International Labour Organization

▶ GB.356/PFA/PV

Governing Body

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Programme, Financial and Administrative Section **PFA**

Minutes of the Programme, Financial and Administrative Section

Contents

Programme, Financial and Administrative Segment

1. ILO programme implementation 2024–25 (GB.356/PFA/1)

1. **The Worker spokesperson** said that the programme implementation report for 2024–25 should be assessed in the context of a turbulent global environment marked by pressures on multilateralism and increasing inequalities. He welcomed the overall level of programme delivery and the breadth of ILO support to constituents, but cautioned that the scope of activities risked extending beyond the Organization's constitutional mandate. He stressed that the ongoing reform and reprioritization process should reinforce that mandate.

2. He highlighted a number of structural vulnerabilities that needed to be addressed, including over-reliance on a narrow donor base, which had already affected work on fundamental principles and rights at work, high levels of arrears compromising financial resilience, and persistent fragmentation and insufficient linkages between technical work and development cooperation. While voluntary contributions had enabled programme delivery, he stressed the need to maintain or increase the regular budget and assessed contributions. In that context, he supported strengthening unearmarked funding through the Regular Budget Supplementary Account (RBSA) and proposed exploring the establishment of a dedicated "Philadelphia Fund" to ensure sustainable financing of the ILO's core functions, including its normative mandate and the promotion of social dialogue and tripartism.

3. Turning to the reform pillars and specific outcomes, he expressed concern that normative work was increasingly constrained by financial pressures and uneven results across regions, including no new ratifications of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), in 2024–25. He also noted that outcome 2 results remained below target, reflecting shrinking democratic space and external constraints, and stressed that strong tripartite institutions and collective bargaining remained central to achieving results. He underlined the need to address fragmentation and overlaps in implementation and to ensure that efficiency considerations did not undermine the role of social dialogue and tripartism. He stressed the fundamental role of collective bargaining for social dialogue and highlighted the importance of distinguishing it from workplace cooperation in results reporting.

4. He welcomed the progress made in employment policies but requested further clarification regarding the beneficiaries of skills development and lifelong learning programmes and their impact on employment outcomes. He expressed concern that under outcome 4 the contribution to decent work was not always clear and suggested rebalancing resources in line with the ILO's mandate, including through strengthened collaboration with other UN agencies. He welcomed results under outcomes 5, 6 and 7, particularly in the areas of gender equality, occupational safety and health, and social protection, while emphasizing the need for continued efforts to protect vulnerable groups and ensure sustainable systems. He reiterated that priorities such as just transition, supply chains and crisis response should remain central and that workers in crisis situations should not be left without support.

5. He further stressed that global initiatives such as the Global Coalition for Social Justice should translate into concrete action and should not detract from country-level work and institutional capacity-building. He emphasized the importance of strengthening field capacity while preserving critical expertise at headquarters, ensuring that decentralization was accompanied by adequate systems, safeguards and analysis. He also underlined the need for competencybased staffing decisions and for protecting expertise related to standards, social dialogue and crisis response.

6. Finally, he noted the need to strengthen results-based management, including improved data and impact assessment, and cautioned against across-the-board cuts that could undermine long-term reforms and the ILO's constitutional mandate. He reiterated that the current context required a stronger, not smaller, ILO, capable of addressing inequalities and delivering decent work and social justice for all.

7. **The Employer spokesperson** thanked the Office for the programme implementation report for 2024–25 and acknowledged the achievements reported, particularly in a context of significant global uncertainty. However, he reiterated that the report would benefit from stronger analytical depth, especially in relation to results and reprioritization towards the ILO's core mandate. While improvements had been made, the analysis remained insufficient to inform future directions, notably due to the absence of a clear link between results and expenditure, insufficient financial information at the output level and a lack of evidence on the tangible impact of activities on the ground. He stressed the need to move beyond activity reporting towards a more robust assessment of outcomes and impact.

8. Turning to the policy outcomes, he expressed concern regarding the continued emphasis on ratifications as a success indicator under outcome 1, without sufficient assessment of Member States' capacity to implement international labour standards. On outcome 2, he acknowledged progress in strengthening employers' and business membership organizations, including through dedicated resources, but noted that results remained below target due to insufficient human resources. He reiterated the importance of institutional capacity-building for employers' organizations as a core priority and renewed the call for clearer recognition of their role, including through a dedicated outcome. He noted with interest the results achieved on workplace cooperation. He also welcomed the progress made under outcome 3 but stressed that greater attention should be given to the implementation and financing of employment policies, which remained insufficiently addressed.

9. On outcome 4, he underlined the importance of productivity, sustainable enterprise development and enabling business environments, welcoming the progress made in initiatives such as productivity ecosystems while calling for stronger attention to macro-level constraints affecting productivity and enterprise development, as well as increased efforts to address informality, where results remained below target. Regarding outcomes 5, 6 and 7, he acknowledged achievements in areas such as gender equality, occupational safety and health and social protection, but called for a clearer shift from dispersed micro-level interventions towards institutional strengthening, greater transparency on the role of economic factors in wage-setting, and stronger emphasis on the sustainability of social protection systems.

10. With respect to outcome 8 and the enablers, he noted that coordination under the priority action programmes had not fully delivered as intended and that overlaps persisted. He stressed the need to clarify the ILO's comparative advantage, particularly in crisis contexts, and to strengthen coherence in research through an Office-wide strategy. He further emphasized that global initiatives such as the Global Coalition for Social Justice and the Global Accelerator should not detract from country-level work and capacity development. Finally, he underlined the importance of flexibility in future programme and budget processes, stronger alignment with development cooperation resources and a more central role for Decent Work Country Programmes as the primary vehicle for national programming, ensuring greater ownership, accountability and coherence at country level.

11. **Speaking on behalf of the Africa group**, a Government representative of the United Republic of Tanzania commended the Office for advancing social justice and decent work despite global uncertainties and financial constraints. She welcomed the results achieved in the Africa region and noted the continued progress in the ratification of international labour standards, reflecting Member States' commitment. She also highlighted the strengthening of labour market information systems and the increasing use of evidence-based policies as important developments for advancing decent work and industrialization in Africa.

12. She further welcomed the ILO's leadership in global processes, including the Summit of the Future, the Financing for Development Conference and the Second World Summit for Social Development, as well as the Doha Political Declaration which reaffirmed the commitments to decent work, social dialogue and universal social protection. However, she expressed concern that, despite global progress, child labour remained widespread, with Africa bearing a disproportionate burden due to poverty, conflict and weak enforcement. She therefore called for strengthened international cooperation and increased resources to accelerate the elimination of child labour, particularly in the regions most affected.

13. She noted that, while global labour markets had stabilized, significant decent work deficits persisted in Africa, including high levels of informality, limited social protection coverage and elevated youth unemployment. She emphasized that climate shocks, debt distress and geopolitical tensions continued to constrain inclusive growth and called on the ILO to strengthen its support for sustainable enterprises, skills development and expanded social protection, particularly for women and young people. She also highlighted the importance of continued global solidarity and ensuring that Africa's voice was reflected in international discussions on the future of work.

14. She welcomed the progress made in integrated policy programmes in the region, including the adoption of the African Union–ILO Youth Employment Strategy, the Dakar Compact and employment-intensive investment programmes, and reaffirmed the Africa group's commitment to working with the Office in implementing the 2026–27 programme and preparing the Programme and Budget for 2028–29. She expressed support for the draft decision and called for strengthened social dialogue, gender equality and international cooperation to advance decent work as a cornerstone of sustainable development.

15. **Speaking on behalf of the Asia and Pacific group (ASPAG)**, a Government representative of China said that the 2024–25 biennium had been marked by global uncertainty, but also by the resilience of labour markets, with unemployment stabilizing, employment levels recovering modestly and working poverty declining, while social security coverage had expanded. She commended the Office for advancing its mandate of promoting social justice through decent work and took note of key achievements, including progress in the normative mandate, the establishment of the Global Coalition for Social Justice and efforts to strengthen knowledge, innovation and organizational effectiveness.

16. She welcomed the achievement of 1,196 country results, exceeding the Programme and Budget target, and noted that targets had been met or exceeded in most policy outcomes. However, she expressed concern regarding regional disparities, particularly in the Arab States and Asia and the Pacific and encouraged the Office to analyse the underlying causes of these shortfalls and address possible weaknesses in target-setting and implementation. She also noted the increase in the number of ratifications and encouraged strengthened efforts to promote international labour standards through tailored technical assistance.

17. She commended the Office's results in promoting employment for just transitions, including support to employment policies, youth employment strategies and skills development, and highlighted the importance of coordinated approaches, effective public employment services and support for vulnerable groups. She further noted the progress made in supporting productivity and decent work in micro, small and medium-sized enterprises and welcomed the resolution on the care economy. She requested the Office to strengthen results-based management and ensure effective and efficient use of resources in the next biennium to enhance impact.

18. **The Government representative of Bangladesh** welcomed the report's recognition of achievements in her country, including the ratification of the Occupational Safety and Health Convention, 1981 (No. 155), the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), and the Violence and Harassment Convention, 2019 (No. 190), as well as progress in labour law reforms and the formulation of a national childcare road map. At the same time, she expressed concerns regarding the liquidity constraints faced by the ILO in late 2025, the sharp decline in development cooperation, and the abrupt suspension of projects, particularly in least developed countries, which risked undermining the delivery of expected results.

19. She further called for improved resource rationalization across field offices and stronger guidance from headquarters, stressing that contributions should be aligned with tripartite priorities. Increased engagement with global brands could support resource mobilization. The Better Work programme was very important for productivity, market access and labour rights in beneficiary countries and so should not be discontinued. There was a need to strengthen efforts to promote youth employment, skills development and entrepreneurship and support micro, small and medium-sized enterprises, including through accelerated implementation of the Youth Employment Action Plan 2020–30.

20. **The Government representative of Mexico** thanked the Office for the report and acknowledged the challenging financial context that the Organization faced during the biennium. He took note of the implementation rate of activities funded from the regular budget and the mobilization of additional resources, while expressing concern over the increasing reliance on extrabudgetary funding and its decline in 2025. He underscored the need to analyse the structural causes of these trends, diversify the funding base and enhance the predictability and sustainability of resources.

21. It would be essential to review resource allocations, including through possible programmatic reprioritization, with particular attention being paid to technical assistance to constituents. There were imbalances in funding across outcomes, requiring greater equity in resource distribution in line with organizational priorities, notably with regard to Latin America and the Caribbean. He requested greater clarity on proposed changes related to non-discrimination under outcome 5 and stressed the importance of ensuring predictable financing to support effective implementation on the ground.

22. **A representative of the Director-General** (Director, Strategic Programming and Management Department) thanked the constituents for their support in the implementation of the programme for 2024–25. He indicated that the Office was aware of the importance of diversifying the resource base and enhancing the RBSA as a strategic tool to achieve results around the ILO's core mandate. He took note of constituents' requests to use the programme implementation report to inform the ILO reform process, as well as the development of the Programme and Budget proposals for 2028–29.

23. The different views of workers and employers in relation to reporting results on collective bargaining and workplace cooperation were acknowledged and it was expected that consensus could be agreed upon by the two parties in the preparation of future reports. The

Office would also undertake further analysis of the reasons why results under some indicators related to formalization were not met, while the target under the priority action programme on formalization was exceeded. On the priority action programmes, he said that an internal review was ongoing and that the Office would use its findings and recommendations to inform the development of the Programme and Budget proposals for 2028–29. He mentioned that the underperforming of the Office in certain outcomes in the Arab States and Asia and the Pacific was due to long-standing issues that should be tackled more effectively in the future, and he called on Member States to consider providing more funding for outcome 5 on gender equality and non-discrimination.

