International Labour Organization

Financial report and audited consolidated financial statements for the year ended 31 December 2025

and Report of the External Auditor

Financial report and audited consolidated financial statements for the year ended 31 December 2025

and Report of the External Auditor

International Labour Office, Geneva

ISBN 978-92-2-042549-7 (print)
ISBN 978-92-2-042550-3 (web PDF)
ISSN 0074-6681

Also available in:
French: ISBN 978-92-2-042551-0 (print), ISBN 978-92-2-042552-7 (web PDF);
Spanish: ISBN 978-92-2-042553-4 (print), ISBN 978-92-2-042554-1 (web PDF).

Formatted by RELMEETINGS: ILC114(2026)-External Audit Compilation-[FINANCE-260331-007]-En.docx
Printed in Switzerland

Contents

1. Financial report on the 2025 accounts

Introduction

1. The 2025 consolidated financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). They cover all operations under the direct authority of the Director-General which include the regular budget, extrabudgetary funded activities, the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR), the International Training Centre of the ILO (ITCILO), the Administrative Tribunal of the ILO and the ILO Staff Health Insurance Fund (SHIF) activities.

2. The Financial Regulations specify a biennial financial period; however, for general purpose financial reporting in accordance with IPSAS, annual financial statements are presented. For the purpose of actual versus budget comparisons, in Statements V-A to V-C the final annual budget amounts for 2025 represent one half of the approved biennial budget plus the balance remaining unspent at the end of the first year of the biennium. Statement V-A also provides a reconciliation of the 2024–25 budgetary period, as required under article 23(2) of the ILO's Financial Regulations.

3. The financial statements prepared under IPSAS use full accrual-based accounting, which requires the recognition of transactions and events when they occur. In particular, revenue from voluntary contributions to development cooperation is recognized when the ILO delivers the services specified in the agreement with the donor, rather than when cash is received or pledged. Expenses are recognized when services or goods are received or delivered rather than when cash is paid. The value of future employee benefits such as accumulated leave, repatriation entitlements, and after-service health insurance (ASHI) is recognized in the financial statements in the period when these benefits are earned by ILO staff rather than when they are paid.

4. Reporting general purpose financial statements on an IPSAS basis has no impact on the preparation or reporting of the ILO regular budget result, which continues to be presented on a modified cash basis in accordance with the Financial Regulations. As the basis of the budget and the financial statements differ, a reconciliation between the budget and the IPSAS statement of financial performance is presented in note 22 to the financial statements.

Financial highlights for 2025

5. The table below summarizes the financial situation of the ILO in 2025 as compared to 2024 and 2023 (the final year of the previous biennium):

(US$ thousands)	2025	2024	2023
Revenue	984 188	1 050 076	921 014
Expenses	(1 050 520)	(979 861)	(952 987)
Foreign exchange gains/(losses)	85 553	(32 943)	31 237
Surplus (deficit)	**19 221**	**37 272**	**(736)**
Assets	3 034 581	2 929 014	2 948 263
Liabilities	(3 178 966)	(3 343 468)	(3 120 748)
Net assets	**(144 385)**	**(414 454)**	**(172 485)**

6. The decrease in net result in 2025 as compared to the previous year is primarily attributable to a decline in assessed and voluntary contribution revenues, along with higher expenditure – mainly in salaries, employee benefits and other personnel costs. This impact is partially offset by positive foreign exchange gains.

7. The increase in net assets at the end of 2025 is mainly attributable to actuarial gains arising from remeasurement of the ASHI liability, as well as an increase in the current operational value of land and buildings – primarily at headquarters – resulting from the appreciation of the Swiss francs against the US dollar.

8. An analysis of revenue and expenses is provided below in the "Financial performance" section of this report. Further information on the most significant movements in assets and liabilities is provided in the "Financial position" section. The consolidated statement of changes in net assets (Statement III) provides the details of the movements in net assets.

9. In the 2024 financial report, the impact of the executive orders issued by the United States of America suspending foreign development assistance was disclosed as a non-adjusting subsequent event, with the Office placing potentially affected development cooperation projects on hold and noting that formal termination letters had been received for all projects funded by the United States Department of Labor/Bureau of International Labor Affairs and the United States Agency for International Development (USAID). At that stage, the full financial and operational impact remained uncertain.

10. Since then, the impact on development cooperation activities has materialized during 2025. Starting in February 2025, the United States began terminating agreements that had previously been suspended. In total, 38 agreements were terminated, affecting 53 projects. All terminated projects were financially closed during 2025, and the United States settled the related expenditure, including costs arising from early termination. As a result, voluntary contributions receivable and deferred income attributable to the United States were reduced by approximately US$106 million. The operational impact was also significant: 273 staff were initially affected by the US-funded project closures, and by January 2026, 134 were no longer employed while 139 remained employed, mostly on extrabudgetary positions related to other donor projects.

11. Despite the positive consolidated IPSAS result, the Organization's financial position in 2025 was marked by pressure on the regular budget. The 2024–25 biennium ended with a regular budget deficit of US$52.6 million and necessitated the full utilization of the Working Capital Fund, as well as recourse to internal borrowing to finance operations pending receipt of contributions (Statement V-A). At year end, assessed contributions receivable totalled US$243.9 million, with a significant concentration in arrears from the United States, continuing to create liquidity pressures for regular budget activities.

12. While the overall liquidity in the consolidated financial statements remained adequate, with current assets of US$1,544.04 million exceeding current liabilities of US$906.54 million, these resources were not fully available to finance regular budget operations, and therefore cash flow constraints developed during the financial period and continue beyond the reporting date.

13. In response to the above challenges, the Office implemented immediate cost-containment and control measures during 2025. These included a voluntary separation scheme, a temporary pause in external recruitment, reductions in external collaboration contracts and official travel, limits on physical document production, use of artificial intelligence productivity tools, and the reconfiguration of headquarters space to free rental capacity. From September 2025, an Office-wide budget reinstatement process was introduced so that unobligated allocations were centrally reviewed and prioritized, including for 2026 operating costs, in order to protect salary payments under restricted cash flow conditions. The 2025 financial statements also record 90 agreed termination contracts signed at the end of 2025, with separation dates up to June 2026, and related indemnities of US$16.63 million recognized as expenditure and liabilities at year end.

14. This immediate response was carried forward into a broader reform and reprioritization agenda. The Governing Body, at its 356th Session in March 2026, endorsed the strategic vision for ILO reform and welcomed proposals for reprioritization and efficiency gains, including examination of overlaps and synergies with other United Nations agencies, preserving the ILO's constitutional mandate (GB.356/INS/7).

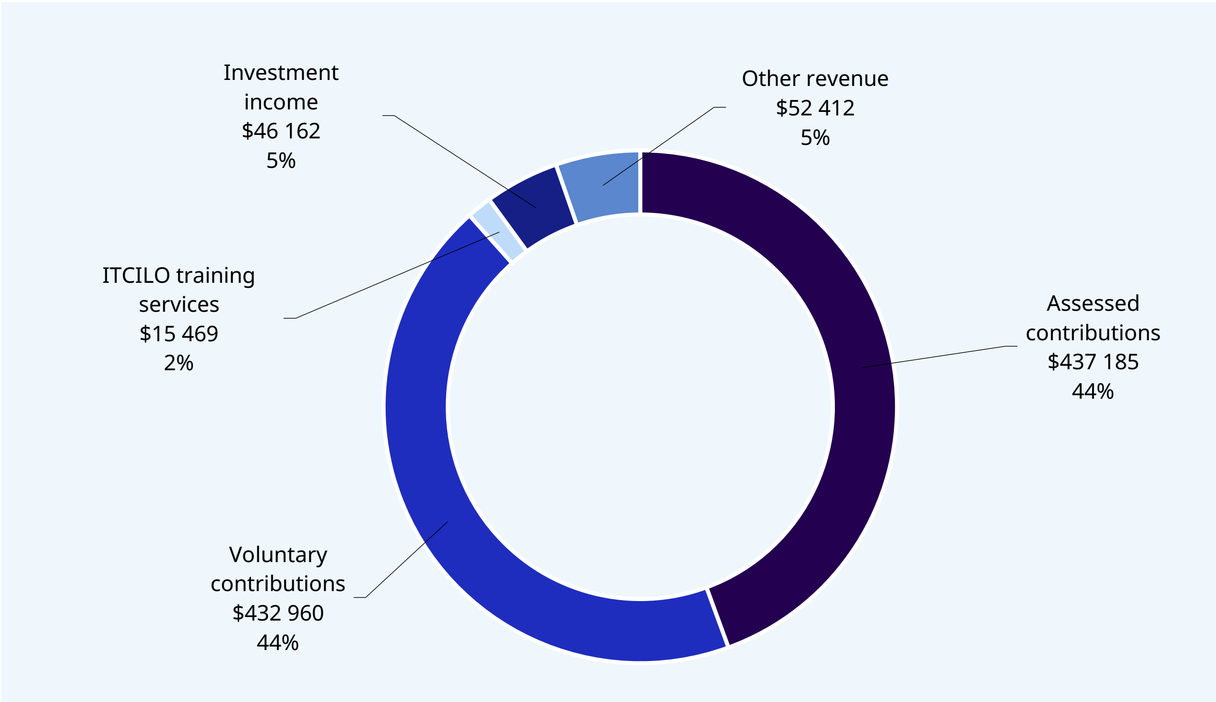
15. While some improvement in cash inflows was observed in early 2026, uncertainty remains. The Office has developed contingency measures that could be activated in the event of an income shortfall, including additional scenarios to ensure financial stability and operational continuity (GB.356/PFA/4).

Financial performance

Revenue

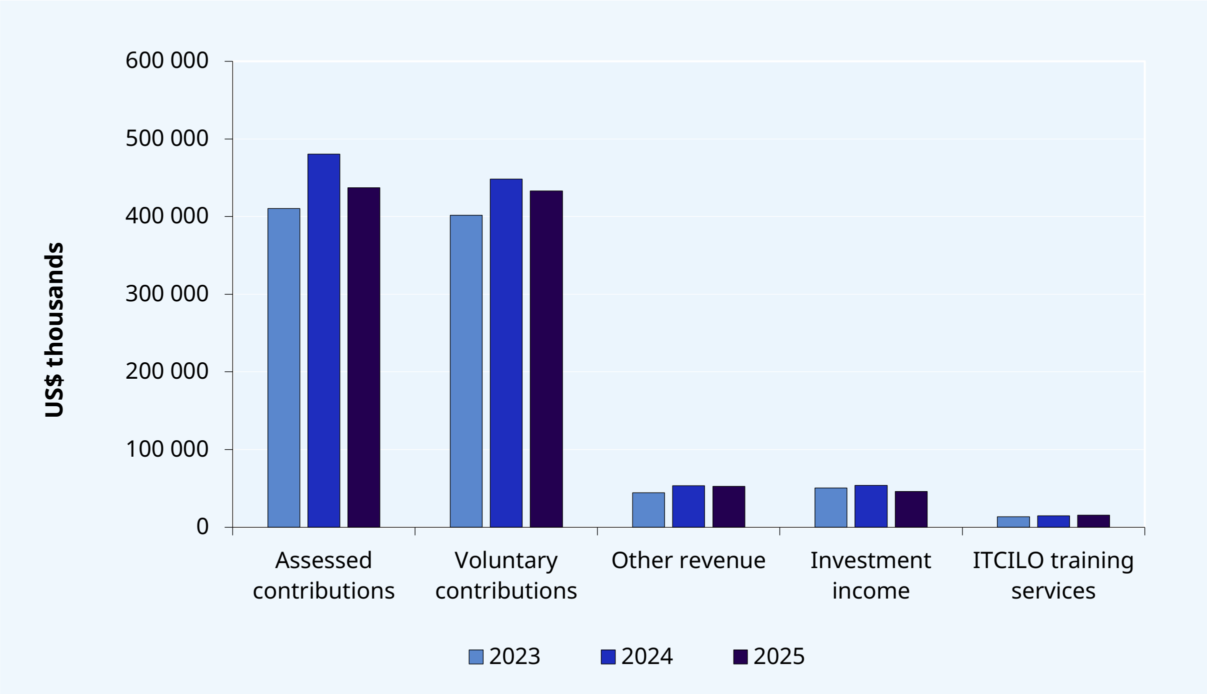
16. Revenue in 2025 totalled US$984.19 million, a decrease of US$65.89 million compared to a total of US$1,050.08 million in 2024. Sources of revenues in 2025 were as follows:

▶ **Figure 1. Revenue by source, 2025** (US$ thousands)



17. The two principal sources of revenue for the Organization were voluntary contributions and assessed contributions from Member States, representing 88 per cent of total revenue. Figure 2 below provides a three-year comparison of revenues by category:

▶ Figure 2. Revenue, three-year comparison



18. Revenue in 2025 from assessed contributions decreased by US$43.14 million compared to 2024. Under IPSAS, the revenue for contributions from Member States assessed in Swiss francs is recognized at the beginning of each financial year and is impacted by fluctuations in amounts assessed as well as currency rates between the Swiss franc and the US dollar. Assessed contributions revenue is presented in the financial statements net of the change in the allowance for doubtful collection of contributions.

19. Assessed contributions in Swiss francs in 2025 remained constant over the prior year at CHF400.31 million for each year of this biennium. However, exchange rate fluctuations in 2025 led to a decrease in gross revenue by US$35.12 million. A higher allowance for doubtful accounts further contributed US$8.02 million to the overall decrease in revenue.

20. Revenue from voluntary contributions decreased by US$15.32 million compared to 2024 driven by an overall reduction in development cooperation activities. Contributions to development cooperation projects of the ILO and training activities of the ITCILO are normally subject to performance conditions in the donor agreements and are therefore recognized as deferred revenue liabilities until the performance conditions are met through programme delivery and revenue can be recognized. Details on voluntary contribution activities are provided in the "Operational activities" section of this report.

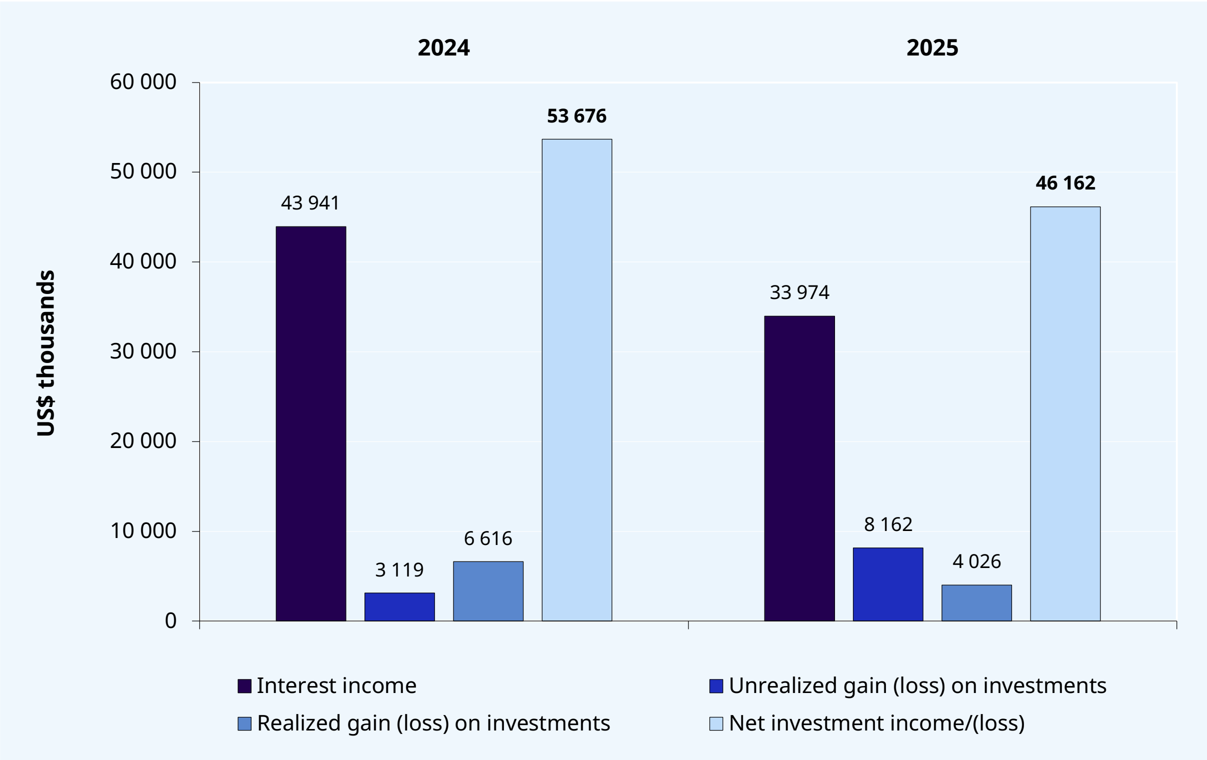
21. Other revenue remained around the same level as compared to 2024. This category includes revenue from staff and retiree contributions to the SHIF, sales and royalties, and other miscellaneous revenue. Other income moved from a gain of US$3.14 million in 2024 to a loss of US$0.98 million in 2025, primarily due to a US$2.8 million loss on disposal of the Abidjan building for demolition as described in note 11 in the financial statements.

22. Training service revenue for the ITCILO increased by €1.27 million compared to the prior year; however, differences in the exchange rate and elimination of inter-company transactions with the ILO upon consolidation resulted in a net overall increase of US$0.99 million over the prior year in the consolidated financial statements.

23. In 2025, the total investment returns decreased by US$7.52 million, from US$53.68 million in 2024 to US$46.16 million. This decline was mainly attributable to the downward trend in interest rates in developed markets, which began in mid-2024 and persisted throughout 2025. Consequently, interest income from investments (term deposits constituting a significant share of ILO funds) fell by US$9.97 million. This decrease was partially offset by improved performance in ILO investment portfolios, which generated an additional US$2.45 million compared to the previous year.

24. The following figure presents a comparison of the components of investment income for the current year compared to the prior year:

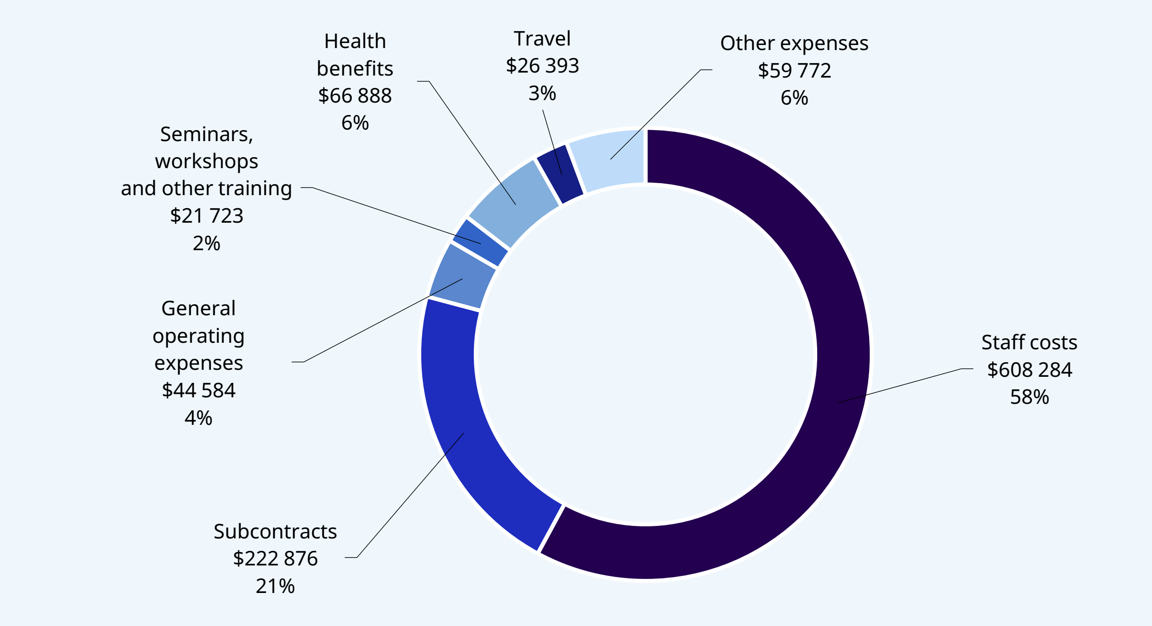
▶ **Figure 3. Components of net investment income/(loss), two-year comparison**



Expenses

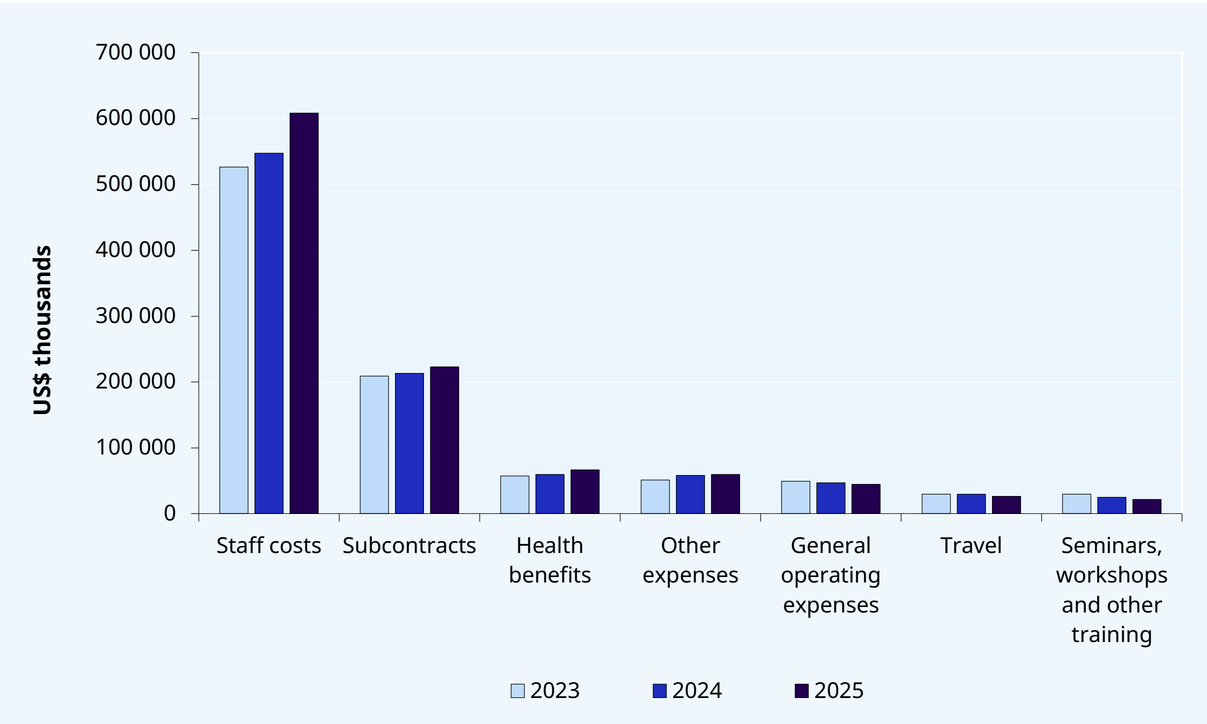
25. Expenses in 2025 totalled US$1,050.52 million, an increase of US$70.66 million compared to a total of US$979.86 million in 2024. Distribution of expenses in 2025 were as follows:

▶ Figure 4. Expenses in 2025 (US$ thousands)



26. The two most significant categories of expenses for the Organization were staff costs (salaries, employee benefits and other personnel costs) and subcontracts representing a combined 79 per cent of total expenses. Figure 5 below provides a three-year comparison of expenses by category:

▶ Figure 5. Expenses, three-year comparison



27. By type of expenditure, the most significant increases in 2025 were US$60.97 million (11.1 per cent) in staff costs, US$9.7 million (4.6 per cent) subcontracts and US$7.13 million (11.9 per cent) in health benefits. Overall, other expenses increased by US$1.50 million (2.6 per cent).

28. Staff costs increased by US$60.97 million in 2025, driven primarily by an increase in the underlying salary base of US$40.49 million, reflecting higher personnel costs including related allowances, entitlements and the Organization's share of contributions to the UNJSPF and SHIF, in addition to agreed termination payments recognized during the year. Employee benefit costs also rose by US$20.48 million, mainly due to higher provisions for after-service health insurance (ASHI), repatriation entitlements and accumulated leave.

Foreign exchange gains/losses

29. In 2025, the net gain on foreign exchange of US$85.55 million consisted of US$68.82 million net unrealized gains from the revaluation of assets and liabilities held in currencies other than the US dollar and US$16.73 million net realized exchange gains.

30. The net gain on foreign exchange is mainly due to the strengthening of the Swiss franc against the US dollar over the year, which amounted to some 14.2 per cent. The gains were generated mainly by assessed contributions receivable which are due in Swiss francs as well as cash and investments held in Swiss francs, partially offset by unrealized losses on outstanding regular budget forward purchases and other liabilities.

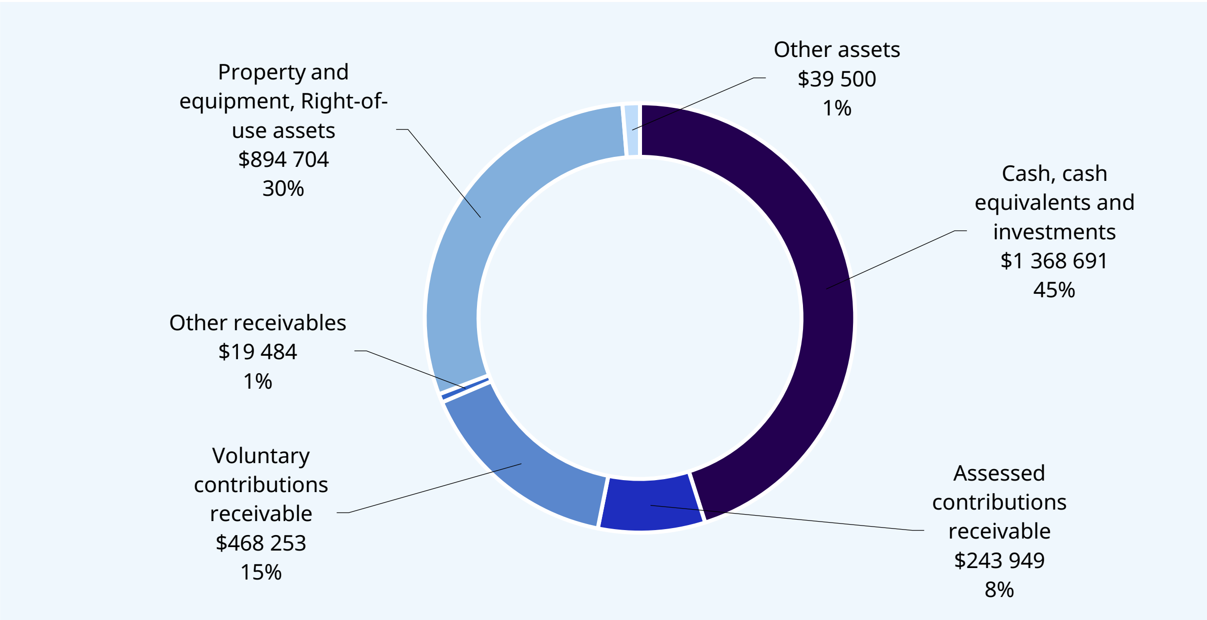
31. In accordance with the Financial Regulations and decisions of the International Labour Conference, exchange movements relating to the regular budget are managed through the net premium account, netting gains and losses and providing protection to Member States. They are not recorded as a revenue or expense item in Statement V but are accumulated in the net premium account that is returned to the Member States at the end of each biennium (see note 17 to the financial statements).

Financial position

Assets

32. Assets as at 31 December 2025 totalled US$3,034.58 million, an increase of US$105.57 million compared to a total of US$2,929.01 million as at 31 December 2024. Categorization of assets were as follows:

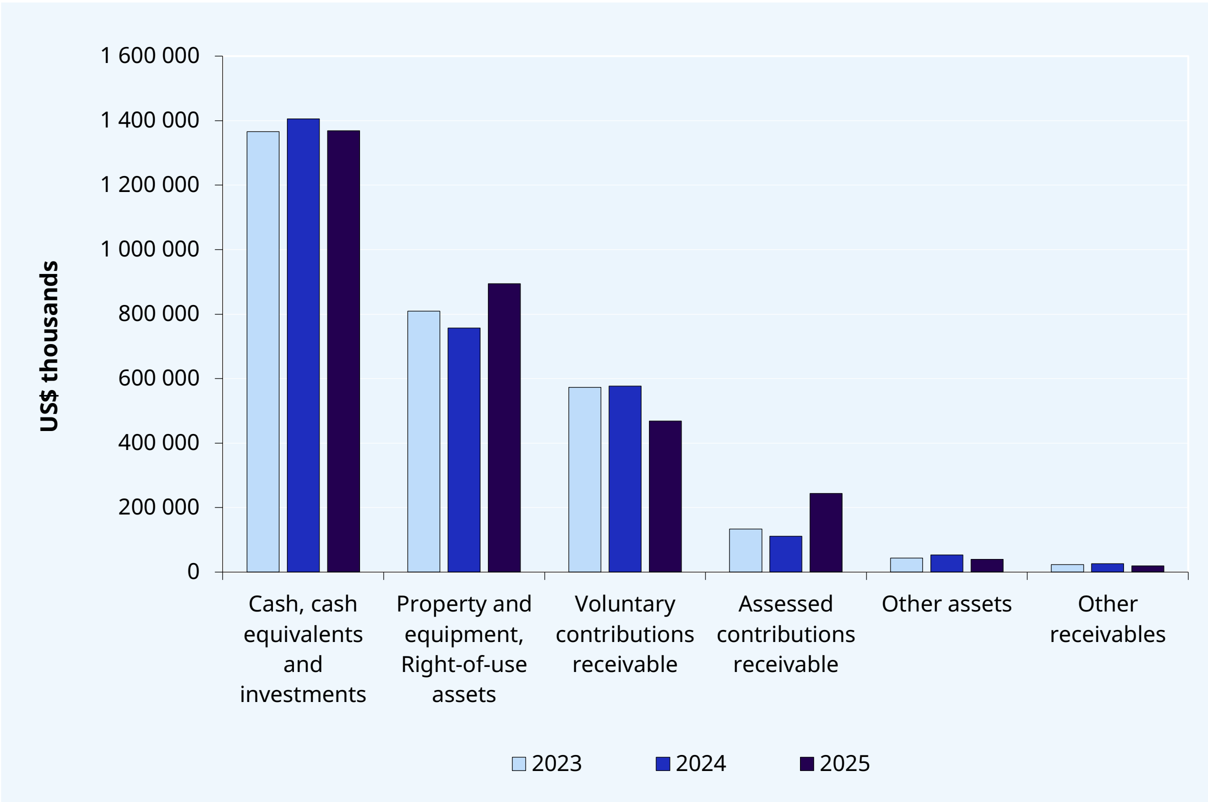
▶ **Figure 6. Assets** (US$ thousands)



33. The combined category of cash, cash equivalents and investments totalling US$1,368.69 million (US$1,405.56 million as at 31 December 2024) represents nearly half of the total assets as at 31 December 2025. Of this amount, US$438.37 million (US$469.67 million at 31 December 2024) corresponds to funds held on behalf of donors for development cooperation projects. The other significant asset categories were property and equipment and the right-of-use asses (recognized effective 2025), totalling US$894.70 million, or 30 per cent, and amounts receivable through assessed and voluntary contribution revenues, combined totalling US$712.20 million, or 23 per cent.

34. Figure 7 below provides a three-year comparison by asset category:

▶ Figure 7. Assets, three-year comparison



Cash, cash equivalents and investments

35. Cash, cash equivalents and investments balances decreased by US$36.87 million from US$1,405.56 million in 2024 to US$1,368.69 million by the end of 2025 mainly due to delays in the receipt of assessed contributions.

36. There has been no impairment of investment assets held during this period in any of the resources invested. The investments in unit funds and bonds in the investment portfolios are held in highly rated assets, in line with the Organization's investment policy that has the primary objective of preservation of capital. The ILO's cash deposits and investments are widely spread in order to avoid an over-concentration of funds. The ILO continues to actively monitor all credit ratings for its cash and investment holdings and investment counterparties to enable it to act promptly should action be required.

Property, equipment and right-of-use assets

37. Land and buildings with a combined current value of US$866.38 million account for 98 per cent of the total property and equipment value as at 31 December 2025. Current value of the properties is a point-in-time estimate calculated by an independent valuer in accordance with international valuation standards. With the implementation of IPSAS 45 new valuation methodologies in 2025, current operational values were determined for both the opening values of 1 January 2025 and closing values of 31 December 2025, as detailed in notes 3 and 11. Valuations are based on local currencies where the properties are located and are therefore also subject to exchange rate fluctuations when converted to US dollars for financial reporting.

38. The total value of land increased by US$66.56 million, almost entirely attributable to land located in Geneva. The value of the land in Geneva increased by US$62.40 million, primarily due to a foreign currency translation gain of US$53.37 million resulting from the strengthening of the Swiss franc against the US dollar, together with an opening balance adjustment of CHF8.14 million (US$9.03 million). The remaining land holdings in Lima, Abidjan and Santiago had a combined market value increase of US$4.16 million.

39. The total value of buildings increased by US$55.19 million, mainly due to an increase in the value of the Geneva headquarters building by US$54.89 million. This increase is mainly due to a US$48.46 million gain on foreign currency translation as well as additional capital investments in the ongoing renovation project. The remaining regional buildings had a combined market value increase of US$0.30 million.

40. Right-of-use assets for leased premises of US$14.50 million were recognized in 2025 following the implementation of IPSAS 43 – Leases, reflecting the capitalization of leased premises that were previously treated as operating leases. The balance represents the initial recognition of these assets at transition, net of depreciation of US$3.63 million during the year. This change results from the adoption of the new lease accounting standard, under which the right to use leased assets is recognized on the statement of financial position, as further detailed in notes 3 and 12 to the financial statements.

41. The remainder of this category is made up of leasehold improvements with a carrying value of US$9.73 million, mainly at the ITCILO, and capitalized office fixtures and equipment assets with a carrying value of US$4.09 million.

Voluntary contributions receivable

42. Voluntary contributions receivable from donors are amounts supported by enforceable agreements that are subject to specific performance conditions; accordingly, these amounts are also treated as a deferred revenue liability until such performance conditions have been met.

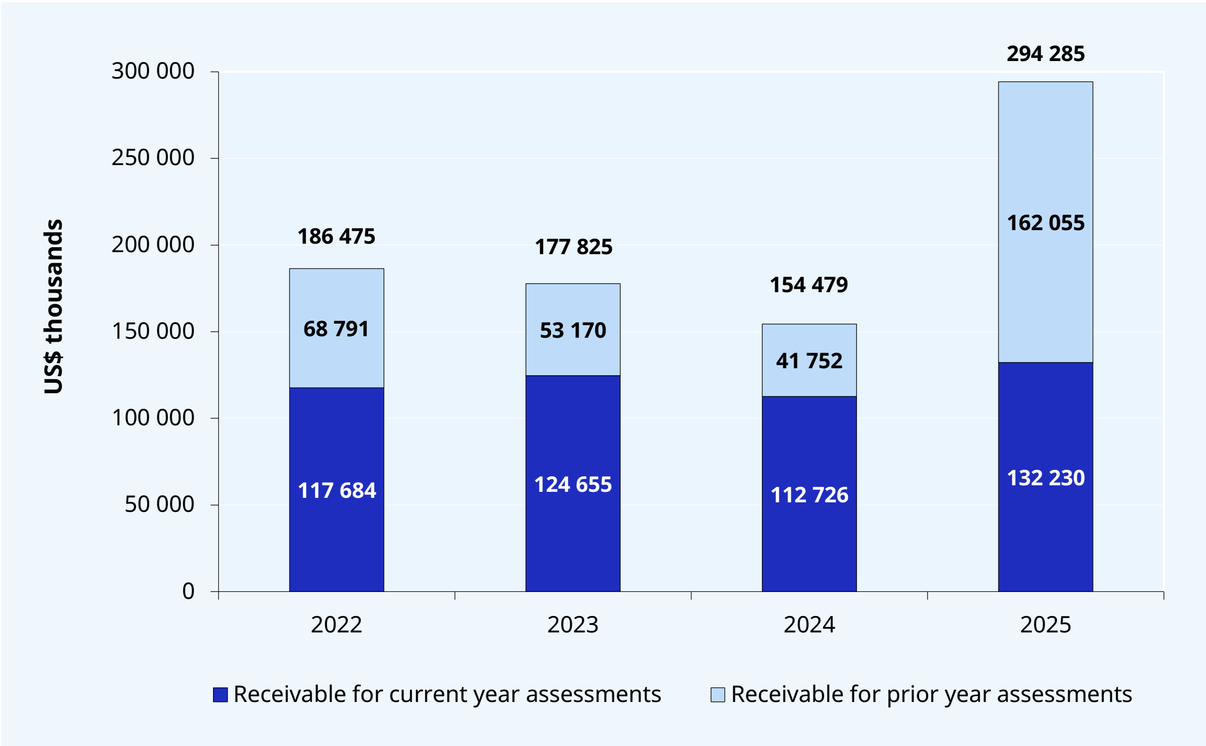
43. In 2025, voluntary contributions receivable decreased by US$108.40 million (19 per cent), from US$576.65 million in 2024 to US$468.25 million in 2025. The reduction was driven primarily by lower receivables for development cooperation projects, which decreased by US$110.81 million across current and non-current balances, mainly reflecting the termination of US-funded projects. There have been no impairments of voluntary contribution receivables during this period. Additional details are provided in the “Operational activities” section of this report.

Assessed contributions receivable

44. Member State contributions are assessed, and outstanding receivables are recorded, in Swiss francs, converted to US dollars for presentation in the financial statements. In 2025, the amount of gross assessed contributions receivable increased by CHF93.01 million to a balance of CHF232.19 million, the highest level over the past ten years. This reduced collection, combined with US dollar exchange rate fluctuations in 2025, resulted in an overall increase of US$139.81 million in the converted value of gross receivables (see note 5 to the financial statements).

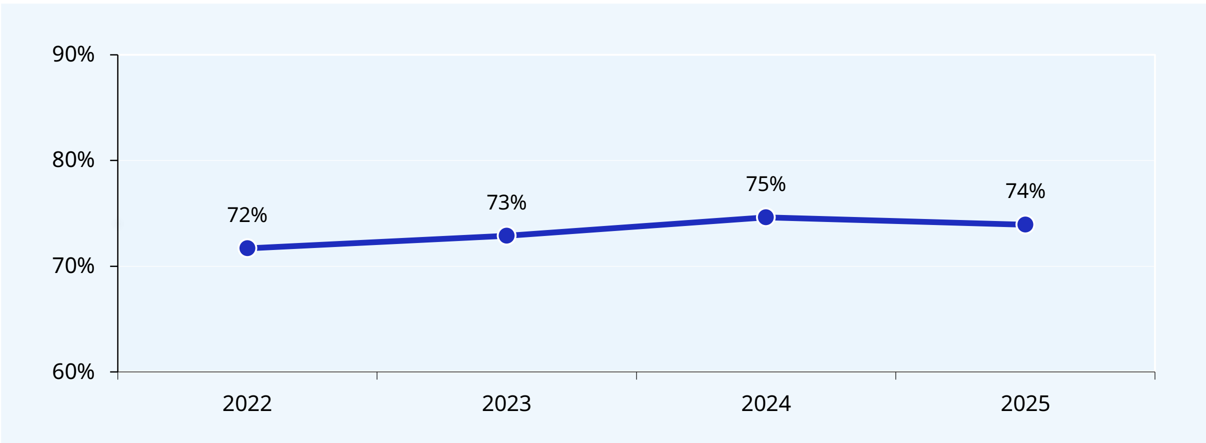
45. Figure 8 below summarizes the gross assessed contributions receivable balances and their components at the end of each of the last four years, before impairment allowance and discounting of long-term financial arrangements:

▶ **Figure 8. Gross assessed contributions receivable**



46. The trend in the collection rate in Swiss francs for current year assessed contributions for the same years is reflected in figure 9 below:

▶ **Figure 9. Assessed contributions collection rate** (in the year of assessment)



47. In the financial statements, assessed contributions receivable are presented net of the change in allowance for doubtful collection of contributions, which is a forward-looking estimate of potential impairment that is based primarily upon previous collection statistics as an indication of future expectations.

48. Applying the impairment model to the receivables outstanding at the end of 2025 yielded an increase of CHF0.77 million to the allowance, but the new ending balance with the US exchange rate changes resulted in a total increase of US$7.10 million.

49. The following table summarizes the movement in the allowance for doubtful collection of assessed contributions receivable:

(in thousands)	2025 CHF	2025 US$
Allowance at 31 December 2024	**38 914**	**43 190**
Change in 2025 allowance	772	979
Change due to exchange rate		6 130
Allowance at 31 December 2025	**39 686**	**50 299**

50. As of 31 December 2025, 74.8 per cent (CHF173.6 million) of assessed contributions receivable is composed of arrears of contributions from the Government of the United States. The delay in payment was assessed as relating primarily to the timing of settlement and associated liquidity risk for regular budget activities, rather than a deterioration in ultimate collectability at the reporting date. Accordingly, no additional impairment was recognized beyond any allowance already recorded under current impairment methodology. Details on assessed Member States contributions are provided in note 5, 29 and 30 to the financial statements.

Other assets and other receivables

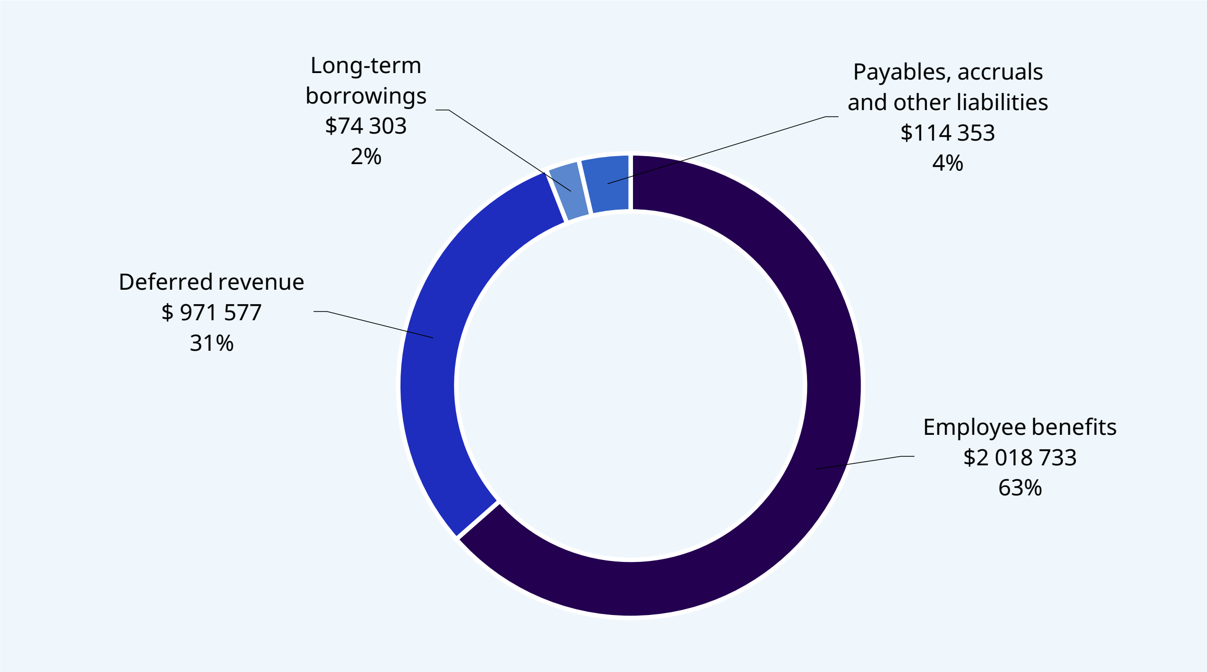
51. Other assets, which include other current assets, intangible assets and derivative assets, showed mixed movements in 2025. Other current assets decreased by US$8.59 million, mainly due to lower prepaid expenses in the second year of the biennium. Intangible assets increased by US$1.76 million, mainly reflecting additions to internally developed software, net of amortization. The derivative asset position decreased by US$6.37 million, driven by movements in forward purchase agreements, including a shift in positions between assets and liabilities as further detailed in note 7 to the financial statements.

52. Other receivables decreased by US$6.77 million, primarily due to a decrease of US$4.94 million in accrued interest and investment income and a net reduction of US$2.69 million in United States income tax receivables (reflecting an increase in gross receivables of US$1.58 million offset by an impairment of US$4.27 million, as detailed in note 9 to the financial statements), partially offset by an increase of US$0.86 million in other amounts receivable, primarily from VAT and other withholding taxes.

Liabilities

53. Liabilities as at 31 December 2025 totalled US$3,178.97 million, a decrease of US$164.50 million compared to a total of US$3,343.47 million as at 31 December 2024. Categorization of liabilities were as follows:

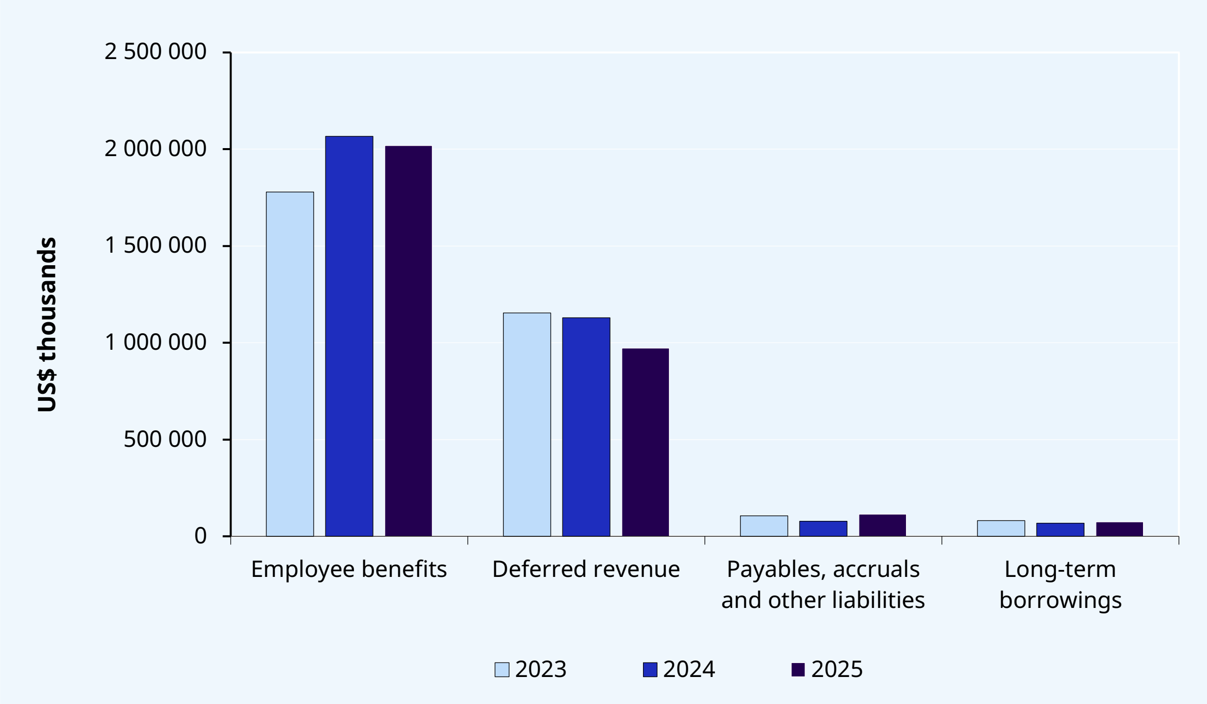
▶ **Figure 10. Liabilities** (US$ thousands)



54. The most significant liabilities of the Organization were the future employee benefits accrued by staff members and retirees, representing 63 per cent of the total liabilities as at 31 December 2025. Deferred revenue, another significant liability component, primarily relates to voluntary contributions received and receivable for both the ILO development cooperation and ITCILO activities, for which associated performance obligations have not yet been achieved. The balance of the Organization's liabilities is made up of long-term borrowings, derivatives for forward purchases in liability positions, and various operational payable and accrual amounts.

