GB.355/INS/7 - The ILO in a changing multilateral environment: Towards better effectiveness and efficiency – Supplementary information

1. This document provides supplementary information to document GB.355/INS/7 considering the comments and questions raised during the debate held on Tuesday, 18 November. Its purpose is to support the continuation of the discussion and to inform the Governing Body's decision-making process, in line with the vision of a streamlined, agile and resilient Organization, with improved operational efficiency and a balanced strategic focus, as presented in the document and broadly supported by Members during the meeting.

On the financial scenarios and the Governing Body decisions

2. Several members requested greater clarity on how and when the Office would activate the measures envisaged under scenario 2, in the event of a significant shortfall in the budget, as well as on the potential impact of such measures on the programme of work.
3. In introducing the debate, the Director-General informed Members that scenario 2 is considered the most likely situation for 2026–27 and that the Office has already begun preparing accordingly. Considering the current cash-flow constraints, several temporary measures to limit both staff and non-staff expenditure have been put in place, including reductions in travel and meeting budgets, a freeze on recruitment, and a carefully managed approach to contract extensions.
4. The possible continuation of these measures will be based on a careful assessment of the cash-flow situation in December 2025 and January 2026, on the actual and planned receipt of assessed contributions for 2024–25 and for 2026–27, and on the expenditure forecast.
5. This assessment will underpin the preparation of a document with adjustments to the Programme and Budget for 2026–27, for Governing Body approval in March 2026, which will include:
   i) an analysis of areas of work and deliverables planned for the biennium to be reprioritized or discontinued (see section "On the core mandate and the prioritization exercise"); and
   ii) proposed adjustments to the release of the approved allocations for 2026-27.
6. It should be noted that the budget of income approved by the International Labour Conference in June 2025 will remain unchanged.
7. The Governing Body discussion in March 2026 and the financial situation of the Office will also inform the start of the process for the preparation of the Programme and Budget for 2028–29, in June 2026. Based on the current outlook, the level of the regular budget for 2028–29 is expected to be 15 to 20 per cent lower than the budget approved for 2026–27.
8. In parallel, the Office will continue to explore ways to increase extra-budgetary resources for development cooperation, including from non-traditional partners, while ensuring that such funding remains closely aligned with the Organization's core mandate. Further details will be presented in the Development Cooperation Strategy to be submitted to the Governing Body in March 2026.

On the core mandate and the prioritization exercise

9. During the debate, many Members shared substantive reflections on their understanding of the Organization's core mandate and reiterated the importance of preserving it. There was a consensus that the setting, promotion, ratification and supervision of international labour standards remain fundamental to the ILO's mission, alongside the Organization's ability to strengthen the institutional capacity of Member States and constituents to ensure a balanced application across the four strategic objectives of the Decent Work Agenda.

10. In response to Member States' requests for increased technical assistance in this regard, the Office will more effectively mobilize its technical expertise across field offices and technical departments and consolidate its efforts, building on lessons learned from the recent high-level evaluation discussed during this session of the Governing Body. This will also include support for the realization of the fundamental principles and rights at work. To remain fit for purpose, the Office is proposing to modernize the way Member States will be requested to report on ratified standards in the future (document GB.355/LILS/1), while the supervisory bodies will continue to consider how best to improve their working methods and enhance the impact of their guidance to Member States. The review being undertaken by the Standards Review Mechanism Tripartite Working Group will also be finalized.

11. The planned review of the Priority Action Programmes in the first half of 2026 will analyze their link with the ILO core mandate and their effectiveness in promoting integrated cross-Office action and collaborative working modalities. Based on the outcome of the review and with guidance from the Governing Body, the Director-General will decide whether: (a) to continue the action programmes beyond 2026–27; (b) to integrate the action programme into existing organizational units; or (c) to discontinue the action programmes.

12. Members also requested additional information on the prioritization exercise and on the task team established to support this work.