24. **The Worker spokesperson** insisted that the Office should not treat collective bargaining and workplace cooperation as being on an equal footing, as the former was a fundamental principle while the latter was not. He requested a reallocation of regular budget resources from policy outcome 4 to outcomes 5 and 6. He also requested the Office's response to his proposal to create a sustainable financing mechanism to fund the ILO's constitutional mandate and core activities. He thanked the donors to the RBSA and reiterated his suggestion to create a mechanism to ensure sustainable funding for the ILO's constitutional mandate.

25. **A representative of the Director-General** (Treasurer and Financial Comptroller) confirmed that the Office would continue analysing the possibility of establishing a specific fund aimed at providing resources to the Office's core activities.

26. **A representative of the Director-General** (Director, Strategic Programming and Management Department) confirmed that the Office would continue exploring ways to reconcile the different views of workers and employers on workplace cooperation. He pointed out that there was an independent evaluation of the dedicated programme on capacity-building for employers' and workers' organizations funded by the RBSA, and that its findings would inform the development of similar projects in the future.

Decision

27. **The Governing Body took note of the report and requested the Office to take into account the observations made during the discussion.**

(GB.356/PFA/1, paragraph 277)

2. Delegation of authority under article 17 of the Standing Orders of the International Labour Conference (GB.356/PFA/2)

Decision

28. **The Governing Body decided to delegate to its Officers, for the period of the 114th Session of the International Labour Conference (2026), the authority to carry out its responsibilities under article 17 of the Standing Orders of the Conference in relation to proposals involving expenditure in the 80th financial period ending 31 December 2027.**

(GB.356/PFA/2, paragraph 3)

3. Programme and Budget for 2024–25: Regular budget account and Working Capital Fund as at 31 December 2025 (GB.356/PFA/3)

29. **The Employer spokesperson** noted the total expenditure and the budgetary surplus presented. He indicated that the budgetary surplus reflected prudent expenditure

management and timely measures taken by the Office to address financial pressures. However, he expressed concern regarding significant delays in the payment of Member States' contributions, which had resulted in a net deficit of approximately US$52.6 million. He noted that the Working Capital Fund had been fully exhausted and that the Office had relied on internal borrowing to finance operations.

30. He emphasized that this situation posed risks to the Organization's long-term financial stability and that shortfalls could persist across biennia, as arrears should first be used to repay debts and replenish the Working Capital Fund. His group supported the proposal for an exceptional transfer of remaining funds to the Working Capital Fund and encouraged continued engagement with Member States to address arrears.

31. **The Worker spokesperson** took note of the financial information and recalled that the issue of contributions had been discussed in detail in previous meetings. He thanked Member States that had fulfilled their obligations and expressed hope that outstanding contributions would be settled promptly. He highlighted that the level of debt had remained high in recent biennia and that repayment had not occurred as expected in the latest period, creating financial tensions, additional deficits and the depletion of the Working Capital Fund.

32. He indicated that his group supported the proposed transfers between budget lines and endorsed the relevant decision points. He also supported the proposal to increase the Working Capital Fund through an exceptional transfer of the net premium. Noting that the fund had remained at 35 million Swiss francs (CHF) since 1993, he supported the temporary derogation from the financial regulations and requested clarification from the Treasurer on the appropriate level of the fund.

33. **Speaking on behalf of the Africa group**, a Government representative of the United Republic of Tanzania expressed concern that the biennium had closed with a net deficit, financed through the exhaustion of the Working Capital Fund and internal borrowing. She stated that this highlighted the fragility of the Organization's financial base and the risks associated with delayed contributions.

34. She acknowledged the proposal to transfer the net premium to the Working Capital Fund but cautioned that this diversion of resources could affect Member States' support to programmes and potentially undermine confidence in the incentive system. She stressed that such measures could have implications for technical cooperation activities, particularly in countries facing economic challenges. While supporting the decision point, she called for safeguards to protect programme delivery and for continued dialogue with affected regions.

35. **Speaking on behalf of the group of Latin American and Caribbean countries (GRULAC)**, a Government representative of Paraguay voiced concern over the increase in outstanding contributions and its impact on liquidity, which had led to the depletion of the Working Capital Fund and reliance on internal borrowing. She stressed the importance of reviewing the adequacy of the Working Capital Fund, noting that its level had not been adjusted since 1993.

36. She indicated that the proposal to transfer the net premium required careful consideration and should remain exceptional, so as not to undermine incentives for timely payment from Member States. GRULAC supported the draft decision.

37. **Speaking on behalf of the group of industrialized market economy countries (IMEC)**, a Government representative of France noted with concern the high level of outstanding contributions and resulting deficit. She emphasized that the depletion of the Working Capital Fund underscored the need for ambitious structural reforms to strengthen the financial resilience of the Organization.

38. She acknowledged that the depletion of the Working Capital Fund created greater uncertainty for the Organization. However, the net premium was used as an incentive for Member States to pay their contributions in full and on time. Repurposing the net premium might reduce the urgency for Member States in making payment, without having an impact on Member States that were in arrears. Furthermore, the situation might entail an additional burden for Member States that systematically complied with their constitutional obligation. She encouraged the Office to explore alternative solutions to increase the ILO's resilience, including learning from best practices across the UN system. IMEC supported subparagraph (a) of the decision.

39. **A representative of the Director-General** (Treasurer and Financial Comptroller) indicated that there was no standard methodology across UN agencies regarding the level of working capital funds. He stated that, in his view, an appropriate level would correspond to approximately three months of operating expenditure, estimated at around CHF100 million. Clarifications were provided regarding the immediate impact of the proposed transfer, which would result in the net premium amount of some CHF19 million being made available to the Office for immediate use as soon as an International Labour Conference decision would be taken in June 2026.

40. Upon resumption of the discussions on 30 March 2026, the Governing Body had before it an amended version of the draft decision, which had been proposed by IMEC and circulated by the Office in advance:

> The Governing Body decided:
>
> (a) in accordance with article 16 of the Financial Regulations, to approve the transfers between the budget items listed in table 3 of Appendix I;
>
> (b) to recommend to the International Labour Conference at its 114th Session (June 2026) that it:
>
> (i) decide, in derogation of article 11(5) of the Financial Regulations, that 50 per cent of the 2024–25 net premium as per article 11(7), of CHF19,032,213 be retained by the Office and transferred to the Working Capital Fund, thus bringing its level to CHF44,516,106.5~~54,032,213~~;
>
> (ii) adopt the following resolution:
>
> The General Conference of the International Labour Organization,
>
> *Noting* that the operation of the Swiss franc assessment system resulted in a net premium of CHF19,032,213 in the 2024–25 biennium,
>
> *Decides*, in derogation of article 11(5) of the Financial Regulations, to transfer 50 per cent ~~the full amount~~ of the net premium as per article 11(7), earned of CHF19,032,213 to the Working Capital Fund, thus bringing its level to CHF44,516,106.5~~54,032,213~~.

41. **Speaking on behalf of IMEC**, a Government representative of France explained that the amendment sought to allocate half of the net premium to the Working Capital Fund – the portion corresponding to the amount that would in any event be reimbursed to Member States based on exchange rate gains – while retaining the remaining half as an incentive for Member States who pay their contributions in full and in a timely manner. She emphasized that such a measure should be exceptional and urged the Office to continue exploring additional options to enhance the Organization's financial resilience, to be presented to the Governing Body in the context of broader reform discussions.

42. **The Employer spokesperson** indicated openness to the amendment and to any proposals aimed at supporting the Office in fulfilling its mandate, and sought the views of other constituents.

43. **The Worker spokesperson** also expressed openness to various options for increasing the Working Capital Fund and deferred to Governments, noting that the issue primarily concerned them.

44. **Speaking on behalf of GRULAC**, a Government representative of Paraguay expressed support for the amendment.

45. **A Government representative of Niger** sought clarification regarding the objectives and implications of the amendment, in particular its impact on the Organization, on Member States that pay their contributions on time, and on those in arrears.

46. **The representative of the Director-General** (Treasurer and Financial Comptroller) recalled that, under the original proposal, the full amount of the net premium would be transferred to the Working Capital Fund as an exceptional derogation. Under normal circumstances, half of the net premium would be used as an incentive fund to provide credits to Member States that had fully paid their contributions for the relevant biennium, while the other half would be distributed to all Member States proportionally, contingent upon their settlement of any arrears.

47. He further clarified that the proposed amendment would preserve the incentive mechanism for Member States that had paid in full, allowing them to retain credits in accordance with existing provisions, while redirecting the portion otherwise distributed more broadly to the Working Capital Fund. The immediate impact of the amendment would be that only the latter portion would be transferred, thereby allowing the fund to be increased by approximately CHF9.5 million.

48. **A Government representative of South Africa** voiced support for the amendment.

49. **The Worker spokesperson** expressed hope that Member States would pay contributions in a timely manner, and supported the amendment.

50. **The Employer spokesperson** stated his support of the amendment and emphasized that incentives for timely payment were welcome. He suggested setting deadlines for the settlement of arrears, which could further enhance the effectiveness of the incentive measure, considering the financial challenges arising from delayed contributions. His group supported the amendment.

Decision

51. **The Governing Body decided:**

(a) **in accordance with article 16 of the Financial Regulations, to approve the transfers between the budget items listed in table 3 of Appendix I;**

(b) **to recommend to the International Labour Conference at its 114th Session (June 2026) that it:**

(i) **decide, in derogation of article 11(5) of the Financial Regulations, that 50 per cent of the 2024–25 net premium as per article 11(7), of CHF19,032,213 be retained by the Office and transferred to the Working Capital Fund, thus bringing its level to CHF44,516,106.5;**

(ii) **adopt the following resolution:**

The General Conference of the International Labour Organization,

> ***Noting*** **that the operation of the Swiss franc assessment system resulted in a net premium of CHF19,032,213 in the 2024–25 biennium,**
>
> ***Decides*****, in derogation of article 11(5) of the Financial Regulations, to transfer 50 per cent of the net premium as per article 11(7), earned of CHF19,032,213 to the Working Capital Fund, thus bringing its level to CHF44,516,106.5.**

(GB.356/PFA/3, paragraph 20, as amended by the Governing Body)

4. Other financial matters: The financial position of the ILO's regular budget in 2026–27 and potential contingency measures in case of an income shortfall (GB.356/PFA/4)

52. The Governing Body had before it an amended version of the draft decision, which had been proposed by the European Union Member States and circulated by the Office in advance:

> The Governing Body:
>
> (a) took note of the financial implications of the reform measures for the approved Programme and Budget for 2026–27, as presented in document GB.356/PFA/4;
>
> (b) took note of the potential contingency measures and associated budgetary implications described in the document, and requested the Office to keep the Governing Body informed of cash-flow projections and present a contingency framework for the 2026–27 biennium with guiding principles, methodology and an outline of measures for approval at its 357th Session (June 2026), which should be in line with the strategic guidance provided by the Governing Body under item INS/7 at its 355th and 356th Sessions ~~to report back as necessary~~;
>
> (c) requested the Office to report back to the Governing Body for decisions on any contingency measures that may require its approval;
>
> (~~c~~d) requested the Office to present updated financial information on assessed contributions and the implementation of any activated contingency measures at its 358th Session (November 2026).

53. **The Employer spokesperson** acknowledged that the Office was making every effort to engage in dialogue to avoid activating the contingency measures. Clarity was needed as to which activities would be prioritized in the context of the ILO reform and would therefore continue to be funded if the contingency measures needed to be applied. Without information on which thematic or priority action programmes might be reduced, suspended or eliminated if more drastic financial measures became necessary, it was difficult for constituents to assess the potential implications for their own respective areas of work, for ongoing commitments, and for partnerships that had been already established. He therefore requested greater visibility on which programmes were most at risk and how the decisions would be aligned with the Organization's strategic priorities.

