (ii) reinforcing delivery around the core mandate; (iii) enhancing the quality of services provided to the constituents, including through a strengthened field presence; (iv) facilitating coordination and teamwork to deliver both global and country-specific advice and products; (v) increasing cost-effectiveness through the consolidation and/or relocation of support and policy functions or organizational units without compromising strategic coherence; and (vi) establishing a global service centre and reviewing administrative processes to reduce bureaucracy, boost efficiency and effectiveness, generate savings and improve coherence between the regular budget and extrabudgetary development cooperation activities.

15. The review of administrative processes, being carried out by a dedicated team, is expected to generate specific results in the first quarter of 2026. In addition, the Office will present to the Governing Body at its 356th Session (March–April 2026) a new development cooperation strategy, including options for enhanced resource mobilization from non-traditional funding sources, such as the private sector and foundations, the domestic financing of ILO services and South–South cooperation. The intention is that these additional voluntary resources will partly compensate for the expected shortfall in the regular budget (due to its zero nominal growth) and the anticipated decline in voluntary contributions from traditional donors.

Core mandate

16. The ILO Constitution (1919), which includes as an Annex the Declaration of Philadelphia (1944) and is complemented by subsequent ILO declarations, [11] articulates the Organization's core mandate and sets its objective. Notably, the Preamble to the ILO Constitution recalls that "universal and lasting peace can be established only if it is based upon social justice". The ILO's mandate is operationalized through international labour standards and through International Labour Conference's conclusions and decisions, which set the ILO's strategic direction and respond to evolving needs and demands of constituents. The core mandate is encapsulated in the four inseparable, interrelated and mutually supportive strategic objectives of the Decent Work Agenda, with gender equality and non-discrimination as a cross-cutting objective, and is underpinned by a human-centred approach to shape a future of work that harnesses opportunities and addresses emerging world-of-work issues. The ILO's mandate is also framed by the outcomes of regional meetings and the decisions of the Governing Body, which provide guidance for action by Members and by the Office. Overall, the core mandate includes:

- the development, promotion, ratification, implementation and supervision of a clear, robust up-to-date body of **international labour standards** that respond to a changing world of work and assist Member States in their efforts to respect, promote and realize the five **fundamental principles and rights at work**, as a key element for the attainment of inclusive and sustainable growth;
- the promotion of **full, productive and freely chosen employment** by:
  - developing effective policies and incentives aimed at ensuring sustainable and inclusive economic growth and the creation and promotion of sustainable enterprises that generate decent work opportunities for all, and in particular facilitating the transition from education and training to work, with an emphasis on the effective integration of young people into the world of work;
  - strengthening and empowering employment services and other labour market institutions, including active labour market policies and programmes;
  - promoting the acquisition of skills, competencies and qualifications for all workers throughout their working lives as a joint responsibility of governments and the social partners;

[11] The ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022; the ILO Declaration on Social Justice for a Fair Globalization (2008), as amended in 2022; and the ILO Centenary Declaration for the Future of Work (2019).

  - facilitating the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the transition of workers and economic units from the informal to the formal economy, while preventing the informalization of jobs;
  - harnessing the fullest potential of technological progress and productivity growth, including through social dialogue, to achieve decent work and sustainable development, which ensure dignity, self-fulfilment and a just sharing of the benefits for all;
  - supporting the role of the private sector as a principal source of economic growth, innovation and job creation by promoting an enabling environment for entrepreneurship and sustainable enterprises, in particular micro, small and medium-sized enterprises, as well as cooperatives and the social and solidarity economy, in order to generate decent work, productive employment and improved living standards for all;
- the **protection of workers** and their families by:
  - developing and enhancing social protection systems, which are adequate, sustainable and adapted to developments in the world of work;
  - strengthening laws and institutions to secure effective labour protection;
  - improving working conditions and wage policies, including living wages, working time, maternity protection and employment protection;
  - improving occupational safety and health;
  - ensuring equal opportunities and treatment in the world of work for persons with disabilities, as well as for other persons in vulnerable situations;
  - taking a leadership role in decent work in labour migration;
  - achieving gender equality and non-discrimination at work through a transformative agenda that ensures equal opportunities, equal participation and equal treatment, including equal remuneration for women and men for work of equal value;
- the reinforcement of **social dialogue**, including collective bargaining and tripartite cooperation, by:
  - strengthening labour administration, including labour inspection and access to labour justice;
  - creating an enabling environment for freedom of association and the effective recognition of the right to collective bargaining;
  - strengthening free, independent and representative employers' and workers' organizations;
  - promoting social dialogue institutions and processes at all levels;
  - strengthening the institutional capacity of the tripartite constituents to develop and advocate for policies that are technically sound, responsive to labour market realities and practically implementable at the enterprise level.

17. The above areas of work, which are also reflected in the four priority areas set out in the ILO's Strategic Plan for 2026–29, [12] apply to all people and to the world of work as a whole. At the

[12] GB.352/PFA/1.

same time, several policy resolutions focus on the protection of specific population groups and on the promotion of decent work within economic sectors.

18. In addition, the ILO's mandate includes stepping up the provision of integrated policy advice across its thematic areas and actively promoting policy coherence at the national and international levels, recognizing that decent work is key to achieving sustainable development, addressing income inequality, informality and poverty, and paying special attention to areas affected by conflict, disaster and other humanitarian emergencies. This requires working in collaboration with a range of partners to address barriers and ensure consistency and impact, in accordance with international and regional tripartite negotiated resolutions and other outcome documents, including through the Global Coalition for Social Justice. This is particularly pertinent in respect of the Conference resolutions concerning the recurrent discussions on the strategic objectives and in those governing transitions in the world of work. [13]

19. The ILO's normative and developmental functions are complementary and mutually reinforcing. Hence, in its resolutions, the Conference calls on the Office to use all available means of action to support the constituents, including:

- **Standards-related action**: support the ratification, application and supervision of international labour standards; and review existing instruments, identify gaps and develop new standards as determined by the constituents.
- **Policy advice and technical assistance**: provide policy guidance and legal advice to the constituents, which must be aligned with international labour standards, including comments from the supervisory bodies, and adapted to national contexts and priorities.
- **Knowledge generation and management**: conduct research on world-of-work issues based on the needs and priorities of the constituents; publish impactful reports; communicate effectively; produce statistical data and impact assessments; reinforce labour market information systems; and expand the Office's capacity to support the constituents in responding rapidly and effectively to the labour market implications of crises and natural disasters.
- **Capacity development:** strengthen the institutional and operational capacities of governments and the social partners through training, peer learning and exchanges of experiences, including through the International Training Centre of the ILO (Turin Centre).
- **Consensus-building:** mobilize the ILO's convening power, which is grounded in tripartism, to further social dialogue at the local, national and international levels.
- **Partnerships and development cooperation**: design and implement development cooperation programmes and innovative partnerships that support and accelerate global and national efforts to advance the ILO's Decent Work Agenda and the application of standards, mobilize resources and foster inclusive alliances, including through South–South and triangular cooperation.
- **Multilateral engagement**: foster strategic collaboration with other entities in the UN system, international financial organizations, regional organizations and non-State actors to

[13] Including ILO, Resolution concerning the general discussion on addressing informality and promoting the transition to formality for decent work, International Labour Conference, 113th Session (2025); and ILO, Resolution concerning a just transition towards environmentally sustainable economies and societies for all, International Labour Conference, 111th Session, 2023.

promote policy coherence for decent work and social justice, including through the Global Coalition for Social Justice.

20. The ILO should reprioritize initiatives, programmes and activities that fall outside its normative, policy and institution-building mandate, notably those not grounded in ILO Conventions, Protocols, Recommendations, declarations or other Conference resolutions or conclusions; those that do not address the expressed needs of the constituents; and those that risk drifting into mandates where other organizations hold primary responsibility. In the latter case, the ILO should collaborate with these organizations to safeguard the ILO's unique normative role, ensuring that workers' and employers' voices remain central. As a matter of principle, micro-level service delivery should be delegated to local institutions, including government agencies, the social partners and civil society, except in cases where initial pilot interventions are needed to demonstrate the impact of policy and institutional change. Furthermore, while the ILO should avoid engaging in purely humanitarian activities, it should remain active in crisis contexts through recovery efforts that rebuild labour market institutions, protect labour rights and create decent jobs. The ILO will actively contribute to the work of the Informal Ad Hoc Working Group on the UN80 Initiative established by the UN General Assembly to consider the proposals contained in the report of the Secretary-General of the mandate implementation review, as this work may have direct implications for decisions related to strategic priorities and cooperation with other entities.

21. To ensure coherence and focus, the Office will establish a task team to identify areas of work that should be reprioritized within the framework of the approved programme of work for 2026–27, considering the mandate analysis carried out in the framework of UN80. Drawing on approaches taken by other international organizations and lessons learned, the team will review ongoing and planned activities across departments and regions, assessing their alignment with the ILO's core mandate and functions, and propose options for consolidation, adjustment or discontinuation. If appropriate, its recommendations will inform proposals to the Governing Body concerning the implementation of the budget for the upcoming biennium.

Strategic planning and results-based management

22. The consultations conducted during the review process have underscored the need to streamline strategic planning and budgeting processes to enhance coherence and results-based management, simplify administrative and reporting processes, and align short-term operations with the Organization's core mandate.

23. While the ILO's core mandate is established in its Constitution and foundational declarations, the constituents set the Organization's strategic focus through the International Labour Conference and the Governing Body. These governing organs define thematic priorities and adopt action plans that complement the programme of work. The Office supports them and their subsidiary committees in shaping this strategic guidance, ensuring that it informs the strategic plan and the programme and budget, and in facilitating the implementation of the resulting actions within the approved biennial priorities and resource levels.