55. Figure 11 below provides a three-year comparison by liability category:

▶ Figure 11. Liabilities, three-year comparison



Employee benefits

After-service health insurance (ASHI)

56. The ASHI liability at US$1,914.90 million, accounts for 95 per cent of the total employee benefits liability and represents the estimated cost of the employer's share of future healthcare premia in respect of all current retirees, as well as all active staff members with projected eligibility for ASHI in both the ILO and the ITCILO. It is a point-in-time estimate calculated by an independent actuary taking into consideration the current discount rates, trends in healthcare costs, mortality rates, the demographic make-up of the insured population, inflation and other assumptions. It is based on an approach developed by the actuarial profession and endorsed by accounting standard-setters as being the most accurate method for projecting the amount of the Organization's future obligation.

57. The ASHI liability decreased by US$69.25 million in 2025, which is the combination of net actuarial gains of US$156.50 million reduced by annual service and interest costs of US$87.25 million. The changes in 2025 compared to those of the prior year are detailed below:

Actuarial (gains)/losses (US$ thousands)	**2025**	**2024**
(Gain)/loss due to experience	**57 246**	**(41 925)**
Financial assumption changes:		
(Gain)/loss due to change in discount rate	(179 220)	144 986
(Gain)/loss due to change in future increase in medical cost trend	(169 045)	73 554
(Gain)/loss due to change in per capita medical claims cost	155 675	–

Actuarial (gains)/losses (US$ thousands)	**2025**	**2024**
(Gain)/loss due to change in benefit payment currency mix	23 419	–
(Gain)/loss due to change in inflation	(543)	888
Total (gains)/losses due to financial assumption changes	**(169 714)**	**219 428**
Demographic assumption changes:		
(Gain)/loss due to change in mortality rates	(37 169)	–
(Gain)/loss due to change in spousal coverage rates	(8 936)	–
(Gain)/loss due to change in ASHI enrolment rate	2 230	42 467
(Gain)/loss due to change in retirement rates	(156)	–
Total (gains)/losses due to demographic assumption changes	**(44 031)**	**42 467**
Total actuarial (gains)/losses recognized in net assets	**(156 499)**	**219 970**
Current service cost	82 777	62 935
Interest cost	39 801	40 064
Net retiree benefits paid	(35 326)	(32 641)
Net ASHI expense recognized in the statement of financial performance	**87 252**	**70 358**
Total (decrease)/increase in ASHI liability	**(69 247)**	**290 328**

Actuarial assumptions

58. Financial assumptions used in the actuarial valuation are based on market expectations at the end of the reporting period. The most significant financial assumption change in 2025 was the increase in discount rates. This is a market-based assumption driven by shifts in the previous long-term interest rate expectations, inflationary pressures and resilient economic activity that resulted in an upward movement across Swiss franc, US dollar and euro yield curves used as the basis for the discount rate. As the ASHI liability is calculated as the present value of expected future cash flows for each of the major currencies in which the benefits are paid, the resulting obligation is highly sensitive to fluctuations in the discount rates used in the valuation each year.

59. In 2025, the medical cost trend assumption resulted in an actuarial gain primarily due to a decrease in the long-term trend rate and the refinement to entity-specific benefit payment currency mixes, whereas the prior year loss was driven by higher short-term medical inflation and an extended convergence period to long-term expectations.

60. In 2025, a slight decrease in the inflation rates used by the actuary to project retirees' pension payment amounts led to a projected decrease in future retiree contributions and a minor actuarial gain.

61. Finally, in 2025, demographic assumptions, including mortality, spouse coverage, ASHI enrolment rates and retirement patterns, were updated based on recent experience studies. These refinements, notably the increase in the ASHI enrolment rate and updates to mortality improvement and spouse coverage assumptions, resulted in an overall actuarial gain for the year.

Current year costs

62. Current service and interest costs are annual expenses representing the projected benefits earned by plan participants and the interest costs attributable to the future benefit obligation during the current year.

63. In accordance with IPSAS 39 – Employee Benefits, no plan assets have been offset against the liability; however, US$63.96 million has been accumulated in a SHIF Guarantee Fund to cover future short-term liabilities of the SHIF, and US$47.96 million has been accumulated to partially fund the future ASHI liability for staff of development cooperation projects.

64. The ASHI liability is considered unfunded. The ILO fulfils its immediate obligations in respect of the financing of health insurance for former officials from the regular budget, on a pay-as-you-go basis. Member States have preferred to maintain a pay-as-you-go basis to meet the obligations of this liability rather than including a provision in the programme and budget to accumulate a reserve aimed at limiting the growth in the ILO's unfunded ASHI liability.

Repatriation and end-of-service entitlements

65. The valuation of repatriation and end-of-service benefits is also influenced by discount rate assumptions based on US dollar and euro yield curves; however, in 2025 the overall actuarial gain was primarily driven by favourable experience and demographic changes, partially offset by losses from financial assumption changes and foreign currency translation effects, resulting in a slight increase in the liabilities.

66. In accordance with IPSAS 39 – Employee Benefits, no plan assets have been offset against the liability; however, an amount of US$56.95 million has been accumulated by the ILO in its Terminal Benefits Fund to fund future benefits.

67. The ILO liability also includes the future benefits attributable to staff of the ITCILO for repatriation grants and end-of-service benefits, which are payable in euro and therefore subject to foreign exchange rate fluctuation. While the liability for these benefits stands at €8.39 million at the end of the year, it is funded by the ITCILO currently at a level of €6.78 million.

Deferred revenue

68. The amounts recognized as deferred revenue liabilities related to development cooperation activities under IPSAS are impacted by the timing differences between signing of donor agreements, receipt of funds from donors, and programming of the performance obligations by the development cooperation projects. Deferred revenue decreased by US$157.57 million, from US$1,129.15 million to US$971.58 million. This decline was primarily due to a reduction in voluntary contribution receivables for signed agreements, mainly as a result of the termination of US-funded projects. Amounts due to donors decreased by US$31.30 million, reflecting a lower level of development cooperation activities throughout 2025 as compared to 2024. The assessed contributions received in advance in 2025 decreased by US$11.94 million compared with 2024. Further details on deferred revenue are provided in note 14 to the financial statements.

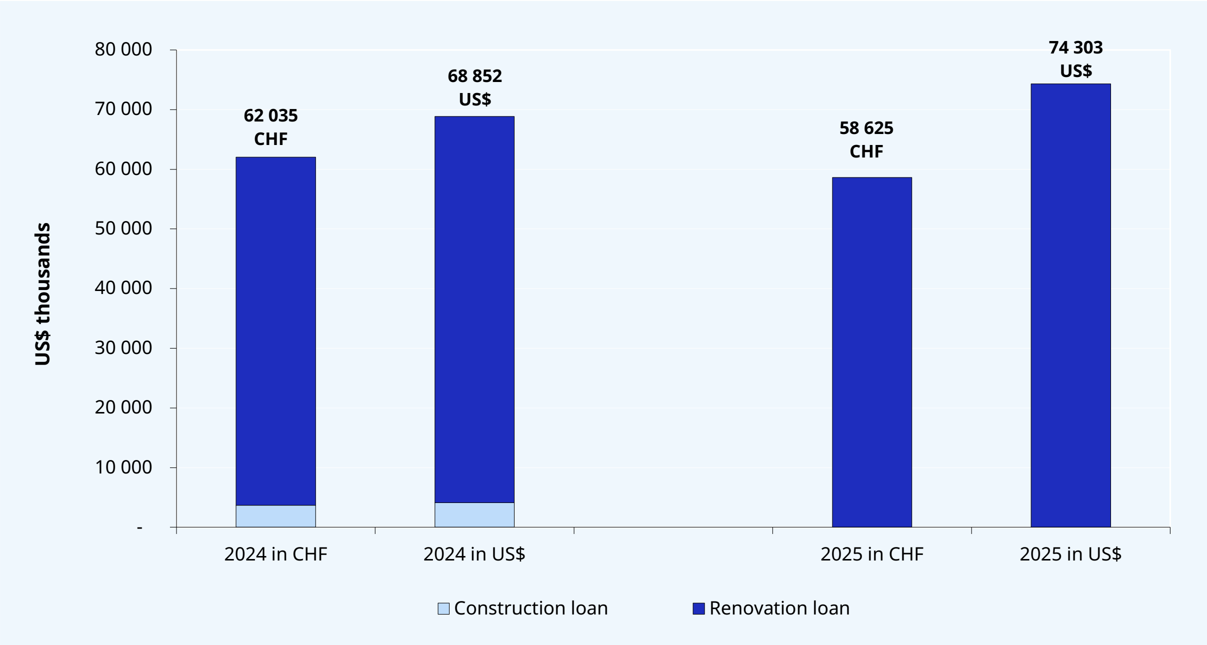
Long-term borrowings

69. At the end of 2024, borrowings consisted of two loans in Swiss francs made to the ILO from the Foundation for Buildings for International Organizations for the original construction and subsequent renovation of the ILO's headquarters building in Geneva. The original construction loan was fully repaid in 2025. Repayment of the renovation loan began in 2021, with annual instalments of CHF2.33 million.

70. The total nominal value of the borrowings including accrued interest in Swiss francs decreased in 2025 by CHF3.41 million from the annual instalment payments; however, changes in the Swiss franc exchange rate created an overall increase of US$5.45 million as compared to the previous year.

71. Figure 12 below summarizes the changes in nominal value of the long-term borrowings in Swiss francs and as reported in US dollars:

▶ Figure 12. Long-term borrowings nominal value



Operational activities

Regular budget

72. The International Labour Conference, at its 111th Session (June 2023), approved an expenditure budget of US$879.80 million for the 2024–25 financial period, and an income budget for the period of the same amount. Converted at the budget rate of exchange for the period of CHF0.91 to the US dollar, this resulted in total assessed contributions of CHF800.62 million.

73. The overall budgetary results for the 2024–25 financial period are summarized in Statement V-A with the details of contributions paid by Member States shown in note 30 to the financial statements.

74. The table below shows the expenditure and budget utilization percentages for the current and previous years:

▶ **Variance analysis by strategic outcome for 2022–25** (in US$ thousands)

	2024–25 Budget[1]	2024–25 Actual	2024–25 Delivery	2022–23 Budget	2022–23 Actual	2022–23 Delivery
Part I – Ordinary budget						
A. Policymaking organs	56 131	54 294	96.7%	54 844	53 482	97.5%
B. Policy outcomes	697 719	647 162	92.8%	678 667	662 920	97.7%
C. Management services	68 388	67 497	98.7%	65 925	65 924	100.0%
D. Other budgetary provisions	50 638	50 638	100.0%	46 426	46 099	99.3%
Adjustment for staff turnover	(7 111)	0	0.0%	(6 903)	0	0.0%
Total Part I	**865 765**	**819 591**	**94.7%**	**838 959**	**828 425**	**98.7%**
Part II – Unforeseen expenditure	875	0	0.0%	875	0	0.0%
Part IV – Institutional investments and extraordinary items	13 160	13 160	100.0%	12 926	12 926	100.0%
Total Parts I, II and IV	**879 800**	**832 751**	**94.7%**	**852 760**	**841 351**	**98.7%**

[1] Budget includes the transfer between budget items approved by the 356th Session of the Governing Body.

75. Although the biennial budget for 2024–25 was 3.2 per cent higher than that of the previous biennium, budgetary expenditure was 1.0 per cent lower in 2024–25 compared to 2022–23. The resulting lower overall delivery rate of 94.7 per cent is a direct result of the measures taken by the Office in 2025 to curtail its spending in response to the uncertainties surrounding the payment of assessed contributions.

76. The resulting surplus for 2025 of US$47.05 million at the budgetary rate of exchange is reported in Statement V-A for regular budget activities. Following revaluations, adjustments in respect of arrears of contributions received and reimbursement of previous deficit financing, the final deficit for budgetary purposes at the end of the year was US$52.55 million. This deficit was financed in accordance with the Financial Regulations by the use of the Working Capital Fund and internal borrowings.

77. The differences between the net results determined on an IPSAS (full accrual) basis and those determined in accordance with the Financial Regulations are summarized in more detail in note 22 to the financial statements and in the appendix.

International Training Centre of the ILO

78. In 2025, the ITCILO's revenue from training and non-training services increased compared to the prior year, supported by higher enrolments and expanded outreach across both face-to-face and online modalities, while voluntary contributions also rose slightly. However, total expenditure increased more significantly, largely driven by higher staff and activity-related costs as well as an unrealized foreign exchange loss, resulting in an overall IPSAS deficit for the year. Despite this, the Centre maintained a positive net budgetary surplus and a strong operational performance, with continued growth in training delivery and stable non-training services.

Voluntary contribution activities

79. Voluntary contribution activities include development cooperation projects and Regular Budget Supplementary Account (RBSA) projects, as well as gifts and grants. Revenue decreased by US$18.07 million compared to 2024, reflecting a lower level of project activity during the year. This decrease was partially offset by a reduction in expenditure of US$11.75 million and favourable foreign exchange movements of US$1.26 million, resulting in a net decrease in the overall surplus. Consequently, the net surplus for 2025 was US$0.86 million, compared to US$5.92 million in 2024.

80. In accordance with IPSAS, revenue from development cooperation contributions is recognized and matched by the Office when earned through project delivery; hence, the delivery rate is consistently 100 per cent in financial terms. The remaining surplus in 2025 relates to RBSA activities, where non-conditional contributions are recognized as revenue upon receipt of cash, as reflected in the segment reporting table in note 28.

Subsidiary funds

81. The SHIF is a self-insured health insurance programme for active staff, retirees and dependants, which is maintained by the ILO. This programme is financed through contributions from insured persons and the ILO. The statement of financial performance reports the contributions received from insured persons as revenue and reports as expense the amount reimbursed for medical claims under the programme.

82. The SHIF had a technical deficit in 2025 with benefit payments exceeding contributions by US$3.23 million, as compared to technical deficit of US$0.43 million in 2024; it also had a net operating deficit of US$6.61 million as compared to a deficit of US$0.99 million after accounting for the increase in liability for unsettled claims (US$3.07 million), healthcare services network cost, exchange losses and other expenses. After accounting for investment income, gains on currency positions in investments and revaluation gains, the SHIF had an overall net surplus for the year of US$2.51 million compared to an overall net deficit of US$4.34 million in the previous year.

83. Other subsidiary fund activity is largely related to movements in employee benefit liabilities, land and building assets, working capital funds, and investment income. Information on the net assets and annual results for all subsidiary funds of the ILO is included in the appendix.

2. Statement of Internal Control for the year ended 31 December 2025

Scope of responsibility

84. As Director-General of the International Labour Office (ILO), in accordance with the responsibility assigned to me by the ILO Constitution, the Governing Body, and the Financial Regulations, I have the responsibility and accountability for a sound system of internal control. In particular, article 30 of the Financial Regulations requires that I establish and maintain internal controls and ensure:

- effective financial administration and the exercise of economy; and
- effective custody of the physical assets of the Organization.

The purpose of the system of internal control

85. Internal control systems provide reasonable assurance regarding the achievement of objectives, compliance with regulations and policies, and reliable financial reporting. The ILO's Governing Body, the Director-General, the Treasurer and Financial Comptroller, senior management, and other significant personnel all play important parts in making this work effectively. The implementation of internal control is effected through the policies, procedures and operational processes applied at all levels, designed to identify and manage – rather than eliminate – the risks to these objectives.

86. My present statement applies for the year ended 31 December 2025. It also considers any relevant events up to the date of the approval of the Organization's consolidated 2025 financial statements.

The ILO’s operating environment

87. The ILO operates in a global environment with a physical presence in over 140 locations and a total of 3,400+ staff members. The diverse operating locations, the unique tripartite structure, the engagement with multiple funding and delivery partners, and the diverse workforce all present the ILO with opportunities and potential risks.

88. In 2025, the ILO was subject to a number of financial events that impacted on its financial stability, including a regular budget funding shortfall due to arrears of assessed contributions and the termination of over 50 projects funded by one single donor. The 2024–25 financial period ended with a deficit of US$52.5 million due to arrears in contributions from Member States, and the Working Capital Fund was fully used, with internal borrowings used to finance budgetary expenditure pending receipt of contributions. This volatility had impacts beyond financial constraints; it created an operational impact, where technical departments at headquarters and in field offices were forced to scale down, delay or even suspend interventions midstream, potentially damaging the ILO’s reputation as a reliable partner for long-term results and impact.

89. At its 353rd Session in March 2025, the Governing Body called on the Office to prioritize on the core mandate and mission-critical functions of the ILO and to strengthen delivery to constituents. In response to the challenging landscape impacting the multilateral system and following the Governing Body’s guidance, the Office launched a comprehensive review of the relevance and adequacy of the ILO’s programme and operational model, in alignment with the UN80 and other reform initiatives across the United Nations common system. ILO staff, Member States and constituents were consulted during the review process, and the Governing Body was updated with the progress made at its 354th and 355th Sessions in June and November 2025, respectively.

90. Parallel to the ILO review process and interactions with the Governing Body, I issued internal guidance in May 2025 with immediate cost-saving measures for the regular budget, including, inter alia, agreed termination scheme for staff voluntary separation, temporary pause of external recruitment, reductions of external collaboration contracts, reduction and other measures related to official travel, headquarters building space transformation to free up rental capacity, limited physical document production, and promoted the increased use of artificial intelligence (AI) productivity tools.

91. As from September 2025, due to the cash-flow constraints, an Office-wide process for the reinstatement of budget allocations was implemented. Unspent and unobligated allocations were removed from individual organizational units and requests for further non-staff commitments had to be submitted via a centralized Budget Reinstatement Form for review and subsequent approval by the Treasurer and Financial Comptroller. The same process has continued for 2026, which has allowed the non-staff expenditure to be effectively controlled and prioritized to ensure the payment of staff salaries and essential costs under the restricted cash-flow situation.

92. At its 356th Session in March 2026, the Governing Body endorsed the strategic vision for the ILO reform and welcomed the proposals for reprioritization and other measures to generate efficiency gains, including any additional efficiencies from the examination of overlaps and synergies with other United Nations agencies, while preserving the ILO's constitutional mandate. At the same session, the ILO's Human Resources and Development Cooperation Strategies for 2026–29 were also approved by the Governing Body, setting the Organization on a critical path to implement the reform measures over the next two years and beyond.

93. Despite complex global geopolitical upheavals and funding challenges, and while the Review and reform processes were ongoing, the ILO has achieved several critical milestones in 2025, all of which have amplified the ILO's impact and message around the world. At the heart of these successes is our shared commitment to our core purpose and vision: to promote decent work and social justice for all. In this context, ILO managers of departments and offices in headquarters, regional offices, decent work teams and country offices are required to review and monitor on an ongoing basis the exposure to all risks relating to their functions and activities and continue to maintain a high level of internal control while ensuring efficient and effective delivery of the programme and project deliverables.

The ILO's risk management and internal control frameworks

94. The ILO's risk management framework contains the following features:

- the Senior Management Team providing leadership and direction for embedding risk management in the ILO's ways of working, monitoring on a regular basis the Strategic Risk Register and directing action as required to address issues;
- the alignment of the risk management framework to the Three Lines Model, in line with the ILO's Internal Control Framework and the model for management control across the UN system;
- well-defined risk escalation processes for both strategic and operational risks, allowing for a top-down/bottom-up flow of risk information;
- definitions of risk appetite and risk tolerance with specific conditions; and

- a six-stage risk management process to plan, identify, evaluate, respond to, monitor and report risks, with detailed guidelines and tools provided in the risk management manual.

95. In 2025 and up to the end of March 2026, the Office completed the annual updates of risk registers and business continuity plans in field locations worldwide. In addition, a comprehensive risk register for the ILO reform has been developed, which will be regularly updated to ensure that the key uncertainties associated with the reform process are highlighted and sufficient measures are in place to address those risks.

96. The key elements of the ILO's Internal Control Framework continue to comprise the following:

- mapping of the ILO's existing rules, policies and procedures, as well as compliance monitoring tools, against a set of principles based on acknowledged best practice;
- "Three Lines" for internal controls, in line with the reference model adopted by the UN High-Level Committee on Management (HLCM), providing clarification on the roles and responsibilities in the implementation of internal controls;
- emphasis on continuous improvement, identifying the necessary mechanisms for ongoing assessment and regular reporting of the overall effectiveness of internal control to ensure an appropriate level of assurance.

97. As mentioned in paragraph 8 above, tightened budget and expenditure control measures were implemented in late 2025 until now via strengthened "second line" to effectively address the cash-flow shortage and ensure prioritization of operations across the Office.

Review of internal control effectiveness

98. As specified in the ILO Internal Control Framework, my review of the effectiveness of the system of internal controls is mainly informed by:

- **Internal letters of representation**, completed and signed by members of the Senior Management Team, regional directors, departmental directors at headquarters, external office directors and selected managers of major development cooperation programmes and projects. These provide a self-assessment of the accomplishment of their responsibilities for maintaining effective internal control and risk management on a day-to-day basis. Taking into consideration the evolving operational circumstances, the questions included in these disclosures were reviewed prior to the launch of the 2025 reporting cycle with the necessary adjustments made to ensure that they continued to be fit for purpose and that any new requirements since the last annual exercise were included.
- **Independent audit and evaluation reports**, issued by the Office of Internal Audit and Oversight (including investigation reports), the External Auditor, the Evaluation Office, the Ethics Officer and, as relevant, the Joint Inspection Unit.
- **Governing Body observations and guidance** on the strategic direction, especially in the context of the ILO reform, and on internal oversight and control matters, including those highlighted in the report of the Independent Oversight Advisory Committee (IOAC).

Significant internal control matters arising during the year 2025

99. The 2025 internal letters of representation were received from 349 directors and major programme and project managers. They were analysed and used as one of the key sources for providing assurance on the effective implementation of ILO's internal controls during the year. No new control weaknesses were identified from these disclosures, though a few areas noted in past years continued to require attention. I have provided updates on the further actions taken around these topics in the sections below.

100. I have also considered the observations in the internal and external audit reports, the annual evaluation report and high-level evaluations, the annual report of the IOAC to the Governing Body, pertaining to the year 2025. I took note of the areas of focus and observations made by these bodies, which contained reflections on good practices, lessons learned, and improvements required in the operational and oversight areas.

101. I reviewed all the significant internal control matters that were reported on a rolling basis over the past years. I noted with satisfaction the consistent and robust approach taken to identify them and the detailed updates made on control improvements implemented in the Office, which were recognized positively by the IOAC and the Governing Body. I have determined that the approach used was effective and have therefore continued applying it for my statement of 2025.

102. Based on the considerations above, I have deemed it necessary to report the following matters in 2025 to ensure that all internal control components are effective, the control environment continues to be healthy, the policies and procedures remain fit for purpose, and their operational application continues to improve.

- **Delegation of authority for procurement and contracting to be increased with enhanced data transparency and process oversight.** In 2025, within the scope of work of the ILO Review Group, I requested the members to undertake a review of the Office's major business processes, with the aim of reducing costs while enhancing efficiency and effectiveness. That review resulted in recommendations on changes to policy directives as well as improvements in existing procedures, among which increased delegation of authority in procurement processes, coupled with training and additional accountability measures, was highlighted. Similarly, in the internal and external audit reports, recommendations were made calling for more oversight. Against this background, the Office updated the directive on procurement in December 2025, which included the following major changes: an updated procurement responsibility matrix with increased approval thresholds to be delegated to the requesting units; a mandatory requirement to undertake all procurement activities including waiver requests in the e-Sourcing platform and the United Nations Global Marketplace (UNGM) from 1 July 2026; the expansion of membership of procurement review committees across headquarters and regions to provide more timely advice on high value procurement decisions; and more effective contract administration through the use of Long-Term Agreements for the purchase of goods and services of a recurring nature. While the e-Sourcing platform ensures a documented competition process for all procurement activities, it also provides data transparency and enables strengthened management oversight through key performance indicators that can be measured using analytical methods. I will assess the impact of these changes in 2026 and report back in my future statements.
- **Fraud awareness and prevention in field offices to be further enhanced.** During the Governing Body's discussion on the Report of the Director of Internal Audit and Oversight for the year ended 31 December 2025, it was noted that, out of the 16 substantiated investigation cases of fraud and misconduct during the year, 14 occurred in field offices. The Governing Body called upon the Office to enhance fraud awareness and prevention in field offices, particularly in light of the ILO reform proposal envisioning moving more staff to field locations. Similar observations were made by the External Auditor through surveys with management and staff in the field offices audited, reflecting a need for more awareness training and strengthened prevention measures. I am pleased to report that a financial governance training curriculum comprising three interlinked online modules: "Internal Control: A Toolkit for Good

Management“; “Fraud and Other Proscribed Practices: Prevention, Detection, Reporting and Response”; and “Risk Management” have been developed and will be rolled out to all staff in April 2026. Going forward, the completion of these training modules will be required before granting the preparing, certifying and approving responsibilities in the ILO’s Integrated Resource Information System (IRIS), and the effectiveness of the training will be evaluated through course feedback surveys. Building on the online training modules, further follow-up actions will include targeted workshops with offices that are considered to have a high-risk profile.

Internal control matters carried forward from previous years

103. In 2025, the Office continued to implement measures to address the internal control matters reported in the statements of the past years. Based on the feedback from the disclosures submitted by directors and other managers in the internal letters of representation, and by referring to the relevant audit, oversight and evaluation reports, I have reassessed these matters and determined that, in some areas, further work or continued monitoring are still required despite progress made; while in other areas, significant results have been achieved to address the risks initially presented. Accordingly, these issues have been listed under two categories below – those that require further work or continued monitoring and those that are no longer deemed to be significant risks of internal control. Issues under the latter will not be reported as from the next financial year, unless they resurface in the future as an area of concern.

Matters requiring further work or continued monitoring

- **Workforce planning and skills development (2018).** This matter was first reported in the statement of 2018 and has been kept for monitoring and update since then. Over the years, it has been highlighted by the External Auditor, the IOAC and the Governing Body that the ILO workforce must be equipped with the skills, agility and future readiness required to operate effectively in a rapidly evolving environment. The skills mapping exercise relaunched in 2023 has yielded tangible results, particularly in the areas of technical skills, field leadership, and general administration and office support. In the ILO’s Human Resources (HR) Strategy for 2026–29 approved by the Governing Body at its 356th Session in March 2026, under Pillar 3 “Shaping the future workforce through skills and innovation”, actions have been planned around two focus areas: digital and AI literacy and reskilling pathways. While the former ensures that all staff can perform effectively in the face of rapid changes in technology, the latter will be supported by a comprehensive future-of-work impact assessment, followed by updated job profiles and a strategy learning plan providing targeted reskilling and upskilling pathways for staff, including those funded by development cooperation projects. Considering the expansion from the skills mapping exercise to a much broader scope, I will keep this subject for monitoring and report further progress in my future statements.
- **Focus areas and initiatives as a result of the 2024 staff survey to be followed up and implemented with timely and actionable measures (2024).** It is recalled that the 2024 staff survey identified four focus areas for follow-up, including: (1) vision and direction providing the foundation; (2) people-centric leadership; (3) streamlining processes; and (4) sustainable workload, well-being and mental health. The first and third focus areas have been merged with the strategic vision and guiding priorities of the ongoing ILO reform and the business process review, while the newly adopted HR Strategy for 2026-29 will continue addressing the second and fourth focus areas under Pillar 2 on “Empowering people, leadership and culture”. Specifically, a leadership framework is being developed to set out core leadership behaviours, accountability standards and principles for inclusive, respectful and values-driven

management, which will be complemented by updated leadership training, practical tools and guidance designed to help managers apply the expectations to lead, support and engage their teams. At the same time, a psychosocial risk assessment has been launched in April 2026 to support the identification of risks and the implementation of appropriate prevention and mitigation measures so that mental health considerations can be systematically incorporated into organizational processes. I will keep this subject for monitoring and report further progress in my future statements.

- **Development Cooperation (DC) Strategy to be improved and accountability and capacity for the implementation of DC projects to be further strengthened (2024).** This matter was highlighted in my statements of previous years based on the findings and recommendations made in the independent high-level evaluation on the ILO DC Strategy 2020–25 and the External Auditor's performance audit conducted in 2024, as well as the various control issues related to DC projects as highlighted in the internal audit reports. Progress has been made in 2025 at both the strategic level and the operational level. The ILO's DC Strategy for 2026–29 was approved by the Governing Body at its 356th Session in March 2026, which has three strategic objectives: diversifying partners and leveraging new forms of partnerships while deepening long-standing partnerships; strengthening focus on the ILO's programmatic priorities; and stepping up effective, efficient, sustainable and impact-driven development cooperation. Aligned with the ILO reform, the Office is committed to simplifying procedures, standardizing workflows and reducing bespoke and manual processes through greater automation and digitization to improve both the speed and efficiency of processes that support development cooperation across the globe. Coupled with the further decentralization of projects and resources to the regions, there is also a need to reinforce performance management to ensure clear accountability. An implementation plan and results matrix, including key performance indicators and timelines, will be finalized for this purpose. I will report back on improvements in the coming years.

Matters no longer deemed significant risk of internal control

- **Policy on external collaboration contracts to be updated to "fit for purpose" (2022).** As reported in my statement of 2024, taking into account the recommendations made by the internal and external auditors, as well as the guidance provided by the IOAC and the Governing Body, a new policy on external collaborator contracting was published in March 2025 and became effective as of 1 July 2025. The new policy included standardized terms of reference with pre-determined complexity levels of assignment and experience requirements; a systematic and competitive selection process through the ILO's e-Sourcing platform and the UNGM; unified daily fee ranges by country of residence; and mandatory training on prevention of sexual exploitation and abuse; as well as enhanced travel, security and payment processes. Since the implementation of the new policy, approximately 1,000 sourcing events have been concluded through the e-Sourcing platform. Timely and effective user support is being provided on both policy and system matters, and management oversight is conducted regularly to ensure overall compliance with the procedures. I therefore no longer consider this item as a significant matter for the purpose of this disclosure.
- **Effectiveness, efficiency and sustainability in the fulfilment of the internal audit and oversight (IAO) functions to be enhanced (2023).** I consider internal audit and oversight a key role for the effectiveness of the internal control system, as part of the third line. During the year 2025, significant progress has been made by the IAO under the leadership of its new Director to address the recommendations arising from the 2024 External Assessment and from the External Auditor's review of IAO operations conducted in 2023. A revised Charter was approved by the Governing Body in March 2025, which incorporated updates in professional

standards and reaffirmed the scope of the IAO's mandate to include investigations of allegations of retaliation and sexual exploitation and abuse. An Integrity Hotline was launched in April 2025 to facilitate the anonymous reporting of allegations. Further achievements included the revision of the Audit and Investigation Manuals; the adaptation of biennial and engagement planning approaches; the enhancement of productivity and clarity of audit reports; the update of professional ethics; and the improvements in the documentation of audit findings. At the staffing level, it is noted that the IAO's capacity was strengthened in 2025 through the recruitment of additional staff, particularly in the area of investigation, and a new position of Digital Forensics and Data Analytics Officer will soon be filled in 2026. Looking ahead, continuous monitoring and supervision of the IAO's assurance and advisory activities will be undertaken through the revised performance indicators and targets to be applied from 2026. In light of these improvements, I am confident that the IAO is on the right track to become more effective and efficient in the longer term. As such, I no longer consider this item as a significant matter for the purpose of this disclosure.

Conclusion

104. Internal controls no matter how well designed have inherent limitations, including the possibility of premeditated circumvention and therefore can provide only reasonable but not absolute assurance. The effectiveness of internal controls may vary over time due to changes of conditions beyond the Office's control. I am accordingly committed to the continuous development of the system of internal control so as to address control issues in a timely manner.

105. Based on the above I conclude that to the best of my knowledge and information, the ILO has an effective system of internal control and there were no material weaknesses identified during the year ended 31 December 2025.

(Signed) Gilbert F. Houngbo
Director-General

Geneva, 17 April 2026

3. Approval of the consolidated financial statements for the year ended 31 December 2025

The consolidated financial statements are the responsibility of and have been prepared by management in accordance with the International Public Sector Accounting Standards and comply with the Financial Regulations of the International Labour Organization. They include certain amounts that are based on management's best estimates and judgements.

The financial governance of the Office includes the review of financial systems and internal controls by the ILO's Office of Internal Audit and Oversight, the External Auditor, and by the Governing Body and its subsidiary body, the Independent Oversight Advisory Committee. The External Auditor also provides an opinion on the Financial Statements which is provided in the following section.

In accordance with Chapter VII of the Financial Regulations and Financial Rule 1.40, the consolidated financial statements numbered I to V and the accompanying notes are hereby approved and submitted to the Governing Body of the International Labour Office.

(Signed) Adnan Chughtai
Treasurer and Financial Comptroller

Geneva, 31 March 2026

(Signed) Gilbert F. Houngbo
Director-General

Geneva, 31 March 2026

4. Audit opinion of the External Auditor to the Governing Body of the International Labour Office

K. Sanjay Murthy

भारत के नियंत्रक एवं महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

सत्यमेव जयते

01 May, 2026

Opinion of the External Auditor on the Financial Statements of the International Labour Organization for the financial year ended 31 December 2025

Dear Mr. Gilbert F. Houngbo,

Thank you for the Representation Letter in connection with our audit of the financial statements of the International Labour Organization for the financial year ended 31 December 2025.

I have the honor to present to you the Audit Opinion, on the financial statements of the International Labour Organization for the financial year ended 31 December 2025, which may kindly be transmitted to the Governing Body.

I express my appreciation for the cooperation and assistance that I have received in the performance of my audit mandate.

Yours sincerely,

K. Sanjay Murthy

Gilbert F.Houngbo
Director-General
International Labour Organization
Office of the Director-General
Rout des Morillons 4
CH-1211 Geneva 22

9, Deen Dayal Upadhyaya Marg, New Delhi - 110124
Tel. No. : +91 11 23235797 • Fax : +91 11 23233618 • e-mail : cag@cag.gov.in

K. Sanjay Murthy

भारत के नियंत्रक एवं महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

सत्यमेव जयते

01 May, 2026

Opinion of the External Auditor on the Financial Statements of the International Labour Organization for the financial year ended 31 December 2025

Your Excellency,

I have the honor to present to the One-Fourteenth International Labour Conference the External Auditor's opinion, on the financial statements of the International Labour Organization for the financial year ended 31 December 2025.

I record my appreciation to the International Labour Conference for the honor and privilege to serve as External Auditor of ILO.

Yours sincerely,

K. Sanjay Murthy

The Chairperson
International Labour Organisation Governing Body.
Geneva, Switzerland

9, Deen Dayal Upadhyaya Marg, New Delhi - 110124
Tel. No. : +91 11 23235797 • Fax : +91 11 23233618 • e-mail : cag@cag.gov.in

INDEPENDENT AUDITOR'S REPORT

To the Governing Body of the International Labour Office.

Opinion

We have audited the consolidated financial statements of the International Labour Organization (ILO) and its controlled entity, the International Training Center (ITC) which comprise the consolidated statement of financial position (statement I) as at 31 December 2025 and the consolidated statement of financial performance (statement II), consolidated statement of changes in net assets/equity (statement III), consolidated statement of cash flows/ cash flow statement (statement IV) and the statement of comparison of budget and/to actual amounts (statement V) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the ILO and its controlled entity, the ITC, as at 31 December 2025, and its financial performance, change in net assets cash flows, and comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the ILO in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the financial report for the year ended 31 December 2025, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ILOs ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ILO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the ILO.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the ILO.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ILO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ILO to cease to continue as a going concern;

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the ILO that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the ILO's Financial Regulations.

In accordance with Paragraph 6 of the Appendix to the Financial Regulations of the ILO, we have also issued a long-form report on our audit of the ILO.

K. Sanjay Murthy

Comptroller and Auditor General of India

Date. 01 may, **2026**

5. Consolidated financial statements for the year ended 31 December 2025

International Labour Organization

Statement I

▶ Consolidated statement of financial position as at 31 December 2025 (US$ thousands)

	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	4	364 889	341 218
Contributions receivable – Assessed	5	242 202	109 091
Contributions receivable – Voluntary	6	228 673	285 491
Derivative assets	7	777	7 143
Investments	8	655 697	749 735
Other receivables	9	19 484	26 249
Other current assets	10	32 316	40 910
		1 544 038	1 559 837
Non-current assets			
Contributions receivable – Assessed	5	1 747	2 001
Contributions receivable – Voluntary	6	239 580	291 159
Investments	8	348 105	314 604
Property and equipment	11	880 206	756 767
Right-of-use assets	12	14 498	–
Intangible assets	13	6 407	4 646
		1 490 543	1 369 177
Total assets		**3 034 581**	**2 929 014**
Liabilities			
Current liabilities			
Payables and accruals	2	58 226	59 998
Deferred revenue	14	727 780	830 712
Employee benefits	15	96 178	69 863
Current portion of long-term borrowings	16	6 284	6 613
Current portion of lease liabilities	12	3 578	–
Due to Member States	17	4 432	7 747
Derivative liabilities	7	1 623	1 414
Other current liabilities	18	8 436	5 173
		906 537	981 520
Non-current liabilities			
Deferred revenue	14	243 797	298 437
Employee benefits	15	1 922 555	1 997 117
Long-term borrowings	16	68 019	62 153
Lease liabilities	12	11 391	–
Due to Member States	17	25 790	4 241
Derivative liabilities	7	877	–
		2 272 429	2 361 948
Total liabilities		**3 178 966**	**3 343 468**
Net assets			
Reserves	19	263 289	279 755
Accumulated balances	19	(407 674)	(694 209)
Total net assets		**(144 385)**	**(414 454)**

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement II

▶ Consolidated statement of financial performance for the year ended 31 December 2025 (US$ thousands)

	Note	2025	2024
Revenue			
Assessed contributions	24	437 185	480 325
Voluntary contributions	24	432 960	448 276
ITCILO training services		15 469	14 479
Staff/retiree benefit contributions		29 008	27 048
Sales and royalties		24 385	23 134
Investment income/(loss), net		46 162	53 676
Other income/(loss)		(981)	3 138
Total revenue		**984 188**	**1 050 076**
Expenses			
Salaries, employee benefits and other personnel costs	20	608 284	547 308
Travel	20	26 393	29 450
Subcontracts	20	222 876	213 178
General operating expenses	20	44 584	47 040
Supplies, materials and small equipment	20	8 319	8 751
Depreciation and amortization	20	18 654	15 782
Seminars, workshops and other training	20	21 723	24 850
Staff development	20	2 277	2 239
Health benefits	20	66 888	59 763
Contributions and grants in aid	20	16 979	28 103
Finance expenses	20	3 226	2 945
Other expenses	20	10 317	452
Total expenses		**1 050 520**	**979 861**
Foreign exchange gains/(losses)		85 553	(32 943)
Net surplus (deficit)		**19 221**	**37 272**

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement III

▶ Consolidated statement of changes in net assets for the year ended 31 December 2025
(US$ thousands)

	Note	Reserves	Accumulated balances	Total net assets
Balance as at 31 December 2023	19	**281 109**	**(453 594)**	**(172 485)**
Surplus (deficit) for the year 2024		(1 889)	39 161	37 272
Repayment of internal borrowing for financing of regular budget deficit		671	(671)	–
Change of revaluation surplus of land and buildings		–	(54 070)	(54 070)
Actuarial gain (loss) of employee benefit liabilities		–	(220 496)	(220 496)
Transfer of liabilities due to Member States of period 2024		–	(2 145)	(2 145)
Translation difference from consolidation of ITCILO		(136)	(2 394)	(2 530)
Total 2024 movement		**(1 354)**	**(240 615)**	**(241 969)**
Balance as at 31 December 2024	19	**279 755**	**(694 209)**	**(414 454)**
Effect of adoption of new accounting standard:				
Change of revaluation surplus of land and buildings	3	–	8 505	8 505
Balance as at 1 January 2025		**279 755**	**(685 704)**	**(405 949)**
Surplus (deficit) for the year 2025		35 818	(16 597)	19 221
New internal borrowing for financing of regular budget deficit		(52 553)	52 553	–
Change of revaluation surplus of land and buildings		–	104 598	104 598
Actuarial gain (loss) of employee benefit liabilities		–	157 546	157 546
Transfer of liabilities due to Member States of period 2025		–	(25 380)	(25 380)
Translation difference from consolidation of ITCILO		269	5 310	5 579
Total 2025 movement		**(16 466)**	**278 030**	**261 564**
Balance as at 31 December 2025	19	**263 289**	**(407 674)**	**(144 385)**

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement IV

▶ Consolidated statement of cash flow for the year ended 31 December 2025 (US$ thousands)

	Note	2025	2024
Cash flows from operating activities			
Surplus (deficit) for the year		19 221	37 272
Depreciation and amortization		18 654	15 782
(Increase) decrease in contributions receivable – Assessed		(132 856)	22 168
(Increase) decrease in contributions receivable – Voluntary		108 396	(3 090)
(Increase) decrease in derivative instruments		7 454	(28 997)
(Increase) decrease in investments		(51 515)	4 465
(Increase) decrease in other receivables		6 765	(3 479)
(Increase) decrease in other assets		8 593	(2 974)
Increase (decrease) in payables and accruals		(1 772)	(526)
Increase (decrease) in deferred revenue		(157 599)	(24 941)
Increase (decrease) in employee benefits		109 293	67 592
Increase (decrease) in amounts due to Member States		(7 145)	(5 493)
Increase (decrease) in other liabilities		3 263	(509)
Increase (decrease) in borrowings		10 130	(5 646)
Gain on disposal of assets		–	–
Effect of exchange rates on cash and cash equivalents		(22 034)	13 123
Investment income presented under investing activities		(32 271)	(39 145)
Net cash flows from operating activities		**(113 423)**	**45 602**
Cash flows from investing activities			
Investment income received in cash	4	32 271	39 145
Proceeds from sale of investments	8	1 484 705	1 456 939
Purchase of investments	8	(1 372 654)	(1 482 108)
Additions of property and equipment	11	(25 864)	(17 413)
Proceeds from disposals of property and equipment	11	2 801	58
Additions of intangible assets	13	(2 941)	(1 783)
Net cash flows from investing activities		**118 318**	**(5 162)**
Cash flows from financing activities			
Repayment of borrowings	16	(4 593)	(6 835)
Payment of lease liabilities net of part shown in surplus (deficit)	12	(3 162)	–
Net cash flows from financing activities		**(7 755)**	**(6 835)**
Effect of exchange rates on cash and cash equivalents		26 531	(15 085)
Net increase (decrease) in cash and cash equivalents		**23 671**	**18 520**
Cash and cash equivalents, beginning of period	4	**341 218**	**322 698**
Cash and cash equivalents, end of period	4	**364 889**	**341 218**

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement V-A

▶ Statement of comparison of budget and actual amounts [1]
Regular budget for the year ended 31 December 2025 (US$ thousands)

	2025 Original budget [2]	2025 Final budget [3]	2025 Actual	2025 Difference [4]	2024–25 Original and final budget	2024–25 Actual	2024–25 Difference [4]
Revenue							
Assessed contributions	439 900	439 900	439 900	–	879 800	879 800	–
Total revenue	**439 900**	**439 900**	**439 900**	**–**	**879 800**	**879 800**	**–**
Expenses							
Part I – Ordinary budget							
A. Policymaking organs	28 142	29 876	28 039	(1 837)	56 131	54 294	(1 837)
B. Policy outcomes	349 811	383 936	333 379	(50 557)	697 719	647 162	(50 557)
C. Management services	34 287	37 125	36 234	(891)	68 388	67 497	(891)
D. Other budgetary provisions	24 198	25 444	25 444	–	50 638	50 638	–
Adjustment for staff turnover [5]	(3 556)	(7 111)	–	7 111	(7 111)	–	7 111
Total Part I	432 882	469 270	423 096	(46 174)	865 765	819 591	(46 174)
Part II – Unforeseen expenditure	438	875	–	(875)	875	–	(875)
Part IV – Institutional investments and extraordinary items	6 580	–	–	–	13 160	13 160	–
Total expenses (Parts I, II and IV)	**439 900**	**470 145**	**423 096**	**(47 049)**	**879 800**	**832 751**	**(47 049)**
Surplus at budgetary rate of exchange						**47 049**	
Revaluation of the budgetary surplus						7 216	
Surplus at UN operational rate of exchange						**54 265**	
Shortfall resulting from assessed contributions not received						(106 092)	
Reimbursement of 2022–23 deficit financing [6]						(726)	
Net surplus (deficit) [7]						**(52 553)**	

[1] Budget and actual information calculated at budgetary rate of exchange of US$1.00 = CHF0.91

[2] Original budget represents one half of the biennial budget adopted by the International Labour Conference.

[3] Final budget represents one half of the approved budget adopted by the International Labour Conference plus the balance remaining unspent at the end of the first year of the biennium and includes the transfer between budget items approved by the Governing Body (GB.356).

[4] Significant differences between budget and actual amounts are explained in the accompanying financial report on the 2025 accounts.

[5] Staff turnover is an undistributed adjustment to reduce the overall level of the budget in recognition of inevitable delays in recruitment. Managed underspending against appropriation lines offsets this undistributed adjustment.

[6] As of 31 December 2023, in accordance with article 21.1(a) of the Financial Regulations, the deficit of CHF0.573 million, was covered by the Working Capital Fund. In accordance with article 21.2(a) of the Financial Regulations, arrears of contributions received in 2024 were used to reimburse the Working Capital Fund.

[7] In accordance with article 21.1(a) of the Financial Regulations, the Working Capital Fund was drawn upon to finance budgetary expenditure pending receipt of contributions. The nominal balance of this Fund standing at CHF35.000 million (US$44.360 million) was, as a consequence, fully exhausted. The Director-General had recourse to internal borrowing for the balance of the shortfall amounting to CHF6.465 million (US$8.193 million). In accordance with article 21.2(a) of the Financial Regulations, arrears of contributions received in 2026 will be used to reimburse the Working Capital Fund.

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement V-B

Statement of comparison of budget and actual amounts Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) for the year ended 31 December 2025 (US$ thousands)

	2025 Original budget [1]	2025 Final budget [2]	2025 Actual	2025 Difference [3]	2024–25 Original and final budget	2024–25 Actual	2024–25 Difference [3]
Accumulated balance, beginning	1 253	1 104	1 104	–	1 253	1 294	41
Revenue							
Contribution from ILO regular budget	1 349	1 349	1 373	24	2 698	2 722	24
Contribution from host country and other countries in the region	300	387	190	(197)	600	403	(197)
Other contributions	375	80	627	547	750	1 297	547
Sales of publications and services	–	–		–	–	–	–
Miscellaneous income	7	(72)	52	124	15	139	124
Total revenue	**2 031**	**1 744**	**2 242**	**498**	**4 063**	**4 561**	**498**
Expenses							
Expenditure	2 029	1 552	2 406	854	4 058	4 912	854
Total expenses	**2 029**	**1 552**	**2 406**	**854**	**4 058**	**4 912**	**854**
Net surplus (deficit)	**2**	**192**	**(164)**	**(356)**	**5**	**(351)**	**(356)**
Accumulated balance, ending	**1 255**	**1 296**	**940**	**(356)**	**1 258**	**943**	**(315)**

[1] The original budget represents one half of the biennial budget adopted by the ILO Governing Body.