13. The task team on the review of the approved 2026–27 programme of work is composed of nine officials from headquarters and the field. Informed by the guidance emerging from the current discussions and the work on mandates done in the framework of UN80, this team will finalize, by the end of 2025, a note identifying areas of the programme of work that may be consolidated, downscaled, adjusted or discontinued. This note will serve as an input for the preparation of adjustments to the Programme and Budget for 2026–27 to be considered by the Governing Body in March 2026.

14. The guidelines for the prioritization exercise call for preserving the agreed structure of outcomes and outputs to maintain strategic coherence; ensuring alignment with the four strategic objectives of the Decent Work Agenda and relevant ILO normative and policy instruments; prioritizing initiatives that address the expressed needs and aspirations of constituents; ensuring measurable results and value for money; enhancing proximity to constituents; and identifying activities with catalytic or multiplier effects, including for resource mobilization.

15. The working methods of the task team will include the review of relevant documents, notably the approved Programme and Budget for 2026–27, the minutes of the Governing Body debate and working documents elaborated in the framework of UN80. Consultations will be held with managers and outcome coordinators across the Office, both at headquarters and in the regions. Based on these sources, the task team will determine the on-going and planned activities and deliverables across the whole Office that fall outside or at the margins of the ILO's core mandate, or that are low in constituent demand, cost-inefficient, or duplicative.

On synergies and links with UN80

16. Some questions made during the debate focused on the links and potential synergies between the ILO review process and UN80. The ILO is engaged in UN80 and it has actively contributed to the development of the action plan recently approved by the UN System Chief Executives Board for Coordination. Many of the objectives set out in UN80, such as strengthening delivery at country level, improving internal efficiencies, and enhancing policy coherence, are closely aligned with the review proposals included in the document. Streamlining structures, reinforcing multidisciplinary collaboration, and improving resource allocation will position the Office to engage more effectively in UN80 implementation and to meet system-wide expectations. In this sense, the ILO's reform efforts and the UN80 action plan are mutually reinforcing.

On the reorganization of the Office and the senior management structure

17. Several Members sought further clarification regarding the proposed reorganization of the Office, particularly the timing of the reduction in senior management positions, the distribution of responsibilities, and the mechanisms to ensure appropriate checks and balances. The Office recalls

that the proposed streamlining is driven by the need to strengthen effectiveness and efficiency, while responding to significant financial pressures facing the Organization. Consolidating senior leadership functions allows the Office to generate recurrent savings at the managerial level, safeguard resources for technical capacity and delivery, and simplify decision-making processes in a context where scenario 2 is increasingly likely. Decisions concerning the Office structure fall under the authority of the Director-General; however, the Office will continue to ensure transparency and will provide the Governing Body with regular updates as implementation progresses.

18. The proposed integration of all policy departments under the Deputy Director-General is informed by the experience of the past three years, which demonstrated the limitations of separating policy work into two clusters, as well as by earlier organizational arrangements for coordinating this area. This consolidation will be accompanied by a clear delineation of responsibilities, strengthened internal coordination mechanisms, and reinforced reporting lines to ensure transparency and balanced oversight.

19. The Assistant Director-General position combining regional oversight and Cabinet responsibilities will maintain direct lines of accountability to the Director-General and ensure regular consultation with Regional Directors and headquarters departments. The incumbent will strengthen alignment between policy development and implementation in the field, improve horizontal coordination across regions, and ensure that regional priorities are consistently reflected in corporate strategies.

20. The proposed merger of the policy departments will facilitate more coherent strategic direction across outcomes and outputs, ensure closer alignment between policy development and implementation, and enable the Office to reallocate managerial and administrative resources toward priority areas identified through the ILO review. By simplifying internal interfaces and reducing fragmentation at the senior leadership level, the new structure will better support the Organization's capacity to implement prioritized activities efficiently and maintain coherence across headquarters and field operations.