24. The Office's planning processes will ensure that country-level frameworks – such as national plans, Decent Work Country Programmes and UN Sustainable Development Cooperation Frameworks – also inform the strategic plan and the programme and budget. In order to do this, the planning processes should consider differences in stages of development, so that services are tailored more effectively to country needs, including through development cooperation. The Office will strengthen the connection between long-term priorities in the strategic plan and operational outcomes and outputs in the biennial programmes and budgets, while reducing redundancy in planning and reporting processes. A unified, Office-wide results framework, supported by improved oversight mechanisms, will maintain strategic continuity while allowing for adaptive management and timely course correction.

25. To strengthen the effective implementation of the programme and budget in a context of constrained resources, the Office will reinforce results-based management. This will be achieved through a better alignment at all levels of authority, responsibility and accountability for the achievement of outcomes and outputs and the use of resources. Resource *allocation* will be driven by strategic outcomes and outputs rather than by organizational structures. Resource *management* will be delegated to the lowest possible level, empowering managers at headquarters and in the field to deliver on their programme of work with coherence, efficiency and agility.

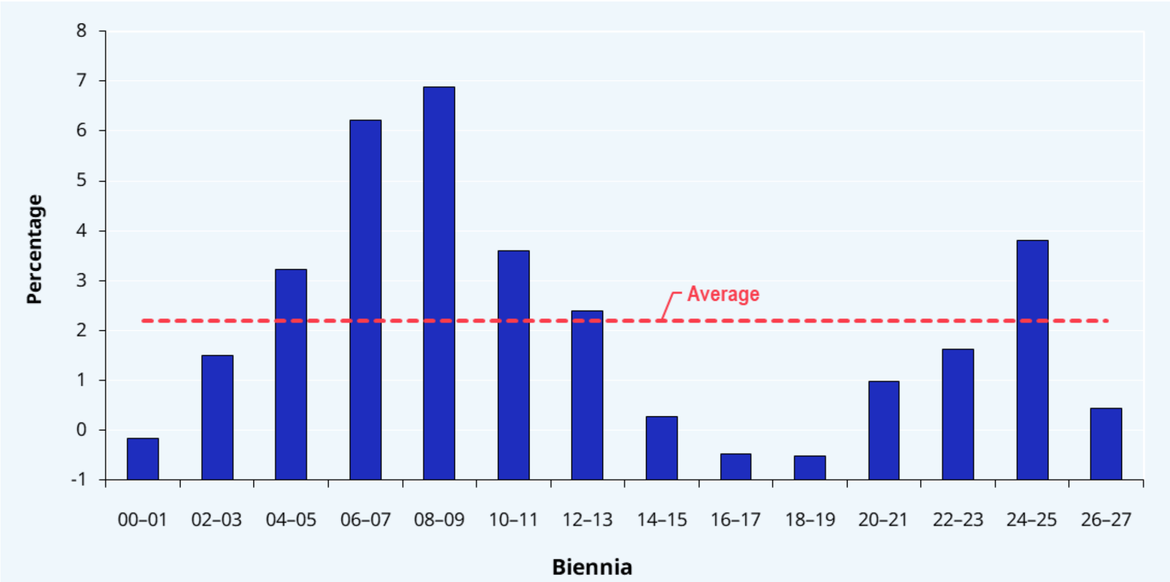
▶ Organizational model

26. This section presents proposals for organizational reform in two financial scenarios. The first scenario assumes a limited but sustained reduction of the real value of the regular budget, consistent with the approval of a zero-nominal-growth budget for 2026–27. The second scenario assumes a more significant shortfall of up to 20 per cent in 2026–27, resulting from the non-receipt of a significant portion of the assessed contributions to the regular budget. Further information about the costs and benefits of the measures proposed under each scenario is provided in Appendix II.

Scenario 1: Limited budget reduction (zero nominal growth)

27. A zero-nominal-growth budget requires the realization of savings to offset the effects of inflation and other cost pressures. Cost increases included in biennial budgets have averaged over 2.13 per cent (equivalent to 1.41 per cent annual inflation) over the past 14 biennia (see figure).

▶ **Figure: Cost increases included in biennial budgets** (percentage)



28. To ensure that the Organization remains effective and efficient, it is necessary to anticipate the impact of inflation on future budgets. At 1.5 per cent annual inflation, the regular budget for 2028–29 would require an additional CHF21 million, rising to CHF42 million by 2030–31. If annual inflation rises to 2 per cent, projected savings of 6 per cent would already be fully absorbed before the end of 2030–31.

29. Relying solely on reactive adjustments to such pressures would leave the Office with structures that are misaligned to available resources, undermining the delivery of the programme. By proactively incorporating savings in anticipation of cost increases, the Organization will be in a better position to implement change and operate effectively, while retaining the flexibility to reinvest if inflation proves more favourable.

30. Under this scenario, the Office proposes to undertake specific measures to enhance its effectiveness in the pursuit of its core mandate, both globally and at the country level, combined with initiatives to generate savings and additional resources (see table 1). The implementation of these measures will require an initial investment of approximately US$34.8 million, covering relocation expenses, agreed terminations and restructuring processes. While these investments are substantial, they are designed to unlock significant medium-term efficiencies. Once fully implemented, the measures are projected to generate biennial savings of around US$58.3 million, equivalent to 6.3 per cent of the regular budget for 2026–27. [14]

[14] While these estimates are informed by current data and operational planning, they should be understood as indicative projections to guide decision-making, not as commitments.

▶ Table 1: Measures proposed under scenario 1

Proposed measures	o Office restructuring: reduction of management positions and consolidation of departments o Relocation of specific teams and staff from Geneva to Turin and other locations o Strengthening of technical capacity in the regions and strategic alignment with headquarters o Decentralization of development cooperation projects o Relocation of two regional offices o Appointment of national coordinators o Support from host countries to cover the cost of offices in Tokyo and Western Europe o Establishment of a global service centre o Agreed terminations o Rental of office space in Geneva o Reduction in non-staff costs and streamlining of business processes				
Estimated one-off costs	US$34.8 million	**Estimated biennial savings**	US$58.3 million (6.3 per cent of the 2026–27 budget)	**Timeline**	2026–29

31. All the proposed measures will be managed ensuring proper consultations – and negotiation whenever appropriate – with the Staff Union, in line with the ILO Joint Negotiating Committee's *Guidelines on Managing Change and Restructuring Processes*. Budgeting for staff and non-staff costs will be ensured through the regular programme and budget process.

Office restructuring: reduction of management positions and consolidation of departments

32. The ILO's organizational model must deliver on the Organization's core mandate. Hence, the Office structure should be aligned with the four strategic objectives of the Decent Work Agenda, support improved synergies and cooperation between headquarters and the field, and reflect the importance of efficient and adequate support services. To achieve such a model, it is proposed to rationalize the structure at headquarters with fewer top managers and organizational units (see the proposed organizational chart in Appendix III). It is expected that this organizational model will provide clarity of roles, reporting lines and accountabilities.

33. The proposed reorganization will foster interdisciplinary collaboration and better alignment with the strategic objectives of the Decent Work Agenda through the consolidation of the current seven policy departments into four. This restructuring will bring the policy function under a unified leadership, thereby strengthening strategic coherence, accountability and decision-making. It will: (i) reduce duplication of effort, streamline reporting lines and harmonize policy messages across the Office; (ii) enhance coordination between normative, technical and analytical workstreams; (iii) ensure that policy advice is coherent across thematic areas and more directly linked to field needs and global priorities, addressing complex world-of-work issues and transitions that transcend departmental boundaries; and (iv) enable the reallocation of resources in response to emerging challenges in a more agile manner. The four priority action programmes will continue promoting integrated cross-Office action and collaborative working modalities in key policy areas that cut across the policy outcomes, closely engaging departments at headquarters and field offices. The Office will undertake the review of the priority action programmes in 2026 to inform decisions on their future.

34. To ensure the effective implementation of the reform and in view of the increased capacity in the field, a position of "Assistant Director-General for the Regions and Director of the Office of the Director-General" will be established. The incumbent will be responsible for managing the Office of the Director-General and for providing strategic leadership in driving change management across all the regions, ensuring consistency in the delivery of technical support and alignment with organizational priorities. This role will also strengthen the two-way interface between the field and headquarters, facilitating consistent policy and technical support, promoting the exchange of knowledge and good practices, and ensuring that regional priorities and constituent needs are effectively reflected in corporate planning and decision-making.

35. Once the clusters and departments have been reorganized and taking into account progress in implementing other review measures, including relocations, the Office will determine the appropriate branches and units within each department. This will follow a consultative process under the guidance of the Senior Management Team. In carrying out this process, the Office will ensure that the organizational structure continues to provide the necessary capacities to deliver on all the interrelated elements of the ILO's core mandate, [15] including in areas of established importance such as gender equality, labour migration and sectoral policies, while allowing for adjustments in how these functions are accommodated within the rationalized Office structure.

36. This revision of the Office's organizational structure would entail a significant reduction in the number of top-level management positions, through abolishment or reclassification. Notably, there would be a reduction in the number of Assistant Director-General positions from 11 to 4, a decrease of D2 positions at headquarters from 19 to 16 and a reduction of at least 7 D1 positions across all clusters in Geneva. Additional management positions could be identified for abolishment during the restructuring of the new departments.

Relocation of specific teams or groups of staff

37. The ILO's headquarters in Geneva will remain the strategic and political centre of the Organization. The Office highly values the support of the host country and the synergies with the other organizations and permanent missions of Member States located in the Geneva area and will continue to work closely with the Swiss Government. Therefore, the Senior Management Team and the directors of departments, bureaux and offices, [16] as well as all the staff required to maintain the integrity and coherence of policy support, will remain at the ILO headquarters in Geneva to ensure continuity, institutional coherence, dialogue with permanent missions and constituents, and alignment with the Organization's global governance functions.

38. Nevertheless, based on cost-saving considerations, the Office could relocate specific teams or groups of staff from any cluster, focusing on distinct functions, to locations that may offer financial and strategic advantages. Priority would be placed on self-contained teams that could be relocated without fragmenting operations or negatively affecting global policy work, with well-defined roles, functions and outputs, as well as with operational independence, for example in relation to knowledge management, communication, external relations or administration. The identification of specific teams that could be relocated will be part of a consultative process under the guidance of the Senior Management Team. The selection of

[15] See paragraph 16.