54. He sought clarity on the triggers that would lead to the implementation of the contingency measures, the timelines for such a process, and how and when constituents would be consulted. Those were essential elements that would ensure predictability, transparency and meaningful engagement by the Governing Body and ILO constituents, at a time when significant programme decisions might need to be taken. If the anticipated funding was not received in the coming months, the Organization could not wait until November to take decisions, as operational adjustments affecting programme activities across the ILO might already be necessary. The Employers' group therefore requested a full update in June 2026 to allow the Governing Body to assess the situation in a timely manner and, if necessary, provide guidance before decisions became unavoidable. If the expected funding had not materialized by April or May, the Organization might need to move quickly to ensure financial stability by safeguarding its most critical priorities. At the June session, the Office should provide much more detailed information addressing the concerns raised by constituents, including clearer possible implications for thematic programmes and the process and timelines for activating any contingency measures. The Employers' group would consider proposing amendments to draft decision based on the replies from the Office.

55. **The Worker spokesperson** emphasized that it was imperative to refine the approach to the current financial uncertainty. It was unclear from the purpose of the document whether it was the financial constraints or the ILO reform that had come first. The question remained as to whether the ILO could embark on a reform that implied financial investments when it was in an austerity situation of delayed, deferred or suspended spending and cost-efficiency measures deriving from a lack of liquidity and significant arrears. He sought clarification on his group's understanding of the situation: that implementing the contingency measures would directly impact ongoing reform proposals, jeopardizing the establishment of the Global Service Centre and the implementation of the Human Resources Strategy for example, and that the measures explored in document GB.356/PFA/4 were merely a set of possible measures. With regard to the impact on staff, priority should be given to the proposals made by the Staff Union.

56. Without all of the relevant figures, the Governing Body could not make alternative proposals; however, it should mandate the Office to explore alternative contingency measures, including reversible measures, that would safeguard the ILO's constitutional mandate and protect staff. Financial crises should never be used as a reason to weaken accountability or oversight, especially in areas protecting workers' rights and upholding international obligations. Across the UN system, funding problems had disrupted human rights bodies and reduced civil society participation, which showed the real risks of letting budget pressure erode oversight and, ultimately, the multilateral system.

57. Contingency measures must be strictly constrained to the current biennium and must not set a precedent for the next biennium. Temporary cuts must not be allowed to permanently degrade the ILO's structural capacity, and the budget for the next biennium must reflect its full mandate.

58. Regarding the liquidity gap, he asked the Office whether it would be possible to borrow from other institutions to bridge the shortfall or to request additional contributions from Member States. As other organizations were facing the same situation, he asked whether the ILO could follow the model of the United Nations Educational, Scientific and Cultural Organization (UNESCO), which was maintaining the approved budget level and treating the missing contributions as receivable debt rather than cutting programmatic ambitions. That would be fair to those Member States that had paid their contributions and also to the ILO and its constituents. It would include: protecting constitutional mandates, especially normative, supervisory and rights-related work; making targeted small, smart cuts instead of broad reductions; reinforcing partnerships in the field while keeping tripartism at the centre; diversifying funding sources while maintaining independence; and maintaining strong oversight.

59. The Workers' group considered that the current draft decision merely requesting the Governing Body to take note of the situation was insufficient, and would examine the amended version proposed by the EU Member States. The group agreed that the Governing Body must discuss the situation again in June.

60. He asked the Office what the minimum requirements were that would prevent a 20 per cent reduction, including the minimum amount of the Working Capital Fund and the minimum proportion of Member States' assessed contributions paid for the year. For example, if 75 or 80 per cent of contributions were received before the June session, the Governing Body might be able to consider a 12.5 per cent reduction instead and avoid having to cut a quarter of staff positions by the end of 2027.

61. **Speaking on behalf of the EU and its Member States,** a Government representative of Cyprus said that North Macedonia, Montenegro, Serbia, Albania, Ukraine, the Republic of Moldova, Georgia, Iceland, Norway and the United Kingdom of Great Britain and Northern Ireland aligned themselves with his statement. He recognized the need to define contingency measures and requested additional information on the financial impact, including the costs of each measure. The contingency measures would significantly impact the ILO's ability to deliver on its mandate and must be in line with the strategic vision of the reform. He urged all Member States to pay their arrears and assessed contributions in full and on time to avoid the implementation of contingency measures.

62. Concerning the potential staffing reductions, he requested clarification on the safeguards that would be applied to protect normative and technical expertise, the consultations and statutory requirements involved, the timelines for fulfilling the obligations, and how geographical and gender balance would be ensured while preserving the Organization's long-term capacity.

63. To ensure the involvement of the Governing Body in shaping a contingency plan, the EU Member States had proposed an amendment requesting the Office to present a contingency framework for the 2026–27 biennium with guiding principles, methodology and an outline of measures for approval at the June session, which should be in line with the strategic guidance provided by the Governing Body under item INS/7 at the current and previous sessions. Such a framework would enhance transparency and clarity regarding the rationale for and modalities of any contingency measures. In view of the separation of powers between the Director-General and the Governing Body, the proposed amendment also requested the Office to report back to the Governing Body for decisions on any contingency measures that might require its approval. The amendment also reflected the fact that document GB.356/PFA/4 described the measures as merely "potential" contingency measures. The EU and its Member States requested the Office to share all information on the financial situation, including the status of internal borrowings and Working Capital Fund replenishment, before the June session.

64. **Speaking on behalf of the Africa group**, a Government representative of South Africa acknowledged that the contingency plans were necessary; however, the proposed measures carried profound implications for the ILO's mandate and constituents. Before it could fully consider their merits, the Africa group requested clarification on the income projections and cash flow assumptions that would trigger the measures in the third quarter of 2026, the underlying financial scenarios, and the scale, likelihood and specific timing of the anticipated shortfall.

65. The proposed 50 per cent reduction of the regular budget technical cooperation (RBTC) account and the significant cuts to non-staff resources for travel, seminars and operational activities were deeply concerning. Those were not administrative extras but the very means by which the ILO delivered support and engaged with tripartite constituents on the ground. He requested details on the Office's strategy to insulate priority programmes and field operations from the cuts and, more specifically, which thematic priorities or technical programmes were most at risk. He sought assurance that the Organization's ability to deliver on its core mandate to those who needed it most would not be irreparably damaged. In relation to the contingency measures, the group remained concerned about the proposed reduction of 15.1 per cent for

field operations, which appeared disproportionate compared to other areas and would hinder the Office's commitment to strengthening field operations.

66. The Africa group requested details of the number of staff members who had departed in the last year through attrition, early retirement and other means, the areas affected and the resultant savings. The potential elimination of up to 350 positions in a single biennium would be a drastic reduction in workforce capacity, particularly considering those who had already left the Organization. It would risk catastrophic outcomes for delivery and would fundamentally undermine the very efficiency and effectiveness the exercise sought to achieve. The group strongly urged the Office to reconsider the scale of the approach. If workforce adjustments were unavoidable, they must be a last resort. The group called on the Office to prioritize the use of vacant posts and natural attrition to minimize the impact on staff; establish ironclad criteria to safeguard critical technical expertise and protect institutional memory; and clearly articulate how the Governing Body would determine which positions were deemed non-critical and which regions, programmes and departments would be affected. It was essential for the ILO to practise genuine good-faith social dialogue with staff representatives throughout the process. Overall, the Office should intensify its exploration of alternative measures that could mitigate or obviate the need for such severe contingency measures.

67. **Speaking on behalf of GRULAC**, a Government representative of Paraguay, noting that uncertainties remained regarding the timely payment of assessed contributions and arrears and that countries currently had limited fiscal space, reaffirmed the need for all Member States to redouble their efforts to meet their financial obligations to the ILO. The group noted the non-exhaustive list of contingency measures proposed by the Office in paragraph 11 of the document, particularly those that might directly affect jobs, and requested greater clarity on the process for planning, approving and implementing them. In relation to the consultation and approval referred to in paragraph 10 of the document, she requested further information on the role of the Governing Body in relation to the application of the Financial Regulations and the Staff Regulations in the determination of contingency measures. Furthermore, as subparagraph (c) of the draft decision stated that the Governing Body requested the Office to present updated financial information on the implementation of any activated contingency measures at its 358th Session (November 2026), she asked whether, if approved, that would mean that the Office could implement any contingency measures it considered necessary without prior authorization from the Governing Body. It was essential that all Governing Body members and Office staff shared the same understanding of how contingency measures would be planned and applied in the event that they were required.

68. **Speaking on behalf of IMEC**, a Government representative of Spain commended the Office for the reductions of around 8.9 per cent of the approved regular budget for 2026–27 for the first phase of the reform, and noted that the additional reductions indicated in document GB.356/INS/7 for the 2028–29 biennium would represent a cumulated reduction of 12.5 per cent over both biennia. However, as there were inconsistencies between that document and document GB.356/PFA/4, he sought clarity on: which figure accurately reflected the deficit; what the estimated impact was of cumulative staffing reductions and whether the Office could ensure that the ILO's ability to deliver its core mandate was protected; which specific posts or units would be affected under the different scenarios; and whether the Office had considered general measures, such as a time-bound reduction of working hours, as an alternative to involuntary separations.

69. He asked whether the 350 positions identified in document GB.356/PFA/4 for potential reduction as a contingency measure included the 120 positions identified in document GB.356/INS/7 for reduction over the two biennia, and requested a timeline detailing the anticipated savings from the elimination of positions and the specific one-off costs of complying with statutory requirements and consultations.

70. He requested clearer information on the extent to which the reductions in the first phase of the reform were structural and sustainable rather than deferrals or temporary measures. He sought clarification on the distinction between "reductions in the operational budget" and "reductions in the regular budget allocations" in tables 1 and 2, respectively; in addition, IMEC would welcome a third table showing the reductions by organizational cluster in relation to the contingency measures only. The group would also welcome a clearer presentation of the implementation milestones and accountabilities for the main levers of the reform, and of how progress would be demonstrated ahead of the key decisions in 2026. In addition, he asked how the Office would ensure that any contingency measures remained consistent with the priorities in the context of the reform.

71. IMEC sought clarity on the thresholds and indicators that would trigger the contingency measures and whether there was a mechanism for deactivating them, and on which measures could be taken under the existing delegated authority and which would require the Governing Body's approval. While the Director-General had the discretion to implement the contingency measures, given their scope and their impact on human resources, the Governing Body should play an active role in determining them.

72. He requested a clear assessment of the impact of the contingency measures on the ILO's ability to deliver its core functions and which criteria would be applied to safeguard specific areas of its mandate, including retention of critical skills and institutional memory. He also requested the Office to confirm its capacity to adequately monitor and evaluate the reform and downsizing measures, as risks could increase during the restructuring. He also asked how the Office planned to restore the health of its finances, including the Working Capital Fund. IMEC could support the EU Member States' proposed amendment to the draft decision.

73. **Speaking on behalf of the Nordic countries,** [1] a Government representative of Denmark also supported for the amendment proposed by the EU Member States. He expressed concern about the plan to take a decision on the proposed contingency measure regarding the termination of up to 350 staff members at a late stage, and the potential impact on institutional memory and the Organization's ability to deliver continuously on its mandate and respond to constituents' needs. Involuntary separations were never desirable but were sometimes unavoidable, including in national contexts; if an early decision could minimize the number of posts that would ultimately need to be eliminated, that should be taken into consideration. It was of paramount importance that the ILO could continue delivering on its core mandate. If, for example, the supervisory mechanism or programmes had to be paused or scaled down, increased efficiencies in the staff portfolios based on the reprioritization exercise would be preferable. A recruitment freeze was a simple and efficient way to adapt to a new situation in the short term; he had understood from the previous discussion that the Office had already been implementing it since June 2025, yet it was now being presented as a contingency measure.