21. Some Members suggested changes or raised questions regarding specific elements of the proposed organizational structure, including the merger of the Sectoral Policies Department, the reporting line of the Secretariat of the Global Coalition for Social Justice, and the placement of the International Training Centre within the Corporate Services Cluster. The Office will carefully consider all suggestions in further developing the organigramme. The proposed structure should not be interpreted as questioning the relevance of sectoral standards and policies, the importance of promoting decent work in economic sectors, or the value of the Global Coalition, all of which were reaffirmed in many statements. Furthermore, the proposal in no way detracts from the autonomy of the International Training Centre or the authority of its Board, as clarified in the response from the Office of the Legal Adviser included in appendix I.

On relocations and the strengthening of the ILO's field presence

22. The debate reflected broad consensus among Members on the importance of strengthening the ILO's field presence, while ensuring adequate resources remain available for developing policy frameworks at headquarters. Some Members raised questions regarding the methodology used to estimate the needs of technical specialists in the field, as well as the apparent absence of requests for specialists on international labour standards, as outlined in Appendix IV of document GB.355/INS/7.

23. The appendix shows that regions identified significant additional needs related to the ILO's normative work, including four specialists in international labour standards and labour law, six in fundamental principles and rights at work with a focus on child labour and forced labour, four on gender equality and non-discrimination, eight in occupational safety and health, and another eight in social dialogue and labour relations, including collective bargaining and freedom of association. Collectively, these categories account for one third of all specialist needs reported by the regions.

24. Several Members expressed support for the potential relocation of certain teams to other cities, provided that such moves do not fragment the ILO's capacity to deliver coherent normative and policy guidance, and that communication with the missions and organizations based in Geneva is not affected. They emphasized that any relocation should be based on a thorough analysis of both financial and non-financial costs and benefits. These considerations will be central to determining which staff could be relocated and to identifying suitable locations. The Office is currently in conversation with several potential host countries to gather further information, the outcome of which will be made available.

25. There was also broad support for appointing national coordinators to strengthen the ILO's presence in selected countries, alongside questions regarding the criteria for country selection. National Coordinators would be deployed in countries with significant demand for ILO services and tripartite agreement on the proposed arrangements, and where the Organization is not a resident agency. This may include small island developing States. Both the appointment of national coordinators and the creation of new technical specialist positions in the regions will be carefully aligned with the prioritization exercise and consider cash flow considerations and resource constraints.

26. As emphasized by many Members during the debate on GB.355/INS/7, the Office will ensure that relocations and the strengthening of field presence take into account the needs of least developed countries, small island developing States, and countries facing fragility due to emerging or protracted crises, with a view to supporting recovery grounded in productive employment and decent work.

On space management at headquarters

27. Regarding questions about space management and rent, the recently issued directive on "Office space at ILO headquarters" (IGDS 713 of 10 November 2025) sets out new principles on office sharing and occupancy, adopted following consultations with staff and managers and negotiations with the Staff Union. These changes will free the equivalent of at least two full floors in the ILO building in Geneva.

28. The ILO has begun discussions on rental arrangements with several UN organizations, including the UN Environment Programme (UNEP), the International Organization for Migration (IOM), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the International Telecommunication Union (ITU). A rental contract with the World Food Programme (WFP), to begin before the end of 2025, has already been finalized.

On alternatives to the reduction of positions

29. With regard to questions about alternatives to the reduction of regular budget positions under scenario 2, the Office can confirm that it has examined other potential measures, including the temporary reduction of staff working time, as noted in paragraph 80 of the document, as well as the temporary suspension of certain staff entitlements, such as home leave or the education grant. These options were not included in the document primarily because they fall within the scope of broader discussions in the International Civil Service Commission, and because they would need to be considered within the framework of the Joint Negotiating Committee.

On the support from the host country

30. The Office greatly appreciates the support provided by the Government of Switzerland throughout its history, particularly in challenging circumstances. Regarding the question of whether the ILO could make use of existing support facilities offered by the Government, the Office confirms that discussions are ongoing and that it has taken careful note of the associated conditions, which are difficult to meet without undermining the potential savings that some of the measures under review are intended to achieve.

On the implementation of the reform measures and the change management process

31. Several interventions during the discussion of the document highlighted the need for further clarity on the next steps, particularly regarding the implementation of measures, the change management process, and staff engagement.