[2] Final budget represents one half of the approved budget adopted by the ILO Governing Body plus the balance remaining unspent at the end of the first year of the biennium.

[3] Actual expenditure exceeded the original budget mainly in relation to activities funded by the higher than anticipated extrabudgetary contributions received from donors. In addition, unforeseen expenditure was incurred in relation to staff cost adjustments.

The accompanying notes form an integral part of these consolidated financial statements.

International Labour Organization

Statement V-C

▶ Statement of comparison of budget and actual amounts International Training Centre of the ILO (ITCILO) for the year ended 31 December 2025

	2025 Original and final budget [1]	2025 Actual	2025 Variance [2]	2024–25 Original and final budget	2024–25 Actual	2024–25 Variance
	(in € thousands)					
Revenue						
Voluntary contributions	13 323	14 059	736	26 646	27 905	1 259
Earned income	17 099	19 557	2 458	33 889	39 080	5 191
Use of surplus	–	–	–	–	–	–
Total budget revenue	**30 422**	**33 616**	**3 194**	**60 535**	**66 985**	**6 450**
Expenditure						
Fixed expenditure	28 910	30 738	1 828	57 385	60 724	3 339
Institutional investment	1 200	2 300	1 100	2 400	4 880	2 480
Contingency	312	–	(312)	750	–	(750)
Total expenditure	**30 422**	**33 038**	**2 616**	**60 535**	**65 604**	**5 069**
Budget surplus [3]	**–**	**578**	**578**	**–**	**1 381**	**1 381**
	(in US$ thousands)					
Net budget surplus [4]	**–**	**651**	**651**	**–**	**1 555**	**1 555**

[1] Original budget represents approximately 50 per cent of approved budget for the biennium.

[2] Budget variances are explained in the accompanying financial report on the 2025 accounts.

[3] As per ITCILO's Financial Regulations, article 7(4).

[4] The revenue and expenditure of the ITCILO are consolidated using an average rate of US$1 = €0.8883 for the reporting period (US$1 = €0.9242 for 2024).

The accompanying notes form an integral part of these consolidated financial statements.

Note 1 – Objectives and activities

106. The International Labour Organization (ILO) was founded in 1919 to promote social justice and internationally recognized human and labour rights. In 1947, the ILO became the first specialized agency of the United Nations (UN) system based upon an agreement between the Organization and the UN adopted in accordance with Article 57 of the United Nations Charter.

107. The ILO formulates international labour standards in the form of Conventions and Recommendations. These include fundamental standards on freedom of association and collective bargaining, abolition of forced labour, equality of opportunity and treatment, occupational safety and health, and the elimination of child labour. Other standards regulate conditions across the entire spectrum of work-related issues. The ILO provides advisory services and technical assistance, primarily in the fields of: child labour; employment policy; training and skills development and vocational rehabilitation; enterprise development; social security; industrial relations; and labour statistics. It promotes the development of independent employers' and workers' organizations and provides training and advisory services to those organizations. It serves as a centre of information on the world of work, and to this end conducts research, gathers and analyses statistics, organizes meetings, and publishes a range of information and training materials.

108. The ILO was established pursuant to its Constitution originally adopted in 1919 and is governed by the International Labour Conference which consists of representatives of all the Member States, and by the Governing Body elected by the Conference. The International Labour Conference of representatives of the Members is convened annually. Within the UN system, the ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.

109. The ILO's headquarters is in Geneva, Switzerland, and it maintains external offices in over 50 countries. In accordance with its headquarters agreement with the Government of Switzerland and the United Nations Convention on Privileges and Immunities for Specialized Agencies (1947 Convention) the Organization is exempt from most taxes and customs duties imposed by its Member States.

110. The financial statements include all of the operations under the direct authority of the Director-General including the regular budget, reserves, extrabudgetary funded activities, the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) and the International Training Centre of the ILO (ITCILO) along with the Administrative Tribunal of the ILO and the ILO Staff Health Insurance Fund (SHIF).

111. The ITCILO is a separate legal entity controlled by the ILO that was established by the Governing Body of the ILO and the Government of Italy in 1964. The ITCILO is headquartered in Turin, Italy. The ITCILO provides training and related services to UN agencies, governments and non-governmental organizations designed to develop human resources and improve institutional capabilities. The ITCILO is financed from the ILO's regular budget and development cooperation projects, from the Government of Italy and from revenues earned by providing training services. The ITCILO produces separate financial statements at the same reporting date as the ILO.

Note 2 – Accounting policies

Basis of preparation and presentation

112. The consolidated financial statements of the ILO have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the ILO Financial Regulations.

113. The consolidated financial statements are prepared on an accrual basis.

Financial period

114. The Organization's financial period for budgetary purposes is a biennium consisting of two consecutive calendar years. The consolidated financial statements are prepared annually.

Financial statement presentation

115. The functional and presentation currency of the Organization is the United States (US) dollar. The consolidated financial statements are expressed in thousands of US dollars unless otherwise indicated.

Measurement uncertainty

116. The preparation of consolidated financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the year. Investments and derivatives, property, and employee benefit liabilities are the most significant items where estimates are used. Actual results could differ significantly from these estimates.

Significant accounting policies

Consolidation

117. The accounts of the ITCILO have been consolidated into the consolidated financial statements of the ILO. The functional currency of the ITCILO is the euro. For the purposes of consolidation, the balances of the ITCILO assets, liabilities and net assets are converted from the euro to the US dollar at the UN operational rate of exchange as at the reporting date. Revenues and expenses are converted from the euro to the US dollar using the average UN operational rate for the reporting period. Gains and losses on exchange resulting from the consolidation of ITCILO euro-based accounts into the ILO's US dollar-based consolidated financial statements are recognized in net assets.

Contingent assets

118. Contingent assets are probable assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization. They are disclosed in the notes to the consolidated financial statements.

Due to Member States

119. A liability is established to reflect the amounts payable to Member States for undistributed net surpluses, undistributed net premia at the end of each biennium, and the incentive fund at the end of each reporting period:

- At the end of the first year of each biennium a calculation is made of the amount that would have been due to Member States, and this amount is reflected as a component of accumulated fund balance.
- At the end of the second year of each biennium the amount is recognized as a liability to Member States in accordance with the provisions of the Financial Regulations.

Employee benefits

120. The ILO recognizes the following categories of employee benefits:

Post-employment benefits

121. Post-employment benefits are employee benefits that are payable after the completion of employment. The ILO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

122. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The ILO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the ILO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the ILO has treated contributions to the Fund as if they were to a defined contribution plan in line with the requirements of IPSAS 39 – Employee Benefits. The ILO's contributions to the Fund during the financial period are recognized as expenses in the consolidated statement of financial performance.

123. The ILO's defined benefit plans comprise the after-service health insurance (ASHI) plan and repatriation entitlements, which include repatriation grant and end-of-service benefits along with travel and shipping costs upon termination. The benefits are established in accordance with the Staff Regulations of the ILO and the ITCILO, and the SHIF Regulations and Administrative Rules. Management of the SHIF is the responsibility of a Management Committee consisting of members representing both insured persons and the Director-General of the ILO. This insurance scheme is not subject to any outside regulatory framework.

124. The liability recognized for these plans is the present value of the defined benefit obligations at the reporting date. The ASHI liability and the repatriation entitlements are calculated by an independent actuary using the Projected Unit Credit Method. The principal actuarial risks faced by the plans are changes to discount rates, rates of future medical cost increases and longevity of members.

125. Interest cost and current service cost are recognized on the consolidated statement of financial performance as a component of staff costs. Actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are directly recognized in net assets in the year in which they arise.

Other employee benefits

126. Other employee benefits comprise first-time employee benefits (for example moving costs, subsidies at the beginning of appointment), regular monthly benefits (for example salaries and allowances), compensated absences (for example annual leave), and other short-term benefits (for example education grant and home leave) established in accordance with the Staff Regulations of the ILO and the ITCILO. An expense is recognized when employees render service to the Organization and current or non-current liabilities are recognized for any entitlements that have not been settled at the reporting date.

Financial instruments

Financial assets and liabilities

127. Financial assets of the ILO include cash and cash equivalents, investments, receivables, and derivative assets. Financial liabilities include payables and borrowings.

128. Financial assets and liabilities are recognized initially at fair value. For items not measured at fair value through surplus or deficit, transaction costs directly attributable to their acquisition or issue are included in the initial measurement. Subsequently, financial instruments are measured at either amortized cost or fair value, depending on their classification. The classification of financial assets is defined based on the ILO's management model for the financial assets and the contractual cash flow characteristics of the financial assets. An allowance for expected credit losses is recognized for all financial assets not held at fair value through surplus or deficit based on the difference between the contractual cash flows and the cash flows that the ILO expects to receive. For receivables and financial assets deemed to be of low credit risk, the ILO applies a simplified approach that recognizes a loss allowance based on expected credit losses over the lifetime of the financial assets. The allowance is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Financial liabilities are subsequently measured at amortized cost, other than derivatives that are liabilities.

Borrowings

129. Interest and other expenses incurred in connection with the borrowing of funds to directly finance the acquisition or construction of assets are capitalized as part of the cost of the asset until the date the asset is available for its intended use.

Cash and cash equivalents

130. Cash comprises cash on hand and demand deposits; cash equivalents are short-term, highly liquid investments with maturity of less than 90 days from the date of acquisition and are readily convertible to known amounts of cash.

Derivative financial instruments

131. The ILO uses derivative financial instruments, such as forward purchase agreements, to hedge its foreign currency risks. These financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of the financial period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognized on the consolidated statement of financial performance.

132. The ILO does not designate a hedging relationship for the regular budget forward purchase agreements maturing in current and following biennia and does not apply hedge accounting. Changes in the fair value of these derivatives since inception are recognized in surplus or deficit.

Investments

133. Realized and unrealized gains or losses arising from the change of market value of investments and revenue from interest and dividends are recognized in the consolidated statement of financial performance in the period in which they arise. Investments are classified as current or non-current assets according to the time horizon of the investment objectives. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

Payables and accruals

134. Payables and accruals are financial liabilities for goods or services that have been received but not paid by the reporting date. Payables and accruals are of a short-term nature and are recognized at cost as the effect of discounting is not considered material.

135. The liability for health insurance claims incurred but not yet received relating to SHIF is classified as an accrual. It is estimated based on the expenditure patterns over the past years and is adjusted on an annual basis.

Receivables

136. Specific accounting policies for receivables are detailed in the “Revenues and receivables from non-exchange transactions” section below.

Foreign currency transactions

137. Transactions carried out during the financial period in currencies other than the US dollar are converted to US dollars using the UN operational rate of exchange in effect on the date of each transaction. These rates approximate market rates.

138. Balances of monetary assets and liabilities maintained in currencies other than the US dollar are converted to US dollars at the UN operational rate of exchange applicable at the reporting date, which approximates the market rate. Exchange differences arising on the settlement of monetary items and unrealized gains or losses from revaluation of monetary assets and liabilities are recognized on the consolidated statement of financial performance.

139. Balances of non-monetary assets and liabilities carried at historical cost are converted using the UN operational rate of exchange at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the UN operational rate at the date when the fair value is determined. Exchange gains or losses from the revaluation of property are recognized in net assets.

140. Exchange gains and losses are presented on a net basis on the consolidated statement of financial performance as revenue if a gain or as an expense if a loss.

141. On the statement of comparison of budget and actual amounts for the regular budget (Statement V-A), revenue and expenses incurred in Swiss francs are reflected at a budgetary rate of exchange fixed by the International Labour Conference for the biennium.

Impairment of non-financial assets

142. Cash-generating assets are those held for the purpose of generating a commercial return. Non-cash-generating assets including land, buildings, equipment, intangible assets and leasehold improvements are not held for future sale. Impairment reviews are undertaken for all non-financial assets at least annually to determine if there is any impairment in their value. Provisions are established to recognize impairment, if necessary.

Intangible assets

143. Intangible assets are recognized at historical cost and amortized over their useful life using the straight-line method. Externally acquired software is recognized as intangible assets if their cost per user equalled or was greater than US$5,000 for the International Labour Office and €4,000 for the ITCILO. Internally developed software is recognized as intangible assets if their cost equalled or was greater than US$200,000 for the ILO and €40,000 for the ITCILO. The estimated useful lives for intangible assets are as follows:

Class	**Estimated useful life** (years)
Externally acquired software	5
Internally developed software	5–6

Leases

144. The ILO has applied IPSAS 43 – Leases using the modified retrospective approach and therefore the comparative information for the previous period has not been restated and continues to be reported under IPSAS 13. The details of accounting policies under IPSAS 13 are disclosed separately if they are different from those under IPSAS 43 and the impact of these changes is disclosed in note 3.

Policy applicable from 1 January 2025

145. At the inception of a contract, the ILO assesses whether a contract is, or contains, a lease for a right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts in place or entered into on or after 1 January 2025.

As a lessee

146. A right-of-use asset and a lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

147. Some leases contain extension or termination options exercisable by the ILO. At the commencement date, the ILO assesses whether it is reasonably certain to exercise these options to determine the lease term.

148. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

149. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the ILO's incremental borrowing rate.

150. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate for variable lease payments or if the ILO changes its assessment of the expected lease term. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

151. The ILO has elected not to recognize right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and leases of low-value assets, including equipment. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

152. Leases entered into on behalf of donors for development cooperation projects are not considered leases for accounting purposes, as these assets are not controlled but managed by the ILO on behalf of the donors. Leases of premises and equipment in project office locations are treated as service contracts and lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

As a lessor

153. When the ILO acts as a lessor, it determines at the inception of the contract whether each lease is an operating lease or a finance lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. When the ILO is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. Lease classification of the sublease is assessed with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

154. Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term as part of “sales and royalties”. The accounting policies applicable to the ILO as a lessor in the comparative period were not different from IPSAS 43. However, under IPSAS 13, subleases were classified with reference to the underlying asset.

Policy applicable before 1 January 2025

155. For contracts entered into before 1 January 2025, the ILO determined whether the arrangement was or contained a lease based on whether its fulfilment was dependent on the use of a specific asset and whether the arrangement conveyed the right to use the asset.

As a lessee

156. In the comparative period, lease agreements were classified as operating leases unless they substantially transferred all of the risk and reward of ownership. Leases classified as operating leases were not recognized in the consolidated statement of financial position. Lease charges for operating leases were recognized on the consolidated statement of financial performance as general operating expenses on a straight-line basis over the term of the lease.

Property and equipment

157. Property and equipment include the followings classes of assets:

- **Equipment:** Equipment is recorded at historical cost and presented at depreciated cost. Equipment is capitalized and recognized as an asset if its cost exceeds or is equal to a threshold of US$5,000.
- **Land and buildings:** Land and buildings are valued at current value based upon an external and independent valuation conducted annually. The net difference between historical cost and current value for land and buildings is accounted for in a revaluation surplus which forms a separate component of net assets.
- **Leasehold improvement:** Leasehold improvements are recorded at historical cost and presented at depreciated cost. Leasehold improvements are capitalized and recognized as an asset if their cost exceeds or is equal to a threshold of US$50,000.

158. Where an asset is acquired through a non-exchange transaction, it is measured at its current value as at the date of acquisition.

159. Heritage property, including donated works of art, is not held for the purpose of producing economic benefits nor does it have service potential for use in the ILO, and is not valued or included on the consolidated statement of financial position. The ILO receives heritage items in the form of donated works of art and protocol or commemorative gifts in connection with official missions, courtesy visits, bilateral meetings and the International Labour Conference. Such items generally include artworks, plaques, books, textiles, decorative objects, commemorative coins and similar presentation items.

160. Property and equipment are derecognized either on disposal or when they are permanently withdrawn from use and no future economic benefit or service potential is expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of financial performance in the period of derecognition.

161. Depreciation of property and equipment is recognized over the estimated useful life of the assets using the straight-line method, except for land which is not subject to depreciation. Depreciation of buildings is calculated based on the current value at the beginning of the reporting year using the remaining useful life at that date. When a building is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the building and the net amount restated to the revalued amount. The estimated useful lives for property and equipment are as follows:

Class	**Estimated useful life** (years)
Buildings	
ILO headquarters (by component)	15–100
Field offices	20–75
Equipment	5–10
Leasehold improvements	Lower of estimated useful life (15–30) and term of lease

Provisions and contingent liability

162. Provisions for contingent liabilities are recognized when, as a result of a legal or constructive obligation of the ILO arising from past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reasonably estimated. The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

163. Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where the ILO has a present obligation but cannot reliably measure the possible outflow of resources.

Revenues and receivables from non-exchange transactions and deferred revenue

164. Revenues and receivables from non-exchange transactions are recognized as follows:

Assessed contributions

165. Prior to the beginning of each financial period the ILO assesses each Member State in accordance with article 13 of the ILO Constitution for its share of the regular budget. Contributions are calculated and payable in Swiss francs equal to the total amount of the Organization’s regular budget for the biennial financial period, payable one half at the beginning of each year of the biennium. Revenue from assessed contributions is recognized as one half of the total on 1 January of each year of the biennium.

166. Assessed contributions adopted by the International Labour Conference but not recognized as revenue at the reporting date are disclosed as contingent assets since they possess the essential characteristics of an asset but do not satisfy the criteria for asset recognition, the inflow of resources being possible. In Statement II, the assessed contributions from Member States are presented net of the change in allowance for doubtful collection of contributions.

167. Receivables from Member States that have negotiated long-term financial arrangements with the ILO’s Governing Body are measured initially at fair value after deducting any provision for impairment and collectability and subsequently valued at amortized cost using the effective interest rate methodology.

168. Assessed contributions received in advance represent amounts received from Member States for contributions related to future financial periods and are classified as deferred revenue.

Voluntary contributions

169. Voluntary contributions with no conditions are recognized as receivables and as revenue as of the reporting date. Voluntary contributions to development cooperation projects are normally subject to conditions related to performance. A receivable and a liability (deferred revenue) are initially recognized at fair value and subsequently measured at amortized cost as of the reporting date which is obtained through discounting as appropriate.

170. Funds received from donors subject to conditions are carried as a liability. Revenue is recognized when the conditions stated in the agreement have been met. Unexpended balances of funds held on behalf of donors at the reporting date are recognized as a liability (due to donors under deferred revenue).

171. Contributions received from donors for projects that form part of the Regular Budget Supplementary Account (RBSA) are normally unconditional and are recognized as revenue and a receivable as of the reporting date when the agreements are signed between the ILO and the donor. However, if conditions requiring specific performance are imposed by a donor to the RBSA, recognition of revenue is deferred until the performance requirement has been satisfied.

172. Contributions to the RBSA covering future periods are disclosed as contingent assets if the inflow of contribution to the ILO is probable at the reporting date.

Gifts and grants

173. The ILO receives contributions in cash from Member States and non-governmental organizations. When these contributions are unconditional, they are recognized as voluntary contribution revenue when an agreement is signed between the ILO and a donor or on the receipt of cash if no agreement is signed by both parties. When they are subject to conditions related to performance, they are treated as voluntary contributions with conditions.

ITCILO training services

174. The ITCILO provides training services under contracts to governments and organizations including the ILO. Agreements related to training activities are subsidized by non-conditional voluntary contributions which provide support to the ITCILO's operations. These agreements are considered non-exchange transactions since both parties to such transactions do not receive approximately equal direct benefit. Training activities that include restrictions on their use are recognized as revenue upon signing of a binding agreement. Agreements for which the ITCILO has full control and that include conditions, including the implicit or explicit obligation to return funds if such conditions are not met, are recognized as assets and liabilities (deferred revenue) upon signature of a binding agreement. The liability is reduced, and revenue is recognized based on the proportion that expenses incurred bear to the estimated total expenses of the training activity.

175. Probable inflows of resources from voluntary contributions and training activities that have not been recognized as assets are disclosed as a contingent asset.

Contributions in kind

176. Goods in kind are recognized at current value at the date of receipt. In-kind contributions of services are not recognized. The right to the use of land, office space and other facilities received from Member States are disclosed in the notes to the consolidated financial statements.

Programme support income

177. Voluntary contributions accepted by the ILO include a charge for services provided by the ILO covering costs of administrative and operational support services, generally calculated as a percentage of total direct project costs. Revenue from programme support services is considered a non-exchange transaction and is recognized when earned through performance.

Revenue from exchange transactions

178. Revenue from exchange transactions is recognized as follows:

- **Sales and royalties:** Revenue is recognized on the date earned. Revenue related to the provision of services is valued based upon the stage of completion measured based upon the total costs incurred by the Organization in delivering the services at the reporting date. Sales of publications are recognized when the publication has been shipped to the purchaser.
- **Investment income:** Interest income, earned based on a time-proportionate basis as it accrues taking into account the effective yield on the asset, gains and losses from sales of investments and changes of investment market value are recognized in the consolidated statement of financial performance in the period that they arise.
- **Staff/retiree benefit contributions** are recognized on the date the revenue becomes due in accordance with the Administrative Regulations of the SHIF.

Note 3 – New accounting standards

New accounting standards effective 1 January 2025

179. The International Public Sector Accounting Standards Board (IPSASB) previously published several new standards that became effective in the financial reporting period starting 1 January 2025.

180. **IPSAS 43 – Leases** was implemented with an initial application date of 1 January 2025. It was applied using the modified retrospective approach, under which the cumulative effect of initial application is recognized in net assets at 1 January 2025. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease – Previously, the ILO determined at contract inception whether an arrangement was or contained a lease in accordance with IPSAS 13. Under IPSAS 43, this assessment is based on the revised definition of a lease, as explained in note 2 – Significant accounting policies. On transition to IPSAS 43, this definition of a lease was applied to all contracts existing at 1 January 2025 or entered into thereafter.

(b) As a lessee – Previously, the ILO classified leases as either operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the ILO. Under IPSAS 43, the ILO recognizes right-of-use assets and lease liabilities for most leases. The ILO decided to apply recognition exemptions to short-term leases and leases for low value equipment. For leases of all other assets, which were previously classified as operating leases, the ILO recognized right-of-use assets and lease liabilities. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the ILO’s incremental borrowing rate as at 1 January 2025. The weighted average incremental borrowing rate applied at 1 January 2025 was 1.80 per cent. Right-of-use assets were measured at an amount equal to the lease liability.

(c) As a lessor – The ILO is not required to make any adjustments on transition to IPSAS 43 for leases in which it acts as a lessor, except in relation to subleases. On transition, the ILO reassessed the classifications of sublease contracts previously classified as operating leases and concluded that they remain classified as operating leases under IPSAS 43.

181. On transition to IPSAS 43, the ILO recognized right-of-use assets and corresponding lease liabilities of US$18.13 million, as detailed in note 12 – Leases.

182. **IPSAS 45 – Property, Plant, and Equipment** and **IPSAS 46 – Measurement** were implemented with an initial application date of 1 January 2025. IPSAS 45 replaces IPSAS 17 – Property, Plant, and Equipment and was applied retrospectively, under which the cumulative effect of initial application is recognized in net assets at 1 January 2025 rather than restating the comparative period. IPSAS 46 is applied prospectively from the effective date. The details of the changes in accounting policies are disclosed below.

(a) For the initial measurement of assets acquired through non-exchange transactions, IPSAS 45 replaces the term “fair value” with “deemed cost”, as determined by the current value at the date of acquisition, to align with the initial measurement principles in IPSAS 46. There is no change for the initial measurement of assets acquired through exchange transactions.

(b) After initial measurement, IPSAS 45 continues to allow for a policy choice for the subsequent measurement of assets. However, the "cost model" has been renamed the "historical cost model" and the "revaluation model" has been replaced by the "current value model", which includes fair value for assets held primarily for their financial capacity, and introduces a new measurement basis of "current operational value" for assets held primarily for their operational capacity. As the ILO's land and buildings are held primarily for their operational capacity, they will be subsequently measured at current operational value under the current value model with the implementation of IPSAS 45. This change in valuation methodology has resulted in an increase in the previously reported values of the following properties:

(US$ thousands)	Fair Value 31 December 2024	Current Value 1 January 2025	Opening value increase/(decrease)
Headquarters – Geneva land	366 948	375 980	9 032
Headquarters – Geneva building	341 942	341 376	(566)
Dar es Salaam building	1 560	1 596	36
Buenos Aires building	499	502	3
Net remeasurement adjustment			**8 505**

(c) In accordance with the transition requirements of the new standard, the difference in value referred to above is recognized as an adjustment to the opening accumulated revaluation reserve at 1 January 2025 without restatement of the comparative period.

(d) IPSAS 45 requires the recognition of heritage assets that satisfy the definition of property, plant, and equipment and meet asset recognition criteria, which was optional under the previous standard. While this has not resulted in the recognition of any heritage assets at the ILO, the accounting policy has been revised to clarify that recognition of heritage assets depends on their ability to produce economic benefits or service potential for the operations of the Organization.

183. **IPSAS 44 – Non-current Assets Held for Sale and Discontinued Operations,** effective in 2025, had no impact on the consolidated financial statements.

New accounting standards issued but not yet effective

184. The following new standards have been published but will not be effective until future years.

Standards becoming effective 1 January 2026

- **IPSAS 47 – Revenue** replaces IPSAS 9 – Revenue from Exchange Transactions, IPSAS 11 – Construction Contracts, and IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers). The standard sets out the accounting requirements to account for all public sector revenue transactions, specifically related to information about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue transactions. Analysis is ongoing, though currently the ILO does not anticipate significant changes to the current revenue recognition policies.
- **IPSAS 48 – Transfer Expenses** introduces accounting requirements for what was previously known as non-exchange expenses. Issued together with IPSAS 47 – Revenue, this standard establishes similar principles that the transfer provider is required to apply, specifically related to information about the nature, amount, timing and uncertainty of expenses and cash flows arising from transfer expense transactions. Analysis is ongoing, though currently the ILO does not anticipate significant changes to the current transfer expense recognition policies.

- **IPSAS 49 – Retirement Benefit Plans** establishes accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. This standard will have no impact on the consolidated financial statements.

Standards and amendments to standards becoming effective 1 January 2027

- Amendments to **IPSAS 43 – Leases** to include lessee accounting for concessionary leases and right-of-use assets in-kind, and consequential amendments to **IPSAS 47 – Revenue** requiring the recognition and disclosure of revenue for the concessionary or in-kind components. The ILO receives contributions in kind of the right to use land, office space and other facilities in ILO operations. Analysis is ongoing to determine the impact these amendments will have on the consolidated financial statements.
- **IPSAS 50 – Exploration for and Evaluation of Mineral Resources** provides guidance on accounting for exploration and evaluation expenditures, including the recognition of exploration and evaluation assets. This standard will have no impact on the consolidated financial statements.

Note 4 – Cash and cash equivalents

185. Cash required for immediate disbursement is maintained in cash and bank accounts. Cash equivalent balances in deposit accounts are available at short notice. Cash and cash equivalents as at the reporting date are as follows:

(US$ thousands)	US$	CHF	€	Other	2025 total	2024 total
Cash	88 821	152 948	18 618	9 208	269 595	272 194
Cash equivalents	42 930	38 023	14 341	–	95 294	69 024
Total cash and cash equivalents	**131 751**	**190 971**	**32 959**	**9 208**	**364 889**	**341 218**

186. Net interest revenue of US$32.27 million was earned during the year through current accounts (US$1.90 million) and short-term deposits (note 8, US$30.37 million) and included in the net cash flows from operating activities in the consolidated statement of cash flow. Cash and cash equivalent balances of the ITCILO include restricted amounts of €13.45 million (US$15.82 million) that must be used for training and advisory services and other specific purposes at the ITCILO.

Note 5 – Contributions receivable – Assessed contributions

187. Assessed contributions receivable as at the reporting date are as follows:

(US$ thousands)	2025	2024
Assessed contributions receivable (notes 29 and 30)	294 285	154 479
Less: Advance payments received from Member States with financial arrangements (note 29)	(1)	(130)
Less: Amortization of long-term financial arrangements	(36)	(67)
Less: Allowance for doubtful collection of contributions	(50 299)	(43 190)
Total net receivable – Assessed contributions	**243 949**	**111 092**
▪ Contributions receivable – Assessed contributions – Current	242 202	109 091
▪ Contributions receivable – Assessed contributions – Non-current	1 747	2 001

188. Non-current contributions receivable represent amounts due from Member States with financial arrangements approved by the International Labour Conference net of amortization and allowance.

189. An ageing of the assessed contributions receivable is as follows:

(US$ thousands)	2025	2024
Less than 1 year	132 230	112 596
1–2 years	121 722	9 112
Over 2 years	40 333	32 641
Less allowance for doubtful debts and amortization	(50 336)	(43 257)
Total net receivable	**243 949**	**111 092**

190. As of 31 December 2025, 74.8 per cent (CHF173.6 million) of assessed contributions receivable is composed of arrears of contributions from the Government of the United States of America. The delay in payment was assessed as relating primarily to the timing of settlement and associated liquidity risk for regular budget activities, rather than to a deterioration in ultimate collectability at the reporting date. Accordingly, no additional impairment was recognized beyond any allowance already recorded under current impairment methodology. The related uncertainties are addressed in the Subsequent events disclosures (note 27).

Note 6 – Contributions receivable – Voluntary contributions

191. As at the reporting date, voluntary contributions receivable are as follows (see also note 14 – Deferred revenue):

(US$ thousands)	2025	2024
Voluntary contributions receivable – Current		
Development cooperation projects (all with conditions)	218 154	278 463
Regular Budget Supplementary Account (RBSA)	2 176	
ITCILO training services	8 343	7 028
Subtotal voluntary contributions receivable – Current	**228 673**	**285 491**
Voluntary contributions receivable – Non-current		
Development cooperation projects (all with conditions)	238 460	288 961
ITCILO training services	1 120	2 198
Subtotal voluntary contributions receivable – Non-current	**239 580**	**291 159**
Total voluntary contributions receivable	**468 253**	**576 650**

ITCILO training services receivable is presented net of an allowance for doubtful accounts of US$0.04 million (US$0.10 million in 2024).

Note 7 – Derivative assets and liabilities

192. As at the reporting date the ILO has the following derivative assets and liabilities:

(US$ thousands)	2025	2024
Derivative assets		
SHIF forward purchase agreement – Current	777	–
ASHI forward purchase agreement – Current	–	22
ILO regular budget forward purchase agreement – Current	–	7 121
Total derivative assets	**777**	**7 143**

(US$ thousands)	2025	2024
Derivative liabilities		
SHIF forward purchase agreement – Current	–	(1 414)
ILO regular budget forward purchase agreement – Current	(1 623)	–
ILO regular budget forward purchase agreement – Non-current	(877)	–
Total derivative liabilities	**(2 500)**	**(1 414)**
Total derivative net asset (liability) position	**(1 724)**	**5 729**

193. The currency exposure of financial assets held on behalf of SHIF is adjusted through use of forward purchase agreements producing a net exposure of 65 per cent to the Swiss franc and 35 per cent to the US dollar with a tolerance of +/- 5 per cent. The contractual amount of currency sold forward within the next 3 months was US$67.02 million.

194. Forward purchase agreements in the externally managed portfolio for ASHI are part of the overall portfolio management strategy. The contractual amount of currency sold forward within the next three months was US$1.11 million.

ILO regular budget forward purchase agreement

195. The primary source of revenue to finance the Organization's regular budget activities is assessed contributions from Member States that are paid in Swiss francs. Derivative financial instruments in the form of forward purchase contracts are acquired for the purpose of ensuring that the amount of Swiss francs receivable from Member States for their assessed contributions for the following biennium are sufficient to meet the ILO's US dollar requirements for its regular budget. The forward purchase contracts mature monthly, and the monthly amounts are established based on the regular budget's forecast US dollar cash flow requirements over the biennium.

Forward contracts (thousands)	Date traded	Swiss francs sold	US dollars bought
Forward contracts maturing in 2026	June 2025	(151 672)	193 200
Forward contracts maturing in 2027	June 2025	(169 868)	224 700

Note 8 – Investments

196. The Organization maintains short-term deposits and six investment portfolios of identified financial instruments managed by external investment managers consisting principally of fixed income investments and unit funds. Investments include cash and cash equivalents as part of a portfolio investment which is intended to be kept for the long term and reinvested.

197. Investments are placed in line with the approved investment policy, and their performance is evaluated on a fair value basis. Consultations are held with the ILO's Investment Committee for the six investment portfolios.

198. The fair value and historic cost as at the reporting date are as follows:

(US$ thousands)	2025		2024	
	Fair value	Cost	Fair value	Cost
Investments – Current				
ILO short-term deposit	655 697	655 697	749 735	749 735
Subtotal investment – Current	**655 697**	**655 697**	**749 735**	**749 735**

(US$ thousands)	2025		2024	
	Fair value	Cost	Fair value	Cost
Investments – Non-current				
Cash within the portfolios	752	752	639	639
Trades to settle	–	–	(2 577)	(2 577)
Floating rate notes	25 013	24 989	16 735	16 692
Money market	7 504	7 432	16 473	16 191
Unit funds	314 836	293 299	283 334	270 439
Subtotal investment – Non-current	**348 105**	**326 472**	**314 604**	**301 384**
Total investment	**1 003 802**	**982 169**	**1 064 339**	**1 051 119**

199. The movement of the investments during the reporting period is as follows:

(US$ thousands)	2025	2024
Fair value at 1 January	**1 064 339**	**1 043 635**
Investment income/(loss), net	43 699	48 678
Net interest income transferred to cash and cash equivalents	(30 369)	(34 718)
Foreign exchange gains and (losses)	38 946	(19 002)
Finance expenses	(653)	(780)
Amounts transferred to receivables/derivatives	(109)	1 357
New investment during the period	1 372 654	1 482 108
Disposal of investments during the period	(1 484 705)	(1 456 939)
Fair value at 31 December	**1 003 802**	**1 064 339**

Note 9 – Other receivables

200. Other receivables are as follows:

(US$ thousands)	2025	2024
US income taxes receivable	8 464	6 881
Less: Allowance for doubtful collection	(4 271)	–
Net US income taxes receivable	4 193	6 881
Accrued interest and investment income	6 562	11 506
VAT and other withholding taxes receivable	6 527	5 230
Other accrued income and amounts receivable	2 202	2 632
Total other receivables	**19 484**	**26 249**

201. The United States does not exempt the ILO earnings of its taxpayers from taxation. The purpose of the tax reimbursement system is to place ILO staff members who are subject to taxation in the same position as if their salaries were not taxed. Hence, it is intended neither to provide a benefit, nor to disadvantage those staff members relative to other ILO staff who are not required to pay taxes to a Member State on their ILO salaries.

202. The US income taxes receivable represent the amount the ILO expects to recover from the US Government under a long-standing agreement related to taxes paid on behalf of US staff members. The last regular reimbursement under this agreement was received in 2023.

203. Other accrued income and amounts receivable are attributable to rental activities, Administrative Tribunal billings, and miscellaneous reimbursements due to the ILO.

204. An ageing of other receivables is as follows:

(US$ thousands)	2025	2024
Less than 1 year	16 748	21 522
1–2 years	3 784	2 390
Over 2 years	3 223	2 337
Less: Allowance for doubtful collection	(4 271)	–
Total net receivable	**19 484**	**26 249**

Note 10 – Other current assets

205. Other current assets as at the reporting date are as follows:

(US$ thousands)	2025	2024
Prepaid expenses	22 537	32 019
Staff advances	7 813	7 296
Other	1 966	1 595
Total other current assets	**32 316**	**40 910**

206. Staff advances are primarily for education grant claims yet to be settled (US$5.41 million, US$5.01 million in 2024) and for advances to staff related to their United States income taxes pending subsequent reimbursement (US$1.01 million, US$0.92 million in 2024). The remainder relates to various advances provided for in the Staff Regulations.

207. The category “other” includes SHIF medical benefit advances provided to plan participants totalling US$2.04 million (US$1.72 million in 2024), presented net of an allowance for estimated uncollectible amounts of US$0.84 million (US$0.75 million in 2024).

Note 11 – Property and equipment

208. The movement of property and equipment by asset class during the reporting period is as follows:

(US$ thousands)	Land	Buildings	Leasehold	Equipment	Total
Net carrying amount 31 December 2023	**406 069**	**389 361**	**9 460**	**4 000**	**808 890**
Additions	–	16 225	181	1 007	17 413
Depreciation	–	(12 954)	(682)	(1 187)	(14 823)
Disposals – carrying amount	–	–	–	(898)	(898)
Disposals – accumulated depreciation	–	–	–	841	841
Net revaluation recognized in net assets	(26 875)	(27 195)	–	–	(54 070)
Foreign exchange differences on translation	–	–	(534)	(52)	(586)
Subtotal 2024 movement	**(26 875)**	**(23 924)**	**(1 035)**	**(289)**	**(52 123)**
Closing balance 31 December 2024	**379 194**	**365 437**	**8 425**	**3 711**	**756 767**
Gross carrying amount 31 December 2024	379 194	365 437	17 454	16 297	778 382
Accumulated depreciation	–	–	(9 029)	(12 586)	(21 615)
Net carrying amount 31 December 2024	**379 194**	**365 437**	**8 425**	**3 711**	**756 767**
Effect of adoption of new accounting standard	9 032	(527)	–	–	8 505
Net carrying amount 1 Jan. 2025	**388 226**	**364 910**	**8 425**	**3 711**	**765 272**
Additions	–	23 341	957	1 566	25 864
Depreciation	–	(11 936)	(669)	(1 233)	(13 838)
Disposals – carrying amount	–	(2 759)	–	(1 937)	(4 696)

(US$ thousands)	Land	Buildings	Leasehold	Equipment	Total
Disposals – accumulated depreciation	–	–	–	1 896	1 896
Net revaluation recognized in net assets	57 525	47 073	–	–	104 598
Foreign exchange differences on translation	–	–	1 018	92	1 110
Subtotal 2025 movement	**57 525**	**55 719**	**1 306**	**384**	**114 934**
Closing balance 31 December 2025	**445 751**	**420 629**	**9 731**	**4 095**	**880 206**
Gross carrying amount 31 December 2025	445 751	420 629	20 528	16 424	903 332
Accumulated depreciation	–	–	(10 797)	(12 329)	(23 126)
Net carrying amount 31 December 2025	**445 751**	**420 629**	**9 731**	**4 095**	**880 206**

Land and buildings

209. The Organization owns its headquarters building in Geneva, Switzerland, and the land upon which it was built along with an adjoining plot. In addition, the Organization owns land and buildings in Abidjan (Côte d'Ivoire), Lima (Peru) and Santiago (Chile). In Buenos Aires (Argentina), the Organization owns an apartment located in a building for which no separate land ownership exists. In Brasilia (Brazil), Dar es Salaam (United Republic of Tanzania) and Islamabad (Pakistan), it further owns buildings located on land to which the ILO has surface rights or leaseholds at a nominal cost (note 26).

210. In order to accurately reflect the value of its land and buildings, an independent appraiser reviewed and updated the current operational value of all properties based on international valuation standards as promulgated by the International Valuation Standards Council, including assumptions relating to prevailing market conditions. With the implementation of the IPSAS 45 new valuation methodologies in 2025, current operational values were determined for both the opening values of 1 January 2025 and closing values of 31 December 2025, as detailed in note 3. Valuation techniques are selected by the appraiser appropriate to the specificities of each property and include:

(a) the market approach, using prices and other information generated by market transactions of similar assets;

(b) assessing the existing asset, considering the remaining service potential and its current use and location; and

(c) the cost approach, reflecting the amount that would be required to replace the asset, adjusted for obsolescence.

211. Valuation inputs used to develop the current operational value estimates are categorized under the same measurement hierarchy used in the valuation of financial instruments (see note 21). Due to the nature of real estate assets, which are unique and not traded on a regular basis, quoted prices for identical assets (level 1 inputs) are not readily available. Other observable inputs (level 2) are used and include sale prices for similar properties in similar locations, observable market conditions for similar properties, and property yields derived from recent transactions.

212. The change in value of the land and buildings in 2025 includes the opening value remeasurement of US$8.51 million described in note 3 and US$103.69 million revaluation gain due to currency rate fluctuation over the year. The net difference between historical cost and land and buildings valued at current value is recognized as a separate component of the net assets as shown in note 19.

(US$ thousands)	2025 closing current value	2025 opening current value	2024 fair value
Land			
Headquarters – Geneva	429 351	375 980	366 948
Lima	3 614	3 650	3 650
Abidjan	7 319	3 940	3 940
Santiago	5 467	4 656	4 656
Total land	**445 751**	**388 226**	**379 194**
Buildings			
Headquarters – Geneva	396 831	341 376	341 942
Lima	11 445	11 557	11 557
Brasilia	1 562	1 412	1 412
Abidjan previous building	–	2 867	2 867
Abidjan new building under construction	2 621	–	–
Dar es Salaam	1 379	1 596	1 560
Buenos Aires	513	502	499
Islamabad	551	438	438
Santiago	5 727	5 162	5 162
Total buildings	**420 629**	**364 910**	**365 437**
Total land and buildings	**866 380**	**753 136**	**744 631**

213. In March 2018, the Governing Body was informed of the works necessary to rehabilitate the ILO's premises in Abidjan, a property that was gifted to the ILO in 1990 by the Government of Côte d'Ivoire for the purpose of housing the ILO Regional Office for Africa. It was decided that the Office's current and future requirements would be best met through a complete demolition and construction of a new building. In the meantime, the premises remained vacant while the office rented other premises in Abidjan. In 2024, a building permit was obtained and the tendering process for construction services was finalized for a total budgeted cost of US$13.7 million. In 2025, demolition of the existing building took place and works began on the new construction for an estimated duration of 18 months. These works in progress are presented as "Additions" to "Buildings" in the table in paragraph 103 above. The derecognition of the building resulted in a net decrease in accumulated surplus/deficit equivalent to the building's carrying amount net of the related revaluation surplus accumulated gains as follows:

(US$ thousands)	
Fair value Abidjan building 31 December 2024	2 867
2025 Depreciation up to start of demolition works	(108)
Net value at disposal date	**2 759**
Abidjan building revaluation reserves accumulated gain transferred to accumulated balances	1 775
Loss on disposal of building asset carrying amount recognized in surplus/deficit in 2025	(2 759)
Net decrease in accumulated surplus/deficit	**(984)**

214. In 2025 the Office initiated the contract tendering process for the renovation of the ILO Country Office for Pakistan in Islamabad at an estimated cost of US$5.7 million to rectify major defects and ensure full compliance with security and occupational safety and health standards. The finalization of these contracts is expected to occur in 2026 with an estimated project completion in 2028.

215. Phase 2 of the headquarters building renovation project (renovation of the conference rooms and common areas) continued during 2025 and is scheduled to be completed in 2027. The related capital expenditures are presented as “Additions” to “Buildings” in the table in paragraph 103 above.

216. Contractual commitments at 31 December 2025 for future capital expenditures related to the building projects above are disclosed in note 25.

Leasehold improvements

217. The Organization has improvements on leasehold property in New Delhi (India), Bangkok (Thailand), Mexico City (Mexico) and buildings at the ITCILO.

Note 12 – Leases

As a lessee

218. The ILO leases assets including office premises, vehicles and office equipment. Information about leases for which the ILO is a lessee is presented below.

Right-of-use assets – premises

(US$ thousands)	2025
Balance at 1 January 2025	18 131
Additions during the year	–
Depreciation charge for the year	(3 633)
Closing balance at 31 December 2025	**14 498**

Lease liabilities – premises

(US$ thousands)	2025
Maturity analysis – contractual undiscounted cash flows	
Less than one year	3 809
One to five years	6 895
More than five years	5 099
Total undiscounted lease liabilities at 31 December	**15 803**
Lease liabilities	
Balance at 1 January 2025	18 131
Interest on lease liabilities	288
Cash outflow for lease payments	(3 901)
Revaluation (gain)/loss on lease liabilities denominated in foreign currencies	451
Lease liabilities at 31 December at amortized cost	**14 969**
■ Lease liabilities – Current	3 578
■ Lease liabilities – Non-current	11 391
Other amounts recognized in surplus or deficit	
Depreciation of right-of-use assets	3 633
Expenses relating to variable lease payments not included in the measurement of lease liabilities, short-term leases, leases of low-value assets and other leases excluded from lease accounting under IPSAS 43	6 279

219. Under the previous accounting standard for 2024, the total amount paid by the ILO to other UN agencies for leases under cost-sharing agreements based on the reimbursement of actual cost incurred was US$3.13 million. The total amount of lease and sublease expense recognized in 2024 was US$13.27 million.

As a lessor

220. The ILO leases out a portion of its owned buildings and occasionally subleases office space that it leases under a head lease. All leases are categorized as operating leases. Lease income from lease contracts and other short-term rentals in which the ILO acts as a lessor totalled US$4.96 million in 2025 (US$4.76 million in 2024). Included in this amount is US$0.02 million in revenue from subleasing right-of-use assets summarized under lessee activities above.

221. The following table presents a maturity analysis of contractual lease income from operating leases, showing the undiscounted lease payments to be received after the reporting date. Some arrangements are renewable; the maturity analysis reflects contractually enforceable periods only:

(US$ thousands)	2025
Maturity analysis – contractual undiscounted cash flows	
To be received in 2026	2 398
To be received in 2027	502
To be received in 2028	459
To be received in 2029	459
To be received in 2030	125
To be received in thereafter	87
Total contractual lease income to be received for operating leases	**4 030**

Note 13 – Intangible assets

222. The movement of intangible assets by class during the reporting period is as follows:

(US$ thousands)	Software acquired externally	Software internally developed	Software under development	Total
Net carrying amount 31 December 2023	**61**	**3 325**	**435**	**3 821**
Additions and transfers	48	1 423	312	1 783
Amortization	(32)	(927)	–	(959)
Disposals – carrying amount	(29)	–	–	(29)
Disposals – accumulated amortization	29	–	–	29
Net foreign exchange differences on translation	1	–	–	1
Subtotal 2024 movement	**17**	**496**	**312**	**825**
Closing balance at 31 December 2024	**78**	**3 821**	**747**	**4 646**
Gross carrying amount 31 December 2024	1 026	9 808	747	11 581
Accumulated amortization	(948)	(5 987)	–	(6 935)
Net carrying amount 31 December 2024	**78**	**3 821**	**747**	**4 646**
Additions and transfers	–	3 428	(487)	2 941
Amortization	(32)	(1 151)	–	(1 183)
Disposals – carrying amount	(190)	–	–	(190)

(US$ thousands)	Software acquired externally	Software internally developed	Software under development	Total
Disposals – accumulated amortization	190	–	–	190
Net foreign exchange differences on translation	3	–	–	3
Subtotal 2025 movement	**(29)**	**2 277**	**(487)**	**1 761**
Closing balance at 31 December 2025	**49**	**6 098**	**260**	**6 407**
Gross carrying amount 31 December 2025	866	13 264	260	14 390
Accumulated amortization	(817)	(7 166)	–	(7 983)
Net carrying amount 31 December 2025	**49**	**6 098**	**260**	**6 407**

Note 14 – Deferred revenue

223. Deferred revenue as at the reporting date is as follows:

(US$ thousands)	Current	Non-current	Total 31 Dec. 2025	Total 31 Dec. 2024
Assessed contributions received in advance	55 859	–	55 859	67 802
Voluntary contributions receivable for signed agreements	226 616	238 460	465 076	577 226
Due to donors (including ITCILO)	438 369	–	438 369	469 667
Receivables for signed agreements for ITCILO training services	5 381	5 337	10 718	13 021
SHIF contributions received in advance	939	–	939	838
Other deferred revenue	616	–	616	595
Total deferred revenue	**727 780**	**243 797**	**971 577**	**1 129 149**

224. The deferred voluntary contribution revenue represents the amount receivable pending the completion of the performance required by agreements between the Organization and the donors (see also note 6 – Contributions receivable – Voluntary contributions).