74. Deferring difficult decisions until it was too late to act was not the most efficient course of action, and the Office should take more ambitious steps now in order to avoid lengthy and highly demanding processes in the future and to ensure a sustainable way forward. It was

[1] Finland, Iceland, Norway, Sweden and Denmark.

important to have a realistic long-term plan with concrete reform and contingency measures, and a coherent approach for both types of measures.

75. **A Government representative of France** aligned herself with the statements of the EU and its Member States and IMEC. She noted that the financial situation remained fragile, despite the contributions received since the beginning of the year. The reserves had been largely depleted and uncertainty remained regarding the payment of arrears. She called on all Member States urgently to comply with their obligations and to pay their contributions in full and on time.

76. The Governing Body must swiftly take bold and responsible measures, as any delay could necessitate even more painful measures. For almost a year, ILO staff had been continuing their work without always having the required resources or any certainty about their own future within the Organization. She therefore urged the Office to further clarify the proposed measures in consultation with the Staff Union. Furthermore, the Governing Body must be in a position to play its part fully. If implemented, the contingency measures would have a major and lasting impact on the ILO’s ability to fulfil its mandate and could bring the structural reform currently under way to an abrupt halt. She encouraged Governing Body members to support the amendment proposed by the EU Member States.

77. **A Government representative of China** lamented the fact that the Organization was facing serious financial difficulties due to the substantial arrears in contributions by certain countries. China had always conscientiously fulfilled its obligations as a Member State and had supported the ILO in exercising its functions with a positive and responsible attitude.

78. He expressed concern about the 50 per cent cut in the RBTC account. Technical cooperation was the key means by which the Organization fulfilled its core mandate and responded to the needs of developing countries; it was a key pillar in advancing the four pillars of decent work. A substantial reduction in the corresponding expenditure would significantly impact the Organization’s capacity and effectiveness in providing assistance to its Members, particularly developing countries. The Office should make every effort to maintain the level of technical support it provided, through innovative working methods, optimized resource allocation and making full use of technology, and avoid passing on financial pressures to Member States who needed assistance.

79. The reduction of 350 staff positions by the end of 2027 under the proposed contingency measures was deeply regrettable. The Office should continue exploring further measures to reduce non-staff costs and make every effort to avoid large-scale lay-offs. If involuntary separations were ultimately unavoidable, it would be essential to adhere strictly to the principles of fairness, transparency and consultation, while maintaining diversity and representativeness among staff and giving full consideration to the concerns and circumstances of under-represented countries. He encouraged the Office to explore further measures, such as suspending home leave, and to apply the resultant savings to ensure the delivery of core operations. He requested an update on the cash flow and assessed contributions at the June session.

80. **A Government representative of Brazil** observed that the financial difficulties resulting from the non-payment of assessed contributions would be a recurrent issue, with no sustainable solution in sight. Even if the reform measures provided for in document GB.356/INS/7 to generate savings of 12.5 per cent over four years were fully implemented, the Governing Body would apparently be informed annually of emergency measures to reduce expenditure. Further clarification was therefore needed on how the Office would assess the situation and what measures it envisaged to avoid the need for a new set of contingency measures in 2027 and subsequent years.

81. The loss of more than 300 staff members was likely to have extremely detrimental effects on the efficiency and effectiveness of the Organization's work. He noted that although the Office's assessment indicated that savings equivalent to 175 positions would suffice for future years, the figure would need to be doubled in 2027 to offset the resources not saved in 2026. However, as the elimination of 350 positions as a contingency measure would be perpetuated for the subsequent fiscal years, he sought clarification on whether a further 175 jobs would actually need to be cut if an initial reduction of 175 was sufficient.

82. It was regrettable that the contingency measures would negatively affect the implementation of the strengthening of the ILO's presence in the field, an issue of particular importance for GRULAC countries. He renewed his Government's call to Member States, particularly major contributors, to ensure the timely payment of contributions and the settlement of arrears, noting that uncertainty regarding those resources undermined the Organization's ability to act effectively and to deliver on its mandate.

83. Brazil saw great merit in the amendment proposed by the EU Member States, but would listen to other Governing Body members' views and the clarifications provided by the Office before expressing a final position.

84. **A Government representative of Barbados** stated the need for balance between ensuring the Organization could deliver on its mandate and implementing reforms that aligned with the funding realities. Everything possible should be done to limit the number of separations of staff, many of whom had dependants and many of whom had invested their lives in the ILO and the cause of social justice and decent work. There was no pain-free way of adjusting to a 20 per cent reduction in funding. The Organization must act quickly, because delaying would result in a larger number of separations. Losing 350 of the ILO staff complement would also have a significant negative impact on the work of the Organization and its ability to deliver on its core mandate. The matter was of such scale and gravity and was so consequential to the future of the Organization that the Governing Body should receive an update at its June session.

85. **A Government representative of Bangladesh** expressed concern at the 9.6 per cent reduction in resources for the priority action programmes, compared with the 8.9 per cent overall reduction foreseen for the first phase of implementation of the reform, and at the proposed 50 per cent reduction of an already small RBTC allocation. She urged the Office to reduce the amount by which RBTC funds were cut, as they were the only resources available to bridge a shortfall in donor levels for ILO programmes.

86. She welcomed the assurances that appropriate consultations would be held and approval procedures followed in the event the contingency measures had to be adopted, and expressed confidence that the Office would not make any workforce adjustments that disproportionately affected women staff members and those from under-represented countries.

87. She requested updates on the payment of assessed contributions, including arrears, as without a proper understanding of the cash flow, the Governing Body could not pre-empt any contingency measures. If no significant payments had been received before the final deadline, the Office should undertake timely consultations and follow the necessary approval procedure before implementing contingency measures.

88. **A Government representative of Mexico** said that timely and transparent information on cash flow developments was needed so that the Governing Body's decisions were based on up-to-date analyses. It was essential for the Governing Body to have clarity on the criteria and timing for activating any contingency measures, which would enable constituents to fully understand the implications. For Mexico, preserving the ILO's tripartite mandate and technical capacity was a priority; in the event of adjustments, those core functions must be protected above operational activities such as the organization of events, travel or seminars, the reduction of which would not have the same structural impact.

89. Any decisions affecting staff should be taken with full respect for social dialogue, prioritizing the elimination of vacant posts and reassignments, and fairness in the application of criteria. It was essential to maintain the Organization's institutional capacity and the geographical diversity of its staff so that it retained the expertise and balanced representation characteristic of the multilateral system.

90. **A Government representative of Namibia** expressed concern about the ongoing cash flow challenges facing the ILO, and strongly urged Member States to fully and promptly fulfil their financial obligations to enable the ILO to effectively fulfil its mandate. He also requested the ILO to engage with Member States to improve payment performance, particularly for those countries in arrears.

91. The potential loss of up to 350 positions, compounded by the uncertainty on which ILO departments would be affected, would result in low staff morale and a significant reduction in the Organization's capacity to deliver in the short, medium and long term. It was imperative that any staffing decisions must prioritize fairness, transparency and social dialogue, taking account of the importance of protecting critical technical expertise and avoiding unintended consequences and impacts.

92. The proposed reductions would have adverse consequences in various contexts, including non-staff aspects such as travel and seminars. For the ILO to deliver effectively, mission travel was not optional; missions were the only truly effective mechanism for the ILO to support national constituents, advance decent work priorities and ensure that the Organization's mandate was implemented on the ground. He therefore requested the Office to ensure that the proposed cuts to travel and technical missions did not disproportionately affect Member States without an ILO presence, such as Namibia, and did not create unintended inequities.

93. **A Government representative of Zimbabwe** underscored that the proposed 50 per cent reduction of the RBTC account represented a significant setback for the ILO's missions and jeopardized its ability to carry out critical activities effectively in the field and at headquarters. Any cutbacks of such magnitude would reverberate across all major areas of the ILO's work. The implications of the reductions must be considered in detail before any decisions were made. The impact might not be easily reversible and progress to date might be delayed or even reversed. The ILO's strategic vision should include proposals to encourage Member States to make timely payment of their assessed contributions. The ILO had contributed to the stability and prosperity of nations and regional integration, and any barriers to delivering those outcomes would be a setback for the very ideals the ILO championed. She urged the Office to inform the Governing Body of developments at the next session.

94. **A representative of the Director-General** (Treasurer and Financial Comptroller) confirmed that a 20 per cent reduction would mean that the ILO would lose a huge amount of resources to deal with its programme of work. A decision on the contingency measures would have to be made in the third quarter of 2026 at the latest, because if there was insufficient cash in September, salaries could not be paid and other payments could not be made from October onwards. The fact that Member States could pay their assessed contributions at any point in the year represented another element of uncertainty. The Office would examine how the contingency measures would be implemented. It was hoped that some would be easily reversible, but others might not be. The situation was a zero-sum game: maintaining the non-staff RBTC resources or reducing them by less than 50 per cent would potentially require further reductions in staff positions. The Office had taken on board all comments on prioritization, the need for clarity and transparency, and the call for regular reporting and an update at the June session.

95. Responding to a question from the Government representative of Brazil, he explained that if the timing of the decision had been before the start of the biennium, a reduction of 175 positions would have balanced the books. As the decision had to be made halfway through the biennium where expenses had already been made, only one year's worth of budget would remain to pay staff, so the number of positions to be reduced would need to be doubled as an interim arrangement in the second year of the biennium.

96. In response to the Worker spokesperson's questions, he said that it would indeed be prudent to carry on with certain reform measures despite a lack of liquidity because they could help the Organization to actively manage a lack of liquidity in the future. Moreover, there was no reason to stop reform measures that had no financial cost. The minimum proportion of contributions received that would prevent the contingency measures would likely be between 85 and 90 per cent, depending on when and how the contributions were received. In the past, the ILO had had one of the highest rates of collection of assessed contributions from its Member States, at 98 per cent collected over a four-year rolling average. With regard to borrowing, article 21(1)(b) of the Financial Regulations allowed the Director-General to request the Governing Body's authorization to borrow funds; however, that would mean repaying it with interest. In addition, article 21(3) allowed the Director-General, in cases of emergencies or contingencies, to request the Governing Body and the Conference to approve an additional assessment upon Member States, in which case an additional assessment would be levied for the second year of the biennium. However, he was unaware of either of those provisions having been used in the history of the ILO. He confirmed that the Working Capital Fund was currently exhausted. The Financial Regulations required that the Working Capital Fund be replenished from arrears paid back for prior years, but only CHF3.8 million had been received in arrears as of 23 March 2026.

97. The provisional deficit for the 2024–25 biennium currently stood at US$52.6 million; however, the final level would be confirmed once the external auditors had agreed the final expenditure for the year 2025.

98. While there was a degree of overlap between documents GB.356/PFA/4 and GB.356/INS/7, the former addressed contingency measures that would need to be taken at a certain point to address a shortfall of income whereas the latter was a managed response to a reform process, so there was not always a direct link. In terms of what measures would be taken and when, document GB.356/PFA/4 provided an example of what could happen in the scenario of a 20 per cent reduction in income, but other options were available. The reduction in staff would only be as a last resort.

99. The status of the assessed contributions received from all Member States was updated as contributions were received, once weekly at a minimum. The information was available on the ILO website, and the Office was working to ensure that it could be found more easily.

100. **The Worker spokesperson** sought clarification on whether the receivable debt would be carried over to the budget for 2028–29. His understanding was that all contingency measures had been discussed in relation to the 2026–27 biennium only and that the Governing Body would begin to discuss measures for 2028–29 at its November session. He also understood that the option to use borrowing to bridge any shortfall as of September had not been ruled out. Finally, he asked whether, if half of the CHF232 million in arrears was received that year, the arrears would return to their normal level of CHF150–160 million, thus making the financial situation more viable.