32. Based on guidance from the Governing Body, the Director-General will instruct the Office to immediately start the implementation of agreed measures, including in relation to the reorganization of the management structure and consolidation of departments, the improvement of strategic planning and results-based management, the planning of potential relocation of staff, and the adjustment of the programme and budget for 2026–27. A tentative implementation plan is included as appendix II.

33. The Director-General will provide strategic leadership and remain accountable for the overall implementation of the review process, ensuring that all measures safeguard the ILO's core mandate and comply with applicable rules and regulations.

34. A governance committee, composed of members of the Global Management Team and managers and staff from policy departments and regions, supported by the ILO Review Team, will oversee and monitor progress across all areas of implementation. It will ensure coherence and risk management and advise the Director-General as appropriate.

35. As indicated in the document, a change management team will provide targeted support on the human and organizational aspects of the transition. Its role will be to facilitate communication with staff, monitor the impact of change on individuals and teams, and support managers in applying the measures in a consistent, fair, and transparent manner. This team, composed exclusively of ILO staff, will report to the governance committee and advise it on change-related risks and mitigation measures affecting personnel. The Staff Union will be invited to participate in this team.

36. Implementation of review measures will be undertaken by the responsible departments and organizational units in line with their respective mandates and areas of expertise.

37. In accordance with the ILO Staff Regulations, any measures requiring adjustments to staff working conditions, contractual arrangements, or entitlements will be addressed through the Joint Negotiating Committee. In addition, consultations with the Staff Union will be conducted throughout the process to ensure transparency, foster social dialogue, and address concerns related to the impact of changes on personnel.

Appendix I: Response of the Office of the Legal Adviser on the placement of the Turin Centre in the proposed organizational structure

The Government representative of Denmark, on behalf of the European Union and its Member States, noted that, in the proposed organizational structure (appendix III of GB.355/INS/7), the International Training Centre (Turin Centre) of the ILO was placed under the Corporate Services Cluster. Clarifications on this placement were requested in light of the Centre's autonomy and status under its Statute.

In replying to the question, it is useful to recall first some legal and institutional parameters linked to the Turin Centre.

The Centre was established by the Governing Body in 1963 through the adoption of the resolution concerning the Centre's Statute. According to its Statute, the Centre is "*a non-profit-making technical international body*" (Article II (1), which possesses legal personality, and legal capacity and privileges and immunities as necessary for the fulfilment of its purposes. The Centre has its own governance structure, budget and staff, and its own Financial Regulations and Rules, Staff Regulations and administrative circulars. Furthermore, the Centre's legal personality and privileges and immunities are enshrined in the agreements concluded with the Italian Government in 1964 and 1993.

The Board of the Centre is responsible for the general management of the Centre. The Centre's Director – the chief executive authority of the Centre - is responsible for the administration of the Centre and accountable to the Board and its Chairperson. The Centre's budget is financed by voluntary contributions and the Centre's own income.

At the same time, there are a number of institutional links between the Centre and the ILO, such as:

- the ILO Director-General or his/her representative is the Chairperson of the Board;
- 24 of the Centre's Board members are appointed by the ILO Governing Body from among its own members;
- the Board provides an annual report to the Governing Body; and
- the Governing Body may amend the Centre's Statute.

Therefore, the Centre is an organ of the International Labour Organization with legal personality and capacity to meet its tasks. In this connection, it is useful to recall that according to the preparatory work of the Centre's Statute, "*the degree of autonomy enjoyed by the Centre is governed by its Statute. In order to enable it to carry out its tasks, the Centre must have its own legal personality and enjoy privileges and immunities to be fixed by agreement.*" (GB.155/6/26, para. 11.)