[16] Office of the Legal Adviser, Office of Internal Audit and Oversight and Evaluation Office.

staff for relocation will follow objective criteria, including functional relevance and operational efficiency. Decisions will also consider staff profiles and personal situations, business continuity requirements and the distribution of functions across duty stations.

39. This measure is envisaged primarily for cost-saving reasons, taking into account the cost differentials between duty stations for international and local staff. As an illustration, a relocation of 50 professional staff members [17] from Geneva to Turin would require an initial investment of about US$2.1 million and would generate biennial savings of about US$6.0 million.

Potential relocation of staff to Turin

40. For more than 60 years, the Turin Centre and its regular staff of around 200 people have benefited from strong support from the Italian authorities at the local, regional and national levels. Since the COVID-19 pandemic, the Turin Centre has evolved into a centre of excellence for modern training and capacity-building. With its rapid adoption of digital delivery models, including AI and virtual reality-enhanced learning, the Centre is no longer confined to providing training in a traditional residential format. These developments have reduced the need for training rooms and accommodation for participants on campus, as most courses are now offered as distance learning courses, making office space already available. In addition, with support from the Government of Italy, the Centre is implementing a renovation programme that will further rationalize the use of space for offices and training.

41. The Turin campus is located a three-hour drive away from Geneva and is served by a regular shuttle service. Departments at headquarters and Turin Centre staff are constantly in contact with each other, with technical specialists from headquarters providing training and Turin Centre staff facilitating the implementation of capacity development initiatives and the use of technology and innovation for policy work. A stronger technical ILO presence in Turin has the potential to enhance collaboration and synergies, including in the programmes and courses offered by the Turin School of Development.

Potential relocation of staff to other cities

42. The Office has reached out to the Member States to indicate that it is considering the potential relocation of staff members. In response, several governments have indicated a willingness to accommodate ILO staff in support of the principle that certain benefits could be derived from relocation. These offers are being considered as part of the review process based on the following criteria:

- the existence of a host country agreement or the possibility of negotiating one in the short term;
- accessibility and connectivity;
- living and working conditions for staff and their families, including access to quality accommodation, safety and security, education and health services, as well as access to employment for spouses;
- the presence of other UN entities or thematic international hubs in strategic areas for the ILO, as well as embassies and diplomatic missions.

[17] This represents about 8 per cent of the 606 regular staff in the professional category and above working at the ILO headquarters in Geneva (GB.353/PFA/INF/8(Rev.1)).

Stronger technical capacity in the regions and strategic alignment with headquarters

43. A central goal of the ILO review is to enhance the Organization's impact by improving services to the constituents through stronger collaboration between headquarters and the field. Policy departments at headquarters provide strategic direction and policy instruments and ensure coherence with global mandates, while field offices are the main conduits for the delivery of technical assistance. This relationship is mutually reinforcing and symbiotic, as the experience at the country level in providing technical assistance and advice contributes to the policy framework and its implementation in the field, which in turn influences the policy discourse at the global level.

44. As an essential first step towards this broader restructuring, the initial phase will focus on strengthening technical capacity in the field. Increasing the number of specialists will enhance agility and responsiveness, facilitate staff mobility and provide a stronger foundation for the subsequent review of roles and responsibilities within the field structure.

45. The number of regular budget staff in field locations has grown steadily over the past biennia, from 348 professional positions in 2012–13 to 421 in 2026–27, representing an average biennial increase of 10 positions. However, this expansion has not kept pace with the mounting demand for field support. Expectations from the constituents for timely, high-quality policy advice and technical support have increased due to shifts in the world of work, more complex national contexts and the ILO's more active engagement in UN country teams and UN Sustainable Development Cooperation Frameworks, among other factors.

46. The Office has carried out a consultation process on the need to increase the ILO's field support capacity, as described in Appendix IV. As a first step, an assessment was carried out through the five regional offices to determine the profile of the regular budget technical specialists required in the regions. This revealed the need for more than 90 additional specialists to support the constituents in fulfilling the ILO's core mandate and in tackling emerging policy challenges, enabling stronger coverage across thematic areas and geographical regions. While most of these positions (85 per cent) would be placed in Decent Work Technical Support Teams, some would be located in country offices covering a large number of countries (such as the ILO Country Office for Pacific Island Countries and the ILO Decent Work Team and Country Office for the Caribbean Countries) or in countries facing exceptional operational circumstances (such as the ILO Country Office for Ukraine) or linguistic specificities (such as the ILO Country Office for Angola, Cabo Verde, Equatorial Guinea, Guinea-Bissau, Mozambique and Sao Tome and Principe).

47. In the context of a zero-nominal-growth budget, an expansion of this scale must entail the reallocation of existing resources, either by transferring professional positions from headquarters, establishing new positions through the reprofiling of vacant positions in any department, or reallocating savings in non-staff costs. Any redeployment to the field must be weighed carefully against the need to preserve critical headquarters functions, including global normative leadership, policy innovation, governance support, thematic expertise and knowledge management. If the Office identifies required profiles matching the need expressed by the regions for 72 [18] of the 90 positions, the one-off costs for relocation would be slightly over US$4.1 million, and the biennial savings would amount to US$7.4 million.

[18] This corresponds to about 24 per cent of the professional staff in policy departments at headquarters, including the Priority Action Programmes and the departments in charge of research and statistics.

48. For the remaining positions, if no staff members with the required knowledge and skills within the workforce (or the capacity for upskilling) are identified, it will be necessary to allocate resources generated by saving measures. The approximate biennial cost of 18 professional positions in field locations is US$8.0 million.

49. This relocation process will be embedded within the Organization's talent management strategy, ensuring that redeployments and new appointments strengthen the overall skills base, foster career development, maintain a balanced geographic representation, and align workforce capabilities with long-term strategic priorities.

50. To support this reconfiguration of technical capacity, the Office will make adjustments in strategic planning and budgeting – as described in a previous section – and implement working modalities to ensure more effective collaboration between headquarters-based and field-based specialists, both for country-level and regional-level work and for the delivery of global activities and products. This will include a review of the performance management model to ensure clear accountability both to technical leadership and country and regional management; the establishment of agile, ad hoc cross-location teams to deliver global products; and the sharing of work and knowledge through digital platforms to facilitate planning, implementation, monitoring and communication. The increase in field-based positions will be accompanied by corresponding increases in non-staff resources and administrative support capacity. This will be facilitated in part by reductions in General Service (GS) positions at headquarters, and by the overall cost-effectiveness of field-based positions compared to those in Geneva.

51. In addition to the relocation of technical positions to the field, the Office will undertake a review of the functions, responsibilities, staffing and coverage of the regional offices, country offices and Decent Work Technical Support Teams, with a view to ensuring the best possible provision of services to the constituents in the most efficient manner. In this context, the Office will consider the possibility of relocating some organizational units in the field to places that offer considerable advantages in terms of cost-efficiency.

Decentralization of development cooperation projects

52. The Office will step up the decentralization of development cooperation projects and their staff to the field. This measure is guided by the principles of proximity to constituents, responsiveness to country needs and coherence with national development priorities.

53. While this measure will not generate significant savings in the regular budget, locating project staff closer to where the projects are implemented will strengthen ownership by constituents, improve coordination with United Nations country teams and development partners, enhance the visibility and impact of ILO interventions at the national and regional levels, and reduce staff costs. It will also foster stronger synergies between normative and operational work, ensuring that lessons from project implementation feed more directly into policy advice, and vice versa. The relocation process will be based on objective criteria related to project end dates, the strategic dimensions of the projects and resource availability, as well as on consultations with the funding partners to secure their support and ensure continuity.

Relocation of two regional offices

54. While discussions are still ongoing and decisions depend, among other factors, on appropriate host country agreements, certain functions of the ILO Regional Office for Europe and Central

Asia could be relocated from Geneva to Budapest, [19] and the ILO Regional Office for the Arab States could be relocated from Beirut to Doha. [20] These relocations would generate biennial savings of about US$1.4 million.

Appointment of national coordinators

55. The Office intends to appoint up to ten national coordinators where there is significant demand for ILO services based on the successful experience in several regions. This is a cost-effective presence model for countries where a lighter ILO operational footprint may be appropriate. Such national representation will be aligned with arrangements used by other UN entities, notably specialized agencies and smaller technical organizations. The biennial cost of ten national coordinator positions is about US$1.8 million. This move is expected to strengthen national engagement, improve cooperation with UN country teams, and enhance the efficiency and responsiveness of ILO support to the constituents in the target countries.

Funding of ILO offices in Japan and Western Europe

56. Since their establishment, the ILO's branch offices in Tokyo and in Western Europe [21] have played an important role in sharing information, representing the Organization and providing a platform for the tripartite constituents and partners to raise awareness of current issues in the world of work. In response to the Director-General's request to fully cover the costs of these offices, some host country governments have responded positively, while others are examining financial options. If all concerned governments respond positively, this would generate biennial savings of US$2 million.

Establishment of a global service centre

57. Corporate services departments such as the Financial Management Department, the Human Resources Development Department, the Information and Technology Management Department, the Internal Services and Administration Department and the Procurement Bureau combine management, policy and compliance responsibilities with business support functions. This can lead to inefficiencies (conflicting priorities and resource constraints), misalignments with business needs and the dissatisfaction of internal customers, who expect agility and responsiveness.

[19] The ILO Regional Office for Europe and Central Asia, which is based in Geneva, directly covers and supports 13 Member States.