101. **The Employer spokesperson** noted that his group and some Governments had raised key questions about which departments and workstreams would be impacted, whether they were in the field or at headquarters, how they would be determined, when constituents would be consulted, and how the Office would plan and implement the measures. He requested the Office to provide the Governing Body with a written reply.

102. **The representative of the Director-General** (Treasurer and Financial Comptroller) responded to the Worker spokesperson that the receivable debt for the ILO was never written off. The 2028–29 budget discussion would indeed begin at the November session and any factors would be subject to discussion and approval by the Governing Body. Options for borrowing, whatever the source, would have to be put to the Governing Body and approved formally by the Member States. The Working Capital Fund was CHF35 million. The answer to the question about the arrears was that that would maybe regulate the situation, but it would also depend on future payments.

(The discussion of the item resumed at a later sitting.)

103. **The Chairperson** drew the Governing Body's attention to the written response of the Office to the issues raised. [2]

104. **The Employer spokesperson** said that meaningful consultation with Governing Body members was essential before any contingency measures were triggered to ensure confidence in the process. Such measures needed to be based on proper prioritization and reprioritization to reflect a clear and ambitious strategic vision in line with the ILO Centenary Declaration for the Future of Work (2019). Prioritization should reflect core priorities beyond standards, including employment, skills and productivity. Sustainable enterprises must be recognized as an essential part of the Decent Work Agenda. Any relocation strategy should preserve the decision taken at the 355th Session of the Governing Body, so that policy expertise remained at the ILO headquarters. Those efforts should be guided by a clear and robust methodology with timelines, to be discussed at the 357th Session of the Governing Body in June 2026.

105. **The Worker spokesperson** said that it was more important to reflect on whether 80 per cent of the assessed contributions were going to be paid by June 2026 rather than question the other 20 per cent. It was crucially important to have at least 80–85 per cent by the summer, so as to know whether to trigger the 20 per cent contingency measure by September. All Member States should pay their contributions in a timely manner. Those States which had not paid were present and were conscious of the Organization's financial constraints. If the 80 per cent were not paid, it would be necessary to think of a step-by-step plan with alternative options. The Workers' group would appreciate more information on the establishment of a revolving fund, as mentioned by the Director-General. While those who had paid could not bail out those who had not contributed, certain States from the global South might have the possibility to contribute differently, which had led to the proposal to create the so-called Philadelphia Fund so that the ILO could fulfil its constitutional mandate. Similarly, the Government of Switzerland had reiterated its offer to support the ILO provided that the necessary normative, technical and policy expertise were retained at the ILO headquarters in Geneva. Third, the Organization should be prepared, if necessary, to borrow funds, as referred to by South Africa, and should

[2] GB.356/PFA/4/Office response.

present the necessary documentation to the following Governing Body session. The Office had stated that the Financial Regulations allowed for that, although it had not been done in the past 50 years. The final worst case scenario was that the Office would reconsider the breakdown of contingency reductions by organizational clusters, as indicated in document GB.356/PFA/4. The table provided showed cuts of between 10 and 80 per cent. For example, 15 per cent cuts were planned for field operations, with US$45 million less in the “disaster case” scenario. One of the biggest proposed cuts was not therefore in line with the political statements made and the Office proposal to have a further 90 posts across field offices. The Workers’ group accepted the amendments made to the draft decisions.

106. **Speaking on behalf of the EU and its Member States**, a Government representative of Cyprus said that, following consultations, the EU Member States proposed a subamendment to their own amendment to add, in subparagraph (b), the words “with a timeline”. The proposed amendment to subparagraph (b) was motivated by the need to ensure the involvement of the Governing Body in the important process of shaping a contingency plan should that prove necessary in the event of an income shortfall of up to 20 per cent in assessed contributions during the current year. It underlined that the contingency measures provided in the document were potential ones and requested the Office to present a contingency framework for the 2026–27 biennium, which would include guiding principles, methodology and an outline of measures, with a timeline for approval at the Governing Body's June session. The framework should be in line with the strategic guidance provided by the Governing Body in the context of the reform process at its 355th and 356th Sessions. Such a framework would enhance transparency and clarity regarding the rationale for and modalities of any contingency measures that would eventually form part of the contingency plan. Mindful of the separation of powers between the Director-General and the Governing Body, he recalled that the proposed amendment in the new subparagraph (c) requested the Office to report back to the Governing Body for decisions on any contingency measures that might require its approval.

107. **Speaking on behalf of the Africa group**, a Government representative of South Africa said that his group supported the amendment as subamended.

108. **The Government representative of South Africa** asked if one day would be long enough for the June session of the Governing Body, given that there were so many critical issues to be discussed, and, consequently, if a decision could be taken to extend the session to two days.

109. **Speaking on behalf of IMEC**, a Government representative of Spain said that the Governing Body should be kept informed, and, where appropriate, should be invited to provide further guidance and approval, before any contingency measure with broad implications was decided upon. IMEC wished for a clear distinction to be made between measures that fell under delegated authority and those that required Governing Body approval.

110. Owing to uncertainty over the timing of incoming funds, he requested the Office to provide greater clarity on the specific timelines, thresholds and indicators that would trigger contingency measures, and on the sequence in which they would be introduced. He asked if there would be a mechanism to deactivate contingency measures should the liquidity situation improve.

111. IMEC requested the Office to produce a methodology that included criteria to be applied before deciding on cuts in specific areas or critical functions. It should include an analysis of the anticipated savings from the abolition of positions and the identification of critical areas of work to be protected. The Office should prioritize reversible measures that did not constrain the Organization’s future capacity to deliver its core mandate. That should be achieved through disciplined reprioritization and improved efficiency. The Office should minimize the loss of technical expertise, institutional knowledge and experienced staff, and mitigate impacts through the reassignment of staff to balance disproportionate reductions in units or locations.

112. IMEC noted with concern that the cumulative staffing impact could extend to approximately 410 positions when combined with reductions already envisaged under the reform process. It stressed the importance of full transparency on staffing implications as part of the methodology to be presented to the Governing Body at its 357th Session. He looked forward to the outcome of negotiations with the Staff Union to apply temporary measures, such as a time-bound reduction of working hours, across all posts as an alternative to involuntary separations. The Office should develop measures aimed at strengthening financial sustainability and managing potential income shortfalls over the medium term.

113. IMEC commended the Office for making available a dedicated website that provided regular updates on the financial situation, progress with the reform and related financial implications. The website should provide a clear overview of the implementation milestones and the responsibilities relating to the main pillars of the reform, and should demonstrate progress ahead of key decisions regarding contingency measures. The website should help the Governing Body to monitor and assess the reform and staff reductions. IMEC accepted the amendment submitted by the EU, as subamended.

114. **Speaking on behalf of GRULAC,** a Government representative of Paraguay said, in respect of the proposed amendments, that GRULAC could be in agreement with subparagraph (b). Regarding subparagraph (c), GRULAC had some concerns and would like there to be a clear division of the respective responsibilities regarding the contingency measures. She asked which measures would require Governing Body approval and which would not.

115. **The representative of the Director-General** (Treasurer and Financial Comptroller) thanked members for their comments, which were very aligned. As far as possible the contingency measures would be aligned with the reform. Plans had already been made for a contingency plan to be prepared for the June session, including triggers of when it should come into play and the associated actions and methodology, and he undertook to consult the Governing Body in the preparation of the document.

116. Regarding the revolving fund and borrowing, the Office would take steps to prepare those documents for the June session. The revolving fund was intricate to set up, and a separation must be maintained with what was already done with other funds. Regarding borrowing, the Office had not done it previously and would look into it. Collateral would have to be provided for a loan. The matter would be discussed in the document to indicate what would happen if the loan was not repaid. Prudence was required in that regard. Discussions with the Swiss Government would continue in order to reach an understanding regarding arrangements.

117. The timelines and sequence of events were to a large extent beyond the control of the Office. He noted that if the Office were to receive no more contributions from the current time, contingency measures would have to be put in place by the end of May. The timelines to be proposed would be based on triggers of when Member States paid their assessed contributions; there would be no definitive date.

118. The Office would ensure that all cuts taken in the first instance were reversible. The ultimate step of reducing staff positions would be taken as late as possible. The deactivation of measures was also part of the contingency plan. Liquidity was the issue. The more money that came in, the faster the measures could be lifted. A mechanism was in place that controlled all expenditure throughout the Office and it would be relatively easy to lift the measures if funding became available.

119. The Legal Adviser had provided advice regarding the mandate of the Director-General and the responsibility of the Governing Body. The Director-General’s responsibility was the day-to-day management of the programme and budget and its delivery through the authority given by the International Labour Conference. The Governing Body’s responsibilities were clear in respect of its instructions to the Director-General regarding the programme and budget as a whole. He suggested that maximum flexibility should be given to the Office at the present juncture on the basis that the Director-General could report to the Officers on a regular basis if necessary. It was difficult to manage the Organization on a day-to-day basis while having to report to the Governing Body on every activity. He was committed to reporting back to the Governing Body in June.

120. **The Director-General** said, with regard to the contingency plan, that, by default, any decision that could wait until June would be presented then. Flexibility referred to making time-bound decisions that could not be delayed. The guiding principle was that important urgent decisions would have to be made in the very short term.

121. Regarding the concern voiced by the Government representative of South Africa about having sufficient time to cover all items at the June session of the Governing Body, he suggested discussing it under item GB.356/INS/2/2. It might be possible for the Governing Body session to start on the last Friday afternoon of the International Labour Conference, thereby adding half a day.

122. On the subject of borrowing, he said that the caution voiced by the Treasurer and Financial Comptroller was to be taken seriously. The Director-General noted that a loan would have to be a bridging loan, which would correspond to a temporary situation. Yet he was unsure if the situation would be a temporary one. There were many uncertainties to be faced and thought must be given to how best to proceed.

123. With regard to the ongoing discussion with the host country, he said that he was determined to move ahead with the reform. Everything had been done to ensure that the memorandum of understanding was signed with the Staff Union. In the same spirit, he suggested putting on hold, in order to move forward peacefully, the potential relocation of 20 to 25 per cent of headquarters departments, which had been intended to save between US$15 and US$20 million per biennium, as the Workers, the Employers, the host country and other Member States were against it.

124. The Swiss delegation had offered a two-year suspension of the ILO’s loan payment. That was not a cancellation of payment. A two-year suspension would result in a one-time saving of approximately US$3 million and in the current circumstances every dollar counted. The condition attached to the offer was that the ILO must commit to not move its essential services out of Switzerland for ten years. Of course, any decision must take non-financial dimensions into account, but from a purely financial perspective, any move would help to save money in every budget. He would consider a one-year, two-year or three-year commitment, but in the current circumstances of uncertainty he would be failing in his responsibility as Director-General if he were to sign a ten-year commitment. If the Governing Body believed that politically a decision should be made to go ahead, in order to relieve tension, he would concur, but in such a volatile situation, where difficult decisions in the coming years could not be excluded, he believed that ten years was too long. There were some other dimensions where the ILO was already benefiting from the help of the Swiss authorities, such as regarding the renting out of free space and an initiative by the host country for the whole UN system in

Geneva. It was important to ensure that the relationship with the host country was mutually beneficial.

125. **Speaking on behalf of GRULAC**, a Government representative of Peru thanked the Office for the explanations given and sought clarification on two points. On the basis of the explanations provided by the Treasurer and Financial Comptroller, he asked if adding the request for a timeline at the June session as proposed in subparagraph (b) of the subamendment was viable. Secondly, he had understood that subparagraph (c) was not feasible either, because there were no contingency measures that required the approval of the Governing Body.

126. **The representative of the Director-General** (Treasurer and Financial Comptroller) said, in response to the question regarding feasibility, that it was feasible with a lot of work.