In these circumstances, the mention of the Centre in the proposed organizational structure cannot have any impact on the legal personality and institutional autonomy of the Centre, as they are enshrined in decisions taken by the Governing Body concerning the Statute of the Centre and the agreements concluded with the Government of Italy. The Appendix should in essence be construed as reflecting the authority of the Director-General over the Director of the Centre. Indeed, under the Centre's Statute, the Director of the Centre is subject to the authority of the Director-General in his/her capacity as the Chairperson of the Board, in the exercise of his or her functions of carrying out of the policies established by the Board. The Director of the Centre is appointed by the Director-General, after consultation with the Officers of the Board. There is accordingly a hierarchical relationship between the Director of the Centre and the Director-General. It is within the Director-General's discretion to decide how he/she exercises his/her hierarchical authority over the Director of the Centre. He/she may do so through the DDG or ADG he/she selects for this purpose.

In conclusion, the placement of the Turin Centre in the proposed organizational structure reproduced in Annex III of GB.355/INS/7 reflects the authority of the Director-General over the Director of the Centre and does not in any way detract from the autonomy of the Centre and the authority of the Board over the Centre.

Appendix II: Tentative implementation plan

The implementation of the measures in the cells shaded in blue will be adapted depending on the financial situation of the Office.

Work package	Measures	Para INS/7	Timing		
			Start	End	Months
1. Core mandate	1.1. Reprioritization of areas of work	20.21	11-25	01-26	3
2. Strategic planning and RBM	2.1. Creation of unified results framework and reinforcement of oversight mechanism	24	11-25	03-26	5
	2.2. Alignment of authority for resource management	25	11-25	03-26	5
3. Office restructuring	3.1. Abolishment and reprofiling of Senior Management positions	33,34, annex III	11-25	03-26	5
	3.2. Merging and restructuring of policy departments	33,35, annex III	11-25	06-26	8
	3.3. Relocation of teams or groups of staff to city to be determined	37 - 39	01-26	12-27	24
4. Reinforcement of technical capacity in the regions	4.1. Finalization of needs analysis and identification of staff to be relocated	43 - 47	12-25	12-27	25
	4.2. Creation of new positions	48	08-26	12-26	5
	4.3. Adjustment of working modalities and performance management model	50	12-25	06-26	7
	4.4. Review of field structure and functions	51	01-26	06-26	6
	4.5. Appointment of national coordinators	55	02-26	12-29	48
	5.1. Decentralization of DC projects	52.53	01-26	12-26	12
5. Relocation of regional offices	5.1. Relocation of RO-Arab States from Beirut to Doha	54	01-26	12-26	12
	5.2. Relocation of RO-Europe and Central Asia from Geneva to Budapest	54	01-26	12-26	12
6. Funding of ILO offices	6.1. Discussion of host-country funding for ILO Offices in Western Europe and Japan	56	01-26	12-26	12
7. Global service centre	7.1. Further analysis of functions and phases and internal restructuring	47 - 60	01-26	12-26	12
	7.2. Relocation and shared services	58, 60	01-27	12-27	12
8. Rental of Office space	8.1. Application of office optimization scheme	64	11-25	12-25	2
	8.2. Office rental negotiations	64	01-26	12-26	12
9. Adjustment of non-staff costs and streamlining of business processes	9.1. Reduction of non-staff budgets for 2026-27	65 - 72, 78	12-25	03-26	4
	9.2. Review of business processes and proposals for streamlining	73	08-25	03-26	8
10. Staffing adjustments	10.1. Implementation of agreed terminations	62, 63	12-25	06-26	7
	10.2. Freezing of recruitment	79	01-26	12-27	24
	10.3. Reduction of positions	80, 81, 87	01-26	12-27	24