[20] The Office is exploring the feasibility of relocating the Regional Office for the Arab States from Beirut to Doha, while maintaining a country office in Beirut to oversee ILO activities in Lebanon and to ensure continuity of operations, partnerships, and institutional memory. This relocation proposal is presented in response to evolving operational, security, and strategic realities in the Arab States region, which include persistent instability in Lebanon, the growing concentration of development cooperation and policy dialogue in the Gulf. Qatar offers a stable environment, excellent infrastructure, cost-effective flight connectivity, and the lowest estimated relocation costs among potential host countries in the Gulf. The proposal, however, remains subject to a comprehensive assessment of financial, operational, political and human resource implications, and depends on progress of the ILO's ongoing conversations with the State of Qatar. The ILO is committed to ensuring that any decision regarding relocation will be guided by the principles of transparency, social dialogue, and the Organization's duty of care toward staff. If pursued, the relocation process would be gradual, inclusive, and carefully planned to minimize disruption and safeguard staff welfare. Considerations related to family circumstances, cost of living, schooling, and contractual status would be addressed through individualized measures.

[21] This includes the ILO offices in Berlin, Lisbon, Madrid, Paris and Rome, but not the one in Brussels, which acts as a liaison office for the European Union.

58. The Office proposes to transfer selected administrative and support services to a centralized global service centre in a location offering substantial cost reductions resulting from salary differentials, while ensuring availability of qualified and skilled local workforce and considering other specific relocation criteria (such as security and the quality of health services). The global service centre will be responsible for delivering the transactional, administrative and support services functions, which are currently dispersed across headquarters and regional and country offices, as a unified structure.

59. The Office is conducting a comparative analysis of good practices and lessons learned from well-established global and shared service centres managed by agencies such as the United Nations Development Programme, the United Nations Children's Fund, the World Health Organization, the Food and Agriculture Organization of the United Nations and the International Organization for Migrations.[22] Preliminary conclusions suggest that the establishment of the global service centre should follow a phased approach, with support functions related to finance, human resources, procurement and logistics, and information technology gradually expanding their delivery through the centre. This includes the processing of human resources, procurement, budgetary and financial transactions, general budget and project monitoring, and certain certification functions, as well as more advanced centralized back-office functions. Over time, the global service centre would progressively take on a larger share of functions, ultimately evolving into a broader operations unit comprising some 90 positions. This transition would be carried out in close coordination with the policy and oversight functions that will remain at headquarters. As its role expands, the global service centre could begin to deliver more advanced services – including analytics, reporting and advisory support – transforming into a comprehensive operations platform that serves the entire Organization.

60. As an active participant in UN system-wide efforts, the ILO is also exploring opportunities to join existing or emerging shared services. For instance, within the HLCM's Far-Reaching Efficiency Measures Initiative – which comprises 18 projects aimed at enhancing collaboration and reducing duplication – the ILO is directly engaged in four areas: developing a One-UN procurement architecture through the UN Global Marketplace; common UN procurement at the country level; promoting integrated information and communication technology (ICT) procurement and shared software services; and contributing to the UN Global Fleet and Management Services Hub. In addition, the Office is monitoring developments and potential engagement in four other measures concerning AI-powered language services, a standard contract templates platform, global insurance management, and a coordinated UN supply chain.

61. The establishment of the global service centre, in line with the model described in the previous paragraphs, could potentially generate savings of about US$12.9 million.

Agreed terminations

62. The Director-General has invited officials on regular budget core positions (in the GS, National Officer, P and Director categories) at all duty stations holding fixed-term or without-limit-of-time contracts to apply for an agreed termination package. In total, 162 officials have applied for an agreed termination. Only those applications deemed to be in the interest of the

[22] At the end of September 2025, the UN Business Innovation Group initiated a feasibility study for UN-wide shared service centres. The study will assess options to consolidate and standardize operational support functions that will be considered in planning the ILO's global service centre.

efficiency of the Office will be accepted by the Director-General. The positions made vacant through this procedure will be either abolished, or reprofiled and/or downgraded. Some vacant headquarters positions will be transferred to the field, as outlined in the previous section. To ensure that the decisions made in this regard will take into account the need to maintain a balanced range of technical skills at headquarters. a comprehensive review mechanism has been established.

63. If 75 per cent of the requests are approved, with payment of indemnities of some US$15.6 million, the biennial savings would amount to about US$18.7 million, of which US$6.1 million is already included in the savings estimates for the relocation of technical positions to the regions and the global service centre. This means that the net savings generated by agreed terminations would only fully materialize as from the 2028–29 biennium.

Rental of office space

64. Relocations will free up office space in Geneva. In addition, the Office is introducing an office-space optimization scheme. At least two floors of the ILO's headquarters building will be vacated and rented out to other UN agencies. At the time of drafting this document and considering ongoing negotiations, the rental income is estimated at US$5.4 million per biennium. With the progression of the relocation exercise, one or two additional floors could be vacated and rented out.

Reduction of non-staff costs and streamlining of business processes

65. During the consultations and the review of ideas from staff members, the Office identified several non-staff costs that could be reduced through the rationalization of processes, meeting services, travel and publications. Taken together, these measures could generate savings of about US$8 million.

66. The Office will hold Global Technical Team meetings and other large internal meetings virtually rather than in person.

67. It is proposed that consultations be held with the tripartite constituents to reduce the number of sectoral meetings from six to four per year, to make those meetings virtual and/or to hold them in those regions where the respective sectoral activity is most relevant. The Office will also review the number, scope and frequency of other technical and expert meetings to ensure that these deliver concrete value for the constituents, for determination by the tripartite constituents.

68. The Office will increase the use of computer-assisted translation tools in the preparation of official documents, including by gradually introducing the use of AI adapted to ILO-specific requirements. It has been testing AI interpretation during official meetings. Although not yet fully reliable, these innovations have the potential to increase productivity and to generate substantial savings over the years, which could be reinvested into technical services in the field. Moreover, the Office will completely discontinue the printing of official documents and issue digital versions only, thereby improving accessibility and reducing costs.

69. The Governing Body is examining the outcome and recommendations of the Tripartite Meeting on the Review of the Functioning of the Governing Body held on 5–8 May 2025. [23] As this procedural review is likely to yield only limited financial savings, the Office is considering additional measures to increase efficiency, including in the production of official documents.

[23] GB.355/INS/6.

These measures are expected to achieve more substantial cost savings and will be submitted to the Governing Body for consideration and decision in 2026.

70. The Office will consolidate its existing flagship reports on wages, social dialogue and social protection, and the World Employment and Social Outlook report into a single ILO World of Work flagship series to enhance their visibility and impact.

71. The editing, proofreading and formatting of all ILO publications will be centralized and delegated to the Publications Production and Publishing Management Unit of the Internal Services and Administration Department. This arrangement will ensure that publications are accessible and easily discoverable and will reduce production time as well as associated costs.

72. In May 2025, the Director-General instructed all organizational units at headquarters and in the field to reduce travel expenditures in the current year by 30 per cent. The Office will, in addition, continue negotiations with the Staff Union with a view to introducing further cost-saving measures within the travel policy. The Office will also set a cap on the number of ILO officials travelling to any given event. These rules will apply to all sources of funds, including extrabudgetary development cooperation funds.

73. The Office will continue reviewing business processes with a view to streamlining them for greater effectiveness, speed and cost-efficiency. This work will draw on ideas shared by staff through various forums, findings from recent audits and assessments, and further consultations, including with the Staff Union. Change proposals will seek to harness the potential of automation, digitization and AI to enhance productivity, freeing staff from repetitive tasks to enable them to focus on higher-value work. This workstream will be closely aligned with the global service centre initiative. The result of this review will be reported to the Governing Body in March 2026.

Scenario 2: Significant shortfall of the budget (15–20 per cent)

74. As indicated above, there is a real risk of a sharp reduction in income if some of the assessed contributions for 2026–27 are not received. While the Office will redouble its efforts to ensure that all Member States make their contributions as assessed, a significant shortfall would require extraordinary measures beyond those indicated in scenario 1 to adjust the programme of work and expenditures. Given the significant implications for staff and the Organization, the measures to be implemented under this scenario would be subject to thorough analysis and consultation with the constituents, managers and the Staff Union. The Office will review the financial situation at the beginning of 2026 to determine whether it is appropriate to present specific proposals to the Governing Body in March 2026.

75. Implementing budgetary reductions of the magnitude proposed would necessarily require a review of the approved programme of work for the biennium. In carrying out this examination, subject to the guidance of the Governing Body, the Office could focus on preserving the agreed outcomes and outputs, while adjusting strategies, deliverables and targets as needed. Budget allocations across outputs would not be reduced on a strictly proportional basis; instead, decisions would be made considering the centrality of each area to the ILO's core mandate, the needs of the regions, especially in the Global South, and the availability of extrabudgetary resources. In this context, the Office will also seek to leverage and strengthen South–South and triangular cooperation and the exchange of good practices among Member States and constituents, as a means to sustain policy innovation, expand partnerships and mitigate the impact of resource constraints on the delivery of results.

76. A summary of the measures that the Office could take should this scenario materialize is provided in table 2 and a brief description of each measure is provided after the table. The potential budget reduction indicated in the table is net (including one-off costs to be incurred during the biennium). It is important to stress that the figures provided are estimations, and not commitments.

▶ **Table 2. Summary of potential measures under scenario 2**

Measure	Budget reduction in 2026–27	% of total budget (US$930.5 million)
Measures under scenario 1 modified	US$18.1 million	1.9%
Reduction of the budget for non-staff allocations	USS$69.7 million	7.5%
Recruitment freeze	US$5.0 million	0.5%
Reduction of positions in the case of a 15% to 20% shortfall	US$46.8 million to US$ 93.2 million	5.0% to 10.0%
Total	US$139.6 million to 186.0 million	15.0% to 20.0%

Measures under scenario 1 modified

77. Some of the proposed measures under scenario 1 could be maintained in the case of a significant shortfall in the budget, while others should be cancelled or modified due to the high one-off costs that the Office would not be able to afford (see table 3). Notably, it would not be possible to create additional positions for technical specialists or for national coordinators in the regions. Relocations, including for the global support centre, would have to be reconsidered or postponed unless host Member States would consider covering the initial one-off costs. Agreed terminations would have to be reassessed based on the availability of financial resources in the first semester of the biennium and on the possibility of generating savings within the biennium by abolishing positions or as enablers for relocations. While the aim of strengthening the technical capacity in the regions would be maintained in this scenario, the relocation of technical specialists would only be possible if the biennial savings in 2026–27 would offset the cost. These revised measures, net of the one-off costs required, could generate savings of about US$18.1 million.