127. **A Government representative of Switzerland**, authorized by the Officers of the Governing Body to speak in accordance with paragraph 1.8.3 of the Standing Orders of the Governing Body, said that she was grateful to the Director-General for being so frank. She reiterated that the Swiss offer relating to 2025 had expired in view of the lack of response from the ILO. Consequently, a three-year suspension of loans was no longer under discussion. As explained the previous week, the host country was ready to implement emergency measures to support the ILO for 2026. The main measure related to the suspension of building loan repayments and, correcting the Director-General’s statement, she said that it was not a temporary suspension, but a suspension for the year 2026. The other point that she wished to correct concerned the condition. Switzerland’s condition was not for all services to remain in Geneva for a period of ten years. What was important for the host country was for the standard-setting, policy and technical departments of the Organization to remain in Geneva. It was essentially what the Governing Body had decided in November 2025. If that decision were implemented, it would be sufficient to meet the conditions.

Decision

128. **The Governing Body:**

(a) took note of the financial implications of the reform measures for the approved Programme and Budget for 2026–27, as presented in document GB.356/PFA/4;

(b) took note of the potential contingency measures and associated budgetary implications described in the document, and requested the Office to keep the Governing Body informed of cash-flow projections and present a contingency framework for the 2026–27 biennium with guiding principles, methodology and an outline of measures with a timeline for approval at its 357th Session (June 2026), which should be in line with the strategic guidance provided by the Governing Body under item INS/7 at its 355th and 356th Sessions (November 2025 and March 2026);

(c) requested the Office to report back to the Governing Body for decisions on any contingency measures that may require its approval;

(d) requested the Office to present updated financial information on assessed contributions and the implementation of any activated contingency measures at its 358th Session (November 2026).

(GB.356/PFA/4, paragraph 20, as amended by the Governing Body)

Audit and Oversight Segment

5. Report of the Independent Oversight Advisory Committee (GB.356/PFA/5)

129. **The Chairperson of the Independent Advisory Oversight Committee (IOAC)** presented the 18th annual report of the Committee covering the period from February 2025 to January 2026. He recalled that the Committee's role was to support the Governing Body in ensuring that the ILO maintained strong governance, sound financial management, effective oversight and robust internal control systems. During the reporting period, the Committee continued to engage closely with the Director-General, senior management and the key operational and oversight functions in reviewing the Organization's risk environment and oversight framework. He went on to highlight the key issues emphasized in the Committee's report for the consideration of the Governing Body.

130. He emphasized that the ILO's financial outlook remained a matter of serious concern, in particular the risk of an impending liquidity crisis, which could significantly constrain the delivery of its mandate. He stressed that this constituted a strategic challenge rather than a short-term operational issue and required forward planning and timely action.

131. With regard to human resources, he noted that the Committee had reviewed the progress on the skills-mapping exercise and the preparation of a new human resources strategy. While the skills-mapping exercise had yielded useful insights, it had experienced delays and was originally designed for a different organizational context. In view of the evolving financial situation, it was essential that workforce planning be aligned with potential future scenarios. The Committee therefore encouraged management to complete the remaining phases of the exercise and to ensure that the forthcoming strategy reflected the competencies required under different financial and operational conditions.

132. Referring to the broader institutional review under way, he underlined the importance of preserving the independence and effectiveness of key oversight and accountability functions, including internal audit, evaluation, ethics and mechanisms to deal with sexual exploitation and abuse. The Committee recommended that these functions remain located at headquarters in order to ensure proximity to senior management, consistency in oversight practices and the preservation of their independence.

133. With regard to the status of the ILO's internal control systems, while noting progress made, the Committee encouraged management to complete the actions identified in the statement of internal control to address issues raised in the staff survey and to strengthen oversight of development cooperation projects.

134. With regard to internal audit, he stated that the Office of Internal Audit and Oversight continued to deliver valuable work and maintained a constructive relationship with management. However, given the evolving risk profile of the Organization, including financial pressures, operational complexity and technological change, the Committee considered that current audit capacity might not be sufficient to address all priority risks and therefore encouraged management to ensure that adequate human resources were made available to enable the audit function to implement a work programme aligned with the Organization's risk environment.

135. With regard to the progress made in the implementation of previous oversight recommendations, the Committee noted that a significant proportion had been implemented or were in the final stages of implementation. Improvements had also been observed in governance processes and in mechanisms for tracking and following up on oversight recommendations. The Committee welcomed its interaction with the External Auditor to strengthen coordination between internal and external oversight mechanisms. Constructive engagement was critical to effective oversight.

136. In conclusion, he emphasized that while the ILO continued to maintain a solid framework of oversight and accountability, careful attention was required from both management and the Governing Body in light of the challenges ahead.

137. **The Employer spokesperson** welcomed the report and expressed appreciation for the work of the Committee, emphasizing that oversight constituted an essential element of transparency, accountability and good governance and served as a safeguard for the Organization's sustainability in the current financial context.

138. He noted that the IOAC report highlighted that arrears in regular contributions had reached US$128 million, the highest level recorded in the last decade, largely due to unpaid contributions from a major contributor, and that, should these arrears persist, the ILO might be required to implement austerity measures of up to 20 per cent of its regular budget, which would significantly affect its capacity to operate in its current form. In this regard, he expressed strong support for the Committee's recommendation to anticipate mitigation measures and to take timely and proactive decisions.

139. Turning to human resources, he supported the recommendation concerning workforce planning and emphasized the importance of completing the skills-mapping exercise. While noting that restructuring measures were under consideration, he indicated that insufficient information was currently available regarding their scale and implementation.

140. With regard to oversight functions, he reiterated his group's firm support for maintaining such functions at headquarters, noting that their relocation could weaken independence, reduce efficiency and undermine transparency. He also supported the recommendation to strengthen internal control systems and to ensure the full implementation of action plans arising from staff surveys and from findings related to development cooperation projects.

141. With regard to internal audit capacity, he highlighted the imbalance between the scope of work and available resources, noting that the number of internal auditors remained limited and that several planned audit reports had been postponed. He stressed the need to address this structural weakness in a timely and sustainable manner. The Employers supported the draft decision.

142. **The Worker spokesperson** thanked the Committee for its report and expressed general support for its recommendations. With regard to the risk of a liquidity crisis, he requested clarification on how the Committee assessed the mitigation scenarios already presented to the Governing Body in the relevant documents and whether those measures were considered sufficient in light of the Committee's observations.

143. With regard to human resources, he recalled that the completion of the skills-mapping exercise had been recommended in previous reports and remained outstanding. While acknowledging its importance, he cautioned against finalizing the human resources strategy without taking into account the current financial context and evolving organizational needs.

144. He supported the recommendation to maintain oversight functions at headquarters and highlighted the importance of ensuring effective access to senior management. He also drew attention to issues related to development cooperation, highlighting that a new development cooperation strategy was being discussed at the current session of the Governing Body and cautioned against the over-reliance on development cooperation projects for funding the core mandate of the ILO.

145. He raised concerns regarding cybersecurity risks, particularly in the context of proposals for a global service centre which could be cyber-located outside Switzerland. He requested clarification on the location of the ILO's cloud infrastructure.

146. With regard to the importance of strengthening internal audit capacity, he noted that staffing constraints had partly been due to vacancies and suggested that this factor should be taken into account. The Workers supported the draft decision.

147. **A Government representative of Mexico** expressed appreciation for the report and indicated that it would have been useful to receive the Committee's views on the human resources strategy. He requested further information from the Office on the reasons for the delay in completing the skills-mapping exercise and supported the recommendation to maintain key oversight functions at headquarters.

148. He also sought clarification on the relationship between the proposed strengthening of the internal audit function and the reduction in the evaluation budget, as well as on the availability of resources in the evaluation fund. Mexico supported the draft decision.

149. **A Government representative of the Russian Federation** expressed appreciation for the quality of the report and for the Committee's engagement with the Governing Body. He supported the recommendations and requested the Committee's views on the contingency measures proposed by the Office in response to the financial shortfall.

150. He encouraged continued consultation on reform initiatives and requested information on the potential establishment of a global service centre, including possible collaboration with other organizations within the United Nations system. He also requested clarification on the development of a new internal audit strategy and emphasized the importance of addressing issues related to ethics, abuse and corruption. He further requested information on initiatives concerning the ILO's environmental and social sustainability framework and its potential financial implications. The Russian Federation supported the draft decision.

151. **The Chairperson of the IOAC**, in response to the discussion, indicated that the Committee had not yet examined the contingency measures referred to in document GB.356/PFA/4, as they fell outside the reporting period. He was therefore not in a position to provide comments on them at that stage.

152. **A representative of the Director-General** (Treasurer and Financial Comptroller) confirmed that the Office was continuing its work on the skills-mapping exercise, which had taken longer than anticipated but was intended to inform the broader reform process. With regard to the cloud infrastructure, he indicated that it would depend on the applications used but was currently located in Switzerland or Europe. He further clarified that the reduction in evaluation resources concerned non-staff costs, including travel and consultancy, and did not affect the staffing levels. Finally, he suggested that the question on environmental and social sustainability be addressed bilaterally as required.

Decision

153. **The Governing Body took note of the 18th annual report of the Independent Oversight Advisory Committee appended to document GB.356/PFA/5 and requested the Office to take into account the guidance provided therein.**

(GB.356/PFA/5, paragraph 7)

6. Report of the Director of Internal Audit and Oversight for the year ended 31 December 2025 (GB.356/PFA/6)

154. **The Worker spokesperson** thanked the Director of Internal Audit and Oversight for the report. He noted that the work of the Office of Internal Audit and Oversight (IAO) in 2025 found no material weaknesses in the ILO's system of governance, risk management and internal control.

155. He observed that the number of investigation cases closed had increased. He welcomed the opening of the Integrity Hotline, and considered it a positive sign that the resulting increase in allegations received was almost 50 per cent. He noted that the increased workload due to the hotline was managed in part by two short-term investigators and trusted that the Office would make sure that staff levels were adequate to continue carrying out this work. He requested that, in future, the term "sexual exploitation and abuse" be used rather than the acronym "SEA".

156. In the area of audit, he asked whether the report's observations on the need for unified systems on travel planning, project management, document control and external collaborator oversight as well as for global solutions, implied that the IAO supported the creation of a global service centre. He noted that the Director of the IAO sat as an adviser to the Governance Committee for the ILO reform, and asked where more information could be found on the replacement of the ILO Review Team by the Governance Committee. Lastly, he made a remark that this agenda item did not have a clearly indicated decision point.

157. **The Employer spokesperson** thanked the Director of the IAO for the report, which confirmed the confidence of the Employers' group in the new Director. He noted that the IAO's work in 2025 identified no material weaknesses in the ILO's system of governance, risk management and internal control, commenting that this showed sustained effort in challenging circumstances.

158. He noted that the number of investigation cases received had increased by 47 per cent, in part due to the launch of the Integrity Hotline. He congratulated the IAO for closing 52 per cent of new cases in addition to managing the 96 cases carried over from previous years. He observed that the two main categories of substantiated cases comprised professional misconduct and harassment. He highlighted the need for a response involving appropriate sanctions, strengthening of compliance culture and management vigilance. He suggested that the ILO should monitor the impact of the recently released trainings on ethics and prevention of harassment.

159. He accepted that 9 of the 24 audits planned for the biennium had been cancelled or postponed because of the need to update processes to meet new professional standards. He noted with satisfaction that 2025 was the first year in which all recommendations had been accepted, and suggested that the Governing Body also monitor the implementation rate.

160. He noted that the Assurance and Advisory Unit has only three internal auditors, and called for the next programme and budget to contain a response to the IAO's staffing challenges.

161. **Speaking on behalf of IMEC**, a Government representative of Canada, thanked the Director of the IAO for the report. She noted that the IAO's work carried out in 2025 found no material weaknesses in the ILO's system of governance, risk management and internal control.