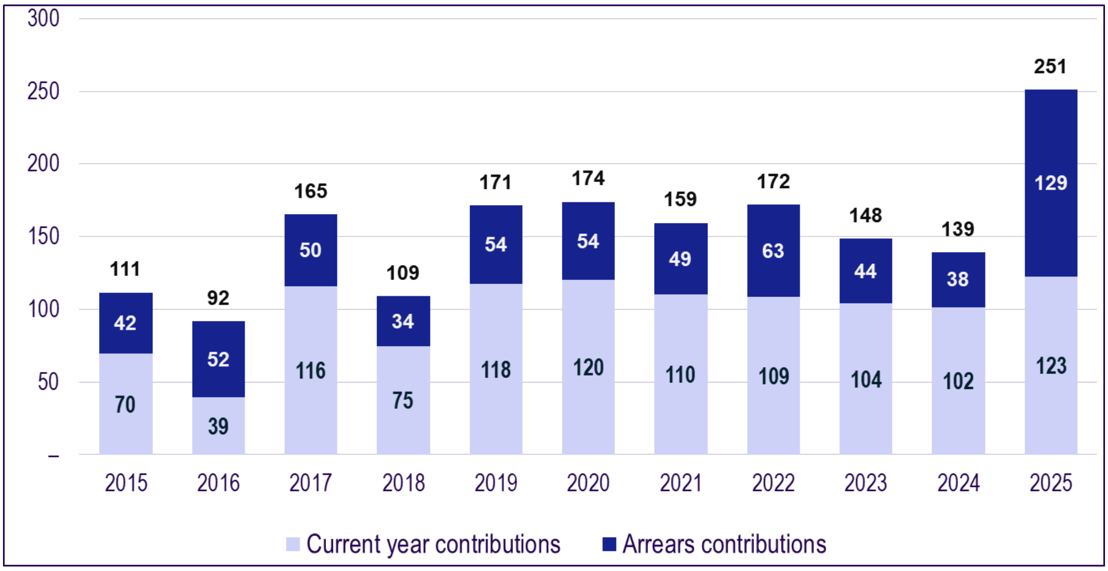
Appendix III: Additional financial information

This document provides further information on the financial and cash flow position of the Office for the financial period 2024–25 and provides a forecast for the first quarter of the next financial period based upon historic data and estimates.

1. Cash flow situation until the end of 2025

The figure below provides the position of the Office in respect of all receivables at the end of the financial periods of the last ten years (as at end of October for 2025). It provides an explanation of the timing and scale of the liquidity problem for the Office due to non-receipt of assessed contributions and arrears in comparison to previous periods.

Figure 1. Assessed contributions due (receivable) as of year-end, in CHF millions



2025 figures as of 31 October 2025

The table below shows the projected income and expenditure estimated by the Office until the end of 2025. The projections are based on the current expenditure forecasts for operational and programmatic commitments in the financial system and include known year-end payments. Expenditure estimates include monthly salary costs of some US$24 million. Non-staff expenditure projections are some US$8 million for November and some US$16 million for December.

Table 1. Projected income and budgetary expenditure to 31 December 2025 (US$)

		November 2025 projections	December 2025 projections
Income			
Net income received as at 31 October 2025	766 282 740		
Contributions and arrears		8 300 787	12 087 912
Cumulative projected income		**774 583 527**	**786 671 439**
Expenditure			
Expenditure as at 31 October 2025	747 939 232		
Projected expenditure		31 600 000	40 000 000 [1]
Anticipated year-end exchange rate adjustments			-13 300 000
Cumulative projected expenditure		**779 539 232**	**806 239 232**
Cumulative projected deficit		-4 955 705	-19 567 793
Working capital fund			
Fund balance as at 31 October 2025[2]	43 750 000		
Funds withdrawn		-4 955 705	-14 612 088
Remaining working capital fund balance		**38 794 295**	**24 182 207**

[1] December projected expenditure includes the final loan repayment of US$4.1 million to the Swiss Foundation for Buildings for International Organizations (FIPOI).
[2] Converted to US$ at a rate of 0.8 CHF/US$

The above table shows that barring receipt of any additional contributions in November, some US$4.9 million of the Working Capital Fund will be used to fund cash needs. In December, a further amount of some US$14.6 million will be drawn down, based on expected contributions being received, leaving a balance of US$24.1 million available. Should these additional funds not be received, there would be sufficient funds in the Working Capital Fund to meet the Office's anticipated needs.