Note 15 – Employee benefits

225. The employee benefits liabilities at the reporting date are as follows:

(US$ thousands)	Current	Non-current	Total 31 Dec. 2025	Total 31 Dec. 2024
Agreed terminations	16 633	–	16 633	–
Education grant	1 582	–	1 582	1 267
Accumulated leave and home leave	32 347	18 400	50 747	46 876
Repatriation entitlements	4 835	30 040	34 875	34 694
ASHI liability	40 781	1 874 115	1 914 896	1 984 143
Total employee benefits liabilities	**96 178**	**1 922 555**	**2 018 733**	**2 066 980**

Post-employment benefits

United Nations Joint Staff Pension Fund

226. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Fund's Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

227. The ILO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent of pensionable remuneration for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke article 26, and no deficiency payments have ever been requested.

228. The latest actuarial valuation for the Fund was completed as of 31 December 2023, and the valuation as of 31 December 2025 is currently being performed. A roll forward of the participation data as at 31 December 2023 to 31 December 2024 was used by the Fund for its 2024 financial statements.

229. The actuarial valuation as of 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0 per cent when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0 per cent when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under article 26.

230. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2023, for deficiency payments under article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of article 26.

231. Should article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2022, 2023 and 2024) amounted to US$10,191.93 million, of which 2.0 per cent was contributed by the ILO.

232. During 2025, the ILO's contributions paid to the Fund amounted to US$74.60 million (US$72.40 million in 2024). Expected contributions due in 2026 are approximately US$77.90 million.

233. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

234. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund provides weekly information on its investments, which can be viewed by visiting the Fund at www.unjspf.org.

After-service health insurance plan (ASHI)

235. An actuarial valuation carried out for 2025 calculated the ILO's estimated liability for after-service medical benefits at the reporting date as described in the following paragraphs.

236. Each year, the ILO reviews and selects assumptions and methods that will be used by the actuaries in the valuation to determine the expense and contribution requirements for the ILO's after-service medical care plans. The selection includes harmonized actuarial factors as applied across the UN system. For the 2025 valuation, the assumptions and methods used are as described below.

Key financial assumptions	**2025** (%)	**2024** (%)
Discount rate		
ILO regular budget	2.58	1.96
ILO development cooperation	5.44	1.96
ITCILO	4.82	3.51
ISSA	1.63	0.90
Rate of future compensation increases	3.10 + UNJSPF salary scale	3.10 + UNJSPF salary scale
Rate of pension increases	2.60	2.60
Medical inflation		
ILO regular budget	6.15 (decreasing to 2.50 by 2033)	6.00 (decreasing to 2.80 by 2032)
ILO development cooperation	8.80 (decreasing to 3.70 by 2033)	6.00 (decreasing to 2.80 by 2032)
ITCILO	7.80 (decreasing to 3.75 by 2033)	6.00 (decreasing to 2.80 by 2032)
ISSA	5.20 (decreasing to 2.10 by 2033)	6.00 (decreasing to 2.80 by 2032)

237. The discount rate is determined by reference to market yields at the reporting date on high-quality corporate bonds. Based on the plan duration, the discount rate has been determined for each major currency in which the SHIF incurs liabilities (Swiss franc, US dollar and euro). The final rate was determined by averaging the different discount rates, weighted by the benefits payments in the different currencies. Until 2025, the discount rate used for the projected liabilities of retirees from ILO development cooperation funded projects was the same as the discount rate used for ILO regular budget retirees due to the relatively small volume of claims. As the membership and associated claims have increased over time, the assumption was adjusted starting in 2025 to reflect the currency mix attributable to each membership group separately.

238. The average expected timing of the liability cash outflow, weighted by the present value of cashflows, is summarized in the following table by membership group. The significant change in duration for ILO development cooperation is explained by the change in currency mix detailed above, which results in a higher discounting effect that reduces the duration.

Duration (years)	**ILO regular budget**	**ILO development cooperation**	**ITCILO**	**ISSA**
2025	18	20	17	21
2024	20	27	18	25

239. Should the key assumptions about medical cost trends or discount rates described above change, this would impact the measurement of the ASHI defined benefit obligation as follows:

Sensitivity information for key assumptions (% of end of year liability)	**2025** (%)	**2024** (%)
Effect on defined benefit obligation		
Healthcare cost trend rate +1 percentage point	24.0	24.6
Discount rate +1 percentage point	(16.1)	(18.4)
Healthcare cost trend rate -1 percentage point	(18.0)	(19.3)
Discount rate -1 percentage point	23.1	24.6

240. The following table shows the change in present value of the defined benefit obligation during the reporting period.

(US$ thousands)	**2025**	**2024**
Defined benefit obligation, opening balance	**1 984 143**	**1 693 815**
Current service cost	82 777	62 935
Interest cost	39 801	40 064
Total costs recognized in the consolidated statement of financial performance	**122 578**	**102 999**
Net benefits paid	**(35 326)**	**(32 641)**
Actuarial (gain) loss due to experience	57 246	(41 925)
Actuarial (gain) loss due to financial assumption changes	(169 714)	219 428
Actuarial (gain) loss due to demographic assumption changes	(44 031)	42 467
Total actuarial (gain) loss recognized directly in the consolidated statement of changes in net assets	**(156 499)**	**219 970**
Defined benefit obligation, closing balance	**1 914 896**	**1 984 143**

241. In 2023, the plan rules were amended to allow for an increase in the contribution rates of retirees and their dependants in 2024 and 2025. The following table presents the applicable contribution rates:

Category	**Rate from January 2024** (%)	**Rate from January 2025** (%)
Retirees or survivors	3.64	3.73
Automatically covered spouse	1.10	1.13
First automatically covered child	0.37	0.38
All other automatically covered children	0.37	0.38

242. Expenses related to interest cost and current service cost for 2025 have been recognized net of benefits paid in the consolidated statement of financial performance as staff costs. Cumulative net actuarial losses of US$656.66 million (US$813.16 million as of 31 December 2024) have been recognized directly against net assets. In accordance with IPSAS 39, no plan assets have been offset against the liability; however, an amount of US$63.96 million is available in a SHIF Guarantee Fund (US$61.46 million as at 31 December 2024) to cover future liabilities of SHIF. In addition, an amount of US$47.96 million has been accumulated to partially fund the ASHI liability for retiree of ILO development cooperation projects (US$38.59 million as at 31 December 2024).

243. The ILO finances its ASHI liability on a pay-as-you-go basis. The Programme and Budget for 2024–25 includes a provision of US$31.90 million which covers the ILO's contribution to the SHIF in respect of the insurance of retired officials, invalidity pensioners, surviving spouses and orphans.

Repatriation entitlements

244. The repatriation entitlements at the reporting date are as follows:

(US$ thousands)	Current	Non-current	Total 31 Dec. 2025	Total 31 Dec. 2024
Travel and removal on separation	623	5 188	5 811	5 994
Repatriation grant	3 497	17 065	20 562	20 652
ITCILO end-of-service benefit	715	7 787	8 502	8 048
Total repatriation entitlements	**4 835**	**30 040**	**34 875**	**34 694**

245. An actuarial valuation carried out for 2025 calculated the ILO's estimated liability for repatriation entitlements at the reporting date as described in the following paragraphs.

246. Each year, the ILO reviews and selects assumptions and methods that will be used by the actuaries in the valuation to determine the expense and contribution requirements for the ILO's repatriation entitlements. For the 2025 valuation, the assumptions and methods used are as described below.

Key financial assumptions	2025 (%)	2024 (%)
Discount rate	ILO Repatriation grant: 5.18 ITCILO Repatriation grant: 5.08 ILO Travel and removal: 5.12 ITCILO Travel and removal: 3.96 End of service payment: 3.58	ILO Repatriation grant: 5.53 ITCILO Repatriation grant: 5.49 ILO Travel and removal: 5.56 ITCILO Travel and removal: 3.39 End-of-service payment: 3.15
Rate of future compensation increases:	3.10 + UNJSPF salary scale	3.10 + UNJSPF salary scale
Rate of future cost increases: Repatriation travel and removal costs	ILO rate: 0.7 ITCILO rate: 2.0	ILO rate: 1.0 ITCILO rate: 1.9
Probability of benefit claim	ILO repatriation grant: 50 ITCILO Repatriation grant: 98 ILO travel and removal: 66 ITCILO travel and removal: 98	ILO Repatriation grant: 50 ITCILO Repatriation grant: 98 ILO Travel and removal: 66 ITCILO Travel and removal: 98

247. The discount rates were determined for the currencies US dollar and euro by reference to the AA corporate bond yield curve in the respective currency as at 31 December 2025. The weighted average duration of the defined benefit obligation based on the plan census data and key assumptions is 7 years (7 years in 2024). Should the key assumptions about discount rates described above change, this would impact the measurement of the defined benefit obligation as follows:

Sensitivity information for key assumptions (% of end of year liability)	**2025** (%)	**2024** (%)
Effect on defined benefit obligation and combined service and interest cost components		
Discount rate + 1 percentage point	(6.3)	(6.3)
Discount rate - 1 percentage point	7.0	6.9

248. The following table shows the change in present value of the defined benefit obligation during the reporting period:

(US$ thousands)	2025	2024
Defined benefit obligation, opening balance	**34 694**	**35 309**
Current service cost	1 646	1 540
Interest cost	1 587	1 428
Total costs recognized in the consolidated statement of financial performance	**3 233**	**2 968**
Net benefits paid	**(3 126)**	**(3 431)**
Actuarial (gain) loss due to experience	(1 387)	1 414
Actuarial (gain) loss due to demographic assumption changes	(73)	–
Actuarial (gain) loss due to financial assumption changes	386	(971)
Total actuarial (gain) loss recognized directly in the consolidated statement of changes in net assets	**(1 074)**	**443**
Foreign currency exchange rate changes	**1 148**	**(595)**
Defined benefit obligation, closing balance	**34 875**	**34 694**

249. Expenses related to interest cost and current service cost for 2025 have been recognized net of benefits paid in the consolidated statement of financial performance as staff costs. Cumulative net actuarial gains of US$19.17 million (US$18.13 million as at 31 December 2024) have been recognized directly against net assets, of which US$0.31 million actuarial losses are related to travel and transport benefits for employees funded through development cooperation projects and form part of the net Due to Donor balance rather than the net assets of the Organization.

250. In accordance with IPSAS 39, no plan assets have been offset against the liability; however, an amount of US$56.95 million has been accumulated by the ILO in the Terminal Benefits Fund (US$53.69 million as at 31 December 2024) to fund future ITCILO end-of-service benefits and repatriation grants for both the ILO and the ITCILO.

Agreed terminations

251. The ILO implemented exceptional measures in 2025 for a voluntary separation programme as the Office reviewed its programme and operational model for the future. Special arrangements were put in place to facilitate agreed terminations for select regular budget core positions, where such terminations were in the interests of the overall effectiveness and efficiency of the work of the Office and had the consent of the officials concerned. Through this exercise, 90 officials signed termination contracts at the end of 2025 with separation dates taking place up to June 2026. These indemnities totalling US$16.63 million were calculated based on a years-of-service formula applied to net base salary and, exceptionally for this exercise, post adjustment of the official's duty station. This amount was recorded as expenditure under staff costs in 2025 and remains unpaid liabilities at 31 December 2025 as presented in the summary table in paragraph 120. In addition, the Office extended payment of employer contributions to the UNJSPF and SHIF for 5 officials, a total amount of US$0.16 million recorded as expenditure under staff costs in 2025 and in payables and accruals. Separation indemnities along with any accrued unused annual leave (US$2.78 million at 31 December 2025) will be paid in the course of the month following separation.

Note 16 – Borrowings

252. Borrowings consist of two loans in Swiss francs made to the ILO from the Foundation for Buildings for International Organizations:

(US$ thousands)	Original construction loan	Renovation loan	2025 Total	2024 Total
Nominal value beginning of period	**4 108**	**64 743**	**68 851**	**81 522**
Amounts repaid in the period	(4 593)	–	(4 593)	(6 836)
Exchange rate effect on CHF borrowings	485	9 190	9 675	(5 835)
Nominal value end of period	**–**	**73 933**	**73 933**	**68 851**
Remaining unamortized fair value discount	–	–	–	(85)
Accrued interest	–	370	370	
Carrying value end of period	**–**	**74 303**	**74 303**	**68 766**

253. The original construction loan from 1967 for the construction of the ILO headquarters building carried an interest rate based on market rates; this interest was subsequently waived by the Swiss Confederation in 1996. The loan is repayable in annual instalments of CHF3.70 million, with the final payment due in 2025.

254. The renovation loan agreement was signed in April 2017 for an amount of CHF70.00 million to partially finance the subsequent renovation of the ILO headquarters building. Disbursements commenced to the ILO in 2017 and were received over the period of renovations, ending in 2020. The loan is repayable in annual instalments of CHF2.33 million that began in 2020. The annual interest rate is fixed at 0.5 per cent, commencing when the total loan was disbursed in 2020.

255. The original construction loan was fully repaid, with the final payment made in 2025. In accordance with the loan agreement for the renovation loan, a scheduled loan repayment fell due in December 2025. At the reporting date, the repayment had been accrued but not yet settled, as the administrative processing of the payment occurred in January 2026. Accordingly, the loan liability remains recognized at its full outstanding balance as at 31 December 2025, with the unpaid instalment presented within accounts payable. The repayment was settled in full shortly after the reporting date.

256. The annual contractual payments for the remaining renovation loan, including the December 2025 contractual payment, in nominal value, excluding interest, are as follows:

(US$ thousands)	Total loans payable
Payments due next year	5 915
Payments due from second to fifth year	11 829
Payments due after five years	56 189
Nominal value at 31 December 2025	**73 933**

Note 17 – Due to Member States

257. The amount due to Member States at the reporting date is calculated as follows:

(US$ thousands)	2025	2024
Undistributed surpluses of prior periods	69	61
Undistributed net premia of prior periods	2 324	473
Undistributed 50 per cent of net premia	12 061	3 666
Subtotal	**14 454**	**4 200**

(US$ thousands)	2025	2024
Incentive Fund	15 768	7 788
Total payable to Member States	**30 222**	**11 988**
▪ Due to Member States – Current	**4 432**	**7 747**
▪ Due to Member States – Non-current	**25 790**	**4 241**

258. In accordance with article 11 of the ILO Financial Regulations, the net premium due to Member States is determined on a biennial basis at the end of the second year of the biennium. The 2024 amount was included in the accumulated fund balance pending the biennial results.

Calculation of net premium and Incentive Fund

259. The Financial Regulations provide for the distribution of elements of the net result of operations of the regular budget as described below.

260. **Net premium** – Article 11(5) and (7) provides for distribution to Member States of one half of any net premium earned on the forward purchasing transactions between US dollars and Swiss francs to Member States apportioned on the basis of the proportion of the total of each Member State's assessed contributions during the biennium in which the net premium was earned and credited against assessed contributions payable in the next financial period. The remaining one half of the net premium is transferred to the Incentive Fund. The calculation of the various distributions of the net operational result in accordance with the Financial Regulations is done on a biennial basis. The balance due to Member States for the 2024–25 biennium is as follows:

Exchange Equalization Account (EEA) calculation (US$ thousands)	2024–25	2022–23
Premium earned on the forward purchase of US dollars	19 856	5 270
Exchange gains (losses) from revaluation from budgetary to UN operational rate of exchange		
Revenue	35 560	(25 560)
Expense	(26 888)	10 283
Forward purchase of US dollars	(24 393)	8 905
Revaluation of assets, liabilities, reserves and fund balances at UN operational rate of exchange	13 096	10 848
Revaluation of provision for contribution arrears	14 107	(946)
Revaluation of regular budget surplus	(7 215)	(888)
Total EEA	**24 123**	**7 912**

261. **Incentive Fund** – Article 11(4)–(6) provides for an Incentive Fund financed from 60 per cent of the interest earned on temporarily surplus regular budget funds and one half of any net premium earned on the forward purchasing transactions. The Incentive Fund is distributed to Member States that have paid their assessed contributions in full at the end of either the first or second year of the biennial financial period during which the net premium was earned.

Composition of Incentive Fund (US$ thousands)	2025	2024
Interest earned in current year	1 257	2 145
Interest earned in prior year	2 450	1 977
Total interest earned	**3 707**	**4 122**
50 per cent of net premium	12 061	3 666
Total available in Incentive Fund	**15 768**	**7 788**

Note 18 – Other current liabilities

262. Other current liabilities at the reporting date are as follows:

(US$ thousands)	2025	2024
Pass-through funds held as administrative agent	6 568	3 679
Provisions for contingencies	80	60
Other	1 788	1 434
Total other current liabilities	**8 436**	**5 173**

263. In some agreements, the ILO is the administrative agent responsible for passing through funds to implementing partners or other beneficiaries. A liability is established to reflect the funds received from the donor but not yet passed through to implementing partners or beneficiaries as at 31 December.

264. Provisions for contingencies are recognized for legal cases pending before the ILO Administrative Tribunal for which it is more likely than not that the ILO will be required to settle the obligation and the amount can be reliably measured. The movement of provisions for contingencies during the reporting period is as follows:

(US$ thousands)	2025	2024
Balance as at 1 January	**60**	**54**
Additional provisions raised during the period	26	52
Provisions used during the period	(6)	(46)
Unused provisions reversed during the period	–	–
Balance as at 31 December	**80**	**60**

Note 19 – Reserves and accumulated balances

265. Net assets represent the value of the Organization’s assets less its outstanding liabilities at the reporting date. Net assets consist of the following elements:

- **Reserves:** represent the balances of special funds established by the Governing Body, the International Labour Conference or the Financial Regulations and include:

(a) **Working Capital Fund:** to finance budgetary expenditure pending receipt of assessed contributions and, subject to prior Governing Body approval, to meet emergencies;

(b) **Income Adjustment Account:** to provide temporary internal funding when the Working Capital Fund proves insufficient to cover regular budget deficits;

(c) **Terminal Benefits Fund:** to finance payments of repatriation grant and end-of-service benefits. The ILO makes a defined contribution to the Fund as a percentage of compensation paid to eligible employees during the financial period;

(d) **Fidelity Guarantee Fund:** to finance losses due to theft or misappropriation;

(e) **Extrabudgetary reserve:** to finance costs incurred in connection with development cooperation projects not reimbursed by donors;

(f) **SHIF Guarantee Fund:** to meet solvency needs;

(g) **ASHI Liability Reserve:** established to partially fund the ASHI liability;

(h) **ITCILO’s Working Capital Fund:** established in accordance with the Financial Regulations of the ITCILO.

- **Accumulated balances include:**

(i) **Employee benefits:** represent initial recognition of the employee liabilities and subsequent impact of changes in actuarial gains and losses;

(j) **Revaluation surplus of land and buildings:** represents the accumulated difference between the historic cost of land and buildings and the current value as determined by the independent valuation;

(k) **Accumulated surpluses (deficits):** represent the accumulated surpluses and deficits from the Organization's operations after deducting funds returned to Member States in accordance with the Financial Regulations.

266. Reserves and accumulated balances as at the reporting date are as follows:

(US$ thousands)	2025	2024
Reserves		
Working Capital Fund	–	38 846
Income Adjustment Account	90 483	83 551
Terminal Benefit Fund	56 946	53 691
Fidelity Guarantee Fund	1 557	1 514
Extrabudgetary Fund	25	25
SHIF Guarantee Fund	63 963	61 458
ASHI Liability Reserve	47 962	38 587
ITCILO's Working Capital Fund	2 353	2 083
Total reserves	**263 289**	**279 755**
Accumulated balances		
Employee benefits	(1 201 569)	(1 359 082)
Revaluation surplus of land and buildings	567 095	455 768
Accumulated surplus	226 800	209 105
Total accumulated balances	**(407 674)**	**(694 209)**
Total net assets	**(144 385)**	**(414 454)**

Note 20 – Expenses

267. The ILO has the following main categories of expenses as presented in Statement II:

- **Salaries, employee benefits and other personnel costs:** cover all entitlements for active officials of all grades as authorized by the Staff Regulations. Also include the current period interest cost and current service cost related to the ASHI liability;
- **Travel:** includes expenses related to official travel for staff and delegates to meetings;
- **Subcontracts:** expenses related to externally provided services for the delivery of outputs;
- **General operating expenses:** includes all charges for the operation, maintenance and security of ILO premises (owned, leased and donated); communication costs including postage, telephone and internet services; freight expense; and insurance;
- **Supplies, materials and small equipment:** covers the costs of consumables used in the ILO's day-to-day operations including office supplies, paper, books and other publications, computer and printer supplies, equipment and intangible assets which do not meet the capitalization policy, and vehicle fuel;

- **Depreciation and amortization:** covers the costs of depreciation of buildings, right-of-use assets, equipment and leasehold improvements and amortization of the costs of intangible assets including externally acquired and internally developed software;
- **Seminars, workshops and other training:** covers the costs of delivering training, including the costs of facilities, consultants, materials, subsistence payments and travel of officials and attendees to training-related events;
- **Staff development:** expenses related to staff training and development including rental of space, participant travel, and presenter fees and travel costs;
- **Health benefits:** all payments made by SHIF on behalf of active or former ILO officials or dependants;
- **Contributions and grants in aid:** covers expenses under regular budget development cooperation activities and contributions made to jointly funded bodies;
- **Finance expenses:** includes bank charges and custody fees paid in connection with the management of ILO bank accounts, disbursements and investments together with adjustments relating to discounting of lease liabilities, non-current receivables and borrowings;
- **Other expenses:** expenses that cannot be reported under the classifications above. In 2025, this category includes the following extraordinary write-downs:

(US$ thousands)	2025
Other expenses	
Write-down of US income taxes receivable account Impairment allowance recognized against the receivable disclosed in note 9, following assessment of collectability	4 271
Increase in the provision for SHIF invoices incurred but not yet reported by members at 31 December based on updated claims volume, reflecting higher benefit expenditure and unprocessed claims at year-end (paragraph 30 of note 2)	3 070
Extraordinary write-off for disallowed project expenditure under a donor-funded project	2 800
Other	176
Total other expenses	**10 317**

Note 21 – Financial instruments

268. Financial instruments are categorized as follows:

Financial assets and liabilities	Category
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Derivative assets/liabilities	Fair value through surplus or deficit
Investments (short term deposits)	Amortized cost
Investments (portfolios)	Fair value through surplus or deficit
Payables	Amortized cost
Borrowings	Amortized cost
Lease liabilities	Amortized cost

269. Fair values are classified according to the following hierarchy:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

270. Investment portfolios classified as fair value through surplus or deficit include cash and trades to settle, which are categorized as amortized cost. As at the reporting date, the classification of the carrying value of investment portfolios is as follows:

Fair value measurement category (US$ thousands)	**2025**	**2024**
Level 1	271 226	253 248
Level 2	62 507	51 992
Level 3	13 620	11 303
Amortized cost	752	(1 939)
Total	**348 105**	**314 604**

271. The fair value of derivative assets and liabilities is determined according to the level 2 category. The carrying amount of the ILO's other financial instruments at amortized cost is a reasonable approximation of their fair value.

272. Investments classified as level 3 are comprised of real estate and loan portfolios where the fair value of underlying assets is determined by independent third-party appraisers at least annually.

Financial risk management

273. The ILO's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The ILO's investment management programme focuses on these risks and seeks to minimize potential effects on financial performance.

Market risk

274. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

275. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

276. The ILO is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies, predominately Swiss francs along with minor exposure to other currencies. The ILO's primary objectives in managing currency risk are to preserve cash flows and reduce variations in performance from the negative impact of exchange rate fluctuation.

277. The ILO mitigates the currency fluctuation risk to its regular budget by naturally hedging through receipt of revenue in Swiss francs from assessed contributions in an amount sufficient to finance its current Swiss franc liabilities and entering into forward purchase agreements to finance its US dollar-based liabilities.

278. The ILO also enters into forward purchase agreements to mitigate exposure to currency gains or losses on non-Swiss franc investments (excluding 35 per cent, with a tolerance of +/- 5 per cent, in US dollar investments) held on behalf of the SHIF, since the SHIF's liabilities are predominately Swiss franc- and US dollar-based.

279. The ILO receives voluntary contributions to finance development cooperation projects in currencies other than US dollars. These funds are converted to US dollars to meet cash flow requirements. No currency exposure exists as the related development cooperation project budgets are adjusted to reflect the US dollars equivalent amount of the funds received.

280. The table below shows the impact on surplus/deficit as of 31 December 2025, if the major currencies to which the Organization was exposed, weakened or strengthened by 5 per cent against the US dollar:

(US$ thousands)	**CHF [1] denominated**	**Euro [2] denominated**
5 per cent depreciation of the foreign currency against US$:		
Impact on surplus/deficit:		
Financial assets and liabilities other than derivative instruments	(20 903)	(2 413)
Derivative instruments	17 451	506
5 per cent appreciation of the foreign currency against US$:		
Impact on surplus/deficit:		
Financial assets and liabilities other than derivative instruments	23 103	2 668
Derivative instruments	(19 288)	(560)

[1] The UN operational rate of exchange was US$1 = CHF0.789 as at 31 December 2025.
[2] The UN operational rate of exchange was US$1 = €0.85 as at 31 December 2025.

281. The assets and liabilities held in Swiss francs and euro are generally matched to the underlying fund currency. Therefore, while there may be an impact in US dollar terms, the substantive effect in the underlying currency would be immaterial.

282. The assets and liabilities held in other currencies are minor. The movements in exchange rates against the US dollar of these currencies would not have a material impact on the consolidated statement of financial position or consolidated statement of financial performance.

Interest rate risk

283. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

284. The ILO is exposed to interest rate risk on surplus/deficit through its interest-bearing financial assets and fixed-income instruments, and through interest rate linked market value changes on the fixed income portions of its investment portfolios. The table below shows the estimated impacts of an increase or decrease in interest rates by 50 basis points:

	(US$ thousands)
50 basis point increase in interest rates	
Impact on interest income	4 191
Impact on fair value of portfolios	(3 219)
Net effect	**972**
50 basis point decrease in interest rates	
Impact on interest income	(4 191)
Impact on fair value of portfolios	3 219
Net effect	**(972)**

285. The ILO believes that it is not subject to significant interest rate risk. The ILO mitigates its interest rate risk by adjusting the maturities of investments in accordance with expected changes in the global economic environment and by diversifying asset classes within its portfolios.

Credit risk

286. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

287. The ILO is exposed to credit risk through its cash and cash equivalents, investments, accounts receivable and derivative assets. The maximum exposure to credit risk is the carrying value of these assets. For the purposes of financial reporting, the ILO calculates expected credit loss allowances associated with its financial assets.

288. The ILO's investment policies limit the amount of credit exposure to any one counterparty and include conservative minimum credit quality requirements of investment grade.

289. Cash deposits and investments are widely spread in order to avoid an over-concentration of funds with a small number of institutions. The total percentage of ILO cash and investments that may be placed with a single institution is determined according to its long-term credit rating. Funds are generally deposited or invested only with institutions maintaining a long-term credit rating of A or higher, except where local banking conditions require the use of banks with a lower international rating but a good record of performance locally.

290. As at the reporting date, the rating of banks in which cash and short-term deposits are held and the rating of the investments are as follows:

Credit rating [1]	Cash and cash equivalents		Investments	
	Carrying amount (US$ thousands)	%	**Carrying amount** (US$ thousands)	%
AA	19 879	5.4	365 556	36.4
A	327 719	89.8	549 118	54.7
BBB	9 706	2.7	46 829	4.7
<BBB	4 726	1.3	–	–
Not rated	2 859 [2]	0.8	42 299 [3]	4.2
Total	**364 889**	**100.0**	**1 003 802**	**100.0**

[1] The rating is based on long-term credit ratings by Fitch; where unavailable, equivalent ratings by Standard and Poor's and Moody's were utilized. The A rating category includes A+ and A-, the AA rating category includes AA+ and AA-.
[2] The ILO implements projects worldwide. A small part of the bank accounts operating outside of Geneva are held with banks not rated by reference to external credit ratings.
[3] Investments by the ILO in non-fixed income asset classes.

291. The ILO manages its exposure to derivative counterparty credit risk by contracting primarily with reputable financial institutions (A rated). As at the end of the year, the ratings of derivatives counterparties were A and AA within a maximum exposure of US$1.72 million.

292. The ILO is not exposed to material credit risk related to account receivables as contributions are due primarily from large regulatory or governmental bodies. An allowance has been established to reflect receivables for which payment is not anticipated in the short-term.

Liquidity risk

293. Liquidity risk is the risk that the ILO will encounter difficulties in meeting its financial obligations associated with financial liabilities.

294. The ILO manages liquidity risk by continuously monitoring actual and estimated cash flows across all funding sources. While liquidity is managed at an overall level, the availability of liquid resources varies between funds and may be subject to restrictions on use. At the consolidated level, the ILO's total current assets of US$1,544.04 million exceed current financial liabilities of US$906.54 million, indicating a positive overall liquidity position. However, this position does not fully reflect liquidity available for all ILO activities, in particular regular budget.

295. The regular budget is financed primarily through assessed contributions from Member States. As disclosed in note 5, a significant portion of assessed contributions receivable at 31 December 2025 relates to arrears, including a concentration from a single Member State. While these amounts are considered recoverable, delays in receipt result in timing differences between cash inflows and expenditure requirements, giving rise to liquidity pressures for regular budget operations.

296. As reflected in Statement V-A, the 2024–25 biennium resulted in a regular budget deficit and required the full utilization of the Working Capital Fund, with additional recourse to internal borrowing to finance expenditure pending receipt of contributions. As disclosed in note 27, liquidity constraints continued after the reporting date, and uncertainty remains regarding the timing of future receipts.

297. The ILO manages these risks through cash-flow forecasting, expenditure controls and contingency planning, including broader reform and financial sustainability initiatives presented to the Governing Body (ILO GB.356/PFA/4 and GB.356/INS/7).

Capital management

298. The ILO defines the capital that it manages as the aggregate of its net assets which is comprised of accumulated balances and reserves. The ILO's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives as established by its Member States and donors. The ILO's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on a biennial basis along with the hedging of its expense requirements in US dollars against its Swiss franc-based revenue from Member States' assessments.

299. The ILO manages its capital structure in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. The ILO manages its capital by reviewing on a regular basis the actual results against the budgets approved by Member States.

Note 22 – Statement of comparison of budget and actual amounts

300. The ILO does not publish a consolidated budget. Consequently, separate statements of comparison of budget and actual amounts are prepared for each of the published budgets: the regular budget adopted by the International Labour Conference; the budget of CINTERFOR adopted by the ILO Governing Body; and the budget of the ITCILO adopted by the ITCILO Board of Directors. The approved budgets are governed by the Financial Regulations and are prepared on a different basis than that of the consolidated financial statements.

301. IPSAS requires that where the consolidated financial statements and the budget are not prepared on a comparable basis, a reconciliation be presented identifying separately any basis, timing and entity differences.

Basis difference

302. The consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of changes in net assets and consolidated statement of cash flow are prepared on a full accrual basis while the approved budgets are prepared on a modified accrual basis. In addition, the ILO regular budget is prepared using a fixed budget rate of exchange. In the preparation of the consolidated financial statements all foreign currency transactions are converted to US dollars using the UN operational rate on the date of each transaction.

Timing difference

303. Timing differences occur as the ILO regular budget and CINTERFOR's budget are prepared and approved on a biennial basis while the financial statements are prepared on an annual basis.

Entity difference

304. Entity differences occur since the published approved budgets include only certain of the funds managed by the Organization, while the consolidated financial statements provide information of all the funds and entities of the ILO.

305. The following table provides a reconciliation of the result in accordance with the Financial Regulations and with IPSAS:

(US$ thousands)	Regular budget	CINTERFOR	ITCILO	Other funds and elimination	Total
Net result per budgetary basis (Statement V)	(52 553)	(164)	651	–	**(52 066)**
Less: Timing differences	(40 232)	–	–	–	**(40 232)**
Adjusted net result	**(92 785)**	**(164)**	**651**	–	**(92 298)**
Reconciling items from budgetary basis to IPSAS basis:					
Treatment of exchange differences	19 497	–	(3 734)	–	**15 763**
Provision for assessed contributions receivable	132 697	–	–	–	**132 697**
Amortization of receivables from Member States with financial arrangement	30	–	–	–	**30**
Recognition of property and equipment	(1 317)	–	(157)	–	**(1 474)**
Recognition of right-of-use assets	(471)	–	–	–	**(471)**
Recognition of intangible assets	232	–	–	–	**232**
Accrual of employee benefits	(3 237)	–	–	–	**(3 237)**

(US$ thousands)	Regular budget	CINTERFOR	ITCILO	Other funds and elimination	Total
Provision for contingencies	(20)	–	–	–	**(20)**
Unrealized gain from forward purchase agreements	(9 622)	–	–	–	**(9 622)**
Accrual for ITCILO training and other services	170	–	–	–	**170**
Entity difference (ITCILO)	–	–	717	–	**717**
Subsidiary funds	–	–	–	(23 267)	**(23 267)**
Total difference	**137 959**	**–**	**(3 173)**	**(23 267)**	**111 519**
Net result per IPSAS basis	**45 174**	**(164)**	**(2 522)**	**(23 267)**	**19 221**

306. The following table provides a reconciliation between Statement V and Statement IV for the year ended 31 December 2025:

(US$ thousands)	Operating activities	Investing activities	Financing activities	Total
Net surplus (deficit) on a budgetary basis (Statement V)	**(52 066)**	**–**	**–**	**(52 066)**
Timing difference	–	–	–	–
Basis difference	135 310	(1 242)	–	134 069
Entity difference	(196 667)	119 560	(7 755)	(84 863)
Net consolidated cash flows (Statement IV)	**(113 423)**	**118 318**	**(7 755)**	**(2 860)**
Effect of exchange rates on cash and cash equivalents				26 531
Net decrease in cash and cash equivalents				**23 671**

Note 23 – Related party disclosures

307. Key management personnel during the period were the Director-General, Deputy Directors-General, Assistant Directors-General, Regional Directors, the Treasurer and Financial Comptroller and the Legal Adviser. The Governing Body consists of representatives of Member States and constituents elected by the ILO who serve without compensation from the ILO and are not considered key management personnel.

308. The aggregate remuneration paid to key management personnel includes salaries and all allowances established within the ILO Staff Regulations and approved by the Governing Body. Key management personnel are members of the UNJSPF to which the personnel and the ILO contribute and are also eligible for participation in the SHIF including the after-service medical insurance if they meet the eligibility requirements in the SHIF Regulations and Administrative Rules.

Category	2025		2024	
	Individuals*	**Remuneration** (US$ thousands)	**Individuals***	**Remuneration** (US$ thousands)
Key management	14.2	5 898	14.8	5 555

* Full-time equivalent.

309. There were US$0.02 million of new advances granted in 2025 and outstanding to key management personnel as of 31 December 2025.

310. There were no loans or advances granted to key management personnel and their close family members which were not available to other categories of staff in accordance with ILO Staff Regulations.

311. There were no related party transactions involving key management personnel in 2025.

Note 24 – Non-exchange transactions

312. The primary source of revenue to the ILO is from non-exchange transactions including the assessed contributions paid by its Member States and voluntary in-kind contributions made by donors to its development cooperation projects and RBSA.

(US$ thousands)	2025	2024
Assessed contributions	437 185	480 325
Voluntary contributions	432 960	448 276
ITCILO training services and other non-exchange revenue	16 918	15 923
Total revenue from non-exchange transactions	**887 063**	**944 524**
Receivables from assessed contributions (note 5)	243 949	111 092
Receivables from voluntary contributions (note 6)	468 253	576 650
Total receivables from non-exchange transactions	**712 202**	**687 742**
Liabilities recognized for conditional voluntary contributions (note 14)	465 076	577 226
Liabilities recognized for ITCILO training services (note 14)	10 718	13 021
Advance receipts from assessed contributions (note 14)	55 859	67 802
Total liabilities from non-exchange transactions	**531 653**	**658 049**

Note 25 – Contingent assets and liabilities and commitments

Contingent assets

313. As at the reporting date, the ILO has the following contingent assets:

(US$ thousands)	2025
Member State contribution assessed for 2026–2027 *	930 500
Revenue from the Government of Italy for ITCILO operations covering future periods	9 235
Revenue from voluntary ITCILO training services covering future periods	647
Contributions to the RBSA covering future periods	9 442
Total contingent assets	**949 824**

* CHF763.01 million at the budget rate of exchange of US$1 = CHF0.82 adopted by the ILO for the 2026–27 biennium.

Contingent liabilities

314. The ILO has contingent liabilities of US$0.01 million for claims or legal actions related to the ILO Administrative Tribunal as at 31 December 2025 (US$0.01 million as at 31 December 2024).

315. A potential liability exists for the ITCILO relating to a contract with a third party. It is possible that the ITCILO will incur an actual financial liability by the occurrence of one or more future events which are not wholly within its control. As the ITCILO is not currently in a position to reliably measure the amount of the financial liability that may result from this, no liability or expenditure is recognized in the consolidated financial statements.

Commitments

316. Outstanding contracts for renovation of the headquarters building totalled US$66.34 million as at 31 December 2025 (US$71.26 million as at 31 December 2024). New contractual commitments at 31 December 2025 for the construction project for the ILO's premises in Abidjan totalled US$6.48 million

317. The ITCILO had commitments for contracts related to future services of US$2.72 million as at 31 December 2025 (US$2.99 million as at 31 December 2024).

Note 26 – Contributions in kind

318. The ILO receives contributions in kind from its Member States of the right to use land, office space and other facilities in its operations. The major contributions over extended periods include:

In-kind contribution	Location of the ILO's controlled entity/external offices	Provided by
Right to use campus and facilities	ITCILO, Turin	City of Turin, Italy
Right to use land	Brasilia	Government of Brazil
	Dar es Salaam	Government of the United Republic of Tanzania
	Islamabad	Government of Pakistan
Right to use office space and other facilities	Abuja	Government of Nigeria
	Ankara	Government of Turkey
	Beirut	Government of Lebanon
	Budapest	Government of Hungary
	Colombo	Government of Sri Lanka
	Dakar	Government of Senegal
	Hanoi	Government of Viet Nam
	Kuwait City	Government of Kuwait
	Lisbon	Government of Portugal
	Luanda	Government of Angola
	Madrid	Government of Spain
	Montevideo (CINTERFOR)	Government of Uruguay
	Rome	Government of Italy
	Yaoundé	Government of Cameroon
Right to use office accommodation for National Coordinators	Apia	Government of Samoa
	Astana	Government of Kazakhstan
	Belgrade	Government of Serbia
	Chisinau	Government of the Republic of Moldova
	Skopje	Government of North Macedonia
	Tbilisi	Government of Georgia
	Ulan Bator	Government of Mongolia
	Yerevan	Government of Armenia

Note 27 – Subsequent events

319. During the 2024–25 biennium, delays in the receipt of assessed contributions from Member States resulted in a deficit and required the full utilization of the Working Capital Fund and internal borrowing to finance expenditure pending receipt of contributions (Statement V-A). After 31 December 2025, cash flow constraints continued and there remained uncertainty regarding the timely payment of assessed contributions. In response, Management developed contingency measures that could be activated in the event of an income shortfall, including scenarios of up to 20 per cent of assessed contributions for the 2026–27 programme and budget, and initiated reform measures directed at cost reductions over the 2026–29 period (GB.356/PFA/4; GB.356/INS/7).

320. These events are considered non adjusting events for the year ended 31 December 2025 as the potential financial effects on future periods cannot be reliably quantified as of the reporting date. Management continues to monitor liquidity for its regular budget activities through cash flow forecasting and expenditure controls.

321. From 1 January 2026 to 31 March 2026 the Office received CHF141.27 million, of which CHF137.46 million corresponded to 2026 assessed contributions and CHF3.81 million to arrears of contributions.

Note 28 – Segment reporting table

322. Segment reporting is based on the information that is most useful to readers of the financial statements to evaluate the ILO’s financial position and performance and make decisions about allocating resources.

323. Segment reporting is presented in a format that distinguishes funds with approved budgets (Statements V-A, V-B and V-C), activities financed by voluntary contributions and other subsidiary funds (note 22).