▶ **Table 3: Review of measures proposed under scenario 1**

Measure proposed in scenario 1	Proposals in scenario 2
Office restructuring	Maintained
Relocation of teams and staff from Geneva to Turin and other locations	Limited to relocations that are cost neutral or generate immediate savings
Stronger technical capacity in the regions and strategic alignment with headquarters	Limited to relocations that are cost neutral. No new positions to be created
Decentralization of development cooperation projects	Maintained
Relocation of two regional offices	Maintained
Appointment of national coordinators	Cancelled

Measure proposed in scenario 1	Proposals in scenario 2
Support from host countries to cover the cost of ILO offices in Tokyo and Western Europe	Maintained
Establishment of a global service centre	Revised or delayed. Relocation possible only if cost neutral
Agreed terminations	Reassessed based on the availability of resources the possibility of generating savings in the biennium
Rental of office space in Geneva	Maintained
Reduction in non-staff costs and the streamlining of business processes	Maintained and expanded

Reduction of the budget for non-staff costs

78. The Office will aim to reduce non-staff budgetary expenditures, ensuring that fixed costs are covered and essential services to constituents are maintained. This proposal includes and expands those indicated in scenario 1. In a preliminary analysis, the Office has identified a potential reduction of about 25 per cent in the non-staff budget lines, which could generate a budgetary reduction of US$69.7 million (about 7.5 per cent of the total budget). This includes decreasing by 25 per cent the allocation to the Regular Budget Technical Cooperation account (equivalent to US$11 million) and reducing the budget for travel on mission, contractual services, supplies, equipment, fellowships and grants by 25–30 per cent (about US$37.7 million). Subject to the ongoing UN reform process, there could be a reduction of about 15 per cent in contributions to common system entities and joint administration activities (US$1.5 million), as well as a suspension of the provision to the Building and Accommodation Fund (US$8 million), subject to the Governing Body's approval. This measure would also include the temporary elimination of the provision for the staff development funds (US$8.7 million). The reduction in the budget for substantive activities will affect the Office's capacity to provide services to the constituents. As from 2028–29, once savings from other measures begin to be realized, the allocations for these budget lines will start to be progressively replenished.

Additional recruitment freeze

79. In relation to staff costs, to minimize involuntary separations, the Office would continue to freeze external recruitment, beyond the 11 months freeze for 40 positions established in the budget approved by the International Labour Conference in June 2025. The extension of this measure to the whole biennium would generate savings of about US$5 million.

Reduction of positions

80. If the budgetary constraints require further reductions than those that can be achieved with the measures described above, the Office may be obliged to proceed with the reduction of positions. [24] In this situation, every effort will be made to manage the impact on staff by first

[24] As an alternative, the Office considered the possibility of a temporary reduction of working time for all staff to 80 per cent. However, this approach would significantly reduce both salaries and pension contributions, therefore generating long-term financial consequences for staff. Furthermore, a uniform reduction in working hours may not correspond to a proportional decrease in workload, creating risks for the timely and effective delivery of core functions. The measure would be complex

abolishing positions that are vacant, including as a consequence of the freezing of recruitment and agreed terminations. The possibility of reassignments and the redeployment of staff to available positions in line with established policies and procedures would also be considered. Where this is not feasible, the separation of staff will take place in accordance with the Staff Regulations, ensuring that due process and all applicable entitlements are respected.

81. Based on an analysis of the core positions funded by the regular budget across all grades and locations, in order to reduce the budget by US$46.8 million, approximately 130–140 positions would have to be abolished. This figure would increase to 285–295 positions if the required reduction amounts to US$93.2 million.

▶ Conclusion and timeline for implementation

82. The ILO review process will continue to be under the direct oversight of the Director-General. The implementation of the measures proposed in this document will follow a phased approach, ensuring careful sequencing, prudent flexibility, transparency and continuous engagement with staff and constituents. The process will be guided by the Governing Body's decisions at its November 2025 session and by the Organization's evolving financial situation at the start of 2026.

83. Immediately after the conclusion of the November session, the Office will initiate preparatory and foundational steps that should proceed under either financial scenario, subject to the decision of the Governing Body. These include:

- establishing a task team in charge of determining work areas to be reprioritized based on the core mandate (see paragraph 21);
- establishing a change management team to oversee and coordinate review actions, support managers and staff through the transition, coordinate internal communication and feedback, monitor risks, ensure operational continuity and maintain engagement with the Staff Union;
- launching the reorganization of the management structure and consolidation of departments, including consultations with the Staff Union and affected units;
- undertaking detailed planning for the phased relocation of specific teams and strengthening the global service centre proposal;
- completing the assessment of technical needs in the regions and identifying matching positions that could be redeployed, and preparing the necessary administrative and logistical arrangements.

84. These measures will be implemented within the framework of existing financial resources and Staff Regulations.

85. The Director-General will report to the Governing Body at its March 2026 session to provide further information on the review process and any necessary specific proposals reflecting the

to administer, generating further inefficiencies. Moreover, the impact of such a measure would not be evenly felt, as a uniform reduction would disproportionately affect staff in lower grades and functions where workload cannot be reduced in parallel. For these reasons, the approach is not considered practical, except perhaps as a strictly time-limited response to a critical cash flow situation.

financial outlook for 2026–27. The set of measures presented at that stage will depend on the Organization's cash flow and the actual receipt of assessed contributions. The document will also include the conclusions of the task team established to reflect on priorities for the biennium.

86. Should the Office face a significant shortfall in available income at the beginning of 2026, triggered by the non-receipt of a substantial portion of arrears of assessed contributions, the document submitted to the Governing Body will also include a set of extraordinary measures corresponding to scenario 2, with the corresponding adjustments in the programme of work for 2026–27. Such measures would aim at safeguarding the ILO's financial viability while protecting its core mandate and minimizing adverse impacts on staff. The budget of expenditure will be reduced as necessary, but the assessments will remain at 100 per cent of the level approved for the biennium.

87. In the event that reductions in staffing levels become unavoidable, decisions on any reduction of positions would be guided by the following general principles:

- priority would be given to the abolition of vacant positions, including those freed through agreed terminations or natural attrition;
- where positions are occupied, the Office would first seek redeployment or reassignment options consistent with staff qualifications and organizational needs;
- separations, if required, would be conducted in full compliance with the Staff Regulations, ensuring transparency, fairness and due process;
- attention will be given to maintaining critical technical and operational capacity, expertise and institutional memory, particularly in areas central to the ILO's core mandate.

88. In applying these principles, the Office will seek to ensure that workforce adjustments do not disproportionately affect women or younger staff, and that decisions are made with due regard to the Organization's commitment to inclusion and equal opportunity.

89. Challenging circumstances call for decisive action, undertaken in a context of meaningful and respectful consultation, consistent with the Staff Regulations and the collective agreement between the Administration and the Staff Union. The Office will therefore continue to engage with the Staff Union, staff members and the constituents through all available channels. Sustained staff engagement will be essential throughout the process, and the implementation of all measures will be guided by the principle that close attention must be paid to their impact on staff and repercussions on individual circumstances.

▶ Draft decision

90. The Governing Body:

(a) endorsed the overall strategic direction of the ILO review and requested the Director-General to take into account its guidance in the follow-up process described in document GB.355/INS/7 and during the implementation of the reform measures;

(b) requested the Director-General to submit to the Governing Body at its 356th Session (March 2026) further proposals to enable it to:

(i) take any necessary decisions, including concerning the financial implications of the evolving situation;

(ii) **provide guidance on the reprioritization of areas of work and other related matters;**

(c) **requested the Director-General to take into account the guidance provided during the discussion of GB.355/INS/7 in the implementation of the UN80 process and in the elaboration of the ILO’s development cooperation and human resources strategies to be submitted to the Governing Body at its 356th Session.**

Appendix I

Consultations and information sources for the review

This appendix provides a comprehensive overview of the consultations and diverse information sources that have so far underpinned the ILO review. The review's findings and conclusions are based on a multi-faceted approach, incorporating both verbal and written inputs from a wide range of stakeholders. The following sections detail the extensive engagement and consultation with the Staff Union, the social partners, Member States, and ILO staff, as well as the structured collection of data, interviews, and spontaneous feedback from across the Organization:

Consultations

Meetings with the Staff Union

- Between April and October 2025, staff of the Director-General's Office and other senior managers held 11 meetings with the Staff Union Committee and/or its representatives to provide updated information and discuss progress in the review. The Director-General met with Staff Union in two occasions.
- Representatives from the Staff Union participated in two meetings to discuss the immediate measures adopted in June 2025, as well as in an ad hoc meeting of the Global Management Team to discuss the cash flow and liquidity constraints of the Office.
- Between May and October 2025, the Staff Union Committee and senior managers of the Internal Services and Administration Department held nine specific meetings focused on travel policy and seven informal meetings to discuss space planning.
- Between May and September 2025, there were four meetings of the Joint Negotiating Committee .
- Between April and August 2025, the Review Group held seven information and exchange meetings with the Staff Union Committee to discuss progress in the process, expectations from staff, principles and matter for negotiation, the implications of the zero nominal growth budget and the proposal to increase technical capacity in the regions.

Informal consultations with constituents and briefings with Member States

- The Office organized three rounds of informal consultations with the Governing Body groups: (1) in May 2025, consultations focused on progress in the review and on document GB.354/INS/5; (2) in September and October 2025, consultations focused on reform options and financial scenarios with a view to finalizing document GB.355/INS/7.
- Between June and September 2025, the Review Group held three meetings with representatives of the host country, Switzerland, to discuss progress and major proposals. The Review Group also held specific briefings and informal meetings with representatives from other Member States on potential relocations. Senior managers met with representatives from Member States, including the host country, in several instances to discuss different elements of the review process.