The use of the Working Capital Fund is governed by Article 21.2(a) of the Financial Regulations, which covers repayment across a financial period:

> 2. If any sums withdrawn from the Working Capital Fund or borrowed to finance expenditure cannot be reimbursed in the course of the same financial period, then:
>
> (a) to the extent that the sums were withdrawn or borrowed to finance budgetary expenditure pending the receipt of contributions or other income, they shall be reimbursed from arrears of contributions received in the following financial period or periods;

At this time, it is not anticipated that any other reserves will be used, the responsibility for their use is delegated to the Treasurer and Financial Comptroller under Financial Rule 4.10. The current level of retained reserves and accumulated balances of the ILO are disclosed in Note 18 of the 2024 audited Financial Statements. If the Working Capital Fund had been exhausted, funds would have been borrowed in the first instance from the Income Adjustment Account, which had a balance of US$83.5 million available as of 1 January 2025. These would represent approximately three months of operating expenditure.

2. Impact of the 2025 budget savings on the programme of work

As stated in the Governing Body, the Office initiated a cost efficiency exercise as from September 2025, when some US$50 million of unspent and uncommitted allocations was temporarily withdrawn from departments and field offices.

Each budget holder has been requested to identify and justify the critical use of resources for programmatic and operational activities. Subsequently identified budget allocations amounting to some US$10 million have been reinstated so far.

The net figure of withheld allocations currently amounts to some US$40 million, representing some 4.5 per cent of the total approved budget for 2024–25. This includes funds initially allocated for staff costs, operational and programmatic activities. The table below provides a breakdown by the allocations issued under the programme and budget and amounts reinstated.

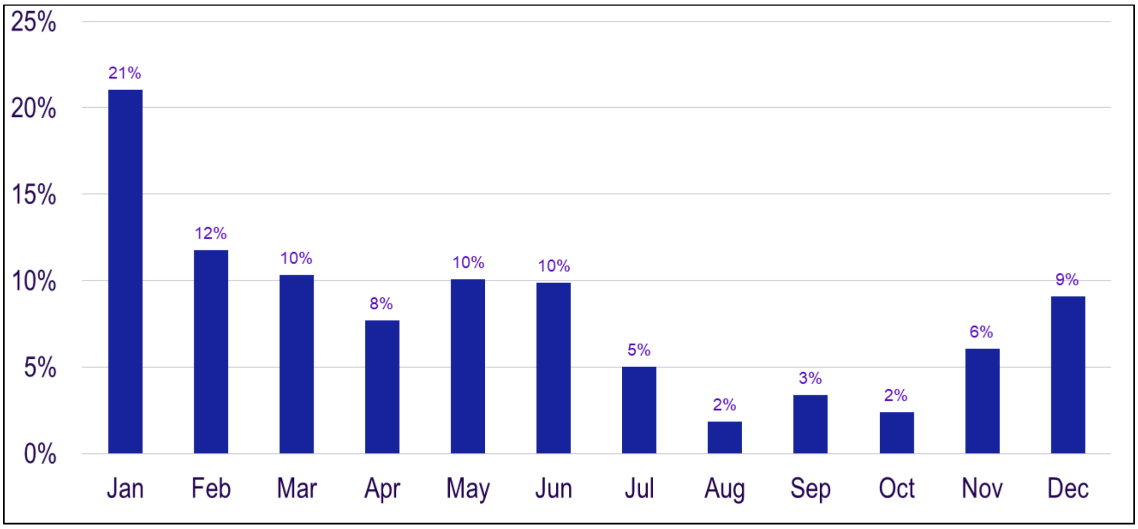
		Allocations (US$ million)		
		Withdrawn	Reinstated	Net
Policy-making organs	Governance organs	(1.5)	0.9	**(0.6)**
Policy-making organs total		**(1.5)**	**0.9**	**(0.6)**
Policy outcomes	Priority action programmes, Research and Statistics	(1.7)	0.1	**(1.7)**
	Governance, Rights and Dialogue	(6.8)	2.4	**(4.5)**
	Jobs and Social Protection	(2.1)	0.2	**(1.9)**
	Field operations	(15.4)	1.0	**(14.4)**
	Employers and workers organizations	(3.0)	0.0	**(2.9)**
	External and Corporate Relations	(4.4)	2.6	**(1.7)**
	Corporate Services - Support	(11.7)	2.9	**(8.8)**
Policy outcomes total		**(45.1)**	**9.3**	**(35.9)**
Management services	Corporate Services - Management	(3.0)	0.1	**(2.9)**
	Oversight and evaluation	(0.5)	0.0	**(0.5)**
Management services total		**(3.5)**	**0.1**	**(3.4)**
Other budgetary provisions	Other budgetary provisions	(0.1)	0.0	**(0.0)**
Other budgetary provisions Total		**(0.1)**	**0.0**	**(0.0)**
Grand Total		**(50.2)**	**10.3**	**(39.9)**