▶ Consolidated statement of financial performance by segment for the year ended 31 December 2025 (US$ thousands)

	Funds with approved budgets:				Voluntary contribution activities	Subsidiary funds	Intersegments transfers elimination	Total
	Regular budget	CINTERFOR	ITCILO	Subtotal				
Revenue								
Assessed contributions	437 185	–	–	437 185	–	–	–	437 185
Voluntary contributions	–	2 190	18 689	20 879	417 692	35 011	(40 622)	432 960
ITCILO training services	–	–	29 386	29 386	–	–	(13 917)	15 469
Programme support income	–	–	–	–	–	44 614	(44 614)	–
Staff/retiree benefit contributions	–	–	–	–	–	63 676	(34 668)	29 008
Sales and royalties	–	–	1 215	1 215	13 822	15 197	(5 849)	24 385
Investment income	–	56	881	937	8 487	36 738	–	46 162
Other income/(loss)	(32)	–	1 315	1 283	147	(2 402)	(9)	(981)
Total revenue	**437 153**	**2 246**	**51 486**	**490 885**	**440 148**	**192 834**	**(139 679)**	**984 188**
Expenses								
Salaries, employee benefits and other personnel costs	325 325	1 672	27 747	354 744	151 827	124 420	(22 707)	608 284
Travel	8 421	81	3 345	11 847	13 083	1 493	(30)	26 393
Subcontracts	35 175	338	7 989	43 502	185 563	3 176	(9 365)	222 876
General operating expenses	26 583	135	5 996	32 714	11 115	3 526	(2 771)	44 584
Supplies, materials and small equipment	2 559	5	1 325	3 889	3 878	554	(2)	8 319
Depreciation and amortization	5 340	–	903	6 243	1	12 410	–	18 654
Seminars, workshops and other training	4 555	161	3 373	8 089	15 761	391	(2 518)	21 723
Staff development	2 925	9	–	2 934	–	–	(657)	2 277
Health benefits	–	–	–	–	–	66 888	–	66 888
Contributions and grants in aid	35 882	–	–	35 882	12 437	24 871	(56 211)	16 979
Programme support costs	–	–	–	–	45 401	12	(45 413)	–
Finance expenses	258	5	86	349	445	2 432	–	3 226
Other expenses	25	–	–	25	–	10 297	(5)	10 317
Total expenses	**447 048**	**2 406**	**50 764**	**500 218**	**439 511**	**250 470**	**(139 679)**	**1050 520**
Foreign exchange gains/(losses)	55 069	(4)	(3 244)	51 821	226	33 506	–	85 553
Net surplus (deficit)	**45 174**	**(164)**	**(2 522)**	**42 488**	**863**	**(24 130)**	**–**	**19 221**

▶ Consolidated statement of financial performance by segment for the year ended 31 December 2024 (US$ thousands)

	Funds with approved budgets:				Voluntary contribution activities	Subsidiary funds	Intersegments transfers elimination	Total
	Regular budget	CINTERFOR	ITCILO	Subtotal				
Revenue								
Assessed contributions	480 325	–	–	480 325	–	–	–	480 325
Voluntary contributions	–	2 232	17 743	19 975	434 788	42 945	(49 432)	448 276
ITCILO training services	–	–	26 875	26 875	–	–	(12 396)	14 479
Programme support income	–	–	–	–	–	44 638	(44 638)	–
Staff/retiree benefit contributions	–	–	–	–	–	59 293	(32 245)	27 048
Sales and royalties	–	–	1 110	1 110	12 243	15 184	(5 403)	23 134
Investment income	–	69	1 191	1 260	11 187	41 229	–	53 676
Other income	2	20	1 346	1 368	–	2 302	(532)	3 138
Total revenue	**480 327**	**2 321**	**48 265**	**530 913**	**458 218**	**205 591**	**(144 646)**	**1 050 076**
Expenses								
Salaries, employee benefits and other personnel costs	280 534	1 816	25 333	307 683	159 957	100 582	(20 914)	547 308
Travel	11 406	90	2 630	14 126	13 902	1 436	(14)	29 450
Subcontracts	28 093	235	7 858	36 186	179 045	3 641	(5 694)	213 178
General operating expenses	28 435	104	5 739	34 278	12 383	3 130	(2 751)	47 040
Supplies, materials and small equipment	2 026	2	1 249	3 277	5 321	153	–	8 751
Depreciation and amortization	1 693	–	973	2 666	1	13 115	–	15 782
Seminars, workshops and other training	6 278	249	2 685	9 212	19 917	311	(4 590)	24 850
Staff development	2 957	5	–	2 962	–	–	(723)	2 239
Health benefits	–	–	–	–	–	59 763	–	59 763
Contributions and grants in aid	55 179	–	–	55 179	14 667	22 600	(64 343)	28 103
Programme support costs	–	–	–	–	45 614	3	(45 617)	–
Finance expenses	(67)	5	79	17	431	2 497	–	2 945
Other expenses	21	–	–	21	23	408	–	452
Total expenses	**416 555**	**2 506**	**46 546**	**465 607**	**451 261**	**207 639**	**(144 646)**	**979 861**
Foreign exchange gains/(losses)	(8 436)	(2)	1 320	(7 118)	(1 036)	(24 789)	–	(32 943)
Net surplus (deficit)	**55 336**	**(187)**	**3 039**	**58 188**	**5 921**	**(26 837)**	**–**	**37 272**

Note 29 – Assessed contributions table – Summary

▶ Assessed contributions of Member States and amounts due by States for prior periods of membership in the ILO: Summary for the year ended 31 December 2025 (in Swiss francs)

Details	Balance due as at 1.1.2024 [1]	Assessed Contributions 2024-25	Total Amounts due	Amount received or credited [2] 2024	Amount received or credited [2] 2025	Amount received or credited [2] Total Income	Balance due as at 31.12.2025
A. Assessed contributions for the financial period 2024-25:							
2024 - Assessed with the budget		400 309 000	400 309 000	298 742 590	7 061 005	305 803 595	94 505 405
2025 - Assessed with the budget		400 309 000	400 309 000		295 979 347	295 979 347	104 329 653
Total assessed contributions for the financial period 2024-25		800 618 000	800 618 000	298 742 590	303 040 352	601 782 942	198 835 058
B. Assessed contributions for previous financial periods due from Member States	141 868 220		141 868 220	110 864 966	4 263 039	115 128 005	26 740 215
C. Amounts due by States for prior periods of membership in the ILO	6 615 689		6 615 689	-	-	-	6 615 689
Total assessed contributions and other amounts due for previous financial periods	148 483 909		148 483 909	110 864 966	4 263 039	115 128 005	33 355 904
Total 2024-25	**148 483 909**	**800 618 000**	**949 101 909**	**409 607 556**	**307 303 391**	**716 910 947**	**232 190 962**
Total 2022-23	159 421 867	767 484 180	926 906 047	371 047 145	407 374 993	778 422 138	148 483 909

Balance due in US dollars at the United Nations rate of exchange for 31 December 2025 (0.789 Swiss francs to the dollar) 294 285 123

[1] Excludes assessed contributions for 2024

[2] Includes credits to Member States in respect of:

	2024	2025
The Incentive Scheme for 2022 and 2023 respectively	252 846	5 084 466
50 per cent Net Premium for prior years	3 669 672	1 895 655
Surplus for prior years	14 941	
Total Credits	**3 937 459**	**6 980 121**

Note 30 – Assessed contributions – Detailed table

▶ Assessed contributions of Member States and amounts due by States for prior periods of membership in the ILO – Details for the year ending 31 December 2025 (in Swiss francs)

State	2024–25 Assessed Contributions								Amounts due for previous financial periods					
	2024				2025			Balance due as at 31.12.2025	Balance due as at 01.01.2024	Amounts Received or Credited		Balance due as at 31.12.2025	Calender years of Assessment	Total due as at 31.12.2025
	Assessed Contributions		Amounts Received or Credited		Assessed Contributions		Amounts Received or Credited							
	%	Amount	in 2024	in 2025	%	Amount	in 2025			in 2024	in 2025			
Afghanistan (2)	0.006	24 019	-	-	0.006	24 019	-	48 038	143 560	-	-	143 560	2018-2025	191 598
Albania	0.008	32 025	32 025	-	0.008	32 025	32 025	-	-	-	-	-		-
Algeria	0.109	436 337	436 337	-	0.109	436 337	436 337	-	-	-	-	-		-
Angola	0.010	40 031	40 031	-	0.010	40 031	906	39 125	-	-	-	-	2025	39 125
Antigua and Barbuda (2)	0.002	8 006	-	-	0.002	8 006	-	16 012	26 594	-	-	26 594	2020-25	42 606
Argentina	0.719	2 878 222	-	262 000	0.719	2 878 222	-	5 494 444	9 079 471	6 321 365	2 758 106	-	2024-25	5 494 444
Armenia	0.007	28 022	28 022	-	0.007	28 022	28 022	-	-	-	-	-		-
Australia	2.112	8 454 526	8 454 526	-	2.112	8 454 526	8 454 526	-	-	-	-	-		-
Austria	0.679	2 718 098	2 718 098	-	0.679	2 718 098	2 718 098	-	-	-	-	-		-
Azerbaijan	0.030	120 093	120 093	-	0.030	120 093	120 093	-	566 270	283 135	283 135	-		-
Bahamas	0.019	76 059	76 059	-	0.019	76 059	76 059	-	-	-	-	-		-
Bahrain	0.054	216 167	216 167	-	0.054	216 167	216 167	-	-	-	-	-		-
Bangladesh	0.010	40 031	40 031	-	0.010	40 031	40 031	-	-	-	-	-		-
Barbados	0.008	32 025	32 025	-	0.008	32 025	32 025	-	-	-	-	-		-
Belarus	0.041	164 127	-	164 127	0.041	164 127	162 061	2 066	-	-	-	-	2025	2 066
Belgium	0.828	3 314 559	3 314 559	-	0.828	3 314 559	3 314 559	-	-	-	-	-		-
Belize	0.001	4 003	4 003	-	0.001	4 003	4 003	-	-	-	-	-		-
Benin	0.005	20 015	20 015	-	0.005	20 015	20 015	-	7 767	7 767	-	-		-
Bolivia (Plurinational State of) (2)	0.019	76 059	1 836	-	0.019	76 059	-	150 282	132 741	-	-	132 741	2022-25	283 023
Bosnia and Herzegovina	0.012	48 037	48 037	-	0.012	48 037	48 037	-	-	-	-	-		-
Botswana	0.015	60 046	60 046	-	0.015	60 046	1 984	58 062	-	-	-	-	2025	58 062
Brazil	2.014	8 062 223	8 062 223	-	2.014	8 062 223	8 062 223	-	-	-	-	-		-
Brunei Darussalam	0.021	84 065	84 065	-	0.021	84 065	84 065	-	-	-	-	-		-
Bulgaria	0.056	224 173	224 173	-	0.056	224 173	224 173	-	-	-	-	-		-
Burkina Faso	0.004	16 012	16 012	-	0.004	16 012	16 012	-	-	-	-	-		-
Burundi	0.001	4 003	-	-	0.001	4 003	-	8 006	8 491	7 191	-	1 300	2023-25	9 306
Cabo Verde	0.001	4 003	-	-	0.001	4 003	-	8 006	80	-	-	80	2023-25	8 086
Cambodia	0.007	28 022	28 022	-	0.007	28 022	28 022	-	-	-	-	-		-
Cameroon	0.013	52 040	1 492	30 548	0.013	52 040	-	72 040	49 887	-	49 887	-	2024-25	72 040
Canada	2.629	10 524 124	10 524 124	-	2.629	10 524 124	10 524 124	-	-	-	-	-		-
Central African Republic	0.001	4 003	195	-	0.001	4 003	77	7 734	-	-	-	-	2024-25	7 734
Chad (2)	0.003	12 009	-	-	0.003	12 009	-	24 018	122 947	-	-	122 947	2016-25	146 965
Chile	0.420	1 681 298	1 317 574	363 724	0.420	1 681 298	1 057 228	624 070	-	-	-	-	2025	624 070
China	15.261	61 091 157	61 091 157	-	15.261	61 091 157	61 091 157	-	6 000 000	6 000 000	-	-		-
Colombia	0.246	984 760	980 836	3 924	0.246	984 760	984 760	-	-	-	-	-		-
Comoros (2)	0.001	4 003	-	-	0.001	4 003	-	8 006	487 017	-	-	487 017	1986-2025	495 023
Congo (2)	0.005	20 015	-	-	0.005	20 015	-	40 030	139 384	-	-	139 384	2017-25	179 414
Cook Islands	0.001	4 003	4 003	-	0.001	4 003	4 003	-	3 484	3 484	-	-		-
Costa Rica	0.069	276 213	276 213	-	0.069	276 213	276 145	68	6 716	6 716	-	-	2025	68
Croatia	0.091	364 281	364 281	-	0.091	364 281	364 281	-	-	-	-	-		-

State	2024–25 Assessed Contributions								Amounts due for previous financial periods					
	2024				2025									
	Assessed Contributions		Amounts Received or Credited		Assessed Contributions		Amounts Received or Credited	Balance due as at	Balance due as at	Amounts Received or Credited		Balance due as at	Calender years of	Total due as at
	%	Amount	in 2024	in 2025	%	Amount	in 2025	31.12.2025	01.01.2024	in 2024	in 2025	31.12.2025	Assessment	31.12.2025
Cuba (2)	0.095	380 294	-	-	0.095	380 294	-	760 588	976 064	310 349	-	665 715	2021-25	1 426 303
Cyprus	0.036	144 111	144 111	-	0.036	144 111	144 111	-	-	-	-	-		-
Czechia	0.340	1 361 051	1 361 051	-	0.340	1 361 051	1 361 051	-	-	-	-	-		-
Côte d'Ivoire	0.022	88 068	88 068	-	0.022	88 068	88 018	50	2 477	2 477	-	-	2025	50
Democratic Republic of the Congo	0.010	40 031	40 031	-	0.010	40 031	9 507	30 524	-	-	-	-	2025	30 524
Denmark	0.553	2 213 709	2 213 709	-	0.553	2 213 709	2 213 709	-	-	-	-	-		-
Djibouti	0.001	4 003	120	3 703	0.001	4 003	30	4 153	3 546	-	3 546	-	2024-25	4 153
Dominica (2)	0.001	4 003	-	-	0.001	4 003	-	8 006	53 054	-	-	53 054	2010-25	61 060
Dominican Republic	0.067	268 207	268 196	11	0.067	268 207	268 207	-	-	-	-	-		-
Ecuador	0.077	308 238	14 108	294 130	0.077	308 238	3 707	304 531	295 038	225 218	69 820	-	2025	304 531
Egypt	0.139	556 430	556 430	-	0.139	556 430	556 430	-	-	-	-	-		-
El Salvador	0.013	52 040	54	-	0.013	52 040	1 455	102 571	-	-	-	-	2024-25	102 571
Equatorial Guinea (2)	0.012	48 037	735	-	0.012	48 037	-	95 339	131 995	-	-	131 995	2021-25	227 334
Eritrea	0.001	4 003	-	4 003	0.001	4 003	4 003	-	3 668	-	3 668	-		-
Estonia	0.044	176 136	176 136	-	0.044	176 136	176 136	-	-	-	-	-		-
Eswatini	0.002	8 006	8 006	-	0.002	8 006	8 006	-	-	-	-	-		-
Ethiopia	0.010	40 031	1 883	38 148	0.010	40 031	3	40 028	38 374	-	38 374	-	2025	40 028
Fiji	0.004	16 012	16 012	-	0.004	16 012	16 012	-	-	-	-	-		-
Finland	0.417	1 669 289	1 669 289	-	0.417	1 669 289	1 669 289	-	-	-	-	-		-
France	4.320	17 293 349	17 293 349	-	4.320	17 293 349	17 293 349	-	-	-	-	-		-
Gabon	0.013	52 040	4 223	45 586	0.013	52 040	-	54 271	49 887	45 263	4 624	-	2024-25	54 271
Gambia (2)	0.001	4 003	-	-	0.001	4 003	-	8 006	26 839	-	-	26 839	2016-25	34 845
Georgia	0.008	32 025	32 025	-	0.008	32 025	32 025	-	-	-	-	-		-
Germany	6.114	24 474 892	24 474 892	-	6.114	24 474 892	24 474 892	-	-	-	-	-		-
Ghana	0.024	96 074	1 722	94 352	0.024	96 074	96 074	-	-	-	-	-		-
Greece	0.325	1 301 004	1 301 004	-	0.325	1 301 004	1 301 004	-	-	-	-	-		-
Grenada	0.001	4 003	4 003	-	0.001	4 003	4 003	-	-	-	-	-		-
Guatemala	0.041	164 127	164 127	-	0.041	164 127	164 127	-	-	-	-	-		-
Guinea	0.003	12 009	147	-	0.003	12 009	-	23 871	30 054	30 054	-	-	2024-25	23 871
Guinea-Bissau (2)	0.001	4 003	-	-	0.001	4 003	-	8 006	302 575	-	-	302 575	1992-2001 + 2003-25	310 581
Guyana	0.004	16 012	16 012	-	0.004	16 012	16 012	-	-	-	-	-		-
Haiti	0.006	24 019	24 019	-	0.006	24 019	24 019	-	-	-	-	-		-
Honduras	0.009	36 028	35 377	651	0.009	36 028	24 057	11 971	3 865	3 865	-	-	2025	11 971
Hungary	0.228	912 705	912 705	-	0.228	912 705	912 705	-	-	-	-	-		-
Iceland	0.036	144 111	144 111	-	0.036	144 111	144 111	-	-	-	-	-		-
India	1.045	4 183 229	4 183 229	-	1.045	4 183 229	4 183 229	-	-	-	-	-		-
Indonesia	0.549	2 197 696	2 197 696	-	0.549	2 197 696	2 197 696	-	-	-	-	-		-
Iran (Islamic Republic of)	0.371	1 485 146	34 623	1 450 523	0.371	1 485 146	1 471 897	13 249	4 501 879	4 501 879	-	-	2025	13 249
Iraq (1)	0.128	512 396	512 396	-	0.128	512 396	512 396	-	1 219 079	304 770	304 770	609 539	2004-07	609 539
Ireland	0.439	1 757 357	1 757 357	-	0.439	1 757 357	1 757 357	-	-	-	-	-		-
Israel	0.561	2 245 734	2 245 734	-	0.561	2 245 734	2 245 734	-	1 797 360	1 797 360	-	-		-
Italy	3.190	12 769 857	12 769 857	-	3.190	12 769 857	12 769 857	-	-	-	-	-		-
Jamaica	0.008	32 025	32 025	-	0.008	32 025	32 025	-	-	-	-	-		-
Japan	8.037	32 172 834	32 172 834	-	8.037	32 172 834	32 172 834	-	-	-	-	-		-

State	2024–25 Assessed Contributions								Amounts due for previous financial periods				Calender years of Assessment	Total due as at 31.12.2025
	2024				2025			Balance due as at 31.12.2025	Balance due as at 01.01.2024	Amounts Received or Credited		Balance due as at 31.12.2025		
	Assessed Contributions		Amounts Received or Credited		Assessed Contributions		Amounts Received or Credited							
	%	Amount	in 2024	in 2025	%	Amount	in 2025			in 2024	in 2025			
Jordan	0.022	88 068	88 068	-	0.022	88 068	88 068	-	-	-	-	-		-
Kazakhstan	0.133	532 411	532 411	-	0.133	532 411	532 411	-	-	-	-	-		-
Kenya	0.030	120 093	120 093	-	0.030	120 093	120 093	-	108 995	108 995	-	-		-
Kiribati	0.001	4 003	189	-	0.001	4 003	-	7 817	176	-	-	176	2023-25	7 993
Kuwait	0.234	936 723	1 365	-	0.234	936 723	33 957	1 838 124	-	-	-	-	2024-25	1 838 124
Kyrgyzstan (1)	0.002	8 006	8 006	-	0.002	8 006	8 006	-	816 427	58 316	58 316	699 795	1994-17	699 795
Lao People's Democratic Republic	0.007	28 022	28 022	-	0.007	28 022	140	27 882	26 122	26 122	-	-	2025	27 882
Latvia	0.050	200 155	200 155	-	0.050	200 155	200 155	-	-	-	-	-		-
Lebanon (2)	0.036	144 111	-	-	0.036	144 111	-	288 222	561 240	-	140 562	420 678	2021-25	708 900
Lesotho	0.001	4 003	4 003	-	0.001	4 003	145	3 858	-	-	-	-	2025	3 858
Liberia	0.001	4 003	4 003	-	0.001	4 003	4 003	-	-	-	-	-		-
Libya	0.018	72 056	68 207	-	0.018	72 056	-	75 905	69 074	69 074	-	-	2024-25	75 905
Lithuania	0.077	308 238	308 238	-	0.077	308 238	308 238	-	-	-	-	-		-
Luxembourg	0.068	272 210	272 210	-	0.068	272 210	272 210	-	-	-	-	-		-
Madagascar	0.004	16 012	459	15 095	0.004	16 012	-	16 470	16 539	-	16 539	-	2024-25	16 470
Malawi	0.002	8 006	147	-	0.002	8 006	-	15 865	19 406	18 160	-	1 246	2023-25	17 111
Malaysia	0.348	1 393 075	1 393 075	-	0.348	1 393 075	1 393 075	-	-	-	-	-		-
Maldives	0.004	16 012	16 012	-	0.004	16 012	16 012	-	-	-	-	-		-
Mali	0.005	20 015	20 015	-	0.005	20 015	20 015	-	-	-	-	-		-
Malta	0.019	76 059	76 059	-	0.019	76 059	76 059	-	-	-	-	-		-
Marshall Islands	0.001	4 003	115	-	0.001	4 003	3	7 888	3 599	-	-	3 599	2023-25	11 487
Mauritania	0.002	8 006	8 006	-	0.002	8 006	8 006	-	-	-	-	-		-
Mauritius	0.019	76 059	76 059	-	0.019	76 059	76 059	-	-	-	-	-		-
Mexico	1.222	4 891 776	-	1 894 454	1.222	4 891 776	-	7 889 098	4 540 913	4 540 913	-	-	2024-25	7 889 098
Mongolia	0.004	16 012	16 012	-	0.004	16 012	373	15 639	867	867	-	-	2025	15 639
Montenegro	0.004	16 012	16 012	-	0.004	16 012	16 012	-	-	-	-	-		-
Morocco	0.055	220 170	220 170	-	0.055	220 170	220 170	-	-	-	-	-		-
Mozambique	0.004	16 012	16 012	-	0.004	16 012	395	15 617	-	-	-	-	2025	15 617
Myanmar	0.010	40 031	22 417	17 614	0.010	40 031	38 535	1 496	-	-	-	-	2025	1 496
Namibia	0.009	36 028	36 028	-	0.009	36 028	1 264	34 764	-	-	-	-	2025	34 764
Nepal	0.010	40 031	-	39 594	0.010	40 031	-	40 468	1 928	-	1 928	-	2024-25	40 468
Netherlands (Kingdom of the)	1.378	5 516 258	5 516 258	-	1.378	5 516 258	5 516 258	-	-	-	-	-		-
New Zealand	0.309	1 236 955	1 236 955	-	0.309	1 236 955	1 236 955	-	-	-	-	-		-
Nicaragua	0.005	20 015	20 015	-	0.005	20 015	675	19 340	-	-	-	-	2025	19 340
Niger	0.003	12 009	230	-	0.003	12 009	-	23 788	1 710	-	-	1 710	2023-25	25 498
Nigeria	0.182	728 562	28 696	-	0.182	728 562	-	1 428 428	905 550	825 887	-	79 663	2023-25	1 508 091
North Macedonia	0.007	28 022	28 022	-	0.007	28 022	28 022	-	-	-	-	-		-
Norway	0.679	2 718 098	2 718 098	-	0.679	2 718 098	2 718 098	-	-	-	-	-		-
Oman	0.111	444 343	444 343	-	0.111	444 343	444 343	-	-	-	-	-		-
Pakistan	0.114	456 352	456 352	-	0.114	456 352	447 749	8 603	99 828	99 828	-	-	2025	8 603
Palau	0.001	4 003	4 002	1	0.001	4 003	4 003	-	23 355	23 355	-	-		-
Panama	0.090	360 278	290 800	69 478	0.090	360 278	243 242	117 036	114 764	114 764	-	-	2025	117 036
Papua New Guinea (2)	0.010	40 031	-	-	0.010	40 031	-	80 062	170 762	94 023	38 365	38 374	2023-25	118 436
Paraguay (1)	0.026	104 080	104 080	-	0.026	104 080	104 080	-	127 902	42 723	42 723	42 456	2012-13	42 456
Peru	0.163	652 504	605 497	47 007	0.163	652 504	551 956	100 548	96 419	96 419	-	-	2025	100 548

State	2024–25 Assessed Contributions								Amounts due for previous financial periods				Calender years of Assessment	Total due as at 31.12.2025
	2024				2025			Balance due as at 31.12.2025	Balance due as at 01.01.2024	Amounts Received or Credited		Balance due as at 31.12.2025		
	Assessed Contributions		Amounts Received or Credited		Assessed Contributions		Amounts Received or Credited							
	%	Amount	in 2024	in 2025	%	Amount	in 2025			in 2024	in 2025			
Philippines	0.212	848 655	848 655	-	0.212	848 655	848 655	-	-	-	-	-		-
Poland	0.838	3 354 590	3 354 590	-	0.838	3 354 590	3 354 590	-	-	-	-	-		-
Portugal	0.353	1 413 091	1 413 091	-	0.353	1 413 091	1 413 091	-	-	-	-	-		-
Qatar	0.269	1 076 831	1 076 831	-	0.269	1 076 831	1 076 831	-	-	-	-	-		-
Republic of Korea	2.575	10 307 957	8 220 367	2 087 590	2.575	10 307 957	7 000 058	3 307 899	1 236 832	1 236 832	-	-	2025	3 307 899
Republic of Moldova	0.005	20 015	20 015	-	0.005	20 015	20 015	-	272 934	136 467	136 467	-		-
Romania	0.312	1 248 964	1 248 964	-	0.312	1 248 964	1 248 964	-	-	-	-	-		-
Russian Federation	1.867	7 473 769	7 473 769	-	1.867	7 473 769	7 473 769	-	-	-	-	-		-
Rwanda	0.003	12 009	12 009	-	0.003	12 009	91	11 918	11 479	11 479	-	-	2025	11 918
Saint Kitts and Nevis	0.002	8 006	7 993	13	0.002	8 006	7 599	407	208	208	-	-	2025	407
Saint Lucia	0.002	8 006	-	8 006	0.002	8 006	8 006	-	11 211	-	11 211	-		-
Saint Vincent and the Grenadines	0.001	4 003	4 003	-	0.001	4 003	31	3 972	3 691	3 691	-	-	2025	3 972
Samoa	0.001	4 003	4 003	-	0.001	4 003	4 003	-	-	-	-	-		-
San Marino	0.002	8 006	8 006	-	0.002	8 006	8 006	-	-	-	-	-		-
Sao Tome and Principe (2)	0.001	4 003	-	-	0.001	4 003	-	8 006	220 277	-	-	220 277	1995-2025	228 283
Saudi Arabia	1.185	4 743 662	4 743 662	-	1.185	4 743 662	4 743 662	-	-	-	-	-		-
Senegal	0.007	28 022	-	28 022	0.007	28 022	26 485	1 537	2 558	-	2 558	-	2025	1 537
Serbia	0.032	128 099	128 099	-	0.032	128 099	128 099	-	-	-	-	-		-
Seychelles	0.002	8 006	8 006	-	0.002	8 006	8 006	-	-	-	-	-		-
Sierra Leone (1)	0.001	4 003	3 540	463	0.001	4 003	4 003	-	215 063	15 571	13 300	186 192	1995-2019	186 192
Singapore	0.504	2 017 557	2 017 557	-	0.504	2 017 557	2 017 557	-	-	-	-	-		-
Slovakia	0.155	620 479	620 479	-	0.155	620 479	620 479	-	-	-	-	-		-
Slovenia	0.079	316 244	316 244	-	0.079	316 244	316 244	-	-	-	-	-		-
Solomon Islands	0.001	4 003	48	-	0.001	4 003	-	7 958	30 818	28 818	-	2 000	2023-25	9 958
Somalia (1)	0.001	4 003	119	3 884	0.001	4 003	27	3 976	360 383	24 837	21 000	314 546	1991-2019 + 2025	318 522
South Africa	0.244	976 754	976 754	-	0.244	976 754	976 754	-	-	-	-	-		-
South Sudan	0.002	8 006	8 006	-	0.002	8 006	8 006	-	-	-	-	-		-
Spain	2.135	8 546 597	8 546 597	-	2.135	8 546 597	8 546 597	-	-	-	-	-		-
Sri Lanka	0.045	180 139	180 139	-	0.045	180 139	180 139	-	-	-	-	-		-
Sudan	0.010	40 031	-	39 285	0.010	40 031	-	40 777	174 551	-	174 551	-	2024-25	40 777
Suriname	0.003	12 009	-	-	0.003	12 009	-	24 018	45 805	45 805	-	-	2024-25	24 018
Sweden	0.872	3 490 695	3 490 695	-	0.872	3 490 695	3 490 695	-	-	-	-	-		-
Switzerland	1.135	4 543 507	4 543 507	-	1.135	4 543 507	4 543 507	-	-	-	-	-		-
Syrian Arab Republic	0.009	36 028	1 764	-	0.009	36 028	-	70 292	104 845	104 318	-	527	2023-25	70 819
Tajikistan	0.003	12 009	12 009	-	0.003	12 009	12 009	-	-	-	-	-		-
Thailand	0.368	1 473 137	1 473 137	-	0.368	1 473 137	1 473 137	-	-	-	-	-		-
Timor-Leste	0.001	4 003	3 720	-	0.001	4 003	-	4 286	7 917	7 917	-	-	2024-25	4 286
Togo	0.002	8 006	-	8 006	0.002	8 006	8 006	-	12 942	-	12 942	-		-
Tonga	0.001	4 003	4 003	-	0.001	4 003	4 003	-	-	-	-	-		-
Trinidad and Tobago	0.037	148 114	148 114	-	0.037	148 114	148 114	-	-	-	-	-		-
Tunisia	0.019	76 059	76 059	-	0.019	76 059	76 059	-	-	-	-	-		-
Turkmenistan	0.034	136 105	136 105	-	0.034	136 105	136 105	-	-	-	-	-		-
Tuvalu	0.001	4 003	-	3 218	0.001	4 003	-	4 788	14 692	3 808	10 884	-	2024-25	4 788
Türkiye	0.846	3 386 614	3 386 614	-	0.846	3 386 614	3 386 614	-	-	-	-	-		-
Uganda	0.010	40 031	-	40 031	0.010	40 031	9 059	30 972	99 357	34 002	65 355	-	2025	30 972
Ukraine	0.056	224 173	224 173	-	0.056	224 173	224 173	-	-	-	-	-		-
United Arab Emirates	0.635	2 541 962	2 541 962	-	0.635	2 541 962	2 541 962	-	-	-	-	-		-

State	2024–25 Assessed Contributions								Amounts due for previous financial periods				Calender years of Assessment	Total due as at 31.12.2025
	2024				2025			Balance due as at 31.12.2025	Balance due as at 01.01.2024	Amounts Received or Credited		Balance due as at 31.12.2025		
	Assessed Contributions		Amounts Received or Credited		Assessed Contributions		Amounts Received or Credited							
	%	Amount	in 2024	in 2025	%	Amount	in 2025			in 2024	in 2025			
United Kingdom	4.377	17 521 525	17 521 525	-	4.377	17 521 525	17 521 525	-	-	-	-	-		-
United Republic of Tanzania	0.010	40 031	40 031	-	0.010	40 031	40 031	-	-	-	-	-		-
United States	22.000	88 067 980	2 525 236	-	22.000	88 067 980	-	173 610 724	82 984 149	82 984 149	-	-	2024-25	173 610 724
Uruguay	0.092	368 284	368 284	-	0.092	368 284	368 284	-	-	-	-	-		-
Uzbekistan	0.027	108 084	108 084	-	0.027	108 084	108 084	-	224 700	224 700	-	-		-
Vanuatu	0.001	4 003	189	3 814	0.001	4 003	3 710	293	408	-	408	-	2025	293
Venezuela (Bolivarian Republic of) (2)	0.175	700 541	-	-	0.175	700 541	-	1 401 082	21 617 752	-	-	21 617 752	2014-25	23 018 834
Viet Nam	0.093	372 287	372 287	-	0.093	372 287	344 024	28 263	-	-	-	-	2025	28 263
Yemen (2)	0.008	32 025	-	-	0.008	32 025	-	64 050	299 909	32 025	-	267 884	2016-25	331 934
Zambia	0.008	32 025	3 250	-	0.008	32 025	728	60 072	-	-	-	-	2024-25	60 072
Zimbabwe	0.007	28 022	27 694	-	0.007	28 022	671	27 679	-	-	-	-	2024-25	27 679
Total	**100.000**	**400 309 000**	**298 742 590**	**7 061 005**	**100.000**	**400 309 000**	**295 979 347**	**198 835 058**	**141 868 220**	**110 864 966**	**4 263 039**	**26 740 215**		**225 575 273**
Amounts due by States for prior periods of membership in the ILO:														
Paraguay (3)	-	-	-	-	-	-	-	-	245 066	-	-	245 066	1937	245 066
Former Socialist Fed. Rep. of Yugoslavia (4)	-	-	-	-	-	-	-	-	6 370 623	-	-	6 370 623	1989-2001	6 370 623
Total amounts due by States for prior periods of membership in the ILO	-	-	-	-	-	-	-	-	6 615 689	-	-	6 615 689		6 615 689
Total	**100.000**	**400 309 000**	**298 742 590**	**7 061 005**	**100.000**	**400 309 000**	**295 979 347**	**198 835 058**	**148 483 909**	**110 864 966**	**4 263 039**	**33 355 904**		**232 190 962**

(1) Financial arrangements. Member States listed in the following table have financial arrangements for the settlement of arrears of contributions or amounts due in respect of prior periods of membership.

Member State	Session of Conference at which arrangement was approved	
Iraq	97th	(2008)
Kyrgyzstan	106th	(2017)
Paraguay	102nd	(2013)
Sierra Leone	108th	(2019)
Somalia	108th	(2019)

(2) Member States which are two years or more in arrears and which have lost the right to vote under the provisions of article 13(4) of the Constitution. The arrears of contributions of these Member States equal or exceed the amount of the contributions due from them past two full years (2023–24).

(3) Paraguay owes CHF245,066 in respect of contributions to the ILO and other League of Nations organizations for the period prior to 1939. The 45th (1961) Session of the ILC decided that these arrears should be cancelled, effective on the date that payment is made of all Paraguay's arrears of contributions due since the date when it rejoined the Organization.

(4) Status of the former Socialist Federal Republic of Yugoslavia. The former Socialist Federal Republic of Yugoslavia was deleted from the list of ILO Member States on 24 November 2000.

6. Report of the External Auditor to the Governing Body on the financial operations of the International Labour Organization for the year ended 31 December 2025

Office of the Comptroller and Auditor General of India

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Our audit aims to provide independent assurance and to add value to the International Labour Organization (ILO) by making constructive recommendations.

Audit of the
International Labour Organization (ILO)
for the Financial Year ended 31 December 2025.

Contents

EXECUTIVE SUMMARY

Introduction

1. This Report of the External Auditor on the audit of the financial statements and operations of the International Labour Organization (ILO) is issued pursuant to paragraph 6 of the Appendix to the Financial Regulations of the ILO and is transmitted to the Governing Body.

2. The general objective of the audit is to provide independent assurance to Member States, increase transparency and accountability as well as operational efficiency and effectiveness in the Organization, and to support the objectives of the Organization's work through the external audit process. We have detailed in this report the financial and governance matters that we believe should be brought to the attention of the ILO's governance.

Overall results of the audit

3. In line with our mandate, we audited the financial statements of the ILO in accordance with the Financial Regulations and in conformity with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).

4. We concluded that the financial statements present fairly, in all material respects, the financial position of the ILO for the financial year ended 31 December 2025 in accordance with the International Public Sector Accounting Standards (IPSAS). We issued an unqualified audit opinion on the Organization's financial statements for the financial year ended 31 December 2025.

5. We also concluded that accounting policies were applied on a basis consistent with that of the preceding year, and that the transactions of the ILO that have come to our notice during the audit or that have been tested as part of the audit of the financial statements were, in all significant respects, compliant with the Financial Regulations and legislative authority of the ILO.

6. In addition to the audit of financial statements at ILO Headquarters, we also conducted audits on the (a) ILO Regional Office for Latin America and the Caribbean (ROLAC); (b) ILO Country Office, Brasilia; (c) ILO Country Office, Manila (d) ILO Country Office, Cairo (e) ILO Country Office, Harare (f) ILO Country Office, Colombo, Sri Lanka (g) Performance Audit of policy Outcome 3-Full and productive employment for just transitions (h) IT Audit of IT Governance and Operations. The results of the audit on these areas and offices were communicated to the ILO Management through management letters and are incorporated in this report.

7. I wish to thank the Member States for giving me the opportunity of serving as the External Auditor of the ILO.

Audit opinion on financial statements.

8. We have issued an unqualified audit opinion on the financial statements for the period under review.

Audit recommendations

9. The audit recommendations in this report have been categorized based on the associated risks and are presented below.

No.	Audit recommendations	Risk
1	*Audit recommends that SHIF carry out a comprehensive review of the suggestions made in the actuarial valuation report and formulate a strategy to mitigate the financial risks highlighted in the report.*	Significant
2	*Audit recommends the ILO to identify root cause of the data quality and reporting issues noticed in PLANON and implementation of a time bound action plan to improve the related controls and guidance for the users to help resolve these issues.*	Significant
3	*Audit recommends that uniform and clear approach for updating status of physical verification of assets and the result in PLANON be implemented across the organization.*	Significant
4	*Audit recommends that time bound action plan for dealing with the issue of missing assets, as per the latest available physical verification reports, be prepared and the implementation be closely monitored.*	Fundamental
5	*Audit recommends that all assets of the organization including Art and Donation Assets be recorded, tracked and monitored in PLANON and physical verification of Art and Donation assets be completed in a time bound manner.*	Fundamental
6	*Audit recommends strengthening implementation of provisions of the procurement manual including more consistent application of evaluation criteria and better documentation of assessment of reasonableness of prices.*	Significant
7	*Audit recommends the ILO to resolve the potential inconsistency between confidentiality requirements in the procurement manual.*	Merits attention
8	*Audit recommends that implementation of the IGDS provisions for implementing partners to be strengthened in the areas of evaluation and documentation of the engagement lifecycle.*	Merits attention
9	*Audit recommends that opportunity of shifting the process of engagement and evaluation of Implementing Partners on Jaggaer be explored to further strengthen the transparency and documentation of the entire process.*	Merits attention
10	*Audit recommends creation of a framework to guide application of ex-gratia payments in staff termination cases and enhancing the tracking and monitoring mechanism for progress of identified action including capturing of information on savings achieved from agreed terminations.*	Merits attention
11	*Audit recommends that the requirement to prioritise planning of IT initiatives using the Program and Budget (P&B) submission timeframe rather than ad hoc submissions through the Request for IT be brought to the attention of the Information Technology Governance Committee – for their action- prior to each P&B submission cycle.*	Merits Attention
12	*Audit recommends that all IT projects comply with the Request for IT process, with Information Technology Governance Committee approval required for any exceptions.*	Significant
13	*Audit recommends that Request for IT process framework be updated to cover scenarios where application scope increase substantially after initial approval.*	Merits attention

14	*Audit recommends introducing a periodic feedback mechanism, through a portal or self-assessment reports, for Headquarter departments/field offices to confirm compliance with Request for IT and Information Security Risk Assessments recommendations.*	Significant
15	*Audit recommends establishing a mechanism for periodic review and timely updation of Application Inventory database by user departments.*	Fundamental
16	*Audit recommends Information Technology Governance Committee to review the current service level framework (Best effort) offered by INFOTEC to other departments and to assess whether the organization is willing to tolerate the risks in such a structure for all critical applications.*	Fundamental
17	*Audit recommends INFOTEC to assess the criticality of the ILO IT applications in consultation with business owners.*	Fundamental
18	*Audit recommends INFOTEC to prepare a framework for capturing relevant performance metrics for critical applications in the ILO.*	Significant
19	*Audit recommends INFOTEC to devise a realistic, risk-based monitoring mechanism for Service Level Agreements of external agencies involved with critical applications.*	Significant
20	*Audit recommends developing guidelines that outlines key elements to be considered by the ILO departments before entering into any cloud service agreement.*	Significant
21	*Audit recommends establishing and formally documenting the comprehensive roles and responsibilities structure to clearly differentiate the responsibility between the INFOTEC and business owners, where INFOTEC is providing support to an application.*	Fundamental
22	*Audit recommends preparing a guideline on implementation of HQ projects similar to guidelines for implementation of Development Cooperation funded projects with IT deliverables.*	Merits attention
23	*Audit recommends INFOTEC to conduct a review of the IT Security risks of the critical applications in the list, once the application inventory database is corrected and updated.*	Fundamental
24	*Audit recommends that INFOTEC escalate significant delays encountered during the User Acceptance Testing process to Information Technology Governance Committee for intervention and resolution.*	Merits attention
25	*Audit recommends INFOTEC to develop a mechanism in JIRA to track time across UAT stages and monitor variations between estimated and actual implementation hours.*	Merits attention
26	*Audit recommends reconstitution of Steering Committee with representatives of key stakeholder departments so that it becomes the platform for addressing departmental concerns related to the project and for building consensus on the implementation strategy.*	Merits attention
27	*Audit recommends implementing the approved Disaster Recovery Strategy Plan with clearly defined milestones, responsibilities, and timelines.*	Fundamental
28	*Audit recommends INFOTEC to prepare a framework that elaborates the split of responsibilities for DR planning and testing for critical applications that are not fully under INFOTEC's control.*	Significant
29	*Audit recommends the ILO to consider deepening its engagement with Member States that are under performing on long-term impact indicators.*	Merits attention

30	*Audit recommends the ILO to consider a targeted monitoring and evaluation approach for outcome indicators showing limited progress and developing a methodology to link outcome indicators with related outputs.*	Significant
31	*Audit recommends an outcome strategy and department level work plan to be prepared and mapping of Country Program Outcomes / Global Products (GLO) at the start and end of the biennium to be considered to enhance monitoring and learning.*	Merits attention
32	*Audit recommends* • *the originating units to be encouraged to adhere to PARTNERSHIPS' guidance material to enhance the quality of project design, including engaging ACT/EMP and ACTRAV since inception stage.*	Merits attention
	• *strengthening implementation of risk management framework, including maintenance of risk registers for projects exceeding USD 1 million*	Significant
33	*Audit recommends the ILO to strengthen the documentation of the Outcome Coordination Team for Policy Outcome 3 and ensure regular updates and data validation of the Outcome-Based Work Plan dashboard to enhance transparency, accountability, and informed decision-making. Further, audit recommends the ILO to review the role of the Inter-Departmental Action Group for better synergy with Outcome Coordination Team.*	Merits attention
34	*Audit recommends introducing automated validation and an approval field in the Outcome-Based Work Plan system to flag multiple linkages and record authorization*	Merits attention
35	*Audit recommends introducing a validation control within their system to ensure that CPO–SDG linkages are verified against the Program and Budget priority SDG targets.*	Merits attention
36	*Audit recommends the ILO to establish a mechanism to report on actions taken on previous Outcome-Based Work Plan review exercises and strengthen coordination and monitoring between Country Offices and headquarters to enable implementation of deliverables.*	Merits attention
37	*Audit recommends the ILO to review the EVAL reports to identify areas for further improvement and consider taking necessary steps to enhance effectiveness.*	Merits attention
38	*Audit recommends considering an advocacy strategy to further its engagement with Member States to ratify the ILO Conventions. Audit also recommends the ILO to consider establishing a monitoring mechanism for joint initiatives.*	Merits attention
39	*Audit recommends the ILO to fully comply with IGDS 695 by ensuring use of the e-Sourcing platform, strengthening checklist, and completing documentation for evaluations.*	Significant
40	*Audit recommends Brasilia and Manila offices to (a) complete and formally document pre-go-live Jaggaer testing and undertake supplier onboarding measure; (b) strengthen procurement planning and controls via periodic internal reviews for pre-approval compliance, timely PO closure and BUDFIN approval for exceptions, and (c) maintain procurement records with pre- approved purchase requisitions, clear evaluation criteria for fair selection process.*	Significant
41	*Audit recommends ROLAC to conduct annual value-for-money reviews of preferred vendors with alternative supplier comparisons; perform annual reviews for blanket/bulk arrangements.*	Significant
42	*Audit recommends the Brasilia and ROLAC offices to strengthen controls by: (a) Establishing a reporting calendar to avoid TPR delays and improve procurement sequencing and initiate tripartite processes in time. (b) Linking expenditures to outputs and updating MIS regularly.*	Significant

43	*Audit recommends Country Offices (Colombo, Harare, Cairo and Manila) to institutionalize robust governance across the project lifecycle by: (a) Ensuring projects are linked to discrimination tags and SDGs at formulation. (b) Strengthening early mobilization and budget monitoring, and following evaluation requirements, involving tripartite constituents, conducting risk assessments, and strengthening reporting timelines.*	Significant
44	*Audit recommends Country and Regional Offices to strengthen internal controls through regular internal audits.*	Significant
(**Fundamental**: Action is considered imperative to ensure that the Organization is not exposed to high risks. Failure to take action could result in serious financial consequences and major operational disruptions. **Significant**: Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in financial consequences and operational disruptions).		

A. AUDIT MANDATE, SCOPE AND METHODOLOGY

10. On 14 March 2023, at its 347th Session, the Governing Body of the International Labour Office appointed the Comptroller and Auditor General of India as the External Auditor of the ILO for the 79th and 80th financial periods, with the appointment to commence on 1 April 2024 for a period of four years (2024-2027). Chapter IX of the ILO Financial Regulations elaborates on the Terms of Reference (ToR) governing external audit. The regulations require that the External Auditor report to the International Labour Conference through the Governing Body on the audit of the annual financial statements and on other information that should be brought to its attention regarding article 36, paragraph 2, and in the additional ToR.

11. Our audit is an independent examination of the evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the ILO's compliance with Financial Regulations and legislative authority.

12. Overall, the audit intends to provide independent assurance to Member States, increase transparency and accountability as well as operational efficiency and effectiveness in the Organization.

13. During the financial year 2025, aside from the audit of financial statements at ILO Headquarters, we audited the: (a) ILO Regional Office for Latin America and the Caribbean (ROLAC); (b) ILO Country Office, Brasilia; (c) ILO Country Office, Manila (d) ILO Country Office, Cairo (e) ILO Country Office, Harare (f) ILO Country Office, Colombo, Sri Lanka. We also carried out the Performance Audit of policy Outcome 3-Full and productive employment for just transitions and IT Audit of IT Governance and Operations.

14. We continued to report the audit results to the ILO Management through audit observation memoranda and management letters containing detailed observations and recommendations. We issued eight audit management letters for the financial year 2025.

B. AUDIT FINDINGS AND RECOMMENDATIONS

Status of implementation of previous external audit recommendations

15. There were 59 outstanding recommendations up to the period ending 31 December 2025, of which 17 were implemented, 37 are under implementation and three were not implemented and two have been overtaken by events. Details of recommendations are given in **Annexure-I**.

C. FINANCIAL AND COMPLIANCE AUDIT OF HEADQUARTERS OFFICE OF ILO

Audit results

16. This section of the report discusses our observations on financial and governance matters in line with article 36, paragraph 2, of the Financial Regulations, which mandates the External Auditor to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the management and operations of the Organization. The ILO Management was afforded the opportunity to comment on our audit observations. Value-adding recommendations were communicated to the ILO Management to help enhance the efficient and effective management of the Organization.

1. Audit of financial statements

17. We audited the financial statements in accordance with the International Standards on Auditing (ISA) and we concluded that the financial statements present fairly, in all material respects, the financial position of the ILO for the financial year ended 31 December 2025, the results of its financial performance, the changes in net assets/equity, the cash flows, and the comparison of budget and actual amounts are in accordance with the IPSAS. As such, we issued an unmodified opinion on the ILO's financial statements.

18. The statements audited were as follows:

(a) Statement I. Statement of financial position; (b) Statement II. Statement of financial performance; (c) Statement III. Statement of changes in net assets/equity; (d) Statement IV. Statement of cash flow; (e) Statement V. Statement of comparison of budget and actual amounts and (f) Notes to Financial Statements.

19. The ILO's consolidated financial statements for the year ended 31 December 2025 showed a net assets of USD(-)144.4 million compared to USD(-)414.5 million in 2024. It was noted that this improvement was significantly contributed by non-cash valuation movements. Improvement in net assets was contributed significantly by a property revaluation surplus of USD 104.6 million and actuarial gains on employee benefit liabilities of USD 157.5 million. Similarly, foreign exchange gains of USD 85.6 million was the key contributor towards the reported net surplus of USD 19.2 million.

20. Assessed and voluntary contributions together accounted for approximately 88 percent of total revenue of USD 984.2 million in 2025 (2024: USD 1.05 billion). Both revenue streams showed a decline on year-on-year basis, with assessed contributions at USD 437.2 million (USD 480.3 million in 2024) and voluntary contributions at USD 433.0 million (USD 448.3 million in 2024). The biennium 2024-25 ended with a regular budget net deficit of USD (52.6) million, caused mainly by shortfall in receipts of assessed contributions.

21. The ILO's cash flow from operations was negative at USD 113.4 million in 2025 – a reversal from the positive USD 45.6 million generated in 2024 – driven largely by delayed contribution receipts and a reduction in deferred revenue. Management has also disclosed in Note 27 that cash flow constraints continued after year-end, with uncertainty persisting around the timely payment of 2026 assessed contributions.

22. This situation also led to full exhaustion of the Working Capital Fund (CHF 35 million) during the year and recourse to internal borrowing of approximately CHF 6.5 million, which is an indicator of financial stress in the organization and in the long term carries the risk of impacting organization's ability to plan and deliver its mandate in the manner planned.

Areas of improvement in financial statements

23. Audit recommended various improvements in the presentation and disclosures in the ILO consolidated financial statements in compliance with IPSAS and to enhance the quality of information available to the readers during the interim and year-end audits. The management implemented the recommendations in the present financial statements.

24. The important areas of enhancements/improvements are summarised below:

Valuation of land and buildings

25. IPSAS 45 together with IPSAS 46 came into effect from 1 January 2025. These IPSAS introduced the concept of Current Operational Value (COV) as a public-sector-specific measurement basis. We noticed a professional valuer was engaged by the management for carrying out COV valuation of eight ILO properties globally. We noted that some areas where improvement in the valuation methodology/approach is required, which are summarised below.

26. IPSAS 45 provides that where parts of an item of Property, Plant and Equipment (PPE) have significantly different useful lives, they shall be recognised as separate components and depreciated individually. We noticed that only the ILO Headquarters in Geneva was valued using a component-based approach. For the remaining properties, each building was treated as a single asset with a single useful life of 60 to 65 years and no component-level breakdown was included in the report. Management informed that a simplified approach was applied for non-HQ properties as these are standard office buildings and the available data is less granular. We are of the view that IPSAS 45 does not provide an exemption based on building type.

27. IPSAS 45 provides that residual value is an estimated amount which an entity would currently obtain from disposal of the asset at the end of its useful life. We noticed that positive residual values were assigned to three properties in the valuation report, where there were legal restrictions on selling or disposal of assets including land restitution clauses, and prohibition on resale or subletting. Management while acknowledging the finding also mentioned that precise conditions under which residual value could be realised are "not fully determinable". We are of the view that for properties where there are specific legal restrictions for the ILO to obtain disposal proceeds at end of useful life, giving a nil or nominal residual value would be more consistent with provisions of IPSAS 45.

28. IPSAS 45 provides that under the current value model, revaluations be made with sufficient regularity to ensure carrying amounts do not differ materially from COV at the reporting date. We noticed that for five out of the eight properties covered in the valuation report, assessment of the physical condition relied upon by the valuer were based on site visits conducted during 2020–2021, at least four to five years before the valuation date. For one property, the valuer explicitly stated in the report that it could not comment on the present condition of the building. Management informed that no further site visits were contractually required after 2020-2021 and that the ILO had confirmed no material changes had occurred. We are of the view that as a matter of good practice, periodic review of physical condition of properties would strengthen the quality and reliability of valuation especially after shifting to the COV approach under new IPSAS, more so for the properties where depreciated replacement cost method is being used in the valuations.

29. Management acknowledged the observations, appreciated the constructive feedback provided and recognized that there may be areas where the valuation methodology and underlying assumptions could be further enhanced.

Calculation of accrued leave liability

30. We noticed that the accumulated leave liability was calculated using a blended salary growth rate of 6.25 percent (average of 5.0 percent for General Service and 7.5 percent for Professional staff). This assumption was established in 2017 and has remained unchanged for eight years. We took note of the fact that a structural salary reform increased base salaries by approximately 9.5 percent through the roll-in of the post adjustment. Further, the salary increase used for the ongoing ASHI valuation indicated salary progression rates of approximately 4.1 percent - 8.6 percent for different age groups, with 5.4 percent increase for age group 40.

31. Management confirmed that the rate is based on historic averages and committed to reviewing this assumption with the current actuaries during the FY 2026 planning cycle. Management agreed that it is appropriate to periodically reassess the continued relevance of this assumption. Accordingly, this will be reviewed in consultation with the current actuaries during the planning phase of the next valuation cycle.

Actuarial valuation in Staff Health Insurance Fund (SHIF)

32. Staff Health Insurance Fund (SHIF) of the ILO works towards reimbursing the expenses which may be incurred for health protection including medical care in case of illness, accident and maternity and personal preventive care by persons protected by the Fund. Administrative Rules of SHIF provide the framework for governance and functioning of the fund. The actuarial valuation for SHIF was carried out in 2025.