162. She welcomed the opening of the Integrity Hotline, and noted that it was necessary to have sufficient staff to handle the resulting increase in the number of allegations received. She expressed concern that two posts remain unfilled and asked specifically about the progress on the recruitment of the Digital Forensics and Data Analytics Officer. She enquired about the level of funding and staffing that would be needed to reduce the case carryover by the end of 2026.

163. She also welcomed the collaboration between the IAO, the Human Resources Development (HRD) Department and the Prevention and Response to Sexual Exploitation and Abuse Officer on matters related to the prevention of sexual exploitation and abuse and harassment but was concerned at the bifurcated reporting mechanisms for allegations of harassment. She requested clarification on how harassment cases were triaged between the IAO and HRD, including whether HRD dealt with any harassment cases as grievances. She drew the Governing Body's attention to the absence of streamlining of reporting arrangements between the Disciplinary Committee and the Committee on Accountability, and asked how assurance could be provided that all such cases were appropriately progressed. She looked forward to the upcoming discussion on handling allegations of misconduct against a Director-General and stated that IMEC expected that all credible allegations of misconduct at Director-General, CABINET or staff level be appropriately and fully investigated.

164. She asked how the ILO would improve compliance in the field, given that 14 of the 16 substantiated investigations in 2025 concerned misconduct in the field and in light of the reform proposal envisioning moving more staff to the field.

165. She encouraged the ILO to accelerate the implementation of outstanding audit recommendations, and endorsed the recommendation in the Independent Oversight Advisory Committee (IOAC) report to prioritize the allocation of necessary resources to the IAO.

166. **A Government representative of the Russian Federation** thanked the IAO for its report. He noted that the performance indicators for 2025 were not fully met, and asked that the new IAO strategy be presented to the Governing Body for consideration and review, and that it involved consultation with the IOAC. He urged the IAO to support the reform through timely risk assessment, review of the system of internal control, prevention of misconduct and assessment of the effective use of resources.

167. **Speaking on behalf of the Africa group**, a Government representative of Sudan welcomed the Annual Report, noting that the IAO's mandate now included retaliation as well as sexual exploitation and abuse, and that the audit and investigation charters had been consolidated into a single document. He underlined the importance of regularly reviewing and updating oversight tools, investigative methodologies and the governance framework.

168. He was encouraged by the increase in investigation cases closed in 2025 and urged the ILO to strengthen awareness and preventive measures with external partners to reduce exposure to external fraud. He welcomed the launch of the Integrity Hotline.

169. **A representative of the Director-General** (Director, Internal Audit and Oversight) thanked the members for their support and positive comments. Addressing first the questions of the Africa group, she confirmed the IAO's commitment to continually reviewing and updating its audit and investigation processes so that they remain aligned with good practice in their respective communities.

170. She acknowledged that the 2025 performance indicators had not been met in full. However, the IAO would review its key performance indicators in 2026 to reflect its new ways of working and the new strategy, on which IOAC would be consulted. She added that the audit plan took into account the current risks facing the Organization, including the reform.

171. Regarding staffing, she reported that the recruitment of the Digital Forensics and Data Analytics Officer had just been confirmed. She noted that filling this post would make a significant impact on process-related work as well as on the support provided to investigations from a forensic perspective, and to bolster the audit function through data analytics.

172. She observed that reducing the number of carryover investigation cases would be a challenge, given the rising number and complexity of cases. In 2025, the IAO closed the highest number of cases ever, while also receiving the highest number of cases to date. For example, whereas at this point last year, the IAO had opened 20 new investigation cases, this year there were already 30. To meet this challenge, she aimed, at a minimum, to retain current staffing levels, including those on short-term contracts. The IAO had in the past engaged external consultants, where appropriate, and would continue to rely on its triage processes to allocate resources where they were most needed.

173. She confirmed that the IAO does not normally investigate cases of harassment involving staff. Of 16 harassment allegations received in 2025, 11 were referred to HRD while 5 were dealt with by the IAO under special circumstances. Until a decision was made on the renegotiation of the Collective Agreement on Harassment, the IAO would liaise closely with HRD to make sure that all cases were dealt with.

174. She acknowledged that the high number of misconduct cases in 2025 occurred in the field and informed the Governing Body that such information was used by the IAO to inform the audit plan so that it could focus on high-risk areas.

175. She also confirmed that her office's submission for the 2028–29 Programme and Budget would be a reasonable assessment of the level of staffing required, based on possible benchmarking with other organizations.

176. Finally, she confirmed that the reference to "global" in the Annual Report referred to ensuring consistency in procedures and did not imply an IAO position on the global service centre. She further noted the request to spell out in full the acronym "SEA" in future.

177. **The Director-General** stated that during the ongoing reform, staffing levels in the independent supervisory functions, the IAO and the Evaluation Office (EVAL), had not been reduced.

178. **The Worker spokesperson** asked for clarification on the linkage between the Governance Committee and the ILO Review Team.

179. **A representative of the Director-General** (Treasurer and Financial Comptroller) explained that the ILO Review Team was formed in March 2025 and its work culminated in the Office paper discussed in November 2025 (GB.355/INS/7). The work of the review team then ended and the ILO moved into the reform stage. He reminded the Governing Body that the Office would create a public webpage to allow the public to track the progress of the reform.

(The Governing Body took note of the report of the Director of Internal Audit and Oversight for the year ended 31 December 2025.)

Personnel Segment

7. Statement by the Chairperson of the Staff Union Committee

(The statement by the staff representative is reproduced in Appendix II.)

8. Amendments to the Staff Regulations

(There was no document for discussion under this item.)

9. The ILO's Human Resources Strategy for 2026–29 (GB.356/PFA/9)

180. The Governing Body considered the proposed Human Resources Strategy for 2026–29 ("the Strategy") in the context of the ongoing ILO reform and broader United Nations (UN) system developments. In introducing the item, the Chairperson of the Governing Body recalled that the Strategy aimed to align workforce planning, skills development, leadership expectations and organizational culture with the new operating model.

181. The Governing Body had before it an amended version of the draft decision, which had been proposed by the Workers' group and circulated by the Office in advance:

> The Governing Body ~~endorsed~~took note of the ILO's Human Resources Strategy for 2026–29 and, due to the uncertain financial circumstances, requested the Office to extend for one year the current strategy with updated indicators and submit an updated ~~take into account the guidance provided when implementing the S~~strategy in March 2027.

182. **The Worker spokesperson** expressed concern that the Strategy was being presented in a context of significant uncertainty linked to the reform process. His group's amendment proposed a one-year extension of the current Strategy to allow greater clarity on reform outcomes and to ensure a more targeted and coherent future strategy. He expressed concern that the Strategy relied on staff development funding that was being reduced or cancelled, which could undermine its implementation. He called for clearer mitigation measures, more cost-effective capacity-building approaches, and better planning for reform scenarios. He stressed the importance of human-centred reform, strategic workforce planning and safeguarding institutional capacity. He also raised specific questions and recommendations across the three pillars of the Strategy, including reducing job precarity, strengthening onboarding and knowledge retention, addressing burnout risks, improving diversity indicators, and ensuring alignment with the ILO's core mandate.

183. **The Employer spokesperson** expressed support for the proposed Strategy, underlining that the ILO required a forward-looking human resources (HR) framework capable of anticipating future challenges. He emphasized that efficiency, effectiveness and tangible results on the ground – especially in the field – must be central. He advocated for strengthening technical capacity and decentralizing expertise to regions, alongside careful management of workforce adjustments. He highlighted the need for clearer performance indicators, stronger HR processes and effective change management. He underlined that the Strategy lacked a business perspective. He called for better balance in recruitment, including more professionals from employers' organizations, and greater awareness among staff of business realities and tripartism. He also welcomed focus on staff well-being, digitalization and reskilling, but stressed that technical, operational and interpersonal skills remain essential. Finally, he called for robust monitoring, adequate resources and adaptive management to ensure the Strategy delivers real impact.

184. **Speaking on behalf of the Africa group**, a Government representative of Tunisia cautioned that adopting a new strategy amid financial uncertainty posed risks. While supporting the general pillars, her group found the Strategy insufficiently aligned with reform priorities, especially in strengthening field presence and capacity. Her group also highlighted gaps in data and clarity on staff relocation. The Africa group stressed the importance of geographical diversity, noting a lack of concrete measures to improve representation of under-represented regions, as well as unclear pathways for attracting and integrating young talent. She further emphasized the need for transparent career development, equal promotion opportunities and alignment of resources with operational priorities, and requested clarification on the practical consequences of adopting the Strategy.

185. **Speaking on behalf of ASPAG**, a Government representative of Japan stressed the Strategy should be closely aligned with the broader ILO reform. She emphasized the need for strengthening field capacity through better deployment of staff and noted the plan to deploy national coordinators to improve responsiveness, and underlined the importance of duty of care, including mental health support, during the reform process. A key concern was geographical under-representation, with many ASPAG countries still insufficiently represented; she called for stronger, more proactive measures and the effective application of existing flexibility in recruitment requirements, including language criteria. ASPAG also highlighted the importance of diversity, gender equality, disability inclusion and a zero-tolerance approach to harassment. Finally, her group supported the use of artificial intelligence (AI) and digital tools to improve efficiency, while stressing that resources should be focused on areas that deliver tangible results aligned with reform priorities.

186. **Speaking on behalf of GRULAC,** a Government representative of Paraguay welcomed the Strategy and its alignment with reform and financial constraints, emphasizing the need for a competent and adaptable workforce. She stressed that implementation must be balanced, inclusive and transparent, with stronger geographical representation, particularly for developing regions, and reinforced field presence aligned with Member States' needs. GRULAC highlighted the importance of fair and motivating working conditions, safeguarding operational capacity despite budget constraints, and preserving institutional memory. They also called for more detailed action plans, improved recruitment practices (including use of UN tools) and further clarity on diversity efforts. Finally, GRULAC requested more information on the implications of extending the current HR Strategy, as proposed in the Workers' amendment.

187. **Speaking on behalf of IMEC**, a Government representative of the United Kingdom acknowledged the potential of the Strategy to support alignment with the ILO's mandate during the reform process, while noting that many outcomes depended on decisions still under discussion. They called for stronger, impact-focused indicators and greater clarity once reform discussions are finalized. They emphasized the importance of protecting institutional knowledge, staff well-being and future workforce capabilities. He invited the Office to finalize the important skills-mapping exercise in due time. Concerns were raised about the late implementation of digital and AI-related measures, with calls for clearer timelines, more detailed plans and safeguards to ensure their responsible use – particularly in recruitment processes. IMEC supported the continued focus on staff health and well-being and emphasized the importance of meaningful social dialogue with the Staff Union on measures affecting staff, and commended the updating of the ILO's anti-harassment policy. Overall, IMEC supported the Strategy and the decision point, while seeking greater clarity, transparency and accountability in implementation.

188. **A Government representative of China** supported the Strategy and its three pillars, as well as alignment with the ILO reform, including efforts to retain talent, strengthen inclusiveness and enhance digital and AI capacities. She noted the planned staff reductions and relocations, stressing the need to balance efficiency with preserving expertise, ensure adequate resources for relocation and maintain geographical balance. She called for concrete measures to improve geographical representation and diversity, to prioritize under-represented countries and to protect key positions. She also highlighted the need to support development cooperation staff, enhance HR flexibility and workforce planning, and carefully assess hiring freezes. Finally, she emphasized the importance of staff morale, duty of care and engagement with the staff union during the transition.

189. **A Government representative of Brazil** expressed strong reservations about adopting the Strategy under current financial uncertainty. She argued that the Strategy risked being driven by financial constraints rather than a clear vision grounded in social justice and supported the Workers' amendment.