3. Budget and cash flow developments January–March 2026

Article 1 of the Financial Regulations states that the financial period of the Organization shall consist of two calendar years. The approval of the budget appropriation by the General Conference of the International Labour Organization is valid for the financial period.

Article 10 of the ILO's Financial Regulations states that Member States' assessed contributions are due from 1 January of each year of the financial period. The table below provides the ten-year averages for assessed contributions received during a year. The Office does not expect a significant change in the broad scope of receipt of assessed contributions in the new financial period starting 1 January 2026.

Figure 2. Average monthly collections in percentage of assessed contributions



Collections include arrears and current year collections.

January includes the prepayments received in the prior year.

Calculated based on ten-year (2015-24) data.

The outstanding arrears from Member States will not affect the new budgetary period activity, as the financial period and appropriation authorization of the Conference decision will have expired for the financial period 2024–25. In such cases, Article 10(6) states:

> 6. Any payment in respect of contributions made by a Member of the Organization which has not paid in full its contribution for previous calendar years shall, unless the Conference decides otherwise in particular cases, be credited against the earliest in date of such arrears, including amounts outstanding in relation to payment of contributions during former periods of membership, notwithstanding any expression of intention to the contrary by the debtor Member. Where arrears or such outstanding amounts have been consolidated, a Member of the Organization is required to pay its annual instalment in full before liquidating its current contribution for the year in question.

Any payments of arrears and contributions received in 2026 will be used to meet the borrowings of the Working Capital Fund.

The table below provides the anticipated income and expenditure, based on the above income forecasts, with the expenditure forecasted at the ten-year average under normal circumstances. The monthly expenditure projections include staff costs of some US$25 million and non-staff costs of some US$12 million, with an increase in March 2026 projections due to the Governing Body session.

Table 2. Projected budgetary income and expenditure Q1 2026 (US$)

Income	January	February	March
Projected contributions and arrears[1]	97 852 803	54 636 782	48 081 054
Cumulative projected income	**97 852 803**	**152 489 585**	**200 570 639**
Expenditure			
Projected expenditure[2]	37 000 000	37 000 000	38 000 000
Annual contribution to ITC Turin and CINTERFOR	6 278 917		
Cumulative projected expenditure	**43 278 917**	**80 278 917**	**118 278 917**
Cumulative projected surplus	**54 573 886**	**72 210 668**	**82 291 722**

[1] Income projections are based on ten-year averages and have been converted to US$ at the 2026–27 budgetary rate of exchange of 0.82 CHF/US$.
[2] Projected expenditure figures do not include the contribution to the Building and Accommodation Fund (BAF).

Based on these historic forecasts and payment patterns of Member States, at the end of the first quarter of 2026, the Office would retain some US$82.3 million.

Should the Office receive in total more arrears and contributions than approved by the Conference for 2026–27, this surplus would be treated, as per Financial Regulation 18 (3) which states:

> The amount of any surplus resulting solely from the receipt of contributions in excess of the level of the budget as adopted by the International Labour Conference [in 2026–27] or as subsequently amended by the Governing Body, net of any reimbursements to the Working Capital Fund or other borrowings, shall be transferred to the Special Programme Account as defined in article 11.9.

As shown in figure 2 above, a large percentage of assessed contributions is normally received when they are due (January 2026). Therefore, should there be a 20 per cent reduction in receipts in 2026, the impact would be tangible in the second half of the year, depending on the contributions received.