33. We were informed that the actuarial valuation of SHIF will be based on the same assumptions as those used for ASHI in terms of currency and data. In this connection, we noticed that while the participant data used for valuation of the liability under both SHIF and ASHI was the same, the reference date for this data differed across the two valuations, 31 December 2024 in the case of SHIF and 31 December 2025 in the case of ASHI. Management stated that in accordance with SHIF Regulations art.3.10 actuarial reviews are undertaken at least once every 3 years. The most recent review that has just been finalized is as of 31 December 2024. Therefore, the actuaries used the data set as of 31 December 2024 for the next actuarial review, it will try to align the assumptions with the most recent and available ASHI valuation.

34. We noticed from the financial statements of SHIF for 2025 that there was deficit between contributions received and benefits paid to the extent of USD3.23 million, increasing from USD0.429 million in 2024. Further the net operating deficit of SHIF also increased from USD 0.98 million to USD6.6 million in the same period. Due to higher increase in investment revenue during the same period, the overall deficit of SHIF of USD 4.33 million shifted towards an overall surplus of USD2.50 million.

35. The actuarial valuation report has projected that, if current contribution rates are maintained, the annual shortfalls between contributions and claims will widen significantly from USD3 million in 2026 to USD24 million by 2034. Concurrently, the reserve fund is projected to decline from USD64 million in 2026 to zero balance by 2032. To address this financing gap, the actuarial study has recommended an overall increase in contribution rates of 15 percent

Recommendation 1: Audit recommends that SHIF carry out a comprehensive review of the suggestions made in the actuarial valuation report and formulate a strategy to mitigate the financial risks highlighted in the report.

36. Management accepted the recommendation and stated that SHIF Management Committee is already working on the recommendation of the actuarial valuation and is studying the level of increase in the contribution rates as well as potential adjustments to schedule of benefits effective January 2027.

Implementation of IPSAS 43

37. IPSAS 43 requires lessees to recognise a Right-of-Use (ROU) asset and a corresponding lease liability for all leases, unless exempted as short-term (12 months or less) or low-value. The lease term is to be determined by assessing all relevant facts and circumstances, including past practice, economic incentives, and the cost of non-renewal. Upon adopting IPSAS 43 with effect from 1 January 2025, the ILO recognised ROU assets for 23 of its 136 lease arrangements for premises. The remaining 113 arrangements, comprising 13 UN common/shared premises and 100 project office leases were either treated as operating leases or excluded from scope of IPSAS 43. We noticed that;

- The ILO excluded all 100 project office leases from IPSAS 43 scope on the ground that the underlying premises were entered into for donor-funded development cooperation delivery, financed from project resources, and were assessed as not constituting ILO-controlled assets, consistent with the treatment of project assets under IPSAS 45. We, however, noted that the ILO was the legal lessee under every such agreement, bearing full contractual obligations and the offices were used for the furtherance of programmatic objectives of the ILO. Further, IPSAS 43 control test (right to direct use of an identified leased asset) was distinct from the IPSAS 45 control test used for asset consolidation. Further, none of the sampled project lease agreements contained donor-imposed restrictions on the use of the leased space, and no donor agreement with such conditions was provided to the audit.
- The lease agreements for the ILO established office premises in UN common/shared spaces were categorised as operating leases and Right-to-Use assets were not created for the same. The ILO assessed the arrangements by separating them into two categories: UN common premises arrangements and other UN shared/occupancy arrangements. For the other UN shared arrangements, all these provided ILO with exclusive use of identified, physically distinct office space, satisfying all IPSAS 43 lease identification criteria. Management stated that the enforceable term at 1 January 2025 was limited to the operative MOU then in force, qualifying each arrangement for the short-term exemption. Further, non-cancellable period and enforceable rights at the assessment date are determinative and that this approach is consistent with UNTFAS guidance. We noted, however, that IPSAS 43 and its application guidance, require determination of whether lease continuation was 'reasonably certain' having regard to all relevant facts and circumstances, including past practice and economic incentives. In case of these five arrangements, continuous occupation from three to twelve years, coupled with absence of any documented exit plan or relocation assessment for any arrangement, appeared to be satisfying this requirement.

38. Management stated that these aspects would be further discussed during audit in next year and that further documents would be provided to discuss the control issue over project assets. We took note of the fact that these aspects would be deliberated in detail for a final opinion during next audit.

39. During our review of the computation of RoU assets and lease liabilities under IPSAS 43 for the 23 ILO established offices, deviations in lease assumptions and cash flow treatment were noticed, which resulted in errors in the calculation of RoU assets[1] and their liabilities. Management accepted these findings and assured to correct the calculations in next valuation to strengthen lease management guidance and to provide additional clarification to regional offices to ensure consistent application going forward.

2. Asset management

Management of trackable items in PLANON

40. Office Procedure (IGDS 281) formalizes procedures for the management of furniture and equipment (F&E). It defined furniture and equipment to include furniture and fixtures, information technology and communication equipment, machinery and equipment and motor vehicles. For the ILO financial purposes, F&E are classified as either ‘expendables’ or ‘capitalised’ based on the cost of the item being USD 5,000 or more per unit. Expendable F&E are further categorized as ‘trackable’ or ‘non-trackable’.

41. We noted that the ILO uses PLANON[2] for managing the lifecycle of all IT equipment, furniture, vehicles, and facility management assets.

42. An analysis of data downloaded from PLANON revealed significant variations across different reports generated within short span of time, which also did not reconcile with Asset Financial Report 2025 prepared by the management. Management attributed these variations to the selection of filters applied while downloading the data as the reason for variations. However, even after replicating the exact filters as indicated by management, the differences persisted.

43. The IGDS provides that a Tag Number in the form of a bar-coded ILO label have to be affixed to each trackable item. We noted that 51 items in the asset database did not have Asset Tag number.

44. We also noted in six instances in the database where asset numbers were duplicated. Management accepted and made necessary changes in the software for making asset numbers unique.

45. We were informed that SPACE (HQ), LOCALISATION (Field offices) and ASSIGNED TO (Staff) field are important as they contain information relating to present location and/or the person to whom the asset is assigned. We noted that in 1262[3] assets in database this critical information necessary for locating the asset was missing. Management stated that all the assets will be tracked and corrections will be made in database.

46. We noticed that in 3,868[4] cases, status of assets was recorded as “In Use”, “Disposed” and “Request to Dispose” whereas the comments column reflects the status as “Missing”.

47. Management accepted the discrepancy and informed necessary corrections will be taken. Last year we recommended integration of IRIS and PLANON for reducing the manual intervention for addition of assets. However, in one case the PO number in PLANON could not be found in IRIS. We have

[1] Leases at Port of Spain, Pretoria & Suva.

[2] PLANON is an Asset Management platform to manage the lifecycle of all IT equipment, furniture, vehicles, and facility management assets (trackable assets) used in the various ILO offices in the field and at HQ.

[3] 643 in case of space and localisation field and 619 in case of IT assets.

[4] 3643 in case of “in use”, 165 in case of Disposed and 20 in case of Request for dispose.

also noted a few cases where the cost of the asset was entered as "0". Management stated that it was a rare instance and necessary corrections have been made. We also noted in 14 cases, the UNSPSC code was blank in the database.

48. PLANON has been a very important initiative to integrate asset and workplace management for the organization which enables last mile recording, tracking and monitoring of assets. We have also noticed improvements in the system since its implementation.

Recommendation 2: Audit recommends the ILO to identify root cause of the data quality and reporting issues noticed in PLANON and implementation of a time bound action plan to improve the related controls and guidance for the users to help resolve these issues.

49. Management accepted the recommendation. It also informed that due to the financial situation of the ILO and consequent reduction in resources, it will become more difficult to maintain a real-time inventory or to provide such services to all field offices globally. Therefore, instead of implementing a time-bound action plan, the Office proposes to develop Power BI reports to identify the root causes of data quality issues. ILO Field Offices will be able to generate their own reports, while HQ will oversee the process centrally and provide guidance and training if needed.

Physical Verification of Assets

50. Office Procedure (IGDS 281) provides that ILO offices must conduct an annual physical inventory check of all their trackable items to verify or ascertain the physical count, condition and location of F&E and to identify missing or damaged items that need to be located, repaired or replaced. PLANON database provided for data fields to capture status and result of physical verification of assets by the concerned offices/departments.

51. We noticed that there were differences in numbers of total assets and number of missing assets amongst different reports generated from PLANON and also in the physical verification summary status (Asset Financial Report) shared by the management. Amongst various reports, the number of total assets varied from 46,904 to 47,108 and the number of missing assets varied from 3,508 to 5,336 (including 3,408 at ILO HQ). We are of the view that it is important to have a clarity on the number of assets and number of missing items for better control and management of assets in the organization, which was not completely verifiable in this situation.

52. As per last year's information, the number of missing items was 2,445, which has increased to at least 3,408 (for ILO HQ) and 5,336 (in total) in one year, which is a substantial increase. We were informed that 3,408 items (at ILO HQ) were of the value of CHF3,867,989.03 and consisted of the following:

Table 1. Status of missing assets

Type of Assets	No. of Items Missing
Furniture and Equipment	1,861
Facility Management	190
Information Technology	1,357

53. Similar information regarding missing items in the field offices were not readily available for analysis. Management responded that it is due to rationalization of space in HQ and subsequent movement of staff, which is still ongoing. As a result, the Office is still in the process of updating the new locations of assets that moved with staff. Until this is completed, such assets are considered missing.

54. Taking into consideration the numbers, nature, value and increase in numbers of missing items, we are of the view that focused and time bound efforts by management are needed to take necessary corrective action on priority.

55. Heritage assets, including items of Art, constitute an important part of any organization with inherent critical value. It is very important to have a robust control and monitoring mechanism to ensure proper tracking and verification of the same. During the last audit, we noticed that the Donation and Art database was yet to be updated and physical verification was planned to be carried out in late 2025, as the last check was done in 2023.

56. We noticed that no update on the status of completion of database of Art and Donation items and their physical verification was available. We were informed that the physical verification of these items has not been carried out through the PLANON inventory application.

57. We are of the view that creation of comprehensive database with inventory of all Art and Donations items across organization along with their complete physical verification be completed without any further delay.

Recommendation 3: Audit recommends that uniform and clear approach for updating status of physical verification of assets and the result in PLANON be implemented across the organization.

Recommendation 4: Audit recommends that time bound action plan for dealing with the issue of missing assets, as per the latest available physical verification reports, be prepared and the implementation be closely monitored.

Recommendation 5: Audit recommends that all assets of the organization, including Art and Donation Assets, be recorded, tracked and monitored in PLANON and physical verification of Art and Donation assets be completed in a time bound manner.

58. Management accepted the recommendations. Referring to recommendation 4, Management also informed that due to the financial situation of the ILO and consequent reduction in resources, it will become more difficult to maintain a real-time inventory or to provide such services to all field offices globally. Therefore, instead of implementing a time-bound action plan, the Office proposes to use its Power BI reports on missing items to monitor the situation and update PLANON accordingly. ILO Field Offices will be able to generate their own reports, while HQ will oversee the process centrally and provide guidance and training if needed.

3. Procurement of goods and services

59. The ILO has a detailed framework governing various aspects of the procurement process including Financial Rules, Procurement Manual, IGDS on Procurement Threshold, Procurement Review Committees and Office procedure for procurement of low value goods and/or services.

60. We took note of the initiative to enhance controls and transparency in the procurement processes in ILO in the form of implementation of ILO E-Sourcing Portal i.e. Jaggaer, which was to be used for all procurement of goods and service costing USD50,000 or more.

61. We noticed in one case (PO 40528933) that a waiver from following competitive process was taken on grounds of urgency.

- However, we could not find substantial basis of this urgency either in the documentation or in the post award management on the contract.
- Further, in this case selection of the contractor on direct survey was justified on the basis that alternative contractors were overburdened without any document for basis of assessment of the same. Further, as per the documents included with the bid document, we noticed that selected contractor itself was the one with the highest number of existing ongoing contracts.
- This procurement was processed by terminating the existing contract for non-performance but no contractual remedy on the earlier contractor was resorted to by the ILO.

62. Management stated that contractor's poor performance was attributed to challenging project environment. We took note of the fact that not resorting to contractual remedy for earlier agreement and simultaneous resorting to waiver from competitive process based on urgency reflect the need for strengthening contract management processes in the organization.

63. We noticed that in one case (PO 40519267), contract was awarded to the only bidder who participated in the process where the bid submitted was 78 to 99 per cent higher than the estimates prepared for the same by the ILO. Management informed that the reason for contract awarded with 78–99 percent higher than estimated rate was complex site conditions. We noticed that site conditions were known to the management while preparing the estimates and therefore should have been factored in during the preparation of estimate. Further, we also could not find any documentation for detailed analysis to find out reasonableness of the quoted rate by the only bidder.

64. We noticed that in five (PO 40528933, 40409267, 40497388, 40399072, 40497360) cases there were inconsistencies/inadequacies/gaps in carrying out evaluation of the bids received.

- In three purchase orders of the same project, different assessment and evaluation criteria were recorded to deviate from L1 bidder and award the contracts to another bidders.
  - While in one case, L1 was not awarded the contract based on assessment of workload.
  - In the second case (L1 was not awarded the bid based on recorded reason of introducing "new blood".
- Further, in another purchase order for a different project, L1 was not awarded the bid based on assessment of workload.

65. We were informed that workload/due diligence assessment was part of the bid evaluation in two of these cases. However, we noticed that the criteria was for technical evaluation but the bidder was qualified as part of the technical evaluation and the rejection was carried out at the financial evaluation stage after financial bids were opened.

66. We highlighted the potential contradiction in clause 6.6 and 6.7 of the procurement manual relating to confidentially on information of bidders participating in the process in the last year's report also. We noticed that the contradiction continued and in five of the sample selected cases, mandatory joint pre-bid activities including site visits and/or trainings were included as part of the bidding process.

67. We noticed that along with a detailed procurement framework and transparent digital platform for the procurement process in ILO, it is also important to enhance substantive implementation of the provisions in the manual for carrying out the process in complex projects. Further, the transparency in decisions made during evaluation also needed to be strengthened by detailed documentation of all assessments.

Recommendation 6: Audit recommends strengthening implementation of provisions of the procurement manual including more consistent application of evaluation criteria and better documentation of assessment of reasonableness of prices.

68. Management acknowledged the inconsistencies identified in the application of evaluation criteria across certain cases. While some decisions were based on project-specific considerations, Management agreed that evaluation criteria should be applied consistently and that any deviations should be clearly justified and appropriately documented in line with established procedures.

Recommendation 7: Audit recommends the ILO to resolve the potential inconsistency between confidentiality requirements in the procurement manual.

69. Management took note of the recommendation and agreed to review the relevant clauses to ensure clarity and coherence, including in relation to pre-bid meetings and related activities.

4. Engagement of implementing partners

70. Implementing partner means a legally recognized non-profit-oriented entity, which assists ILO with the delivery of the ILO's substantive mandate in ILO development cooperation programmes, projects and activities. An IGDS 270 has been framed to establish a harmonized Organization-wide approach to implementing partnerships.

71. In the evaluation process adopted by the ILO while scrutinising the bids received for Implementing Partners, (some 50 POs and 70 distinct queries) we noticed following significant discrepancies in selected cases:

- A bidder (PO 40527726) was given more than maximum score under one criterion during technical evaluation and was issued the final award based on the same score. Management attributed typographical error as reason for the same.
- The bidder (PO 40532855) who has got less than benchmark score in technical evaluation was qualified for financial bid stage.
- In one case (PO 40538124) additional evaluation criteria was applied over and above the weighted score arrived for all bidders deviating from the established procedure. The ILO accepted the deviation. In the same case financial bid of all bidders were opened whereas only one bidder was qualified in technical stage. The ILO responded that both technical and financial bid came in same folder, so it was opened. However, ToR clearly mentions two bid system.

72. IGDS 270 enables selection of Implementing Partner. We noted in six cases[5] where the partners selected were documented as belonging to category of Constituents of the ILO including Governmental, employer's & worker's organizations instead of NGO, private etc. Management while accepting the observation, informed that instructions will be given to avoid such errors.

73. In case of signing the implementing agreement few discrepancies were noticed. We noticed in two cases (PO 40496740 & 40525435), the Implementing Agreement was signed by the Country Director

[5] 40496740, 40512767, 40525112, 40525131, 40527173, 40531129

instead of Regional office director deviating from IGDS eligibility benchmark. We also noticed in four cases[6] that although the agreement displays the name of the Chief of BUDFIN, the signatory has not been identified, and the signature was executed in the field offices.

74. We also noted that the mandatory uploading of signed implementation agreement in IRIS was not done in 13 cases[7].The ILO accepted the fact. We also noted that in six cases[8] mutually exclusive options were selected in the project documentation for selection and finalisation of IP. The ILO accepted the fact.

75. During the scrutiny of execution of implementation agreement and payments in sample selected cases, we noticed the following issues:

- In one case (PO 40502028), there was a discrepancy between the amount reflected in the second part of Expenditure Report (to be completed by the ILO Office) and the implementation agreement. Further, in one instance (PO 40527747) there was a contradicting payment schedule[9] within the different part of the contract document.
- There were instances where the technical and financial reports were not uploaded in IRIS. Management stated that it was not mandatory, but we are of the view that these reports were important part of control process over payments.
- There was a case (PO 40524232) in which clearance for payment was given without achieving the deliverable as per the agreement.

76. We are of the view that implementation of the provisions of IGDS for implementing partners needs to be strengthened in the areas of evaluations and overall quality of documentation of the engagement.

77. We also took note of the fact that the ILO has implemented Jaggaer as e-sourcing tool and has already on boarded procurement of goods, services and a substantial part of external collaborator engagement process on the tool. Taking into consideration the potential use of Jaggaer and the importance of engagement of implementing partners, there is a strong case for on boarding the process of engagement and evaluation of implementing partners also on Jaggaer to enhance transparency and documentation of the engagement process.

Recommendation 8: Audit recommends implementation of the IGDS provisions for implementing partners to be strengthened in the areas of evaluation and documentation of the engagement lifecycle.

78. Management, while acknowledging the few number of non-compliant cases reported above compared to the size of the examined sample, responded that, the Office is always committed to improve and will take the steps to further strengthen the application of IGDS 270 in the area of evaluation and documentation.

[6] 40502028, 40510934, 40520875, 40527747

[7] 40532693,40532618,40527608,40501644,40524900,40521272,40508975,40504801,40512767,40525356,40536957, 40538124, 40527173

[8] 40508975, 40525389, 40527608, 40528622, 40532855, 40533444

[9] there were contradictions in reporting schedule and/or payment conditions between annexure A & annexure C of the contract document for the deliverables

Recommendation 9: Audit recommends that opportunity of shifting the process of engagement and evaluation of Implementing Partners on Jaggaer be explored to further strengthen the transparency and documentation of the entire process.

79. Management stated that this effort has been planned, and it is envisaged that Implementing Partner arrangements will move onto Jaggaer by end of 2026, subject to any potential impacts from the current financial constraints affecting the Office.

5. Agreed terminations

80. The ILO Staff Regulations, Article 11.4 allows the Director-General to terminate a fixed-term appointment where service needs require staff reductions, with the affected official entitled to a graded indemnity of up to 12 months' remuneration based on completed years of service. Articles 11.5 and 11.6 similarly permit termination of established officials due to staff reductions involving post abolitions, with indemnity set at six months' remuneration for service under five years and one year's remuneration for service of five years or more. As per article 3.1 (c), the remuneration for this purpose shall be (for the Professional category and above), the amount set out in the salary scale, which did not include post adjustments given under the regulations for cost-of-living variations.

81. Article 11.16 of the Regulations provides that the Director-General may terminate the appointment of an official if such action would be in the interest of the efficiency of the work of the Office, provided that the official concerned consents to the action. It also provides that the Director General may pay to an established official terminated under this article an indemnity not more than 50 per cent higher than that payable under article 11.6 (Indemnity upon reduction of staff) or to a fixed-term official so terminated, an indemnity not more than 50 per cent higher than that payable under article 11.4 (Fixed-term appointments).

82. IGDS 451 was issued in 2015 to set out the general policy of the office with regard to agreed terminations pursuant to Article 11.16 of the staff regulations. The IGDS inter-alia provided that:

- Agreed terminations should be strictly limited and may only occur where such terminations are determined to be in the interest of the efficiency of the work of the Office.
- Agreed terminations should not be used to replace other types of cessations of service including disciplinary action, of the Staff Regulations. Thus, officials whose contract with the Office would normally end on one of these grounds will not benefit from an agreed termination.
- Beneficiaries of agreed terminations will not be re-engaged by the ILO through employment or other contracts following their separation.

83. We took note of the fact that the policy for agreed terminations has been constantly changing and evolving in last few years with two different sets of IGDS being issued as exceptional measures for staff in different categories. All these additional IGDS are prescribed to be read in conjunction with IGDS 451. Key features of both these IGDS are summarised below:

Table 2. Key Features of Office Procedures under IGDS 624 & IGDS 704

Key Feature	IGDS 624	IGDS 704
Period	06 December 2022 to 31 December 2023	December 2025 to June 2026
Scope	Only Professional & Higher Category	All categories
Purpose	To facilitate agreed terminations in the context of contributions to achieve strategic priorities established under the Programme and Budget for 2024–25	To facilitate agreed terminations in the context of the need for the ILO to allocate adequate resources to mission-critical functions.
Financial Arrangement	Net Base Salary **+ Post Adjustment**	For Professional & Higher category (P & D) – Net Base Salary **plus Post Adjustment** For General & National Offices category (GS & NO) – Net Salary plus Pensionable Allowances
Other Important Aspect	• Liberal indemnity package – Enhanced terminal compensation including Post Adjustment Multiplier on net base salary • Outcome oriented AT administration – i.e. achieving saving and efficiencies to implement new strategic priorities	• Liberal indemnity package – Enhanced terminal compensation including Post Adjustment Multiplier on net base salary • Outcome oriented AT administration – i.e. to achieve savings and efficiencies for allocation of resources to mission critical functions

84. We were informed that the 141[10]agreed terminations were finally approved under the provisions of these different IGDS, post issue of IGDS 624.

85. We were informed that 108[11] Agreed Terminations were either approved or the officials got separated/left the ILO during the year 2025.

86. We carried out analysis of documents pertaining to approval and processing of benefits of 26 cases of sample selected agreed terminations out of these cases.

87. We noticed that in some of these cases, a total ex-gratia payment of USD332,862, was approved as part of the agreed terminations package in cases processed under IGDS 451, which was over and above the indemnity payable under this IGDS.

- This amount even exceeded the extra incentive under IGDS 624 by USD113,948 though these cases were not covered under this IGDS.
- While under Article 32 of the ILO Financial Regulations and Rules, ex-gratia payments can be made which are deemed necessary in the interest of the organization, we noticed that there was no framework established in ILO to provide for a structured mechanism for guiding application of ex-gratia and extent of benefit to be allowed in different cases relating to staff terminations.

[10] Under IGDS 451 – 15 cases; IGDS 624 – 36 cases ; IGDS 704 - 90 cases

[11] Under IGDS 451 – 3 cases ; IGDS 624 – 15 cases; IGDS 704 – 90 cases

88. Essence of all the frameworks of agreed terminations included that it should not be used in cases whose contract with the Office would normally end on one of the grounds in chapter XI and XII of staff regulations. Further, Agreed Terminations under IGDS 624 and 704 were also not to be used for solving placement problems as these IGDS provided liberal incentive package for identifying savings/efficiencies that the termination may contribute to achieve in the context of strategic priorities/allocation of resources to mission critical functions. We noticed that application of these principles in some cases, mainly under IGDS 624, reflected need for more consistent and coherent approach, as agreed terminations were extended on grounds not entirely compatible with the stipulations and substance of the laid down provisions of Staff Regulations and respective IGDS. The gaps in compatibility included extension of AT to contracts under automatic termination, cases without line manager's consent and extending benefits of IGDS 624 to cases which were more aligned to be covered under IGDS 451. Further, there was a clear scope for improvement in documentation of the rationale for the decisions also especially as in some cases ATs were granted without manifested indications of anticipated efficiencies to the entity.

89. In addition to operational efficiency, savings in financial term has been part of the objectives of Agreed Termination policies in the two recent IGDS. As the indemnity portion of the Agreed Terminations involve immediate/near term outgo of the financial resources, the organization is expected to gain anticipated savings from the identified future action on the post vacated.

- Management shared details of separate mechanisms which exist for Agreed Terminations under IGDS 624 and the present process being followed for Agreed Terminations under IGDS 704. We took note of the fact that the mechanism created for IGDS 624 enables overview of status of individual AT case. We are of the view that creation of a mechanism on similar lines for cases under IGDS 704 would enable comprehensive overview over all the Agreed Terminations. Further, capturing and consolidating the information on financial savings from the same would also provide an enhanced visibility to the management of this important information.
- Further, capturing and consolidating the information on financial savings from the same would provide an enhanced visibility to the management of this important information and would result in better transparency.

Recommendation 10: Audit recommends creation of a framework to guide application of ex-gratia payments in staff termination cases and enhancing the tracking and monitoring mechanism for progress of identified action including capturing of information on savings achieved from agreed terminations.

90. Management stated that Ex-gratia payments do not fall under any existing ILO rule. Their application to specific cases is decided by the Director-General. Each ex-gratia payment is reported to the Governing Body as per ILO Financial Regulations.

91. We took note of the fact that Ex-Gratia payments have been informed to Governing Body and the information did not include the extent and basis of determination of amount of the ex-gratia payments.

92. Management further stated that it took note of the recommendation on enhanced tracking of the identified actions in relation to agreed terminations and capturing the savings.

D. IT AUDIT OF 'IT GOVERNANCE AND OPERATIONS'

1. Audit scope

93. This audit evaluated the IT governance and operations of the ILO. The IT applications/ platforms of ILO Headquarters (HQ) were in the scope of the audit. Sampling of applications/platforms was done based on risk assessed during audit.

2. Audit methodology

94. We conducted our audit at ILO HQ in Geneva from 13th October to 7th November 2025. Audit commenced with an entry meeting with the IT governance and operations Information and Technology Management Department (INFOTEC) in which the audit objectives, scope and methodology were explained, and inputs/co-operation sought. Based on the information and documents provided and test-check of records, we issued audit queries seeking confirmation of facts and figures and audit observations. Exit meetings were held with INFOTEC on 6th and 7th November 2025 to discuss the audit observations and recommendations.

3. Audit objectives

95. Audit objectives were to assess whether:

- Governance mechanism had been adopted to ensure that the information systems have been implemented as per strategic requirements of ILO and in compliance with the approved functionalities, and timelines.
- General controls, particularly information security and cyber security, related to the operations of the information system have been implemented effectively.

4. Audit findings and recommendations

Introduction

96. The ILO operates in a complex and evolving digital environment where Information Technology is central to enabling efficiency, transparency, and collaboration across HQ, regional offices, and country offices. With the adoption of the ILO Information Technology (IT) Strategy 2022–25, the ILO has reinforced its commitment to accelerating the use of secure digital technologies, improving business processes, and supporting innovative ways of working.

97. Within the framework of the IT strategy adopted by the Governing Body, and the approved programme and budget, the Information Technology Governance Committee (ITGC) provides advice to determine office-wide IT priorities, projects and resource allocation for major IT investments of strategic value that impact the entire office.

98. At the helm of the IT governance and operations is INFOTEC. It oversees the implementation of IT projects and initiatives in tandem with other departments. IT projects are proposed by requesting HQ departments or field office(s) by submitting a Request for IT (RIT) initiative process to INFOTEC, from where it is evaluated and processed further.

99. For the biennium 2024–2025, total approved budget for INFOTEC was USD65.28 million (excluding staff development costs).

Implementation of IT Strategy 2022–25

100. We reviewed the implementation and achievement of the ILO's IT Strategy 2022–25 along with work plan 2024–25.

101. INFOTEC undertook 119 IT projects in the 2024–25 work plan. Of these, 76 projects were linked to IT strategy outcomes, while the remaining 43 had different or indirect linkages to Risk Management, Improving INFOTEC Services, Sustainability, or Management and Administration.

102. Out of 76 IT Strategic Outcomes-aligned work plan projects, 34 have been completed, 37 are likely to be completed by 2025 (with some extending into 2026), and 5 have been deprioritised, deferred, delayed, or cancelled due to funding/personnel constraints. Of the remaining 43 projects, 19 have been completed, 15 are likely to be completed by the end of 2025, 3 have been rolled over to 2026, 1 has been cancelled, and 5 have been deprioritised, deferred, delayed due to funding constraints.

103. ILO's Internal Governance Document System (IGDS 333 of July 2023) Office directive states that IT initiatives should be planned on a biennial basis and prioritized within each cluster. Depending on the number of requests, a global prioritization may further be conducted by the ITGC. Initiatives that are not already included in the biennium priority list will be treated as 'ad hoc' requests and reviewed on a case-by-case basis, as they impact the delivery of planned activities. Potential reprioritization and approval may be requested from the ITGC.

104. To determine the adherence to IGDS 333, we sought details on global prioritisation exercise undertaken and were informed by INFOTEC that though it had sent requests to all departments for new initiatives, no responses were received for the year 2024–25. We however, observed that 60 new proposals were received as 'ad hoc' projects in 2024–25 under RIT Process, which included 23 proposals under Regular Budget (RB), and the remaining 37 proposals under Development Cooperation (DC)[12] or a combination of both (RB/DC).

105. We observed that ILO departments are not projecting their IT requirements. Consequently, all new IT projects under RB are being implemented via an ad hoc route. This approach highlights deficiencies in IT planning, budgeting, and the efficient allocation of limited resources.

106. INFOTEC informed that although reminders and guidance are issued before each budget cycle, this has not reduced the number of ad hoc project submissions. Many ad hoc projects arise from emerging and urgent needs-such as responses to new technologies, the gig economy, or global events like COVID-19-which cannot be anticipated 18 months in advance during budget planning.

107. We recognise that ad hoc approvals are typically required for DC-funded or urgent projects. However, some RB-related projects are bypassing the P&B submission timeframe in favour of ad hoc approval. This is a significant concern that should be addressed by the ITGC.

Recommendation 11: Audit recommends that the requirement to prioritise planning of IT initiatives using the Program and Budget (P&B) submission timeframe rather than ad hoc submissions through the Request for IT be brought to the attention of the Information Technology Governance Committee – for their action- prior to each P&B submission cycle.

[12] Helps countries address work deficits through support based on country ownership, results, and partnerships.

108. Management accepted the recommendation and stated that INFOTEC will inform the ITGC members of the requirement to prioritise the planning of IT initiatives through the P&B submission process rather than via ad-hoc submissions through the RIT process. The IT Projects intranet page will be updated, as necessary to reflect this requirement.

Request for IT Initiatives Process

RIT procedure

109. The RIT initiative process (IGDS 333) defines IT projects as temporary endeavors with defined start and end dates, budgets, and objectives aimed at delivering unique IT-enabled changes, products, or services. The HQ departments or field offices are to complete a RIT form and submit the proposals to the Project Management Office (PMO) in INFOTEC, for review and approval regardless of funding source (Regular Budget-RB or DC).

110. The proposals are categorised as 'A' or 'B' based on importance of application as per defined criteria[13]. The proposals are submitted for review to the INFOTEC Review Committee, which normally meets weekly to assess validity, compatibility with IT architecture, and development standards. Proposals under category A are referred to ITGC for guidance and approval, while that under category B are approved by the INFOTEC Review Committee. Project Governance and Management Services (PGMS), in INFOTEC, maintains a RIT project register to track the project portfolio, including proposals and their status.

111. We noticed that between 2022 to 2025, according to the project register, the INFOTEC Review Committee processed 96 RIT proposals, but none were category 'A'. We, further observed that during this period, proposals for various applications[14], which had funding implications or involved change in scope of an existing application had gone directly to ITGC without going through the RIT process. Also, two[15] RIT proposals carried status 'Senior Management Exception', because formal RIT submissions were not made.

112. INFOTEC stated that the initiatives were part of major investment projects or critical business needs, with funding routed through finance and program via P&B submissions or supplementary allocations, and updates were presented to ITGC. It was further stated that for major projects they apply the same secure design and implementation practices as they do to the projects that are vetted through the RIT. INFOTEC informed that the status of Senior Management Exception reflects that that the departments were not required to follow the full RIT process but were expected to keep INFOTEC informed.

113. We observed that the RIT initiative process does not allow direct submissions to ITGC nor were Senior Management Exception mentioned in IGDS.

114. We also noted that ITGC has met only five times during 2022–25, below the prescribed frequency of at least five times a year as per ITGC charter, which could affect project approvals. INFOTEC stated

[13] Category A: Impacts ILO (as a whole), is complex and requires larger amount of time. Category B (Custom/Standard): Impacts few departments, smaller investment/ Solution and standard costs exists in ILO.

[14] Integrated Workplace Management System, Meet and Share, E-Voting System Replacement, NORMES CEACR Automation, Record Management, Mission Reporting Platform, and Proxy click.

[15] Replacement of the current systems in RELMEETING department and Create new system to monitor and track the implementation of the call on action in FUNDAMENTALS department.

that two meetings of ITGC per year would suffice given the availability of the committee members, and this would be added to the agenda of the ITGC for its consideration, and if appropriate, the ITGC Charter can be amended.

Recommendation 12: Audit recommends that all IT projects comply with the Request for IT process, with Information Technology Governance Committee approval required for any exceptions.

115. Management accepted the recommendation and stated that in the meeting of ITGC, the members will be reminded that all IT projects must comply with the RIT process and that any exceptions require ITGC approval. A memorandum will also be issued to all departments and field office directors reinforcing that all projects with an IT component must adhere to the RIT process.

Increase in scope of the project

116. As per RIT initiative process, major projects classified as enterprise-wide initiatives, high-cost projects (Total Cost of Ownership (TCO) > USD500,000[16]), or those with critical time dependencies or significant risks are to be referred to the ITGC for approval.

117. We noticed an instance, where the annual cost for license and platform extension cost for organization-wide application (JAGGAER) was USD200,000. Over a six-year period, the TCO exceeded the limit set (USD500,000). Despite this, the proposal was not submitted to ITGC for approval.

118. INFOTEC replied that the JAGGAER Project was submitted to the RIT process as a low-cost initiative, which did not reach the thresholds for submission to the ITGC. The scope was subsequently extended. The RIT process does not currently require that scope changes should be re-submitted for consideration by RIT and potentially, the ITGC.

119. We are of the opinion that there is scope for updating the RIT process to take care of scenarios where scope of the IT project increases substantially after initial approval, to be submitted to ITGC.

Recommendation 13: Audit recommends that Request for IT process framework be updated to cover scenarios where application scope increase substantially after initial approval.

120. Management accepted the recommendation and stated that in the meeting of ITGC the members will be advised of the need to address scenarios when the scope of an application increases substantially after initial approval. Further, RIT process documentation will be updated to reflect this requirement, and the PROCUREMENT department will be advised to introduce appropriate gatekeeping controls to ensure compliance.

Key Performance Indicators for RIT initiative process

121. To assess the effectiveness of the RIT process, INFOTEC has identified Key Performance Indicators (KPIs). We reviewed the RITs for 2024–25 and noticed that there were projects which did not meet KPI at different stages mainly at stage of providing costing, as given below:

[16] Total Cost of Ownership over six-year period.

Table 3. KPI targets and achievements

Stage	KPI target (in days)	Total RITs	No of RITs, which did not meet KPI	Average KPI achievement (in days)
PMO assessment	7	60	11	5.40
Providing recommendation	17	48	14	20.00
Providing costing	24	12	10	51.00

122. INFOTEC replied that the process often takes longer due to the limited availability of key resources and volume of ongoing projects. INFOTEC further stated that average time-period mentioned by audit refers to when the task is assigned to Application Management Service (AMS) branch (in INFOTEC) for costing and given the *ad hoc* nature of the request, resources are not always available to work on the Total Cost of Ownership (TCO) immediately. It is also the case that delays occur when business units have not fully defined their requirements at the time of RIT submission, and staff availability constraints on both sides affect the timeliness of clarification efforts. These initial requirement discussions and refinements require coordinated effort between IT and business units, which sometimes extends the overall timeline.

Monitoring

123. INFOTEC maintains RIT project register for processing the RITs. We noticed that the project register was not updated[17]. Further, fields such as date of recommendation, TCO, ITGC approval required, status of the RIT, Information Security Risk Assessments (ISRA) requirement *etc.,* are blank in project register. INFOTEC stated that during 2024, a comprehensive review was conducted to enhance project register's accuracy and usability. INFOTEC also informed that synchronisation between work plan and project register is currently a manual process and options are explored to automate or simplify the process to improve timeliness and consistency of project status information.

124. According to the RIT initiative process, the PMO is responsible for updating ITGC on IT project approval progress and reporting critical issues and risks. For DC projects, INFOTEC has issued "Guidelines for Projects with IT-Related Deliverables" to guide field offices/departments through the RIT approval process. As part of these guidelines, INFOTEC's Information Security & Assurance Service (ISAS) Unit recommends that project managers include ISRAs in RFPs/TORs and provides supporting templates.

125. Our review indicated that INFOTEC lacks a mechanism to verify whether the implementing field offices/departments are adhering to these specific requirements for conducting and documenting ISRAs.

126. INFOTEC replied that it does not monitor the implementation of DC projects in local offices primarily due to resource constraints.

127. We are of the opinion that to assist the PMO/INFOTEC in meeting its ITGC responsibilities, a feedback mechanism needs to be in place. This mechanism could be facilitated through a simple portal

[17] Three projects recorded as 'on hold' and 'under implementation' had gone live in August/October 2024.

or by field offices submitting periodic self-assessment reports, allowing them to document progress on project implementation milestones and confirm compliance with INFOTEC policies and guidance.

Recommendation 14: Audit recommends introducing a periodic feedback mechanism, through a portal or self-assessment reports, for Headquarter departments/field offices to confirm compliance with Request for IT and Information Security Risk Assessments recommendations.

128. Management accepted the recommendation and stated that that this reporting requirement will be included in the Internal Letter of Representation.

Application Inventory

129. On seeking list of application inventory in ILO, INFOTEC provided a list of 361 applications[18]. Of these 361 applications, 270 were classified as active and 91 applications were classified as inactive/retired *etc*. Also, 172 of active applications were supported by INFOTEC and 98 were supported by the owner departments. Out of the 270 active applications, 29 were On-Cloud and 241 were On-premise applications.

130. We sought details of applications from seven[19] departments who were owners of 111 out of 270 active applications.

131. The information showed that 15 of the applications were either retired or decommissioned and six applications were duplicates. One department (STATISTICS) informed that there were 12 additional applications, which they were maintaining but were not in the list provided by INFOTEC. We observed that 15 applications were extensions or bolt-on applications of IRIS, the Enterprise Resource Planning (ERP) of ILO. The applications list also contained public websites, which cannot be considered as standalone applications, and there was no category to label them accordingly.

132. It is clear from above that there is no single authoritative source for the number of applications in ILO. There are both inclusion and exclusion errors besides data inaccuracy in the Application Inventory database. We are of the view that INFOTEC and ITGC will not be able to identify critical applications or apply risk-based controls related to Information Security without first having clarity on the actual number of applications and the criticality of each of them.

133. INFOTEC stated that different logic has been used over the years for tracking applications and Application Inventory is updated by retiring outdated and duplicate entries, adding new applications, and correcting inaccuracies. The bolt-on applications and websites will continue to be tracked in the application list with additional attributes to ensure that critical applications can be filtered. The list of critical applications will be reviewed and re-approved by the ITGC.

Recommendation 15: Audit recommends establishing a mechanism for periodic review and timely updation of Application Inventory database by user departments.

134. Management accepted the recommendation.

[18] Excludes 16 applications of Regional/Country offices.

[19] FINANCE, Human Resources (HR), Department of Internal Service and Administration (INTSERV), Department of Communication and Public Information (DCOM), The Official Relations, Meetings and Language Services Department (RELMEETINGS), SOCIAL PROTECTION, and STATISTICS departments.

Application Support

Service levels

135. INFOTEC maintains its own applications where it is responsible for development, maintenance, and support. INFOTEC also offers its platform (hardware, operation system, storage, network *etc*.) or only hardware, and rest of the support is the responsibility of the application/business owner. INFOTEC informed that there are 113 applications it maintains, and another 27 applications maintained by other departments that is hosted on its infrastructure. These 140[20] applications are hosted in INFOTEC data centre at ILO premises, and the Recovery Data Centre is at UN International Computing Centre (ICC).

136. The nature of applications in ILO varies ranging from core functions of ILO to public information sharing websites, to application that supports ILC meetings *etc*., which have varying criticality based on parameters like availability, response, and recovery time. We noted that, the criticality of an application was not determined by the application/business owner in consultation with INFOTEC. In the absence of a formal defined SLA structure between INFOTEC and business owners, we are also not sure whether business owner is aware of the risks it is taking with such an arrangement, or it matches the expectations of business owner. In response to audit queries, the user departments have specified clear Recovery parameters for the applications hosted by INFOTEC. For e.g. RODIS application of RELMEETINGS is hosted at INFOTEC data centre and RELMEETINGS has mentioned that the Recovery Time Objective (RTO) of the application is 4 hours, and Recovery Point Objective (RPO) of the application is 1 hour. This implies that the business owner expects the application to be up and running in the event of a disaster within these limits which may not be achievable since the service provider (INFOTEC) can't guarantee that on the underlying platform layer it supports.

137. Also, service level matrices like Availability, Recovery Time Objective, Recovery Point Objective *etc*., of the applications are also not agreed between INOTEC and the departments. The Service Level Agreement (SLA) violations with external service vendors were also not monitored.

138. INFOTEC informed that in ILO, there is no official definition of critical application as every department may have a different take on this. INFOTEC informed that it sees IT as a commodity that is supposed to work 24x7 and adopts a *best effort* approach to service levels. During official events such as General Body or International Labour Conference, INFOTEC staff work in shifts, extended hours or on call to reduce impact in case an incident occurs. On monitoring SLA violations of external vendors, INFOTEC informed that while availability is generally good, they do not monitor SLAs carefully, because there is no clarity as to how they are calculated by the supplier.

139. We are of the view that not taking inputs of application/business owners while deciding criticality of application puts the organization at risk as INFOTEC may not be fully aware of importance of the application. Further, the *best effort* approach for service levels is a subjective term with no specific and measurable performance metrics or accountability structure and may mean differently to INFOTEC and business owner(s), who may not be aware of the risks with such an arrangement, as this puts all applications on a similar footing. Also, without active monitoring of SLAs by INFOTEC with external vendors, ILO may not be able to enforce contract terms or hold vendors accountable for poor performance, which can lead to downtime and frustrated users.

[20] The audit noted discrepancies between application counts (172 vs. 140) provided by INFOTEC; as there is no authoritative source, figures are reported as received pending inventory reconciliation (see Recommendation 5).

140. INFOTEC informed that it will present *best effort* service levels to the ITGC for review and create a framework for capturing relevant performance metrics. Regarding critical applications, a list will be presented to the next ITGC for their review, update, and approval. On SLA monitoring, INFOTEC stated that monitoring of all SLAs was impractical and instead proposed a targeted, risk-based approach focused on measurable, enforceable, and critical services.

Recommendation 16: Audit recommends Information Technology Governance Committee to review the current service level framework (Best effort) offered by INFOTEC to other departments and to assess whether the organization is willing to tolerate the risks in such a structure for all critical applications.

Recommendation 17: Audit recommends INFOTEC to assess the criticality of the ILO IT applications in consultation with business owners.

Recommendation 18: Audit recommends INFOTEC to prepare a framework for capturing relevant performance metrics for critical applications in the ILO.

Recommendation 19: Audit recommends INFOTEC to devise a realistic, risk-based monitoring mechanism for Service Level Agreements of external agencies involved with critical applications.

141. Management accepted the recommendations.

Cloud-based applications

142. As ILO is moving towards cloud-based applications, the importance of robust cloud policy and governance becomes paramount. For assessing the effectiveness of cloud governance, we selected five out of nine[21] cloud-based applications for verification. Of these five applications, four applications (BASWARE, PLANON, JAGGAER, ILO People) were those where the user department had directly entered contract with the cloud provider whereas in one case (SHIF Online), we observed that INFOTEC had entered into contract with cloud provider.

143. We also noted that there is no formal cloud policy or model cloud contract in ILO. We compared the clauses in the four contracts against best practices[22]. The deficiencies in the sampled contracts are summarised below:

Table 4. Status of clauses in sampled contracts

Inclusion of Clauses on / Application	BASWARE	PLANON	JAGGAER	ILO People
Full ownership of data	No	Yes	No	Yes
Data segregation	No	No	No	No
Time period for incident response	No	Yes	No	Yes
Audit rights for ILO	Yes	No	No	Yes
Intellectual Property Rights	No	Yes	Yes	No

[21] List provided by INFOTEC is considered as it varied with the list of active cloud applications as per inventory list.

[22] Policies and procedures Manual–Third party ICT Risk Management (UNFPA) and inter-comparison of contracts of ILO.

Liquidated damage clause	No	No	Yes	Yes
Recovery time and Recovery point objectives	Yes	No	No	Yes

144. INFOTEC appreciated the audit's objective to strengthen governance for cloud-based services but did not support creating a single model cloud contract explaining that major cloud providers operate under their own global agreements. Instead, INFOTEC proposed a more practical approach of developing guidelines and best practices jointly with PROCUREMENT and Office of Legal Services (JUR) departments to outline key contractual, technical, security, and legal considerations for cloud agreements, to ensure consistency across departments.

Recommendation 20: Audit recommends developing guidelines that outlines key elements to be considered by the ILO departments before entering into any cloud service agreement.

145. Management accepted the recommendation.

Information security

146. Information security covers the processes and practices for protection of information and Information assets from unauthorised access, use, disruption, modification *etc*., to provide confidentiality, integrity and availability. Information security in an organization is primarily ensured by a defense in depth[23] strategy through various measures like IT governance strategy and polices, risk assessment and risk management, security controls relating to physical access, identity and access management, network, end-point devices, application and data. Further in case of a security incident, adequate incident response plan and disaster recovery mechanism helps to mitigate the risks and recover from the disruptions caused by the incident. Cyber security is a subset of information security framework with focus specifically on protection of information assets from online threats.

147. The core IT infrastructure in ILO is primarily centralised at INFOTEC data centre in ILO HQ premises, and the recovery data centre is at UN International Computing Centre (ICC). Majority of the on-premises applications in ILO are hosted in this data centre with some exceptions like the applications under INTSERV department and applications in field offices. INFOTEC data centre is at the core of the IT solution support in ILO and hence security of the data centre becomes a critical component of the information security framework.

148. The Demilitarised Zone[24] (DMZ) of the INFOTEC data centre acts as a security buffer between ILO's internal systems and external networks like internet. ILO performs three automated scans per week of the DMZ infrastructure for assessing vulnerabilities. We are of the view that centralisation of IT infrastructure in INFOTEC data centre gives better control over network security to INFOTEC. We further noticed that as part of its zero-trust architecture, ILO has implemented micro segmentation of its network which ensures that each application domain is treated as its own security boundary to limit the impact in case of any breach and reduces lateral movement of the threat. With respect to end-point

[23] Defense in Depth is a cybersecurity strategy that uses multiple, overlapping layers of security controls and practices to protect systems, data, and networks.