190. **A Government representative of the United States of America** supported aligning the Strategy with ILO reform and strengthening efficiency, adaptability and field capacity, including relocating positions and streamlining management structures. He raised concerns about the use of terms such as diversity, inclusion and gender, calling them unclear and potentially inconsistent with merit-based principles. He emphasized equality of opportunity (not outcomes), rejected quotas or targets based on sex, and requested clearer definitions – specifically that gender be understood as men and women.

191. **A Government representative of the United Republic of Tanzania** supported the Africa group's statement and welcomed the Strategy's objectives, particularly its focus on strengthening field capacity and fostering an inclusive and supportive work environment. She emphasized the importance of allocating adequate staff resources to regions with high levels of informality.

192. **A Government representative of Mexico** supported GRULAC's position and emphasized the need for updated mobility policies to support field strengthening, as well as the skills-mapping exercise to facilitate internal mobility and updated job descriptions. He also called for greater transparency and highlighted the importance of leadership and management development at all levels, and requested more detailed data on recruitment, diversity and geographical representation. Finally, he asked for clear resource estimates, annual monitoring data and a road map for implementation, including alignment with broader UN practices and mitigation of financial risks.

193. **A Government representative of the United Kingdom**, aligning with IMEC, expressed support for the Strategy, emphasizing its importance in enabling reform. He emphasized the need for modernization, efficiency and financial sustainability and considered the Strategy essential for managing organizational change, restructuring and workforce alignment.

194. **A Government representative of Bangladesh** supported ASPAG's statement and welcomed efforts to improve accessibility in recruitment, particularly regarding language requirements. He stressed the importance of placing the right expertise in the right locations, rather than broad decentralization, and called for further analysis of skills-mapping data. He also stressed the importance of ensuring geographical diversity at all levels.

195. **A representative of the Director-General** (Director, Human Resources Development Department) provided clarifications on both the proposed amendment and the substance of the Strategy. She recalled that the previous HR Strategy was developed in a different context and did not reflect the current reform process. She indicated that maintaining it for an additional period could limit the ILO's ability to adequately prepare for evolving priorities and skills requirements. She confirmed progress on key elements, including near completion of the skills-mapping exercise, and explained that some digital/AI initiatives would be phased in later once the new operating model is finalized. She emphasized that AI will be used with strong ethical safeguards. She further provided clarifications on indicators (including more impact-based measures), diversity (geographical, disability, constituent background, and gender, defined as men and women) and merit-based recruitment, alongside commitments to improve geographical representation and outreach. She also highlighted measures to strengthen tripartism, onboarding, anti-harassment policies, social dialogue and staff support, including simplifying reporting mechanisms and ongoing engagement with staff unions.

196. **The Worker spokesperson** observed that a number of Government members and groups had indicated their wish to hear the Office's clarifications before taking a position on the proposed amendment and suggested that they be invited to express their views in light of those explanations.

197. **The Employer spokesperson** reiterated its support for immediate adoption of the Strategy, emphasizing the need for clarity and continuity.

198. **Speaking on behalf of the Africa group**, a Government representative of Tunisia indicated flexibility and support for the Workers' amendment with a proposed subamendment by adding "for adoption" at the end, which reads as follows:

> The Governing Body ~~endorsed~~took note of the ILO's Human Resources Strategy for 2026–29 and, due to the uncertain financial circumstances, requested the Office to extend for one year the current strategy with updated indicators and submit an updated ~~take into account the guidance provided when implementing the S~~strategy in March 2027, for adoption.

199. **The Worker spokesperson** noted that, while acknowledging the Office's explanation that gender data was collected for statistical purposes, diversity should be understood more broadly.

200. The Governing Body decided to defer the final consideration of the item, including the amendment and subamendment, to the second week of the session.

201. When the discussion resumed on 30 March 2026, **the Worker spokesperson** announced that his group would withdraw their amendment as no consensus had emerged.

202. **The Employer spokesperson** thanked the Workers' group for withdrawing the amendment and expressed support for adopting the Strategy.

203. **Speaking on behalf of the EU and its Member States,** a Government representative of Cyprus expressed support for the decision point.

204. **Speaking on behalf of the Africa group,** a Government representative of Tunisia also supported the original decision point, emphasizing the importance of regular follow-up and requesting that the Office keep the Governing Body informed on implementation.

205. **A Government representative of the United States** noted that the Office clarified definitions of diversity and gender during earlier discussions. With these clarifications, he supported the decision point.

206. **The representative of the Director-General** (Director, Human Resources Development Department) confirmed that the Office would provide regular updates on the Strategy implementation. She further clarified the distinction between gender parity (a numerical comparison between men and women) and gender equality (equal rights and opportunities for all genders).

Decision

207. **The Governing Body endorsed the ILO's Human Resources Strategy for 2026–29 and requested the Office to take into account the guidance provided when implementing the Strategy.**

(GB.356/PFA/9, paragraph 91)

10. Matters relating to the Administrative Tribunal of the ILO

10.1. Composition of the Tribunal (GB.356/PFA/10/1)

208. **The Worker spokesperson** expressed support for the Director-General's proposal to renew the appointment of four judges for a non-renewable five-year term in line with article III of the Statute of the Administrative Tribunal.

209. **The Employer spokesperson** expressed appreciation for the judges' service and ongoing commitment and highlighted the Tribunal's important role in ensuring proper administration of justice within the international civil service system. Noting the absence of judges from Africa and South America and the persistent male predominance in the composition of the Tribunal, he encouraged continued efforts to achieve geographical and gender balance, while emphasizing that expertise and independence must remain the primary criteria for the selection of the judges. He asked the Office to clarify if the Tribunal was prepared for a potential increased caseload, given the projected budget cuts across the UN system agencies and whether that would have resource implications. His group supported the draft decision.

210. **A representative of the Director-General** (Legal Adviser), recalling that more than 60 organizations had recognized the jurisdiction of the Tribunal, explained that the Tribunal's workload was managed by its Registry, not by the Office. She also indicated that a document on administrative arrangements to improve case management concerning the Tribunal would be submitted to the Governing Body at its 358th Session (November 2026).

Decision

211. **The Governing Body decided to propose to the International Labour Conference to adopt the following draft resolution:**

> The General Conference of the International Labour Organization,
>
> Decides, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointments of Ms Rosanna De Nictolis (Italy), Mr Clément Gascon (Canada), Mr Jacques Jaumotte (Belgium) and Ms Hongyu Shen (China) as judges of the Tribunal for one further non-renewable term of five years.

(GB.356/PFA/10/1, paragraph 3)

10.2. Recognition of the Tribunal's jurisdiction by other international organizations (GB.356/PFA/10/2)

212. **The Employer spokesperson** stated that, taking note of the request by the Joint Vienna Institute (JVI) to recognize the jurisdiction of the Tribunal and having reviewed the documents submitted by it, the Employers' group supported the draft decision.

213. **The Worker spokesperson** expressed his groups' satisfaction that an additional organization had submitted a declaration recognizing the Tribunal's jurisdiction, which confirmed the attractiveness of the Tribunal's independence and impartiality. Given that the request fulfilled the conditions in the Annex to the Tribunal's Statute, the Workers' group supported the draft decision.

Decision

214. **The Governing Body approved the recognition of the Tribunal's jurisdiction by the Joint Vienna Institute (JVI) with effect from 27 March 2026.**

(GB.356/PFA/10/2, paragraph 7)

11. Report of the Ethics Officer for the year ended 31 December 2025 (GB.356/PFA/11)

215. **The Employer spokesperson** noted that the Ethics Officer had performed well, meeting performance indicators, taking a proactive approach through awareness-raising, communication efforts and the introduction of mandatory online ethics training. She observed that the increase in requests for ethics advice reflected both the challenging context and growing awareness of, and confidence in the function. The Employers supported the Independent Oversight Advisory Committee (IOAC) recommendation that key accountability functions of the ILO, such as the Ethics Officer, remain based at headquarters. The spokesperson noted that the Ethics Officer took into account the implications of the ongoing ILO reform process and reiterated the importance of maintaining a strong focus on prevention, particularly in a period of organizational change, and welcomed the increased emphasis in that regard. She supported the draft decision.

216. **The Worker spokesperson** expressed its appreciation for the report, which provided a thorough update of the activities carried out by the Ethics Officer in fulfilment of his mandate. These activities were numerous and included training and outreach, work on whistle-blower protection against retaliation, and engagement with the IOAC and the Ethics Network of Multilateral Organizations. The Worker spokesperson observed that the number of requests for ethics advice had risen significantly, which could be interpreted as a positive indication of increased staff awareness. At the same time, he noted the Ethics Officer's assessment that the current context presented challenges for staff and increased exposure to ethical risks. The Workers' group supported the conclusion that responses by the Office and staff to this context should be grounded in ILO values and addressed through social dialogue. It also supported the establishment of an Office-wide community of practice to promote the appropriate and productive use of AI tools in line with ILO values, while prioritizing the continued development of human intelligence at work. He supported the draft decision.

217. **Speaking on behalf of IMEC**, a Government representative of Denmark took note of the increase in requests for ethics advice, which might be linked to the challenging context faced by the Office. IMEC emphasized the importance of strengthened ethical awareness and welcomed mandatory ethics training, as well as the emphasis on grounding responses in ethical principles and social dialogue. IMEC noted the growing number of questions related to the use of AI tools and supported the recommendation on interdisciplinary monitoring, requesting further information on the types of queries received. The representative also underlined the importance of ensuring awareness of the Ethics Office as a safe space, including in field offices, and requested information on outreach efforts to the regions. IMEC welcomed the high level of engagement from senior staff, as well as initiatives such as the Ethical Leadership programme. She also emphasized the importance of accountability and protection against retaliation, including in relation to sexual exploitation and abuse, and, referring to the report of the Prevention and Response to Sexual Exploitation and Abuse (PSEA) Officer, welcomed progress in mainstreaming prevention and response to sexual exploitation and abuse across the Office. IMEC supported the draft decision.

218. **A Government representative of the United States** expressed support for strong ethics frameworks and oversight mechanisms that promoted integrity, accountability and responsible conduct and highlighted the important role of the Ethics Officer in this regard. He considered that the internal values framework contained vague or divisive language and requested that it be revised. In light of substantiated cases of misconduct reported by the Office of Internal Audit and Oversight (IAO), the representative stressed the importance of focusing efforts on areas of ethical risk with tangible impact. He observed the low number of reported cases of retaliation and requested clarification on measures to ensure the effective implementation of the Office's whistle-blower protection framework.

219. **A representative of the Director-General** (Ethics Officer) replied to the questions raised, providing information on the types of queries received on the use of AI (such as confidentiality and personal data precautions, ensuring reliability of outputs, requiring disclosure when AI was used to perform certain tasks, ensuring human ownership over work products, and safeguarding user cognitive abilities when using AI tools). He explained how the outreach to the regions was being carried out, at a time when financial constraints did not allow for in-person visits. This included online tailored ethics workshops, designed in response to the needs and context of each region and office (often using surveys and stakeholder discussions in their preparation), scheduled availability for one-on-one consultations with the Ethics Officer, and seizing any other opportunities such as participating in directors' meetings and engaging with Staff Union representatives. The Ethics Office also gave precedence to staff in the regions with regard to both consultation requests and access to the Ethical Leadership programme. The Office was fully committed to protecting whistle-blowers, and the new integrity hotline facilitated the confidential submission of requests for protection. Efforts from the Ethics Office also focused on prevention, with measures agreed with whistle-blowers and taken before retaliation could occur. Furthermore, all receivable retaliation complaints had been swiftly referred to the IAO for investigation, and the Ethics Officer would continue focusing on outreach to encourage reporting, prevent retaliation and protect whistle-blowers.

Decision

220. **The Governing Body took note of the report of the Ethics Officer for the year ended 31 December 2025:**

(GB.356/PFA/11, paragraph 4)

12. Other personnel matters

(There was no document for discussion under this item.)