Other information sources

Town halls

- The Office organized two town hall meetings with the Director-General and the Senior Management Team on 9 April and 17 September 2025 to share information on the reasons and progress of the review with the staff and allow staff members to express their views, concerns and proposals concerning the review.

Interviews carried out by the Review Group.

- Between March and August 2025, the Review Group held 50 individual and group interviews with ILO managers and staff. This included multiple meetings with senior managers and directors, as well as dedicated meetings with representatives of young staff members and staff with disabilities or with dependants with disabilities, and four former ILO officials who occupied senior positions when the Office faced a serious financial crisis in 1977. The Review Group also participated in several meetings of the ILO Global Management Team where specific proposals were discussed.

Feedback from the Review Sounding Board

- Between May and July 2025, the Review Sounding Board, composed of 17 staff members, held three meetings. The Sounding Board provided verbal and written feedback on the proposal to increase field-based technical specialists, on the considerations about the ILO's core mandate and on the draft document circulated for consultation.

Staff ideas platform

- The Office opened an internal platform for staff members to share ideas on the reform. Between March and July 2025, 207 entries were submitted, containing 250 specific ideas on potential improvements in business processes and operations, development cooperation, human resources management, meetings, resource management, travel, strategic planning and restructuring. These ideas informed the proposals put forward in the document and are being considered by the subgroup appointed to streamline business processes by March 2026. The Review Group met twice with this subgroup to exchange views and information, and to align objectives and working methods.

Spontaneous written inputs from managers and staff members

- The Review Group received and analysed 37 spontaneous written proposals from departments, offices and staff members in relation to conference management, language services, document production, publications, office space, travel policy, human resources, partnerships, the core mandate and priority workstreams, office reorganization, the use of artificial intelligence and digital solutions and disability inclusion, among other subjects.

Documents

- The Review Group consulted a broad range of institutional documents, including strategic, programmatic, budgetary, regulatory and policy material. These included the ILO Constitution, all ILO Declarations, major recent resolutions from the International Labour Conference and the Governing Body, as well as official documents relating to ILO's financial crisis in 1977–78.

Financial, human resources and project data

- The review used financial, human resources and project data extracted from the ILO’s Integrated Resource Information System (IRIS) and the approved Programme and Budgets for 2024–25 and 2026–27, as well as from the relevant United Nation’s sources.

Appendix II

Estimated costs, savings, timelines, advantages and disadvantages of the proposed measures, by scenario

The table below provides detailed costing estimates of measures proposed under the two financial scenarios outlined in this document. It summarizes anticipated one-off investment costs, projected biennial savings, timelines, and the advantages and disadvantages associated with each measure. This overview is intended to support the Governing Body's assessment of cost–benefits, implications and risks.

The projected savings are based on current and historical human resources and financial data and are intended to provide a clear illustration of financial requirements and potential gains associated with the proposed measures, serving as a sound basis to guide policy and implementation decisions. The cost–benefit analysis combines quantitative projections with qualitative assessments of advantages and disadvantages, including intangible risks and benefits related to organizational coherence and resilience, decision-making, reputation, staff well-being and service delivery.

The implementation of the proposed measures entails certain risks. Restructuring, relocations and agreed terminations may lead to delivery disruptions, capacity gaps, and affect morale. Reputational and operational risks could also emerge if communication with staff, the Staff Union or the constituents is not facilitated. To mitigate these risks, the Office will apply a phased implementation approach, underpinned by robust change management, clear communication, and continuous engagement with all stakeholders.

Finally, the concurrent implementation of measures and initiatives — such as the office restructuring, the establishment of a global service centre, transfers from headquarters to field locations, and implementation of process reforms — introduces execution complexity. This risk must be managed alongside a benefits realization risk, where tight financial resources and implementation delays could erode anticipated financial benefits.

To address these challenges, the risk mitigation strategy will include:

- a contingency reserve to face unforeseen costs, implementation delays, and sustain critical functions during the transition;
- sequenced redeployments aligned with operational readiness in new locations;
- targeted training and support to help staff adapt to new roles and working environments;
- performance monitoring to ensure that projected efficiency gains are achieved without undermining the ILO's core mandate; and
- regular reporting to the Governing Body on progress, challenges and lessons learned.

By coupling structural reforms with proactive risk management, the Office aims safeguard service continuity and staff well-being, preserve the ILO's institutional integrity and capacity to deliver its mandate effectively, and maximize the return on investment.

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Scenario 1: Limited budget reduction (zero nominal growth)			**2026–29**	**424.5**	**(34.8)**	**12.0**	**58.3**			
Revised Office structure	Abolishment of 2 ADG positions and reprofiling of 5 ADG positions to D2	24 work months per position at standard costs for 2024–25	2026	7.0	0.0	1.7	1.7	Managers can absorb broader portfolios Leadership accountability mechanisms are maintained	A flatter hierarchy encourages cross-functional cooperation Streamlined leadership improves clarity of roles and accountability. Faster, less siloed decision-making	Risk of overstretching senior managers Potential morale issues among senior staff with fewer career advancement opportunities Transitional uncertainty during reclassification process Perception of diminished role of regional directors
	Reprofiling of 3 D2 positions to D1		2026	3.0	TBD	0.3	0.3			
	Abolishment of 7 D1 positions		2026	7.0	TBD	2.0	4.9			
Relocation of specific teams and groups of staff to other cities	Relocation of P staff from Geneva to Turin	See note 1	2026–29	50.0	(2.1)	2.0	6.0	Costs and savings calculated based on relocation to Turin, completed by January 2027 Changes in support staff in Geneva facilitated by agreed terminations and natural attrition	May strengthen cross-disciplinary collaboration Closer links between knowledge generation, policy advice and training (if relocation is to Turin)	Family and personal disruptions for relocated staff, affecting performance Reduced proximity to Geneva-based missions and partners
	Support staff	See note 2	2026–29	11.8	(1.5)	0.1	1.7			

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Stronger technical capacity in regions	Relocation of P staff from Geneva to field locations	See note 1	2026–29	72.0	(4.1)	(0.4)	7.4	All relocations and new positions effective as from January 2027 Matching profiles for relocation among staff in policy departments at headquarters, as per the needs identified in the regions Agreed terminations and savings can be reprofiled to create new positions	Technical capacity closer to the constituents, greater responsiveness Potential to enhance South–South cooperation	Family and personal disruptions for relocated staff affecting performance Risk of weaker global visibility Coordination challenges across locations May stretch the support capacity in certain locations
	Creation of new positions	See note 1	2026–29	18.0	(1.2)	(4.6)	(8.0)			
	Support staff	See note 2	2026–29	15.3	(2.0)	0.0	3.9			

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Decentralization of development cooperation projects	Relocation of staff of development cooperation projects from Geneva to relevant locations as per the project's scope and objectives, maintaining the integrity of project management	N/A	2026–27	TBD	N/A	N/A	N/A	Requires analysis of project timelines and donor agreements Adequate infrastructure and support systems exist in receiving field offices Staff mobility and redeployment are manageable within the project budget	Brings expertise closer to project beneficiaries, enhancing responsiveness Increases visibility and credibility of ILO development cooperation at the country level Additional resources available for project activities	Family and personal disruptions for relocated staff affecting performance Risk of uneven quality of support if local capacities are limited Potential weakening of capacity of some headquarters' departments and coordination challenges
Relocation of two regional offices	ILO Regional Office for Europe and Central Asia: Relocation of P staff from Geneva to Budapest	See note 1	2026–27	5.0	(0.4)	0.4	0.7	Relocation as from January 2027 upon successful conclusion of conversations with potential host countries (no decisions made yet, Budapest indicated as illustration for calculation of costs and savings)	Closer contact with major Decent Work Technical Support Teams in the region Support from host country governments	Family and personal disruptions for relocated staff affecting performance Reduced access to Geneva-based missions and organizations

Proposed measures	Description	Basis for calculation	Timeline	Affected positions (Full-time equivalent)	One-off costs (million US$)	Net biennial savings 2026–27 (million US$, considering one-off costs)	Net biennial savings as from 2028-29 (million US$)	Assumptions and comments	Advantages and potential benefits in addition to financial aspects	Risks and non-material costs
	ILO Regional Office for the Arab States: Relocation of P staff from Beirut to Doha	See note 1	2026–27	21.8	0.0	0.5	0.7	Relocation as from mid-2026, assuming an extraordinary contribution to cover relocation costs from the host country and existence of an adequate host country agreement Continued ILO country office in Beirut maintains operations for Lebanon	Improved operational security and stability Support from host government Stronger access to Gulf-based regional organizations and resources	Family and personal disruptions for relocated staff affecting performance Risk of reduced perception of neutrality if reliant on host country support Business continuity issues during transition Possible reputational sensitivities given international scrutiny of labour issues in the Gulf region

Proposed measures	Description	Basis for calculation	Timeline	Affected positions (Full-time equivalent)	One-off costs (million US$)	Net biennial savings 2026–27 (million US$, considering one-off costs)	Net biennial savings as from 2028-29 (million US$)	Assumptions and comments	Advantages and potential benefits in addition to financial aspects	Risks and non-material costs
Appointment of national coordinators	Creation of new positions for national coordinators in selected countries	Average standard costs of existing positions, calculated at NO-C level	2026–29	10.0	0.0	(0.9)	(1.8)	High demand for ILO services in key countries is maintained. About half of the appointments are completed in 2026–27 National coordinators can operate effectively within lighter ILO footprint Host country agreements and operational support in place, with support from host countries	Expansion of ILO visibility and representation, including in UN country teams. Strengthening of direct engagement with the constituents at the country level Enhanced capacity to build local partnerships and integrate concerns of the constituents in UN planning processes	Risk of limited influence compared to a fully-fledged ILO country office Workload pressure on coordinators covering wide policy areas
Funding of ILO offices in Japan and Western Europe	Contribution of the host governments to cover the operational non-staff costs of ILO offices in Berlin, Lisbon, Madrid, Paris, Rome and Tokyo	Estimated at 50 per cent of the costs of the offices budgeted for 2026–27	2026–27	N/A	0.0	2.0	2.0	Savings to be realized upon successful completion of conversation with the host countries	Strengthened sustainability of ILO presence in these countries Reinforces host country ownership and visibility	Risk of perceived loss of independence Potential variability of support of political or budgetary priorities shift Reputational sensitivities if host government policies diverge from ILO principles