[24] A Demilitarised Zone (DMZ) is a network segment that sits between an organization's external-facing network (the Internet) and its internal, trusted network. The DMZ hosts services that must be reachable from untrusted networks (web servers, mail relays, VPN gateways, API gateways) while preventing direct access to internal systems. It reduces exposure of the internal network and enforces strict controls on inbound and outbound traffic.

security, we noticed that allowing access to IRIS (ERP system) only through ILO laptop is a good control against end point security risks. INFOTEC informed that Techniques, Tactics, and Procedures (TTP) observed from ransomware threat actors are constantly monitored and threat hunting is routinely performed to search for observables related to these TTPs. We did not notice any major deficiencies related to these areas.

149. ILO is functioning in an environment where cyber-attacks of varied nature are attempted on IT assets of ILO. As per the incident management guideline, the incidents are classified in Class1 to Class 5 with Class 5 being the most impactful. To assess the nature and cause of the security incidents in recent times, we reviewed the list of 44 security incident since January 2023 provided to audit. We noted that there was one Class 4 incident and four Class 3 incidents during this period. No Class 3 or above incidents were recorded on the INFOTEC data centre[25] since October 2023.

150. The primary cause of the security incidents as per our assessment were user awareness issues/human failures, followed by application security issues. We noticed that information security awareness training is available on ILO People platform and is mandatory for all new joining staff, and for anyone using ILO IT devices. This security awareness course covers key security best practices to be followed to prevent, detect, and respond to information security events. Training programs on AI security threats and cloud security are also available on ILO People Platform. We noticed that ILO also issues newsletters on IT security related topics like ‘Disposing Your Mobile Devices’, ‘Top Three Social Media Scams’, ‘Phishing Attacks Are Getting Trickier’ *etc*. We are of the view that while INFOTEC has taken measures to increase user awareness, these measures may be strengthened considering that majority of incidents in recent times are phishing or targeting human failures.

Application Security

151. The infrastructure and platform (hardware, OS, middleware, network, storage *etc*.) is primarily centralised in INFOTEC data centre, whereas the application development and maintenance is fragmented with multiple models of development and operational support. These include applications where INFOTEC provides solution support, platform support, or hardware support. There are also on-premises applications outside INFOTEC, cloud applications engaged directly by business owners, and DC projects with IT.

152. We are of the view that this decentralised and diverse model of application governance and operation carries inherent risk. Presence of applications in field offices (16 as per information provided to audit), outside INFOTEC visibility is also an IT security risk area.

153. When details of own applications and applications supported by INFOTEC were sought for, a list of 140 applications were provided. When the list of application inventory was sought for, a list of 361 applications were provided, which included 270 active applications. As explained in the section on application inventory earlier, there is no single authoritative source on the number of IT applications in ILO. This makes the task of undertaking risk assessment and applying security controls at the application layer challenging in ILO.

154. To mitigate the risks, we noted that formal Information Security Risk Assessment (ISRA) assessment has been incorporated as standard part of evaluation process for all new IT related

[25] One Class 3 incident in March 2024 has occurred on the Lima Regional office server which is not covered in this audit

initiatives from 2024. However, there are applications, which were implemented before 2024 and have not gone through the formal ISRA process.

155. INFOTEC informed that while the ISRA process is a central component of the risk mitigation framework, it has implemented several complementary controls to address potential risks. These include a proactive vulnerability management program and ongoing implementation of a zero-trust security architecture, which further strengthen the organization's overall security posture. Penetration testing is also performed every year on several applications, either internally or by external vendors to provide an independent validation layer.

156. We noted that three vulnerability assessment and security audits were conducted by external agencies in the last four years. On adequacy of three assessments/audits on an application universe of around 300 applications, INFOTEC mentioned that budget is the primary constraint preventing more penetration testing by external agencies and it prioritises penetration testing on high-risk areas or when major applications are rolled out.

157. We selected five[26] cloud based applications as sample for assessing the adequacy of the controls related to IT Security. Out of these five cloud-based applications, four (JAGGAER, ILO People, BASWARE, PLANON[27]) were those where the user department is the support owner and in 1 case (SHIF Online), INFOTEC is the support owner. The support owner is responsible for ensuring security at the application layer.

158. The application owner for JAGGAER stated they had not received or accessed any independent audits or penetration tests of the cloud provider's security controls, nor had they verified them. This raises doubts on the adequacy of application security or awareness of the application owner (in case where INFOTEC is not support owner) of its roles and responsibility regarding IT security of an application.

159. We also selected five on-premise applications (WESO DATA FINDER, INTEGRITE, OMNIVISTA, RODIS, MAMMUT) from the list provided and sought details for verification. We were informed that WESO DATA FINDER was not a on-premises application, and in respect of INTEGRITE, neither INFOTEC nor the owner (FINANCE department) had knowledge of the application and it has been informed that it should be removed from the list. Our analysis, therefore, was limited to remaining three on-premises applications (OMNIVISTA, RODIS, MAMMUT), which are given below.

160. OMNIVISTA – is an application rolled out in 2006 for managing ILO fixed-line telephones, its expenses and internal re-invoicing of telecommunications costs. INFOTEC had informed that there are no on-premises application outside INFOTEC data centre in ILO HQ. However, OMNIVISTA was seen hosted at another data centre/server (INTSERV) in the ILO HQ.

161. We also noticed that besides OMNIVISTA, there were five[28] other applications hosted in the same data centre/Server (INTSERV). These five applications were not there in the INFOTEC's inventory list of applications provided to audit. The benefits of hosting these applications in another server/network outside INFOTEC control within the ILO building by another department was not provided.

[26] Four from list of nine cloud-based applications provided to audit by INFOTEC and one from others.

[27] Details related to PLANON application were not furnished and hence not considered for analysis.

[28] SMI Security (Access Control System), Siemens Design (Fire Alarm/Alerts management), GTC (Building Management system), OSIRIS (Telephony Directory), OTMC (Voice Mailbox).

162. RODIS – is a computer aided translation and document production workflow system of RELMEETINGS department. RELMEETINGS provided details of security reviews, vulnerability assessment and Penetration tests conducted on the application.

163. MAMMUT – is an important application used to make payments of payroll, travel, home-leave, education grant *etc*., to UBS Bank. The application was rolled out in 2013 and is hosted in INFOTEC data centre in ILO.

164. We sought information regarding IT security review and vulnerability assessment from FINANCE department, the application owner of MAMMUT. FINANCE department replied that INFOTEC is responsible for these matters. INFOTEC informed that core MAMMUT services are provided by M/s. MAMMUT Soft and are treated as third party application layer outside INFOTEC's direct control. INFOTEC manages the underlying infrastructure, which includes redundancy, backup, and recovery. The primary issue is a lack of clarity regarding responsibility for MAMMUT application security. Neither stakeholder's replies definitively state who is accountable or whether application security is being addressed. INFOTEC later informed that for MAMMUT, a penetration test was performed in 2022, and an in-depth review of the dataflow and security controls performed at the time the application was re-platformed in 2023. We appreciate the conduct of such tests/reviews by INFOTEC. We, however, consider that these one-off tests are not a substitute for ownership of application security and implementation and continuous monitoring of such application security controls.

165. Even though the role provided by INFOTEC is similar in both cases (RODIS and MAMMUT), we observed that there is significant difference in the understanding of owner departments of MAMMUT and RODIS regarding their responsibility related to application layer security. We are of the opinion that application security issues stem from unclear roles and responsibilities between the application owner and INFOTEC, particularly concerning application development and operational support. We noted that there is a guideline for projects with IT related deliverables for DC funded projects in ILO field offices. Similar guideline is not available for projects implemented by HQ departments. We are of the view that this is a major gap considering the large number of applications where HQ departments are the support owners of the applications. We understand that centralising all applications under INFOTEC may not be advisable. However, as the nodal department INFOTEC must provide guidance on how to implement and support IT applications.

Recommendation 21: Audit recommends establishing and formally documenting the comprehensive roles and responsibilities structure to clearly differentiate the responsibility between the INFOTEC and business owners, where INFOTEC is providing support to an application.

Recommendation 22: Audit recommends preparing a guideline on implementation of HQ projects similar to guidelines for implementation of Development Cooperation funded projects with IT deliverables.

Recommendation 23: Audit recommends INFOTEC to conduct a review of the IT Security risks of the critical applications in the list, once the application inventory database is corrected and updated.

166. Management accepted the recommendations.

Change Management

167. Change management is a key IT control process used to manage and control modifications to IT systems, including software, hardware, and related documentation. Within the ILO environment, the change management process for IRIS is managed through JIRA (application) where each change request is tracked from initiation to production deployment through defined stages including request creation, analysis, approval, development, testing, user acceptance, and release.

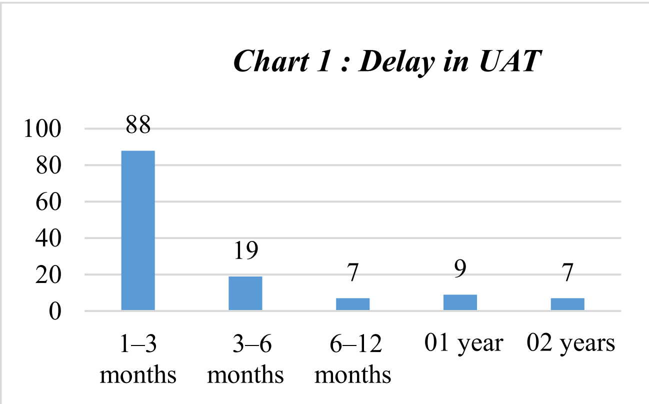
168. From January 2023 to October 2025, a total of 2,700 change requests[29] were raised. Of these, 2,033 were implemented, 370 are pending, and remaining 297 were cancelled. For the 2,033 implemented changes, the priority-wise time taken for implementing the change request is summarised below:

Table 5. Status of change requests

Priority	No. of changes implemented	Avg. No. of days taken for implementation	Range of days for implementation
Highest	93	40	1 to 493
High	382	47	1 to 704
Medium	1 252	46	1 to 882
Low	304	43	1 to 975
Lowest	2	233	118 to 348

169. The overall delay observed in the table above were due to delays in the intermediate stages of implementation. The number of cases which took more than 1 month were for development (41 cases), estimation (20 cases), prioritization (13 cases), requiring clarification (9 cases), Solution design/review (24 cases), System test (62 cases), and technical analysis/documentation (27 cases).

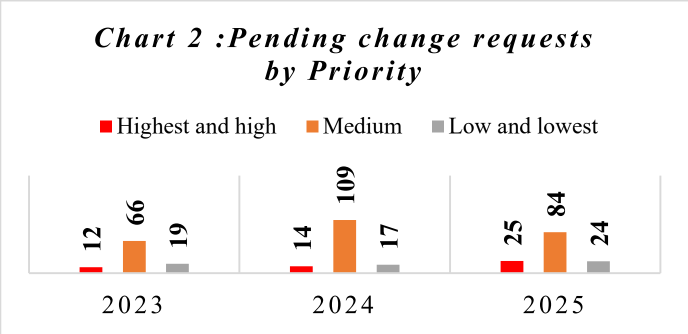
170. We also noticed that there were delays in User Acceptance Testing (UAT), which is the final stage of software testing where end-users verify that the system meets business requirements in a realistic environment before launch. We observed delays in UAT of more than one month for 130 of the 2,700 change requests. The delays ranged from one month up to two years which is on the higher side as given in chart. INFOTEC informed that it has full control over the INFOTEC process and also follows up on a weekly basis and provides assistance to expedite testing. However, they are not in control of the business stakeholders, who have to set their own priorities and make decisions based on their workloads and required urgency. INFOTEC concurred that significant deviations can be escalated to the ITGC when the circumstances necessitate.



171. We are of the view that delay in UAT by business owners undermines the prioritization exercise and resource allocation strategy and denies opportunity for timely implementation of other priority changes.

[29] Change Requests related to Bugs and Business Improvement and excludes epics, story, task/sub-tasks.

172. In respect of 270 pending change requests, we noticed that high priority changes are pending[30] for implementation since 2023.



173. INFOTEC informed that it engages stakeholders to define their priorities and deliver their requests. If stakeholder management feels a request should be deferred or provided a lower priority, then that is their prerogative, which dictates the urgency and order of delivery.

Variance between estimated time and actual time for implementation

174. Analysis of implemented change requests[31] showed wide variations between estimated efforts and actual implementation hours, ranging from 1 hour to 3,049 hours in 388 change requests. These included 247 change requests where actual implementation hours was more than estimated hours by 1–25 hours, 63 requests by 25–50 hours, 45 by 50–100 hours, 17 by 100–200 hours, 10 by 200–500 hours, and 6 change requests exceeded estimates by over 500 hours.

175. INFOTEC replied that AMS branch does not currently track work estimates in JIRA for every phase of the Software Development Life Cycle (SDLC) process but does track all work effort performed. This will create a difference between actuals vs estimates. The focus is mainly on comparing consultant estimates with actuals, while ILO staff performance is monitored through daily huddles and management reviews.

176. We appreciate that INFOTEC has automated the entire change management process through JIRA ticketing system, and each process is captured as a checkpoint in the system. We are of the view that with small upgrades such as MIS reports, flagging of delayed cases, KPI tracking, the system would enable INFOTEC to have more control over the entire change management process. INFOTEC agreed to add a new JIRA report to monitor time spent at each stage of the process.

Recommendation 24: Audit recommends that INFOTEC escalate significant delays encountered during the User Acceptance Testing process to Information Technology Governance Committee for intervention and resolution.

Recommendation 25: Audit recommends INFOTEC to develop a mechanism in JIRA to track time across UAT stages and monitor variations between estimated and actual implementation hours.

177. Management accepted the recommendations.

Record Management

178. As per IT strategy 2022–25, one of the targeted deliverables/activities was to implement an office-wide Electronic Records Management System (ERMS) to reduce the physical store space, ease document retrieval and preserve institutional knowledge by automating the archiving of files based on ILO

[30] Highest/high change requests pending: 12 of 2023; 14 of 2024 and 25 of 2025.

[31] Limited to change management requests, where both estimated time and actual time was provided.

retention policies. A 'scoping and costing' study was conducted in 2022. The report provided an implementation approach and factors that determine implementation success or not.

179. Two pilot projects were initiated in July 2023 in PROCUREMENT and RELMEETING departments. Only the pilot in PROCUREMENT department was completed in February 2024. RELMEETING withdrew due to resource constraints.

180. Lessons from the PROCUREMENT pilot revealed that the consultant-recommended model was complex and resource-intensive, prompting INFOTEC to simplify the approach. INFOTEC has since been promoting an 'opt-in' model, exploring integration with existing initiatives such as the Personal file (P-file) project.

181. A Steering Committee comprising Heads of INFOTEC and its branches[32] oversees implementation, which is reviewed periodically by ITGC. ITGC members expressed reservations over the problematic assumptions and availability of staff for implementation. Departments such as RELMEETINGS and HRD have expressed reservations about the time and resource demands of the project. Thus, adoption of the project by stakeholders remains one of the primary risks of the project.

182. We acknowledge INFOTEC's sustained effort in conducting pilot projects, documenting lessons learned, and simplifying the records management approach. These steps demonstrate a recognition of the need for scalability and practicality in implementation. However, as of September 2025, the project remains ongoing. The expenditure was approximately USD200,000 in 2022–23 and USD400,000 in 2024–25, with revised cost estimates expected in 2026. The project is targeted for completion in 2026, as against the set date for case system integration by August 2024. INFOTEC's risk register identifies unreliable information and unauthorized disclosure as key risks to be mitigated through EDRMS implementation.

183. INFOTEC attributed the delay in implementation of records management to the non-allocation of funds during the initial period. INFOTEC stated that they have established a working operational modality and identified an action plan to move forward. INFOTEC is currently assessing and implementing six different systems. Once they are completed, INFOTEC will continue to assess other systems.

184. We are of the view that it would be prudent to include the representatives of important stakeholder departments in the Steering Committee to bring consensus and better cooperation for implementation of the project, apart from having clarity on timelines and benefit-to-cost analysis prior to project implementation.

Recommendation 26: Audit recommends reconstitution of Steering Committee with representatives of key stakeholder departments so that it becomes the platform for addressing departmental concerns related to the project and for building consensus on the implementation strategy.

185. Management accepted the recommendation.

[32] Record and Archives Management (RAMS), Technology Management Services (TMS), and Applications Management Services (AMS).

Disaster recovery

186. Disaster Recovery (DR) is crucial as it ensures business continuity and minimizes the impact of disruptions. INFOTEC had finalised a DR strategy in November 2024. The DR strategy document was also supported by associated documents like Functional test document, Roles and responsibilities document, DR process for Data Centres, Network, detailing step-by-step procedures to be followed in the case of disasters.

187. We appreciate INFOTEC for the efforts taken in laying out clear processes and procedures related to disaster recovery. We, however, found deficiencies in implementation of DR strategy documents. We noticed that even though interruption tests, semi-annual table top exercises, refresher training for Key personnel, review of DR strategy and DR plan documents involving key stakeholders to review procedures, roles, and responses, were to be done as per DR strategy plan adopted by ILO, the same was not conducted since November 2024. No details were provided on implementation of DR-End of project report, which identified key risk areas[33] related to DR and laid out risk mitigation strategies during disasters.

188. INFOTEC acknowledged the delays in execution. INFOTEC informed that substantial progress was made in developing the foundational framework for disaster recovery, despite severe resource limitations and competing operational demands. INFOTEC agreed with continued DR implementation with a more realistic revised plan and its commitment to strengthen the DR capability. INFOTEC informed that it plans to conduct full interruption test by end of 2025 or early 2026 depending upon planning, and tabletop exercises after that. INFOTEC proposed to include DR activities as a project in the biennium work plan, which will be reported on similarly to other projects.

189. We also noticed that the data centre/Server of OMNIVISTA along with five other applications are in ILO building. The recovery data centre and the storage of tertiary backup for these are also in the same building, which increases risks from location specific incidents. The application owner (INTSERV) was not aware, nor are documents available for having conducted disaster recovery test, vulnerability assessments, penetration tests or security review on the application. One person from ILO supports the INTSERV infrastructure. The data centre is managed by a third-party service provider (M/s. Sword Technologies), in which data protection clause was not mentioned in the Contract.

Recommendation 27: Audit recommends implementing the approved Disaster Recovery Strategy Plan with clearly defined milestones, responsibilities, and timelines.

Recommendation 28: Audit recommends INFOTEC to prepare a framework that elaborates the split of responsibilities for DR planning and testing for critical applications that are not fully under INFOTEC's control.

190. Management accepted the recommendations.

[33] Inaccurate asset management, Storage and backup of network, Network fragility and topology gaps, Backup and recovery limitations, Third-party supplier dependencies, DR document accessibility.

E. PERFORMANCE AUDIT OF POLICY OUTCOME 3 – FULL AND PRODUCTIVE EMPLOYMENT FOR JUST TRANSITIONS

1. Audit scope

191. This Performance Audit covers the period from 2022 to 2025 and included a review of the planning, implementation, and monitoring of Policy Outcome 3. To examine the appraisal process, we selected and analysed a sample of 17 Country Programme Outcomes (CPOs)[34] (covering all five regions) linked with Outcome 3, funded by XBDC/RBSA[35], based on the expenditure information available in the Outcome-Based Workplan (OBW) Dashboard, linked with Development Cooperation (DC) projects. Further, we selected 12 external collaboration contracts based upon amount of contract including 4 awarded in 2024 and 8 awarded after 1 July 2025.

2. Audit methodology

192. We conducted our audit at the ILO Headquarters in Geneva from 27th October to 21st November 2025. Audit commenced with an Entry meeting with the EMPLOYMENT department and other departments on 28th October 2025. We issued audit requisitions for obtaining information and data, after analysis of information and data, we issued audit queries seeking clarifications and confirmation of facts and figures. Thereafter, audit observations were issued for eliciting Management's responses. An exit meeting was held with EMPLOYMENT, PARTNERSHIPS and PROGRAM departments on 20 November 2025 to discuss the audit observations and recommendations.

3. Audit objectives

193. The audit objectives were to assess:

i. process of approval and implementation of strategies and initiatives to achieve full and productive employment, including the just transitions;

ii. the collaboration strategy and partnership arrangements in advancing the policy outcome; and

iii. whether the monitoring and control system are in place to ensure accomplishment of strategies to achieve the objectives of policy outcome 3.

4. Audit findings and recommendations

Introduction

194. Policy Outcome 3 focuses on promoting inclusive and sustainable economic growth, full and productive employment, and a just transition for all. For the 2024–25 biennium, 230 CPOs and 5 Global Products (GLOs) contribute to this outcome.

[34] Seven from 2022-23 including one RBSA, one Global and five XBDC funded CPOs, and ten from 2024-25 including one RBSA, one Global and eight XBDC funded CPOs.

[35] XBDC-Extra-Budgetary Development Cooperation-Contributions by funding partners to the ILO's global and country results frameworks that can be more or less earmarked RBSA-Regular Budget Supplementary Account (RBSA): Unearmarked voluntary contributions by a set of developing partners in support of Programme and Budget (P&B) outcomes, Country Programme Outcomes (CPOs) and global products.

195. For the Biennium 2022-23 and 2024-25, Outcome 3 and its Outputs are different. During 2024–25, Outcome 3 consists of five outputs and ten impact indicators, compared with nine outputs and 17 indicators across Policy Outcomes 3 and 5 in 2022–23. Outcome 5 of the 2022–23 on skills and Lifelong learning has been integrated as Output 3.2 in the Outcome 3 of 2024-25. The details of Outcome and Outputs of the two biennia is given in **Annexure-II.**

Budget and expenditure

Table 6. Budget estimate and Expenditure of Outcome 3 and Outcome 5 in biennium 2022–23 and 2024–25

(In million USD)

Source	2022–23		2024–25	
	Budget	Actual Expenditure	Budget	Actual Expenditure
XBDC	173.80	244.90	237.34	117.64
RBSA	Not defined	5.80	3.02	0.73
RBTC [36]	Not defined	9.10	5.32	3.02

RBSA= Regular Budget Supplementary Account; RBTC= Regular Budget Technical Cooperation

196. The delivery of Outcome 3 is predominantly financed through Extra Budgetary Development Cooperation (XBDC) resources. In the 2022–23 biennium, Outcomes 3 and 5 together accounted for the highest expenditure among all programmatic outcomes.

197. To meet targets and deliver results, the ILO collaborates with UN agencies and other international, regional and national institutions, and engages external partners in implementation.

Review of long-term impact indicators

198. The work of ILO is grounded in Result Based Management (RBM), under which all processes, resources, products and services are geared towards the achievement of an agreed set of measurable outcomes and concrete results. The impact indicators track long-term changes in relation to the Decent Work Agenda[37] and the achievement of the SDG. Outcome indicators measure the effect of improved policies and institutions on labour markets and people’s lives and contribute to improvements in long term impact indicators. The Output indicators measure the effects of the ILO’s capacity development efforts on policies, institutions and people.

199. To measure progress toward its long-term impact targets – “Social justice through decent work: a fair, inclusive, and secure future of work with full, productive, and freely chosen employment for all”, the ILO has identified the following four long-term impact indicators in P&B 2022–23 and 2024–25.

[36] RBTC= Regular Budget Technical Cooperation: It is a strategic funding source derived from the ILO’s regular budget, used to provide technical assistance, capacity building, and policy support to member states.

[37] Decent work is access to productive and suitably remunerated work, safety at the workplace and social protection for families, better prospects for personal development and social integration. The four pillars of Decent work agenda are employment creation, social protection, rights at work and social dialogue.

Table 7. ILO Long-term impact indicators and Targets

SI. No	Long term impact indicators	Target
1	Proportion of employed population below the international poverty line, by sex, age, and geographical location.	Eradicate extreme poverty for all people everywhere.
2	Annual growth in average real monthly earnings of employees.	Full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
3	Unemployment rate, by sex, age, and persons with disabilities.	
4	Labour share of GDP.	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

200. We reviewed the role of ILO particularly its support to Member States in Policy Outcome 3. We focused our review on 20 underperforming Member States for each of the four long term indicators (total: 80 Member States) and analyzed their performance, using the ILOSAT database.

201. We observed that 14 Member States were underperforming against more than one long-term impact indicator. There were 48 CPOs and 256 deliverables linked to Outcome 3 outputs for these 14 Member States[38]. Overall, only 51 deliverables (20 percent) were reported as completed, while 139 (54 percent) remained in progress and 66 (26 percent) had not yet started as of November 2025, covering the two biennia (2022–23 and 2024–25). We noticed that of this, for the biennia 2022–23, out of the 136 deliverables planned for 2022–23, only 37 were completed (27 percent), while 81 (60 percent) remained in progress, and 18 (13 percent) had not started even after four years. We noticed that nine[39] of the 14 Member States lacked Decent Work Country Programmes (DWCPs) accounting for 71 percent of the incomplete deliverables, highlighting the importance of DWCPs in coordination, implementation and monitoring, as brought out in succeeding paragraphs.

202. We also observed that there was no ILO intervention for Policy Outcome 3 during the two biennia in four[40] Member States.

203. The ILO agreed to explore ways in which the analysis and engagement under Outcome 3 could better reflect countries facing persistent decent-work deficits, while remaining aligned with the Organization's constituent-request-driven operating model.

Recommendation 29: Audit recommends the ILO to consider deepening its engagement with Member States that are under performing on long-term impact indicators.

204. Management stated that it took note of the recommendation and within available resources, it would review countries with persistently underperforming long-term impact indicators to better target Outcome 3 advocacy and engagement, while adhering to its constituent-request-driven operating model, and the ongoing reform process guided by the Governing Body.

[38] Madagascar has completed its outputs.

[39] Angola, Lesotho, Madagascar, Malawi, Niger, Rwanda, Tajikistan, Yemen and Zambia.

[40] Bahrain, Brunei Darussalam, Eritrea and Venezuela.

Policy Outcome 3 indicators performance

205. The P&B includes a results framework for measuring achievements over the course of the biennium that includes indicators and targets for each programmatic outcome and output. Every indicator featured in the P&B is accompanied by a set of detailed measurement criteria that define exactly what must be achieved for a result, at country or global levels, to be counted as 'achieved' under the targets set in the P&B.

Outcome 3 impact indicators

206. The P&B for 2024–25 includes four impact indicators for Outcome 3 as follows.

i. Proportion of informal employment in total employment, by sex (SDG indicator 8.3.1).

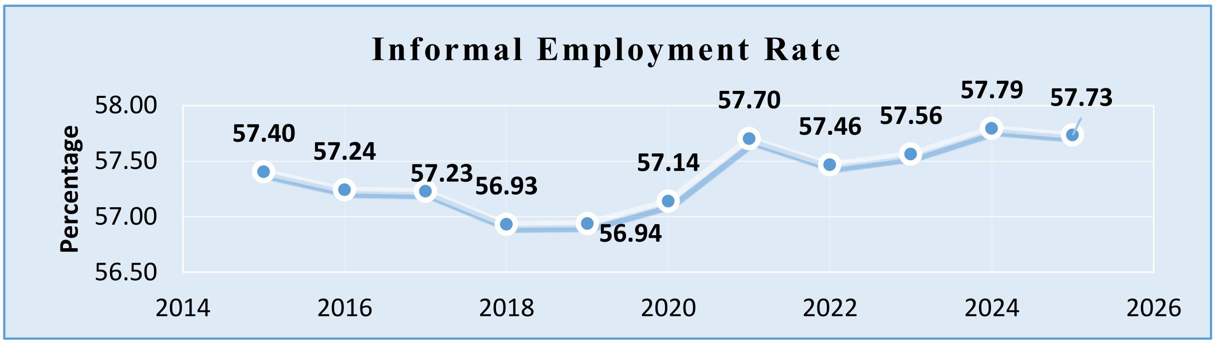
ii. Employment-to-population ratio (aged 15 years and above).

iii. Proportion of youth (aged 15–24 years) not in education, employment or training (SDG indicator 8.6.1).

iv. Number of Member States with a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy (based on SDG indicator 8.b.1).[41]

207. The global trends for the first three[42] indicators are presented below: (source: ILOSTAT)

Chart 3. Informal Employment rate for the last 10 years

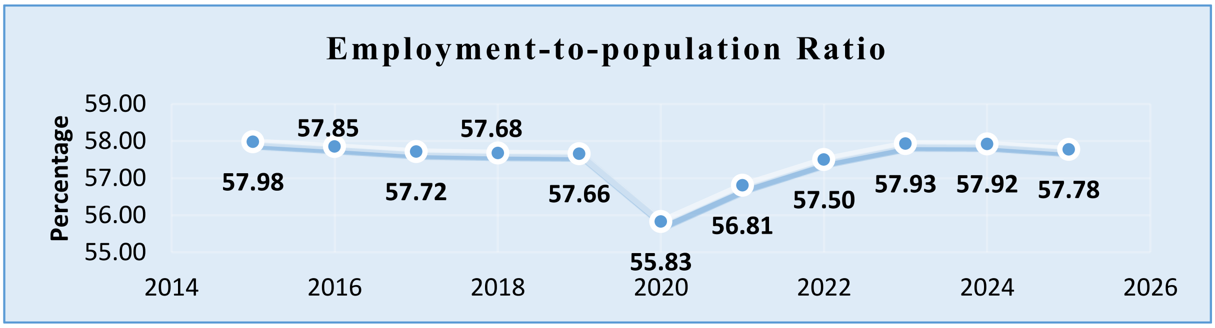


208. The informal employment rate decreased between 2015 to 2018, increased sharply during COVID 19 period, increased between 2022–2024 and has again declined slightly in 2025. Overall, the trend has shown little change, remaining around 57 percent, suggesting limited progress in formal job creation.

[41] Data for this indicator is not available in ILOSTAT.

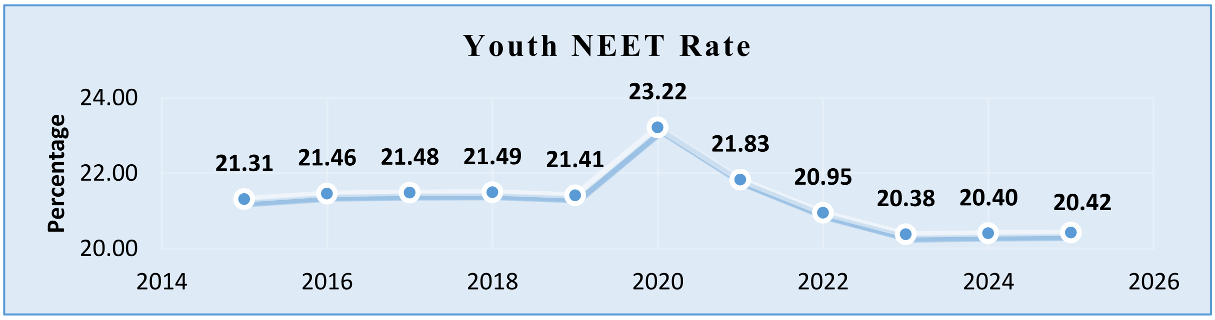
[42] The fourth indicator is introduced in the biennium 2024-25 and there is no data available for analyses.

Chart 4. Employment to Population ratio for the last 10 years



209. The employment-to-population ratio remained range bound (with a slight dip) between 2015–2019, declined sharply during the COVID 19 period, recovered to near pre-pandemic levels by 2023 and has since shown a slight declining trend.

Chart 5. Youth NEET rate for the last 10 years



210. The youth Not in Employment, Education, and Training (NEET) rate, which spiked in 2020 (COVID 19 period), has sharply declined to its lowest level in 2023, reflecting improved youth participation in employment, education, and training.

Output indicators:

211. The performance of output indicators for the biennia **2020–21** and **2022–23**[43], as measured against their respective targets, is presented below.

[43] Since the results for the biennium 2024–25 have not yet been finalized, a comparative assessment with previous biennia could not be undertaken.

Chart 6. Output Targets and results under Outcome 3 for the biennia 2020–21 & 2022–23 [44]

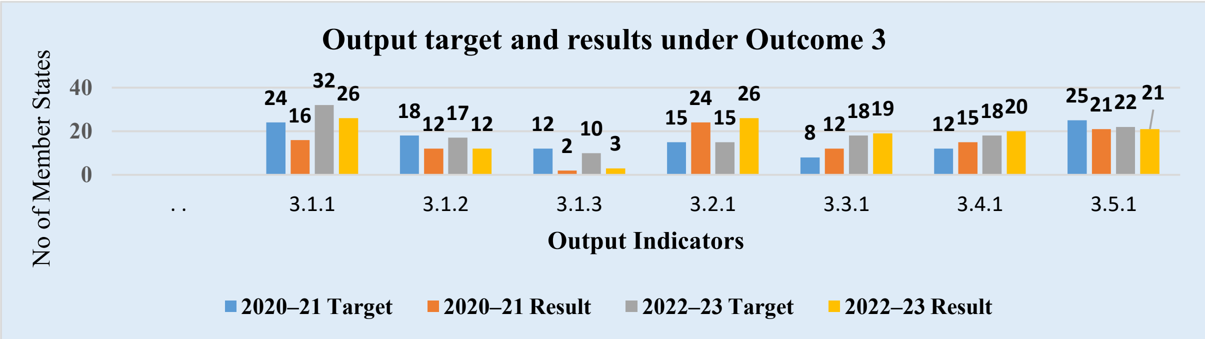
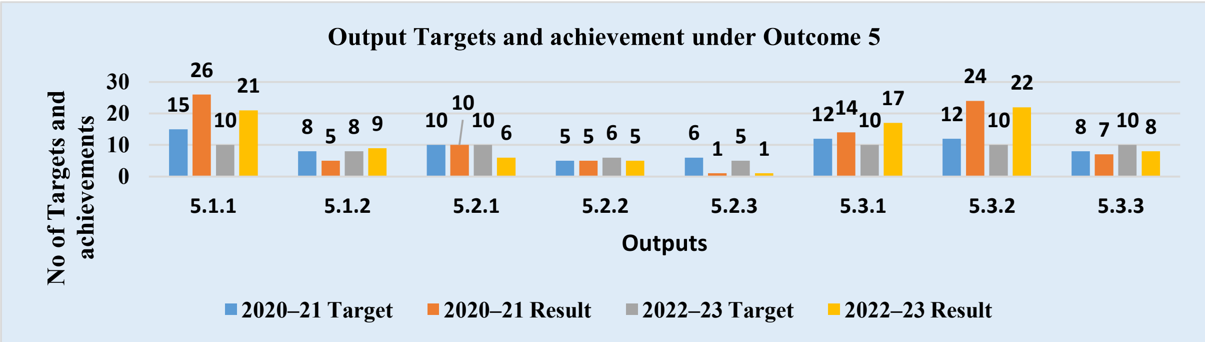


Chart 7. Output Targets and results under Outcome 5 for the biennia 2020–21 & 2022–23



212. The charts show that targets for outputs 3.1.1, 3.1.2, and 3.1.3 were not fully met, indicating underperformance under Output 3.1 and limited progress in strengthening Member States' capacity to develop and implement national employment policies. Conversely, the ILO exceeded targets for outputs 3.2, 3.3 and 3.4, demonstrating strong support to Member States in promoting decent work in the rural economy and advancing a just transition. For Outcome 5, the ILO surpassed targets for outputs 5.1.1, 5.1.2, 5.3.1 and 5.3.2 during 2022–23, though performance fell short on the remaining outputs.

213. The ILO agreed to recognize the usefulness of deepening the analytical connection between the outcome indicators and the underlying output-level results. Within RBM and Outcome 3 work streams, the Office could prepare a focused review of those outcome indicators that show slower movement, examining how different outputs contribute to the enabling conditions for the indicator´s improvement.

Recommendation 30: Audit recommends the ILO to consider a targeted monitoring and evaluation approach for outcome indicators showing limited progress and developing a methodology to link outcome indicators with related outputs.

214. Management agreed with the recommendation, stating that the exercise would be analytical and aligned with existing monitoring practices, without altering the interpretation of Outcome indicators. It also noted that, at the end of the 2024–25 biennium, all Outputs had reached or exceeded their targets.

[44] Details of Outcome 3 and its outputs of two biennia 2022–23 and 2023–24 is given in annexure II and paragraph 195.

Operational level work plans

215. The ILO's Programming Manual (January 2024) outlines three stages[45] of the programming cycle at strategic and operational levels. At operational level, it includes Outcome-Based Work plans (OBWs), Unit/Office Work plans, and Personal Performance Work plans.

216. The Programming Manual and IGDS 472 (version 1) informs that OBWs are biennial work plans corresponding to each P&B outcome. It includes an Outcome Strategy, Country Programme Outcomes, and Global Products, and is monitored throughout the biennium, also informing proposals for the next P&B cycle.

217. We were informed that Outcome Coordination Team (OCT) Lead is responsible for OBW preparation through Office-wide engagement facilitated by PROGRAM department. For Outcome 3, no standalone OBW work plan exists; OBWs are downloaded from the dashboard reflecting updates by Country Offices, including any new development cooperation projects linked to the outcome. Further, there was no Department level work plan. Instead, the work plans were developed at the branch level. ILO shared work plans of strategies, services, youth, analysis, gender and admin branches/focus areas of Employment, Labour market and Youth(EMPALB) department.

218. We observed that the OBW methodology enables monitoring of ongoing CPOs/GLOs but lacks a documented outcome strategy. Mapping CPOs/GLOs at the start and end of the biennium would aid lesson learning. Departmental work plans were not prepared, and branch-level plans were incomplete and not aligned with the prescribed template.

219. The ILO agreed that the concerned department will continue strengthening the consistency and monitoring of branch-level work plans and advance work on regional strategies to enhance alignment with the OBW. Mapping CPOs and global products at the start and end of the biennium will be incorporated into OBW review processes to support monitoring and learning.

Recommendation 31: Audit recommends an outcome strategy and department level work plan to be prepared and mapping of Country Program Outcomes / Global Products (GLO) at the start and end of the biennium to be considered to enhance monitoring and learning.

220. Management stated that improvements to department-level work plans and the mapping of CPOs and GLOs have already been implemented through the SM/PMR module in IRIS for 2026–27, replacing the earlier SM/IP and SM/IR systems.

Analysis of selected (Sample) projects linked with Outcome-3 CPOs

221. Each OBW operationalizes the outcome strategy through Country Programme Outcomes (CPOs). A project proposal is the proposal, under which multiple CPOs can be linked. The Office procedure (IGDS 520) emphasizes that quality project proposals rely on prior consultations with constituents, field and policy specialists, and workers' and employers' representatives. These consultations occur before and complement the formal appraisal process. The appraisal mechanism classifies projects into three tiers based on budget size and proposal characteristics. The appraisal process begins when the project originator uploads the proposal in the Appraisal Management Workspace. The proposal is then shared

[45] Planning, Implementation, and Accountability & Learning.

with relevant offices and departments for review, with initial feedback expected within seven working days. ACT/EMP and ACTRAV departments are to be involved in all appraisals.

222. On review of 17 CPOs[46], we noticed that:

a. Comments of ACT/EMP and ACTRAV were not considered mandatory, although they were informed at appraisal stage.

b. There was no feedback mechanism at Headquarters to verify the action taken on the suggestions provided during appraisal process.

c. Management and monitoring of the CPO are carried out through the Integrated Resource Information System (IRIS), in which all transaction and activities are recorded in IRIS on a real time basis. However, we noted inconsistencies in the status of the deliverable reflected in the IRIS.

d. As per Annual Appraisal Report of 2023 of PARTNERSHIP department, when Project design includes a plausible strategy for sustainability, the project will spell out how the services and results will be used in the long term. However, we noted lack of exit and sustainability strategy in the selected projects.

e. There were delays in submitting reports to the funding partners and inconsistencies such as incorrect recording of date of submission of report, scheduled date for submission and incorrect budget figure in the information recorded on the Donor Reporting platform.

f. Risk registers, as required for projects over USD 1 million, were not available/identified in 10 out of 17 cases. ILO stated that it will continue to strengthen implementation of the risk-management framework, in line with the current and future risk assessment manuals and applicable corporate requirements.

223. The ILO informed that Project design is the responsibility of the concerned unit and PARTNERSHIPS department issues a wide range of guideline materials to promote good practices in project design prior to the launch of the appraisal process. It was informed that email exchanges outside the appraisal workspace are copied to the department mailbox (APPRAISALDC). Further, following audit observations, corrections were made in IRIS for 2024–25 CPOs and for 2022–23, corrections in IRIS will be made once the system reopens. Delays in donor reports were attributed to internal factors including miscommunication, lack of dedicated staff, health emergency of concerned staff and budget inconsistencies. Missing risk registers were acknowledged as oversights by Country Offices, for which corrective action would be pursued.

Recommendation 32: Audit recommends

- ***the originating units to be encouraged to adhere to PARTNERSHIPS' guidance material to enhance the quality of project design, including engaging ACT/EMP*** [47] ***and ACTRAV*** [48] ***since inception stage.***
- ***strengthening implementation of risk management framework, including maintenance of risk registers for projects exceeding USD1 million.***

[46] Out of total 511 CPOs (276 for 2022–23 and 235 for 2024–25) linked with Outcome 3.

[47] ACT/EMP – Bureau for Employers' Activities;

[48] ACTRAV – Bureau for Workers' Activities

224. Management accepted the recommendation to adhere to PARTNERSHIP’s Guidance Material, including engaging ACT/EMP and ACTRAV and on use of the appraisal space.

Role of Outcome Coordination Team (OCT)

225. The terms of reference of the OCT states the OCTs coordinate office-wide efforts to deliver on outcome commitments under the P&B. Responsibilities include overseeing the OBW, supporting Country Offices and Decent Work Technical Teams, monitoring progress, identifying bottlenecks and resource gaps, and ensuring that the OBW dashboard is accurate and up to date.

226. Outside the formal OBW reviews, the OCT leads are responsible for convening OCT meetings on a regular basis, with a view to seek inputs as required from ILO units in the region and at Headquarters, taking stock of progress in delivery and ensuring that the OBW is systematically updated.

227. As required by the Programming Manual, each OCT prepares an interim report on progress toward the respective P&B outcome, including regional perspectives and challenges.

228. From the analysis of documents/ response provided, we observed:

i. Representatives from PARTNERSHIPS department had not been designated in the OCT, creating a gap that hinder the provision of guidance on mobilizing XBDC resources and leveraging partnerships through the OBW process.

ii. Minutes of meetings were not recorded for any of the seven OCT meetings held between 2022 and October 2025. Thus, their effectiveness and follow-up action could not be assessed. Further, OCT interim reports, which serve as inputs for the OBW review meetings, were also not prepared.

iii. The OBW dashboard has not been updated though this has been raised during OBW review meetings.

iv. The Interdepartmental Action Group (IDAG), an informal organizational entity on youth employment created in 2021 to support the Youth Employment Action Plan (YEAP) 2020–30, has a membership structure similar to the OCT. With youth employment now fully integrated under Output 3.5 in the P&B 2024–25, we noted overlap in roles and coordination functions between the OCT and IDAG. The independent evaluation of YEAP by IDAG highlighted strategic adjustments to optimize internal capacities and reduce risks arising from reliance on individuals rather than institutional mechanisms.

229. The ILO stated that strengthening documentation and ensuring regular updates and validation of data in the OBW dashboard would support transparency and informed decision-making. Further, measures would be introduced to reinforce these aspects within existing procedures and workloads. Regarding the IDAG, ILO stated that its current role would be reviewed to ensure appropriate complementarity and coherence with the OCT, in line with its mandate and structure of P&B.

Recommendation 33: Audit recommends the ILO to strengthen the documentation of the Outcome Coordination Team for Policy Outcome 3 and ensure regular updates and data validation of the Outcome-Based Work Plan dashboard to enhance transparency, accountability, and informed decision-making. Further, audit recommends the ILO to review the role of the Inter-Departmental Action Group for better synergy with Outcome Coordination Team.

230. Management accepted the recommendation to strengthen the documentation of the meetings.

Linkage between CPOs and P&B Outputs

231. As per the Guidance note on implementation planning for the 2024–25 biennium, in any given country, the same P&B output should not be linked to more than one CPO. Any exception should be fully justified and approved by the OCT lead or output focal point, as appropriate, and cleared by PROGRAM department.

232. We reviewed CPOs[49], and their corresponding P&B output linkages under Outcome 3. We observed that a single P&B output had been linked to multiple CPOs in 20 Member States. This practice was inconsistent with the Guidance note on implementation and lead to duplication of reporting, unclear accountability for results, and challenges in monitoring progress against planned outputs.

Recommendation 34: Audit recommends introducing automated validation and an approval field in the Outcome-Based Work Plan system to flag multiple linkages and record authorization.

233. Management accepted the recommendation. However, it stated that implementation of the system enhancement is subject to the availability of resources and IT feasibility

Linkage between SDGs and Outcome 3

234. The P&B 2024–25 underscores the alignment between the Decent Work Agenda and the 2030 Agenda for Sustainable Development. It identifies the principal SDG targets to which the ILO will contribute through its policy outcomes. It also incorporates 14 SDG indicators into the results framework to track progress on decent work–related components relevant to the ILO's mandate.

235. Analysis of deliverables under Outcome 3 revealed that in 731 out of 4,963 instances, SDGs not designated as targets under Outcome 3 were linked to its deliverables. Of these, 340 instances involved SDGs that are not among the ILO's own target SDGs, as listed in the P&B 2024–25 results framework. This shows potential inconsistencies in the recording or interpretation of SDG linkages. Such discrepancies dilute the accuracy of reporting on ILO's contribution to the 2030 Agenda for Sustainable Development and affect the coherence of results-based management.

Recommendation 35: Audit recommends introducing a validation control within their system to ensure that CPO–SDG linkages are verified against the Program and Budget priority SDG targets.

236. Management accepted the recommendation and stated that it would consider introducing a validation control in the ERP system to verify CPO–SDG linkages against P&B priority SDG targets.

Outcome based work plan

237. Deliverables are the major products and services provided by ILO to Member States during the biennium from all the available sources of funds to increase knowledge, capacity, awareness, and to improve policy and normative environment for decent work.

238. We analyzed the status of the deliverables for two biennia 2022–23 and 2024–25 from the data in the OBW status reports and OBW Dashboard. The findings are given in charts 6 and 7 below:

[49] Total 511 CPOs (276 for 2022–23 and 235 for 2024–25).