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Establishment of a global service centre	Relocation of P staff from Geneva to Budapest	See note 1	2026–29	50.0	(2.0)	0.0	4.1	Relocation city not decided (Budapest included to illustrate potential savings) as from January 2027 It assumes that host country offers stable environment and talent pool	Professionalization of support services Talent development in host country Consistency and scalability of operations	Risk of reduced service quality during transition
	Support staff	See note 2	2026–29	33.6	(4.6)	(0.2)	8.8			
Agreed terminations	Acceptance of about 75% of the agreed termination requests received (162 in total)	Cost of termination packages and savings generated by abolishment, reprofiling or relocation of positions	2026	120.0	(15.6)	(3.0)	12.6	Resources available to process agreed termination packages; savings generated compensate investments in the short- to medium-term	Avoidance of involuntary separations. Open possibilities for alignment of the workforce and relocations to the field	Risk of losing institutional memory. More workload for remaining staff. Administrative burden of case-by-case review
Rental of office space	Rental of two floors of the headquarters building to other UN entities	Additional rental of 7,500 square metres	2026–27	N/A	(1.3)	4.1	5.4	Successful completion of rental agreements concluded in first semester of 2026. One-off costs incurred in 2025. Adequate demand from other UN entities. Rental prices remain stable	Enhancement of building sustainability profile. More informal interactions with other UN entities in Geneva	Staff discomfort and potential loss of performance during transition

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Reduction of non-staff costs and streamlining of business processes	Reduction of travel costs based on management instructions, stricter controls and changes in travel policy	Corresponds to approximately a 35 per cent decrease of the mission travel budget for 2026–27	2026–27	N/A	0.0	3.0	3.0	Changes in travel policy contingent to successful negotiations in the Joint Negotiating Committee	Lower environmental impact. Encourages innovative remote engagement	Weaker personal engagement with constituents. Risk of reduced visibility in certain countries
	Abolishment of face-to-face meetings and retreats of global technical teams	7 meetings per biennium, at an average cost of about US$150,000 per meeting	2026–27	N/A	0.0	1.1	1.1	The estimation of savings does not consider the cost of virtual meetings or other measures to facilitate teamwork and communication	Lower carbon footprint Potential to broaden participation Encourages innovation in language services	Reduced networking Risk of uneven digital access in some countries

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
	Consolidation of ILO flagship reports into one World of Work Series to enhance visibility and impact, with shorter reports, tailored knowledge products and a regular publication schedule	Actual cost of flagship reports in 2022–25 (US$3.8 million per year) compared to projected cost in the 2026–29 period (US$2.8 million per year)	2026–29	N/A	0.0	2.0	2.0	Based on a proposal for consolidation, coherence and enhanced visibility and impact of flagship reports developed by the Publications Committee and endorsed by the ILO Senior Management Team.	More coherent and potentially impactful communication, especially towards external audiences Diverse knowledge products targeted at constituent's needs. Faster production cycle Reduced workload duplication for staff in policy departments who can draw on available capacity / resources of department responsible for research and publications.	Adjustment period for external audiences
	Implementation of a centralized production process that leverages technology to deliver ILO publications currently managed by Offices and departments	Actual cost of producing all ILO publications in 2024–25 compared to estimated costs of production in xml-based publishing platform	2026–27	N/A	0.0	1.2	1.2	Proposal developed by the Publication Production and Publishing Management Unit Requires change management process with authors of documents across the Office, staff retraining and IT investments	Frees staff time for higher-value work Standardization improves transparency	Adjustment stress for authors

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
	Reduction of printing of documents for the Governing Body and the International Labour Conference	Total printing costs of Governing Body and Conference documents in 2024: US$352,492	2026–27	N/A	0.0	0.7	0.7	Agreement of the tripartite constituents required Limited printing "on demand" only for constituents that require it due to poor internet connection at the country level	Lower carbon footprint	Discomfort among some constituents
Scenario 2: Significant shortfall of the budget (15–20% reduction)			**2026–27**	**TBD**	**(13.3) to (10.0)**	**139.6 to 186.0**	**TBD**			
Revised Office structure	Same as in scenario 1		2026	19	0.0	4.0	6.9	Same as in scenario 1		
Relocation of teams and staff from Geneva to other cities	Same as in scenario 1 but with reduced number of staff relocated		2026–27	TBD	0.0	0.0	TBD	Costs in 2026–27 should be fully absorbed by savings realized during the biennium		
Stronger technical capacity in regions	Same as in scenario 1 but with reduced number of staff relocated		2026–27	TBD	0.0	0.0	TBD	Costs in 2026–27 should be fully absorbed by savings realized during the biennium		
Decentralization of development cooperation projects	Same as in scenario 1		2026–27	TBD	N/A	N/A	N/A	Same as in scenario 1		
Relocation of two regional offices	Same as in scenario 1		2026–27	26.8	(0.4)	0.9	1.4	Same as in scenario 1		
Funding of ILO offices in Japan and Western Europe	Same as in scenario 1		2026–27	N/A	0.0	2.0	2.0	Same as in scenario 1		

Proposed measures	Description	Basis for calculation	Timeline	Affected positions (Full-time equivalent)	One-off costs (million US$)	Net biennial savings 2026–27 (million US$, considering one-off costs)	Net biennial savings as from 2028-29 (million US$)	Assumptions and comments	Advantages and potential benefits in addition to financial aspects	Risks and non-material costs
Establishment of a global service centre	Same as in scenario 1 but reconsidered based on one-off costs and host Member States to cover relocation costs		2026–27	TBD	N/A	N/A	N/A	Same as in scenario 1		
Agreed terminations	Same as in scenario 1 but reassessed based on the possibility of generating savings in the biennium		2026	TBD	(6.4)	7.1	13.5	Considering acceptance of all proposals that generate savings in the biennium Dependant on the availability of resources to cover the termination payments at the beginning of the biennium		
Rental of office space	Same as in scenario 1		2026–27	N/A	(1.3)	4.1	5.4	Same as in scenario 1		
Reduction in non-staff costs and streamlining of business processes	Reduction of the allocation for the Regular Budget Technical Cooperation Fund	25% reduction of the allocation in the programme and budget	2026–27	N/A	N/A	11.5	11.5	Agreement by the constituents is required	None	Reduction of the level of activities in support of the constituents, globally and at the country level
	Reduction of regular budget allocations for travel on official business, contractual services, general operating expenses, supply and materials, office equipment, fellowships and grants	Between 25% and 30% reduction of the respective allocations in the programme and budget	2026–27	N/A	N/A	37.7	37.7	Agreement by the constituents is required	None	Reduction of the level of activities in support of the constituents, globally and at the country level

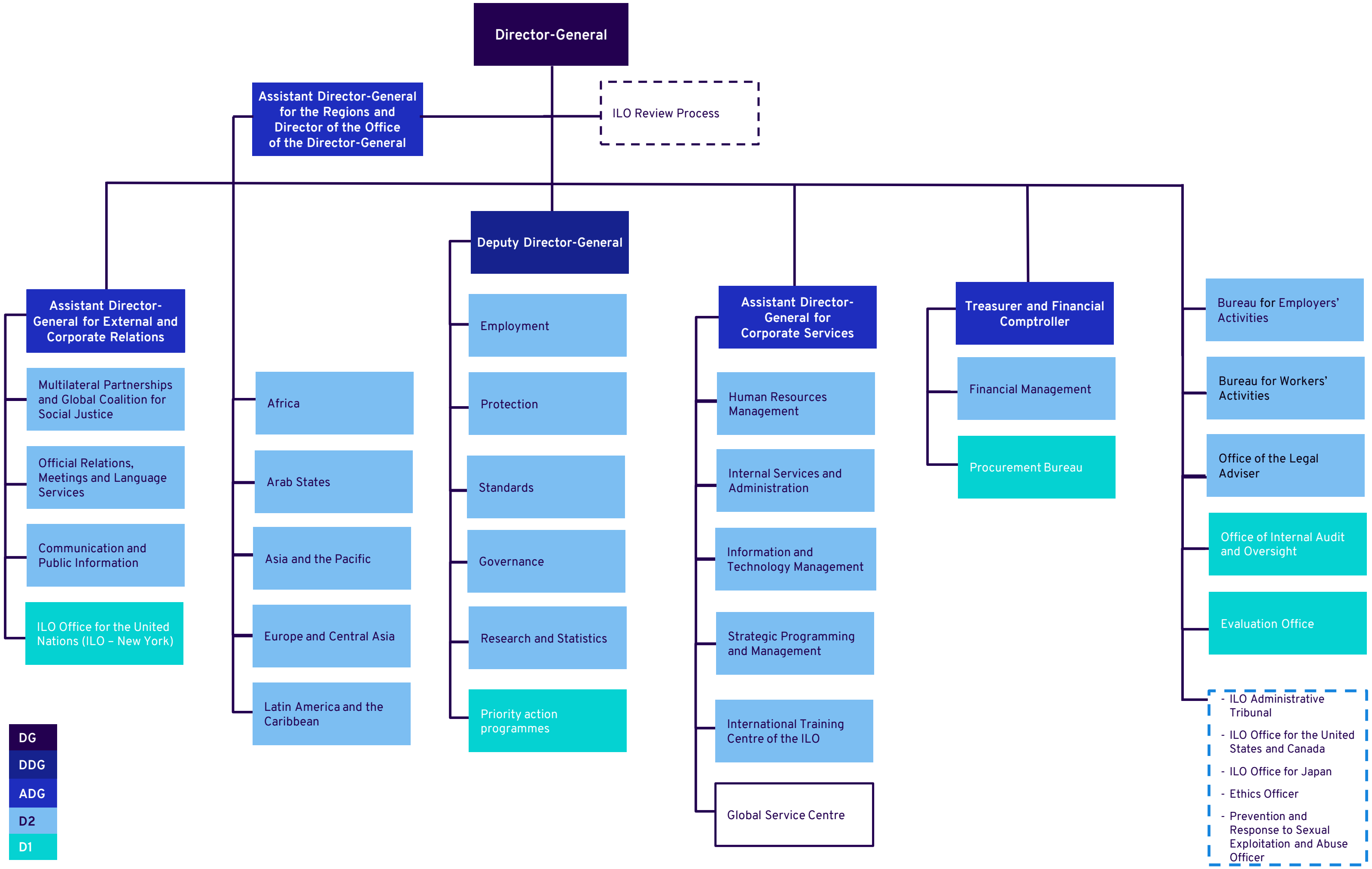
Proposed measures	Description	Basis for calculation	Timeline	Affected positions (Full-time equivalent)	One-off costs (million US$)	Net biennial savings 2026–27 (million US$, considering one-off costs)	Net biennial savings as from 2028-29 (million US$)	Assumptions and comments	Advantages and potential benefits in addition to financial aspects	Risks and non-material costs
	Reduction of the budget lines related to contributions to different funds, including common system activities	15% reduction of the respective allocations in the programme and budget	2026–27	N/A	N/A	2.3	2.3	Agreement by the constituents is required Depends on progress and decisions under the UN80 Initiative	None	Reputational risk and loss of support from UN common system and UN country teams, unless cuts are decided across the board
	Suspension of the provision to replenish the Building Administration Fund	Elimination of the allocation in the programme and budget	2026–27	N/A	N/A	8.2	TBD	Agreement by the constituents is required	None	Maintenance and renovation of ILO buildings may be affected
	Reduction of the provision for extraordinary items	25% reduction of the allocation in the programme and budget	2026–27	N/A	N/A	1.3	TBD	Agreement by the constituents is required	None	Important projects related to the ILO infrastructure delayed or cancelled
	Temporary elimination of the Staff Development Fund	Elimination of the allocation in the programme and budget	2026–27	N/A	N/A	8.7	TBD	Agreement by the constituents is required	None	Loss of opportunities for reskilling or upskilling staff which would be essential to support relocations Morale of staff may be affected

Proposed measures	**Description**	**Basis for calculation**	**Timeline**	**Affected positions** (Full-time equivalent)	**One-off costs** (million US$)	**Net biennial savings 2026–27** (million US$, considering one-off costs)	**Net biennial savings as from 2028-29** (million US$)	**Assumptions and comments**	**Advantages and potential benefits in addition to financial aspects**	**Risks and non-material costs**
Additional freeze of recruitment	Continued freeze of external recruitment (40 positions for 24 work months)	24 work months per position at standard costs for 2024–25	2026–27	40	0.0	5.0	TBD	Agreement by the constituents is required	None	Loss of capacity in several departments and offices Morale of staff affected and potential increases of workload if not properly managed
Abolishment of posts	Elimination of core positions	Number of positions required to cover a budgetary shortfall of 15%, after all previous measures are applied	2026–27	130–140	(1.9)	46.8	48.7	Agreement by the constituents is required Assumes that all positions are eliminated as from January 2026	None	Loss of capacity in several departments and offices Morale of staff affected and potential increases of workload if not properly managed
		Number of positions required to cover a budgetary shortfall of 20%, after all previous measures are applied	2026–27	285–295	(5.2)	93.2	98.4			

[1] Differential of salary and related earnings and employer charges between duty stations; cost estimates (based on historical data and current prices) for assignment/transfer entitlements, travel, shipment of personnel effects, mobility, hardship and rental subsidies. [2] Current payroll entitlements, salary scales in applicable duty stations and estimates of termination indemnities.

Appendix III

Proposed organizational structure



Appendix IV

Methodology to estimate the need of technical staff in the regions

On 26 June 2025, the Review Group prepared a proposal entitled "Strengthening regional capacity by increasing field-based technical specialists funded by the regular budget". The proposal set out the rationale for strengthening Decent Work Technical Support Teams (DWTs) and outlined a road map for implementation, including a baseline and target:

- Baseline: 183 professional technical positions in the regions (Programme and Budget for 2026–27)
- Target: 244 positions (to be included in the Programme and Budget for 2030–31)

The proposal was discussed with the ILO Review Sounding Board on 26 June 2025 and presented to the Staff Union Committee on 7 July 2025. The Staff Union submitted written comments on 23 July 2025, and the Human Resource Development Department provided additional inputs on 25 July 2025.

At the beginning of July, the Review Group invited the five Regional Directors to identify technical specialist needs by policy area and geographic location, applying the following criteria:

- proposed profiles should complement – not duplicate – existing ones (with possible exceptions for DWTs serving a large number of countries);
- most new positions should be located where a DWT already exists;
- positions should be proposed only for countries with existing ILO infrastructure (office space, support staff, and so on); strategically relevant project offices with sustained development cooperation portfolios could also be considered;
- country offices without a DWT should accommodate a maximum of two technical positions, with possible exceptions for offices covering multiple Member States;
- no position should be located in a regional office, unless there is a compelling justification.

The Regional Directors were also asked to indicate the number of positions proposed (approximately one third to one half of the 2026–27 staffing level) and to assign a priority level to each position. On 9 July 2025, the Office of the Director-General invited the Regional Directors to consider anticipated needs over the next 5–10 years, taking into account evolving labour market dynamics and future constituent demands.

The regions estimated their needs for technical specialists through structured internal consultations that combined quantitative baselines with qualitative assessments of constituent priorities and evolving labour market demands. Africa, for instance, conducted four subregional consultations aligning priorities with the Abidjan Declaration and the African Union's Agenda 2063, emphasizing linguistic diversity and equitable service to constituents. The Americas region used six guiding criteria, organizing proposed specialists into thematic clusters (e.g., employment, social protection, fundamental principles and rights at work) and ensuring decentralization responded to national priorities and constituent engagement. The Arab States based their estimates on constituent demand in emerging areas like social protection financing, digitalization, and just transition, while Asia and the Pacific projected needs through regional "Future of Work" and "Informal Economy" hubs to reflect long-term policy relevance. Europe and Central Asia aligned proposals with constituent requests and thematic knowledge hubs. Across all regions, the process emphasized proximity to constituents, responsiveness to national and regional priorities, and forward-looking views to meet future challenges.

Between 14 and 28 July 2025, the Review Group received proposals from all five regions, identifying a total of 101 positions:

Region	Priority 1	Priorities 2 and 3	Total
Africa	26	6	**32**
Americas	5	13	**18**
Arab States	5	5	**10**
Asia and the Pacific	19	11	**30**
Europe and Central Asia	6	5	**11**
Total	**61**	**40**	**101**

Of these, 11 proposals were excluded: five from Africa (lower regional priority); two from the Americas (relocation from the Regional Office to a DWT); and four from Asia and the Pacific and the Arab States (requests not concerning policy specialists). The remaining 90 proposals were then classified by policy area.

The Review Group compared these requests with existing technical expertise at headquarters, including policy departments, the Bureaux for Employers' and Workers' Activities, and action programmes. This analysis was based on position descriptions rather than grades or specific skill sets. The Group assumed that at least two thirds of headquarters-based specialists must be retained to ensure operational capacity. This requires further analysis and confirmation from managers.

Nonetheless, several positions categorized in the assessment under "Administrators, programme, operations, communication," "Research and knowledge management," and "Sectoral policies" were identified as potentially relevant to regional needs (for example, with respect to demographic change and the digital economy). Many of the current ILO researchers, for example, are experts on labour economics. This increased the potential for redeployment to about 72 positions, representing 25 per cent of headquarters professional staff. Any remaining gaps would need to be filled through newly created positions funded by savings.

The comparative assessment is summarized below.

	Existing positions			Additional needs	
Areas	**Regions**	**Headquarters**	**Total**	**Requests from regions**	**Potential for relocation**
Administrators, programme, operations, communication	70	42	112	0	12
Crisis	1	2	3	3	0
Demographic change	0	0	0	1	0
Digital economy	0	0	0	6	0
Employers' activities	16	8	24	1	0

Areas	Existing positions			Additional needs	
	Regions	Headquarters	Total	Requests from regions	Potential for relocation
Employment, livelihoods and skills development	14.5	19	33.5	9	6
Enterprises, productivity, value chains and social responsibility	13.5	15	28.5	8	5
Fundamental principles and rights at work	4	6	10	6	2
Gender equality, the care economy and non-discrimination	9.5	11.5	21	4	4
Informal economy (*)	3	2	5	0	N/A
International labour standards and labour law	15	42	57	4	4
Just transition	3.5	3	6.5	7	1
Labour economics	5	16	21	4	4
Labour migration	8.5	9.5	18	3	3
Occupational safety and health	8.5	12	20.5	8	4
Research and knowledge management	0	12	12	0	4
Sectoral policies and rural economy	2	12	14	1	2
Social dialogue and labour relations	13.5	14	27.5	8	5
Social protection	14.5	19	33.5	7	6
Statistics	6	19	25	6	6
Workers' activities	17	18	35	0	N/A
Working conditions/labour market institutions	4.5	12	16.5	4	4
Total	**229.5**	**294**	**523.5**	**90**	**72**

(*) While none of the regions specifically requested specialists on transitions to the formal economy, several highlighted the importance of strengthening expertise in employment, social protection and labour economics to address this area comprehensively. For instance, in the Asia and the Pacific region, it is proposed to integrate new employment and social protection specialists within a regional hub on the informal economy and inclusion, to be established in the Decent Work Technical Support Team in New Delhi. This hub would serve as a focal point for knowledge sharing, policy advice and technical assistance on strategies to promote transitions to formality and inclusive labour markets.