Chart 8. Progress of deliverables during biennia 2024–25

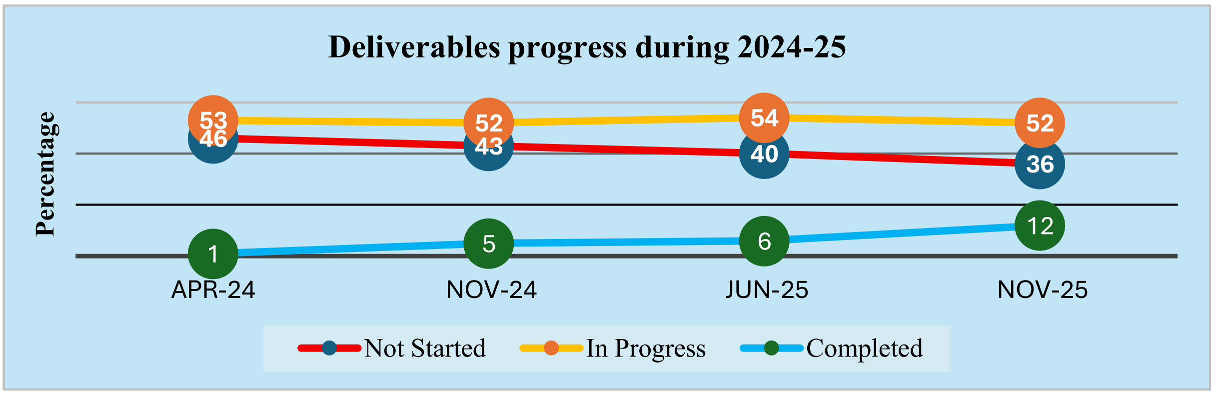
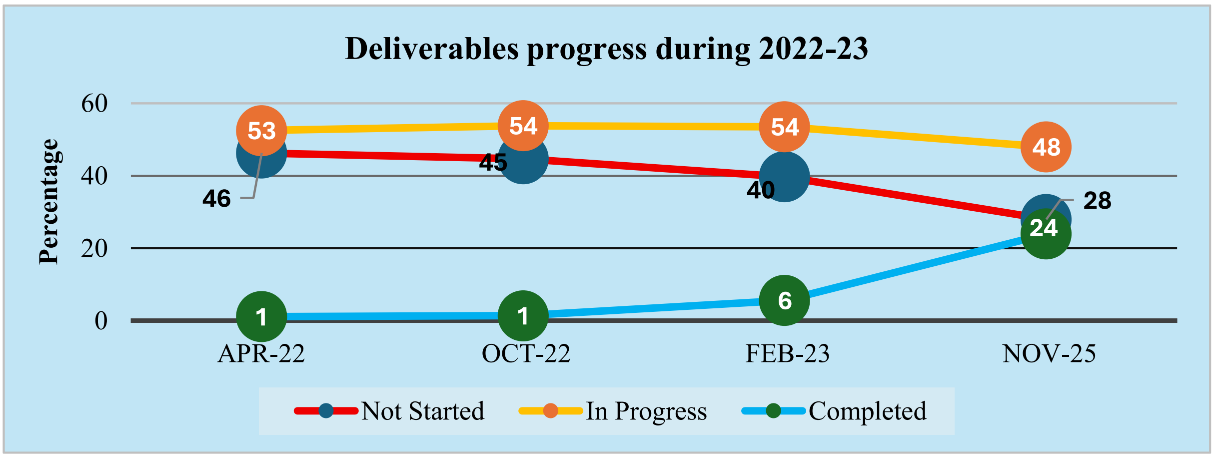


Chart 9. Progress of deliverables during biennia 2022–23



Note: Status of deliverables under Outcome 3 (Employment and Job Creation) and Outcome 5 (Skills and Lifelong Learning) taken together.

Status of Deliverables under Outcome 3

239. For the biennia 2024–25 that ends in December 2025, we noticed that as of November 2025, only 12 percent of the deliverables for 2024–25 are completed. While 52 percent of deliverables are in progress, about 36 percent are yet to start.

240. Despite the completion of four years from the commencement of the 2022–23 biennia, only 24 percent of deliverables have been completed while 48 percent were in progress and 28 percent were not started[50].

Region wise status of Deliverables (Outcome 3)

241. Region-wise analysis against the P&B 2024–25, (**Annexure-III A**), revealed that the Americas recorded the highest proportion of completed deliverables at 32 percent. This was followed by Asia-

[50] In paragraph 20 audit analysed data of 14 Member States, which were underperforming against more than one long-term impact indicators. In paragraph 240, audit analysed the overall status of all deliverables of outcome 3 in two biennia.

Pacific at 12 percent, Africa at 8 percent, the Arab States at 6 percent, Europe at 5 percent and Global-level deliverables was nil.

Output wise performance

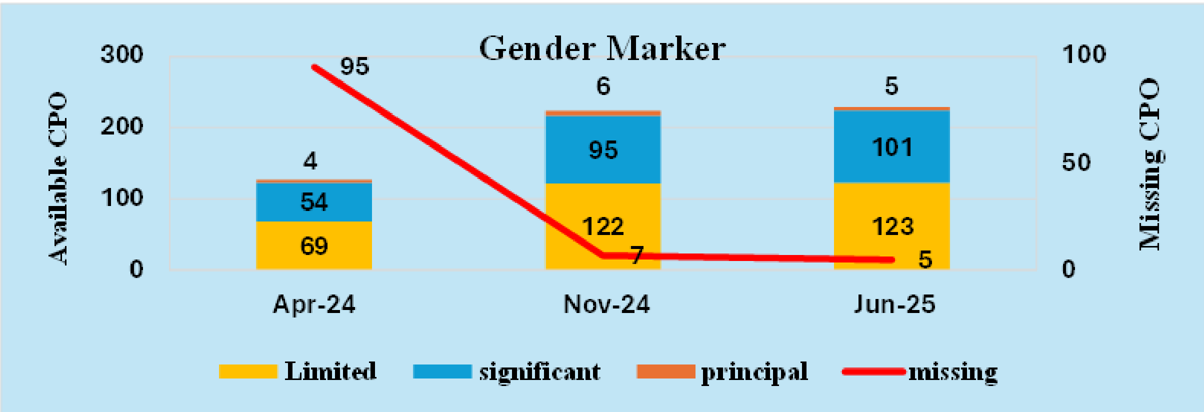
242. Output wise analysis against the P&B 2024–25, (**Annexure-III B)** revealed that under Policy Outcome 3, completed deliverables as of November 2025 across Outputs ranged from 17 percent (Output 3.1) to 10 percent (Output 3.2)[51].

The Gender equality marker and the non-discrimination tags

243. As per Guidance note on implementation planning for the 2024–25 biennium, it is mandatory to indicate the contribution of each CPO to gender equality using the marking system: 1-limited contribution, 2-significant contribution, 3- principal objective. In addition, the CPO should indicate if the strategy addresses specific grounds for discrimination of people with disabilities, people with HIV/AIDS, indigenous peoples, or other, by clicking the corresponding tag.

244. We analyzed the Gender marker on CPOs during the biennium 2024–25 using OBW status reports and the findings are given below.

Chart 10. Progress of gender equality marker during biennia 2024–25

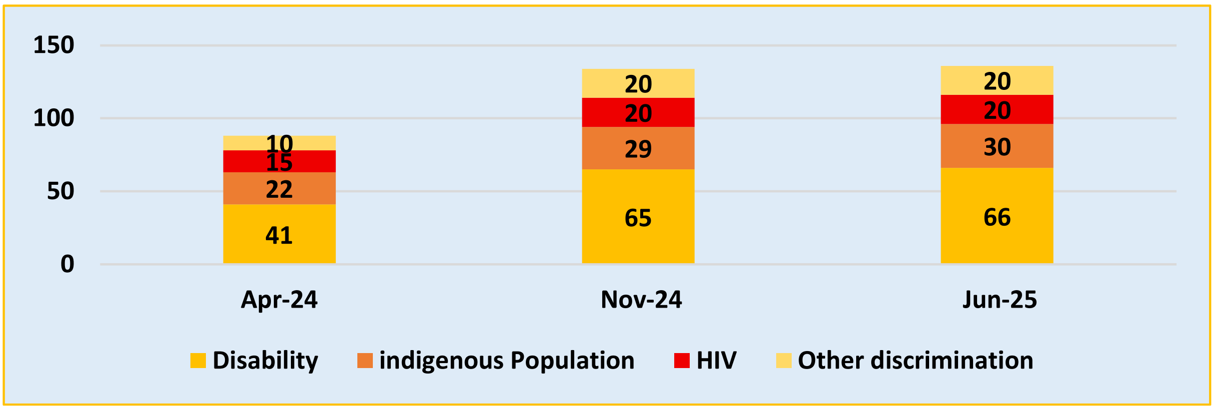


245. We noticed that reporting on gender markers for CPOs has improved significantly, with missing markers falling from 95 in April 2024 to 5 by June 2025. Most CPOs now demonstrate some contribution to gender equality, with "Limited" and "Significant" markers representing the vast majority. However, CPOs identifying gender equality as a principal objective remain very few, at only 2–3 percent.

[51] Output 3.1: 17 percent, Output 3.2: 10 percent, Output 3.3: 11 percent, Output 3.4: 12 percent and Output 3.5: 12 percent.

The non-discrimination Tag

Chart 11. Progress of non-discrimination tag during biennia 2024–25

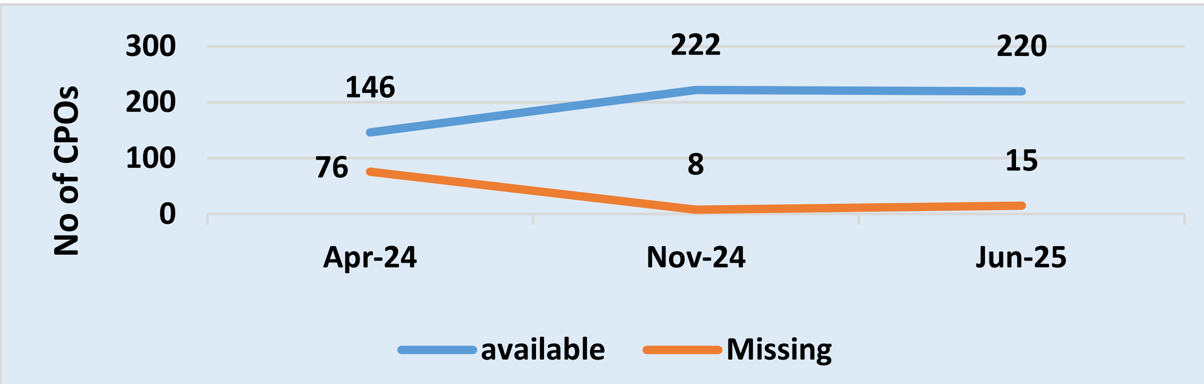


246. From April 2024 to June 2025, CPOs addressing non-discrimination issues rose from 88 to 136, demonstrating increased focus on inclusion. Disability remains the most common category, representing about half of all CPOs. References to indigenous populations account for 22–25 percent, while tags related to HIV and other forms of discrimination remain stable at 15–17 percent and 11–15 percent, respectively. Overall, coverage of non-discrimination issues has strengthened.

Linkage between CPOs and SDGs

247. As per Guidance note on implementation planning, it is mandatory to link at least one and up to a maximum of three SDG targets more closely to the expected result to be achieved. The progress of linking SDGs with CPOs over the period is shown in chart 10.

Chart 12. Progress of SDG linking during biennia 2024–25



248. Linkages between CPOs and SDG targets have strengthened significantly. In April 2024, only 66 percent[52]of CPOs had at least one SDG target linked, which rose to 97 percent by November 2024 and 94 percent by June 2025. While this reflects improved adherence to the Implementation Planning Guidance, in view of the potential inconsistencies in the recording or interpretation of SDG linkages as

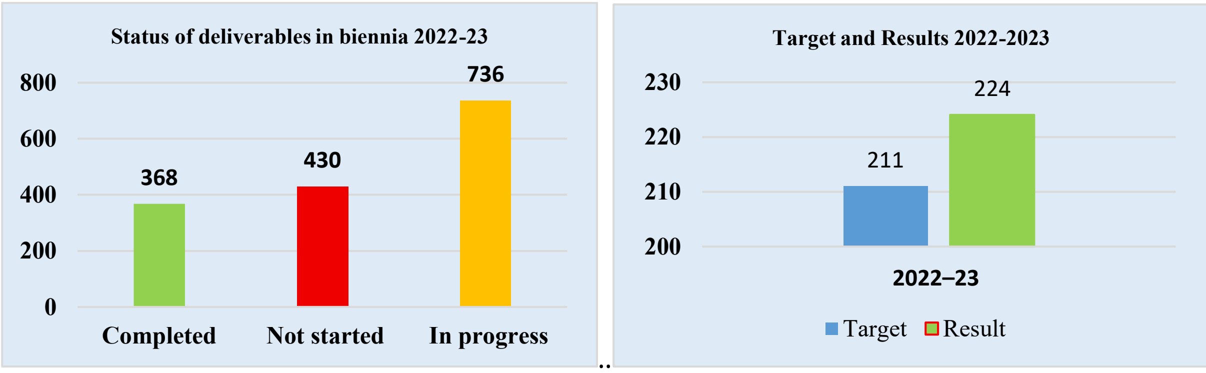
[52] 146/ 222 (146+76).

brought out in the para on Linkage between SDGs and Outcome 3 above, further validation of these linkages is required.

Performance of Deliverables and results

249. We reviewed the status of deliverables for biennium 2022–23 from the OBW dashboard as of November 2025 vis-vis Output indicator targets and results mentioned in the Programme Implementation report for 2022–23.

Chart 13. Biennium 2022–23 Status of deliverables vis-a-vis Output Target and result



250. In the 2022–23 biennium, the result of Outcome 3 against target is 106 percent, whereas the completed deliverables account for only 24 percent. This occurred due to the practice of treating the achievement of any one deliverable, among multiple deliverables under a target, as full achievement of the target. Consequently, the achievement is reflected at a higher percentage, though this does not accurately represent the actual level of completion.

251. We acknowledge that the ILO uses defined methodologies to measure results. However, chart 11 above suggests that linkage between execution of deliverables and outcome results need to be better aligned.

252. We further noted that deliverable performance is monitored at the branch level, whereas reporting to senior leadership (DG or Governing Body) focuses primarily on outcome indicators. The Annual Progress Reports and Program Implementation Report do not report about performance of deliverables. Issues related to delayed or not started deliverables are not systematically elevated to top management, limiting opportunities for early corrective action.

OBW reviews and action taken

253. We noticed that the performance and progress reports[53] have identified recurring challenges related to resource shortages, limited technical expertise within ILO, need for improved communication between Headquarters and field offices and non-capturing of end beneficiary impacts by monitoring and reporting systems, which have implications for achieving Policy Outcome 3 targets.

[53] Annual Progress Reports (2023, 2024), Programme Implementation Report (2023), OBW Reviews (4 reviews per biennium) and Evaluation Office Inputs.

Recommendation 36: Audit recommends the ILO to establish a mechanism to report on actions taken on previous Outcome-Based Work Plan review exercises and strengthen coordination and monitoring between Country Offices and headquarters to enable implementation of deliverables.

254. Management accepted the recommendation to report on actions taken on previous OBW plans and on *further* strengthening of coordination and monitoring between Country Offices and headquarters

Trend Analysis on Meta-data of evaluation reports by EVAL

255. EVAL department has conducted 56 evaluations during 2022–24[54] on completed projects related to Policy Outcome 3 using 29 predefined performance criteria. A meta-data summary based on the available evaluative evidence from these reports was shared by EVAL. Each of the 29 performance criteria is rated on a scale from 1 to 4[55].

256. As a consolidated report of the periodic evaluations was not available, we analyzed the meta data shared by EVAL for eight KPIs[56].

257. We noticed (a) improvement in linkage of project objectives with P&B outcomes and causal link between projects objectives and DWCP Outcomes; (b) moderate progress in Gender responsiveness and environmental sustainability; and (c) weaknesses in tripartite processes, policy influence, disability inclusion, and sustainability, where several projects were rated partly successful or unsuccessful. The analysis is presented in the charts shown in the **Annexure-IV.** The analysis indicates continued challenges in integrating the cross-cutting priorities.

Recommendation 37: Audit recommends the ILO to review the EVAL reports to identify areas for further improvement and consider taking necessary steps to enhance effectiveness.

258. Management accepted the recommendation and stated that the OCT would conduct one review of selected Outcome 3 EVAL reports during the 2026–27 biennium, subject to resource availability, to enhance effectiveness.

Collaboration & partnership

259. As outlined in the P&B 2022–23 and 2024–25, the ILO is mandated to strengthen collaboration and strategic partnerships with UN entities, multilateral and regional organizations, and other development partners to advance its policy and programmatic objectives. These include promoting key international labour standards such as the Employment Policy Convention, 1964 (C 122); transition from the Informal to Formal Economy Recommendation, 2015 (No. 204); supporting youth employment through the global initiative on decent jobs for youth; and, engaging with bodies such as the Organization for Economic Co-operation and Development (OECD), African Union Commission, European Commission, and FAO to enhance coherence in employment, rural economy, and sustainable

[54] 21 evaluations for 2022, 20 for 2023, and 15 for 2024.

[55] 1: Unsuccessful (Highly deficient performance), 2: Partly successful (Basic level of performance but stated need for improvement), 3: Successful (Adequate level of performance and results) and 4: Highly successful (Very good level of performance and results).

[56] 1. Link between project purpose and/or objectives with P&B outcomes, 2. Causal link between project objectives and DWCP outcomes/CPOs, 3. Tripartite processes and social dialogue, 4. Integration of just transition to environmental sustainability into the intervention, 5. Policy influence, 6. Disability inclusion, 7. Gender Responsiveness and 8. Sustainability.

food systems policies. The ILO also expands partnerships with private sector entities to deliver integrated decent work outcomes.

260. We noted that in the past, the Swedish International Development Cooperation Agency (SIDA) Partnership used to have an important component on the development of national employment policies. However, during 2022–23 and 2024–25 biennia, no arrangement was made to explicitly address the development of employment policies and the implementation of Convention No. 122.

261. The partnerships also involve collaboration with private employment agency associations, mainly under their global umbrella organization: the World Employment Confederation (WEC)[57]. The ILO has been collaborating with WEC and has consistently revolved around the promotion and implementation of the ILO Private Employment Services Convention, 1997 (C 181), and Employment Services Convention (C 88).

262. The status of ratifications of the conventions based on the data available from the NORMLEX[58] portal, is given below:

Table 8. Status of ratification of ILO conventions

Related Output	Convention	Member States who ratified		Member States who are yet to ratify
		Prior 2022	During 2022–25	
3.1	C 122	115	1 (Angola)	71
3.4	C 181	37	1 (Nigeria)	149
3.4	C 88	92	Nil	96

263. It can be seen from above table that convention 122 and convention 181 were ratified by one Member State each after 2022, while no new Member State ratified convention 88 after 2022.

264. We also noticed that there was no evidence of collaboration during 2022–2025 with established regional and national organizations in Asia and Africa, collaborations or initiatives with OECD, the Global Partnership for Education, the African Union Commission, and the European Commission.

265. On reviewing the Supplementary Agreement (May 2024) to the 1947 ILO–FAO Agreement, we noticed that a separate work plan to further specify the objectives and contents of the collaboration was not prepared and joint steering group for monitoring and evaluating the implementation of joint action was not established as required under the agreement.

266. The ILO Employment Gateway[59] has not been updated since 2023.

[57] An affiliate member of the International Organization of Employers.

[58] NORMLEX is an information system, which brings together information on International Labour Standards (such as ratification information, reporting requirements, comments of the ILO's supervisory bodies, etc.) as well as national labour and social security laws.

[59] A portal with source of information on national employment policies and strategies to promote youth employment.

Recommendation 38: Audit recommends considering an advocacy strategy to further its engagement with Member States to ratify the ILO Conventions. Audit also recommends the ILO to consider establishing a monitoring mechanism for joint initiatives.

267. Management accepted to pursue advocacy for ratification of ILO Conventions under Outcome 3, subject to resource availability, and stated that monitoring of joint initiatives would be undertaken in line with the ongoing ILO reform process and its outcomes.

External collaborations

268. IGDS 695 (Version 1) effective from 1 July 2025 mandate strict controls for external collaboration contracts, allowing them only for specialized tasks not covered by ILO staff. Recruitment and evaluation must be documented in e-Sourcing platform, with full records and transparency. Payments must follow Financial Rule 7.50 with proper acceptance forms.

269. We reviewed eight[60] out of 64 contracts issued post the issuance of IGDS 695 and noticed non-compliance in selection procedures. These included three contracts[61] (2025), where the selection process was not conducted through the e-Sourcing platform; four cases[62], where comparative evaluation records were not uploaded into IRIS; and one case[63], where the consultant selected had a significantly lower financial score than another equally technically qualified candidate without documenting the justification.

270. We also noticed that none of the eight contracts were published publicly as required under IGDS 695. The Office could not provide confirmation that awarded contracts were not used for recurring ILO duties, raising risks of contractual misuse.

271. ILO replied that files reviewed related to contracts initiated, or consultants selected during transitional period during the roll out but assured that now that the transitional period has concluded, all external collaboration contracts are being processed under the full IGDS workflow.

Recommendation 39: Audit recommends the ILO to fully comply with IGDS 695 by ensuring use of the e-Sourcing platform, strengthening checklist, and completing documentation for evaluations.

272. Management accepted the recommendation

F. AUDIT OF REGIONAL AND COUNTRY OFFICES

Procurement management

Policy framework

273. Effective procurement mandates adherence to principles of sound economy and financial management, requiring thorough assessments to determine price reasonableness. Vendor

[60] PO Nos. 40526494, 40526897, 40526944, 40529815, 40534642, 40529733, 40531851, 40527293 (2025).

[61] PO Nos.40526494, 40529815, 40534642.

[62] PO Nos. 40526494, 40529733, 40529815, 40531851.

[63] PO No. 40527293.

diversification is essential for demonstrating continued price reasonableness. A clear audit trail and consistent itemization of cost components are fundamental to robust verification.

System implementation and readiness

274. CO Brasilia: CO Brasilia was preparing for complete operationalization of Jaggaer from 1 January 2026, however, system readiness remains unverified; internal testing is incomplete, and supplier linkages remained low, requiring additional supplier onboarding measures.

Vendor Management, Performance Monitoring and Diversification

275. Regional Office for Latin America and the Caribbean (ROLAC): Procurement concentration among vendors was noticed, especially for services (e.g., one vendor holding 85 of 98 travel POs), which heightens dependency risks. The observation emphasises the need for frequent document verification of competition and market validation.

Procurement planning, low-value transactions and pre-approval controls

276. CO Manila: The Procurement Manual requires an annual Organizational Procurement Plan (OPP) for procurements over USD50,000. The CO Manila stated that no OPP existed due to no single procurement exceeding this value. However, the ILO Procurement dashboard reflected one planned procurement of goods of USD50,000 in 2025 for Philippines, necessitating the preparation of an OPP as per the Manual. Furthermore, a Purchase Order (No. 40520962) for services valued at USD54,162, was issued in 2025.

Weaknesses in PO Life Cycle Management

277. The Procurement Manual specifies that issuing a PO obligates the funds against the appropriate budget line. Hence, POs should be created, approved, and signed before the start date of PO, and closed out once obligations are fulfilled.

278. CO Manila: Of 225 POs (Jan-Oct 2025), 82 lacked start dates, 17 were issued after stipulated start dates without Budget and Finance (BUDFIN) approval, nine after end dates, and five [64]remained pending approval for up to six years, highlighting a lack of proactive management in the PO lifecycle.

Review of selected sample POs (CO Manila)

279. A sample review of POs for the CO Manila revealed significant weaknesses:

280. Documentation & competition: We reviewed 16[65] selected POs out of 110 POs and observed that in all cases, approved Purchase Requisitions (PRs) were issued after bidder selection. Consequently, the PR's estimated cost mirrored the awarded price. This practice deviates from standard procedures requiring PR approval prior to solicitation. Further, in six POs, complete sourcing information was not found; in 10 POs, complete solicitation documents were not found; in two POs, all offers received were not found; and in none of the POs was any letter of regret to unsuccessful bidders found.

[64] PO Number 40271734, 40427525, 40486513, 40520972, and 40527022

[65] PO number 40520962, 40527036, 40512247, 40534019, 40511919, 40526384, 40529242, 40520747, 40523069, 40522228, 40519629, 40530327, 40519798, 4050936, 40523855, and 40512920

281. Insufficient competition: Out of 16 selected POs (PHP13.41 million), 14[66] valuing PHP7.86 million were awarded through limited tender/request for quotation. Notably, five POs (PHP3.15 million) were awarded with only one valid bidder - three[67] based on single response and in two[68]cases the bidders became single valid bidder due to disqualification of other bidders. Further, a supplier was awarded three[69] POs (PHP0.99 million), indicating insufficient competition for procurements.

282. Solicitation & evaluation: Two[70] RFP-based purchase orders lacked disclosure of the technical/financial split and the specified evaluation criteria. In PO 40527026, the technical and financial proposals were submitted and opened together; in PO 40520962, the financial proposal was opened before the technical proposal and before the evaluation criteria were set, undermining procurement integrity. In PO 40520962, a technically disqualified proposal was included in the scoring; in PO 40527026, the highest-scoring proposal was not awarded, resulting in an extra payout of USD27,221.

283. Audit further identified deviations in the RFQ process across 12 POs, including obtaining fewer than three quotations as required, inconsistent evaluation leading to extra costs (PHP25,000), non-selection of lowest compliant bidders causing additional outgo (PHP0.23 million), improper use of RFQ instead of Expression of Interest for hotel/event services, and lack of required waiver documentation for a contract.

Recommendation 40: Audit recommends Brasilia and Manila offices to (a) complete and formally document pre-go-live Jaggaer testing and undertake supplier onboarding measure; (b) strengthen procurement planning and controls via periodic internal reviews for pre-approval compliance, timely PO closure and BUDFIN approval for exceptions, and (c) maintain procurement records with pre-approved purchase requisitions, clear evaluation criteria for fair selection process.

Recommendation 41: Audit recommends ROLAC to conduct annual value-for-money reviews of preferred vendors with alternative supplier comparisons; perform annual reviews for blanket/bulk arrangements.

284. Management accepted the recommendations.

Project management

Policy framework

285. The Project Cycle Management framework in IGDS 154 specifies that once a project is approved and its budget activated, implementation should begin promptly, with financial execution corresponding to planned progress.

[66] PO number 40512247, 40534019, 40511919, 40526384, 40529242, 40520747, 40523069, 40522228, 40519629, 40530327, 40519798, 40509361, 40523855, and 40512920

[67] PO number 40522228, 40519629, and 40530327

[68] PO number 40512247, and 40529242

[69] PO number 40520747, 40522228, and 40530327

[70] PO number 40520962 and 40527026

Slow project delivery, under-execution, and end-loaded activities

CO Brasilia:

286. Project execution: Out of nine Extra-Budgetary Development Cooperation **(**XBDC) projects under progress, three[71] projects exhibited prolonged under-execution and slow delivery, with specific examples including 54 percent budget unutilized after six years, pending key deliverables after five years, and 37 percent unutilized resources with delayed country-level activities.

287. Financial progress*:* In 2025, progress across four[72] XBDC projects was very limited, three reported zero expenditure and one project recorded expenditure of only USD 1,174.14 (7 percent of budget), indicating significant implementation lag.

288. CO Manila: As of November 2025, Development Cooperation (DC) projects exhibited suboptimal budget utilization. Out of 16 DC projects, two[73] projects had nil utilization, two[74] were below 20 percent, four[75] were in the 21–45 percent range, six[76] were in the 46-90 percent range, with one[77] completed project leaving a significant unspent balance and four[78] open projects nearing full utilization.

289. CO Cairo: Systemic implementation issues included low budget utilisation in four[79] (10–42 percent) out of 15 projects, attributed to pending security approvals, delays in liquidation and late finalization of UN agreements which is indicative of inadequate planning. Six[80] projects exhibited significant financial expenditure lags due to late government clearances and limited inception activities.

290. CO Harare: The DC project "Skills for Youth and Women Employability and Productivity" (03-01-2025 to 31-12-2028) had very low spending during 2025: 4.55 percent of the annual allocation and three percent of the total budget.

Delays in reporting obligations and gaps in results frameworks

Policy framework

291. In accordance with IGDS 154, the ILO official responsible ensures that reporting obligations are met.

292. CO Brasilia: The 2024 Technical Progress Report (TPR) for Project RLA/20/05/BRA was submitted only in November 2025, although it is conventionally submitted in the first quarter of the following year. The delay was attributed to late finalization of financial statements. However, technical reporting is expected to be timely and independent of financial closure. The Final Financial Statement shows that project activities and expenditure continued into 2025, underscoring the need for aligned and up-to-date technical reporting.

[71] BRA/19/50/BRA, BRA/20/50/BRA, GLO/22/38/BRA

[72] BRA/24/02/WCF; BRA/25/50/UND; BRA/25/51/UND; BRA/24/06/JDP

[73] RAS/22/13/CHN; and GLO/24/21/GAT

[74] GLO/24/06/RBS; PHL/25/50/UND

[75] PHL/24/01/CAN; RAS/24/53/KOR; GLO/23/06/EUR and PHL/24/01/RBS

[76] PHL/24/51/UND, PHL/23/01/RBS; GLO/24/05/RBS; PHL/24/50/UND; RAS/19/07/JPN; and RAS/24/07/EUR

[77] RAS/22/54/AUS

[78] RAS/19/07/JPN (93.04 percent), PHL/24/50/UND (89.25percent), PHL/23/01/RBS (76.86 percent), RAS/22/10/JPN (73.67 percent)

[79] 109775, 109386, 110146, 109349

[80] 108605,109184, 109386, 110146, 109651, 109863

293. ROLAC: Audit observed that in four[81] projects, reporting remained largely activity-oriented, while corresponding results and institutional changes were not consistently demonstrated in the MIS.

294. For one[82] closed XBDC project, despite full delivery of planned outputs and substantial technical achievements, the final self-rating for outcomes and outputs was only "satisfactory," with limited quantitative evidence on actual use and application of tools by constituents.

295. CO Cairo: Out of 11 donor reporting cases, non-compliances were noted such as, delayed submission and late upload of submission letters[83], missing or non-submitted reports, and delayed workspace updates[84], alongside reliance on informal submissions. Furthermore, for a specific deliverable **–** "Apprenticeship programs offered to vulnerable youth, refugees and migrants through FEI and NGOs" under CPO EGY103, USD63,554 (78.23 per cent) of the budget had been utilized, but the deliverable status was reported as "Not Started," indicating a disconnect between deliverable tracking and expenditure reporting.

296. CO Harare: Out of seven DC projects, in one project[85], audit observed that the deliverable was reported as not yet commenced, despite the project being close to the end of its implementation period and with limited time remaining for completion. Delayed commencement poses the risk of non-achievement of planned outputs.

RBSA Projects

Policy framework

297. Paras 6–12 of IGDS 112 ILO Results-Based Management (RBM) Policy, requires that the results are monitored and reported systematically, programmatic reporting is timely, and managers are accountable for ensuring regular progress reporting to support decision-making and oversight.

298. CO Brasilia: Scrutiny of two RBSA projects (BRA/24/02/BRS and BRA/24/01/RBS) revealed systemic challenges in financial execution, activity operationalization, and results reporting. Both projects exhibit low financial progress, back loaded activities, and weak results reporting.

Inconsistent application of non-discrimination principles and Sustainable Development Goals (SDG) Linkages

299. Implementation Planning Guidance Note requires strategies to address specific grounds of discrimination by selecting relevant tags (e.g. disability, HIV/AIDS, indigenous people).

300. CO Manila: CO Manila operates 10 CPOs; however, only one CPO[86] addresses non-discrimination related to disability and indigenous identity, indicating limited integration of non-discrimination considerations across CPOs. Additionally, two[87] projects have not been linked with SDGs in the system due to the absence of explicit SDG mapping in their original results frameworks.

[81] RLA/22/11/MUL, RLA/24/50/EUR, RLA/25/50/ESP, RLA/24/05/EUR

[82] RLA/22/06/EUR

[83] Project Symbols .EGY/21/05/ITA; EGY/24/04/AFL; EGY/24/02/SLO

[84] Project Symbols. EGY/25/04/KRH; EGY/23/51/NLD

[85] Under CPO NAM126 – Employment policy developed and employment mainstreamed in the national development framework, with specific focus on the deliverable *"National Employment Policy validated for adoption"*

[86] PHL 802

[87] PHL/23/01/RBS, GLO/24/06/RBS

301. CO Sri Lanka: The CO operates seven CPOs[88]; however, four CPOs[89] do not address any discrimination tag, whereas only one[90] CPO addresses non-discrimination related to disability, and none of the CPOs address HIV status and indigenous identity, indicating limited integration of non-discrimination considerations across CPOs.

Discrepancies in DC Dashboard project linkages

302. CO Sri Lanka: The DC Dashboard provides customizable views of data on DC activities. We observed cases where project linkages recorded in the PARTNERSHIP Final Appraisal Report differ from those displayed in the DC Dashboard, indicating inconsistencies in the data maintained across these systems. For instance, project LKA/23/50/AUS was linked to different CPO codes and outcomes in the report compared to the dashboard. A similar discrepancy was noted for project LKA/24/01/IOM, where the dashboard showed an additional CPO linkage not present in the report.

Lack of tripartite constituent involvement, incomplete evaluations/risk assessments, and inadequate planning

303. CO Manila: Audit selected 05 out of 16 projects and found that in three projects, tripartite constituents, including social partners, were not involved in project design. In one[91] project, social partners were not direct recipients of the project, and in two[92] projects, they were not included in the governance. In one [93]project, activities were not specifically seen to strengthen mechanisms of social dialogue. Furthermore, no evidence was found of an independent/internal evaluation having been carried out, despite this being a requirement in the final appraisal report. Risk identification was also not consistently uploaded or formally linked to the Country Program Outcome (CPO) risk framework for three[94] projects.

Recommendation 42: Audit recommends the Brasilia and ROLAC offices to strengthen controls by: (a) Establishing a reporting calendar to avoid TPR delays and improve procurement sequencing and initiate tripartite processes in time. (b) Linking expenditures to outputs and updating MIS regularly.

Recommendation 43: Audit recommends Country Offices (Colombo, Harare, Cairo and Manila) to institutionalize robust governance across the project lifecycle by: (a) Ensuring projects are linked to discrimination tags and SDGs at formulation. (b) Strengthening early mobilization and budget monitoring, and following evaluation requirements, involving tripartite constituents, conducting risk assessments, and strengthening reporting timelines.

304. Management accepted the recommendations.

[88] (1) LKA102, (2) LKA107, (3) LKA130, (4) LKA131, (5) LKA132, (6) LKA154, (7) LKA155

[89] (1) LKA130, (2) LKA131, (3) LKA132, (4) LKA155

[90] (1) LKA107

[91] PHL/24/51/UND

[92] RAS/22/13/CHN, PHL/25/51/UND

[93] PHL/24/51/UND

[94] RAS/24/53/KOR, RAS/22/13/CHN, PHL/25/50/UND

Internal Audit

Policy framework

305. In terms of para 3.2, 4.2, and Principle 13 of ILO Internal Control Framework, Internal Audit is an integral part of the internal lines of defense, and it should be regularly conducted to identify and mitigate internal risks.

Absence of regular internal audits

306. Several offices have operated without regular internal audits, leading to a lack of independent assurance on controls, governance, and risk management. For example, CO Manila's last internal audit was in 2013, ROLAC's in 2018, CO Harare has no records of past audits and received no IAO communication for 2023-2025, and CO Colombo has had no internal audit by IAO.

Recommendation 44: Audit recommends Country and Regional Offices to strengthen internal controls through regular internal audits.

307. Management acknowledged the External Auditor's observation and provided the following comments: "IAO operates in accordance with the IIA's Global Audit Internal Audit Standards, which require internal audit functions to apply a risk based approach to planning and prioritizing engagements rather than following predetermined audit cycles. Consistent with the standards, IAO determines audit coverage through an organisation vide assessment of risks, materiality, emerging issues, and available audit resources. This ensures that audit engagements are prioritised where they provide the greatest value and risk mitigation impact for the ILO. Oversight is further maintained through continuous monitoring of risks, follow up on recommendations as needed, and coordination with the External Auditor to avoid duplication and ensure complementary coverage. Through this approach, IAO ensures that internal audit activities remain fully aligned with the ILO's oversight objectives and with the Standards.

308. Management accepted the recommendation.

G. DISCLOSURE BY MANAGEMENT

309. Write-off: Management reported that in accordance with Article 33 of the Financial Regulations a total of USD2,870,255.91 in 2025 (USD182,819.50 in 2024) was approved for write-off by the Treasurer.

310. Ex-gratia payment: Management reported that in accordance with Article 32 of the Financial Regulations, the ILO made ex-gratia payment of USD104,607.75 in 2025 (USD323,568.03 in 2024).

311. Cases of fraud: Management reported that pursuant to Financial Rule 8.40 (Loss of cash or negotiable instruments, cases of fraud) and in conformity with Financial Rule 13.10 (Cases of fraud, presumption of fraud or attempted fraud), there were 'Nil' cases in 2025 (four in 2024).

H. ACKNOWLEDGEMENT

312. We wish to express our appreciation for the cooperation and assistance extended during the audit by the Director-General, the Regional Directors, Headquarters Directors, the Treasurer and Financial Comptroller, Country Directors, and members of their staff.

313. We also wish to express our appreciation to the Governing Body and to the International Labour Conference for their continued support and interest in our work.

(Signed) K. Sanjay Murthy
Comptroller and Auditor General of India

01 May 2026

Annexure I

Status of previous recommendations of the External Auditors as on 31 December 2025

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
1.	ILC.113/FIN (2024)	Paragraph 39	Risk management: Risk assessment The audit recommends setting and enforcing a maximum time interval for updating individual risk registers and ensuring timely completion of pending updates	The programming flaw in the Risk Management Platform has been fixed and the last approval dates recorded in the system were corrected. In addition, going forward, maximum time intervals for updating individual risk registers have been defined based on risk severity levels as follows: Those risk registers containing at least one red risk will be updated every three months from the last review date and those	Taking into consideration the response from management, the recommendation may be considered as implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				risk registers containing no red risk will be updated every twelve months from the last review date. All risk registers will be centrally monitored on a quarterly basis to ensure that review cycles are reinforced. Officials involved in the process have been duly informed through the risk management workshops conducted in November 2025.					
2.	ILC.113/FIN (2024)	Paragraph 45	Risk management: Risk response plans The audit recommends implementation of a mechanism for encouraging identification of specific risk response	In 2025, the functionalities in the Risk Management Platform were enhanced and a new section called "Risk Actions" has been introduced which	While taking note of the initiatives taken by management, we noticed that the quality of risk response plans and tracking		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			measures by divisions/offices, integrating monitoring of the action taken on the identified risk response actions in the present system and formalizing the linkage of identified risk response measures with the program planning exercise of concerned departments and offices.	allows the specific risk mitigation responses to be clearly identified with action assignees and target timelines for implementation. A new "Risk Universe" menu allows the users to monitor and track the risk actions assigned to them on a continuous basis. Officials involved in the process have been duly informed through the risk management workshops conducted in November 2025.	mechanism of the same on RMT needs to be further enhanced. Therefore, this recommendation is considered to be under implementation.				
3.	ILC.113/FIN (2024)	Paragraph 46	Risk management: Risk response plans The audit recommends taking steps for improvement in the RMP to optimally leverage the potential	As stated above, improvements have been made in the current RMP during 2025 to optimize its potential. Furthermore, a new initiative to combine	Taking into consideration the initiative under development and the need to improve utilization of RMT for tracking risk		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			offered by the Platform.	activities on governance, risk and oversight in one system is under development.	response plans, the recommendation is under implementation.				
4.	ILC.113/FIN (2024)	Paragraph 55	Risk management: Fraud risk assessment The audit recommends timely rolling out of the planned internal controls and risk management training package and exploring implementation of a feedback and training impact analysis mechanism for these capacity building initiatives.	The ethics training module has been rolled out in November 2025. The internal control and anti-fraud training modules are ready for roll-out and will become accessible by all staff in April 2026, together with the risk management training module. A feedback and training impact analysis mechanism for these training modules will be implemented in ILO People for each module.	Status of implementation of the training module and feedback system would be reviewed in next audit. Taking into consideration the steps being undertaken, the recommendation is under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
5.	ILC.113/FIN (2024)	Paragraph 66	Asset management: Unique Asset Identifiers The audit recommends exploring feasibility of generating asset tag numbers through/using PLANON Platform to move towards single unique identifier for all new assets in the Organization.	PLANON has been configured to require that the ILO asset tag number is both mandatory and unique. Each new asset is assigned a distinct tag number, making duplication impossible.	Taking into consideration the issue noticed in this aspect during the present audit also, the recommendation is under implementation.		√		
6.	ILC.113/FIN (2024)	Paragraph 73	Asset management: Integration of PLANON and IRIS Databases The audit recommends timely completion of planned integration of PLANON with IRIS to reduce the process of manual data entry in PLANON data fields. We also recommend exploring feasibility to capture PLANON Asset	The automation of the PO date from IRIS has been implemented. The Office is not in favor of capturing the asset number in IRIS; as it might create too much manual reconciliation work in PLANON.	Taking into consideration the issues noticed in this area in present audit, the recommendation is under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			Number in the IRIS database to establish proper linkages in databases of both the systems.						
7.	ILC.113/FIN (2024)	Paragraph 75	Asset management: Updation of framework document The audit recommends updation of IGDS 281 to reflect the asset management life cycle processes to be followed after PLANON.	IGDS 281 (version 2), has been published on 18 November 2025.	Based on the progress made, the recommendation is considered to be implemented.	√			
8.	ILC.113/FIN (2024)	Paragraph 88	Asset management: Physical verification of assets The audit recommends ensuring physical verification of assets every year and comprehensively updating the result of	All offices carry out their physical inventory counts in accordance with IGDS 281 (version 2), and the results are reconciled in PLANON by identifying and tracking any missing items.	Based on the issued noticed in this area in present audit, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			physical verification in the PLANON database.						
9.	ILC.113/FIN (2024)	Paragraph 108	Staff Health Insurance Fund (SHIF): Recovery of advances The audit recommends updating the SHIF Regulations/ Administrative Rules regarding the practices and delegations evolved over the years through MC decisions to enhance transparency of the same.	The SHIF Management Committee has approved a set of amendments that address this recommendation.	Based on the progress made, the recommendation is considered to be implemented.	√			
10.	ILC.113/FIN (2024)	Paragraph 109	Staff Health Insurance Fund (SHIF): Recovery of advances The audit recommends implementing a framework for advances given by SHIF, which may provide norms for granting of advances	Not started due to lack of resources.	Based on the response, the recommendation is treated as not implemented.			√	

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			and process for regular recovery of advances, which is independent of receipt of future claims.						
11.	ILC.113/FIN (2024)	Paragraph 110	Staff Health Insurance Fund (SHIF): Recovery of advances The audit recommends that necessary steps are taken to recover the long pending advances and identify available options to recover advances in cases where the concerned person is not a SHIF beneficiary anymore.	Not started due to lack of resources.	Based on the response, the recommendation is treated as not implemented.			√	
12.	ILC.113/FIN (2024)	Paragraph 116	Engagement of external collaborators The audit recommends strengthening the process of engagement of	The new IGDS 695 on "Use of external collaboration contracts" became effective on 1 July 2025. The ILO e-	Based on the issues noticed in present audit, the implementation of new IGDS needs to be		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			external collaborators, especially in the areas of competitive selection process and documentation for estimation of rates to be paid, by substantial implementation of provisions of the new IGDS.	sourcing platform as well as the PO module of IRIS are used to strengthen the overall process of engagement of external collaborators based on open and competitive selection and application of uniform fee range tables. TR/CF and BUDFIN are ensuring ongoing monitoring and oversight on the implementation of the provisions of the new IGDS.	strengthened and therefore the recommendation is considered as under implementation.				
13.	ILC.113/FIN (2024)	Paragraph 127	Procurement of goods and services: Procurement process The audit recommends strengthening preparation of the solicitation documents by enhancing clarity of the evaluation criteria	a) This is an ongoing activity. The most recent such document is contained in the SOP for Procurement of Conference and Event Management Services.	Based on the response and the issues noticed during present audit, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			and methodology being communicated to the perspective bidders.	b) The update of the procurement training is on hold due to current financial conditions. (c) The eSourcing Chatbot went live in November 2025. In February 2026, the Chatbot answered 600 questions.					
14.	ILC.113/FIN (2024)	Paragraph 129	Procurement of goods and services: Procurement process The audit recommends enhancing documentation with the waiver requests by including detailed justification of the need for waiver and basis of working out reasonability of the proposed financial implication in all cases.	A new typology for waiver requests (Exceptions) has been introduced in Jaggaer and went live on 15 January 2026 (the date of entry into force of IGDS 239, v5).	Based on the issues noticed in selected procurement cases in present audit, the recommendation is considered to be under implementation		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
15.	ILC.113/FIN (2024)	Paragraph 137	Procurement of goods and services: Integration of JAGGAER and IRIS The audit recommends exploring feasibility of integration of JAGGAER with IRIS, to take steps towards implementing unique identifiers between the two databases to start with and identifying mechanism for capturing dynamic supplier performance and status updates.	With the entry into force of IGDS 239 v5, all ILO suppliers bidding for ILO business opportunities through UNGM/JAGGAER must register in UNGM. The Office has assessed the benefits to implement the UNGM supplier ID through the Supplier Registration Form used in IRIS and considered that it is not cost-effective at this point.	While complete integration may not be cost effective, an alternative of capturing unique identifiers in the data fields should be explore. Therefore, the recommendation is considered to be under implementation.		√		
16.	ILC.113/FIN (2024)	Paragraph 144	Framework for externally managed portfolio investments The audit recommends analyzing the existing investment guidelines for externally managed portfolio to explore	The ILO has reviewed the guidelines and benchmarks for the externally portfolios. After the review, at the request of the ILO, UBS (portfolio manager) modified	Based on the issues noticed in present audit, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			integration of the identified enhancements, which would further strengthen monitoring of performance of the portfolios.	the reporting of the designated CHF portfolio to include a new benchmark (SBI Foreign AAA-BBB 1-3).					
17.	ILC.113/FIN (2024)	Paragraph 183	Implementation of the current Development Cooperation Strategy 2020–25: Partnership for Funding The audit recommends ILO to address constraints in resource mobilization proactively, ensuring that in the new Development Cooperation Strategy to be introduced shortly, Partnership is given a clear mandate to mitigate, manage, and overcome	The New DC Strategy 2026-29, which will be discussed at the March 2026 GB session, sets out a clear objective for diversification of partnerships and leveraging new forms of partnerships. An Implementation Plan for the Strategy will be developed in 2026 with clear roles and responsibilities for different departments and offices, including PARTNERSHIPS role in resource mobilization	Based on the response, the recommendation in considered as under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			resource mobilization challenges.	and development cooperation.					
18.	ILC.113/FIN (2024)	Paragraph 183	Implementation of the current Development Cooperation Strategy 2020–25: Partnership for Funding The audit recommends that, in light of the rapidly evolving geopolitical landscape, ILO needs to strengthen the sharing of regional strategies and good practices among Regional and Country Offices to enhance its visibility and increase its share in development projects.	The Implementation Plan for the DC Strategy 2026–29 will be developed in 2026, strengthening the sharing of regional strategies and good practices among Regional and Country Offices.	Based on the response, the recommendation in considered as under implementation.		√		
19.	ILC.113/FIN (2024)	Paragraph 189	Implementation of the current Development Cooperation Strategy	Due to lack of capacity, no root cause analysis was undertaken in 2025.	As the business processes are yet to be reviewed, the		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			2020–25: project proposals The audit recommends ILO to carry out rout cause analysis of inordinate delays in project approvals and take corrective action.	However, as part of the ILO Reform and the Implementation of the New DC Strategy 2026-29, business processes, including for appraisals and approvals will be reviewed for improvements and enhanced effectiveness.	recommendation is considered to be under implementation.				

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
20.	ILC.113/FIN (2024)	Paragraph 221	Implementation of the current Development Cooperation Strategy 2020–25: coordination with ILO Security The audit recommends establishing a robust mechanism to track compliance with recommended security measures and document lessons learned in future project proposals.	In 2025, SECURITY developed an ILO-based compliance monitoring system to track security compliance that covers both RB and DC field operations, with a pilot phase tested across several duty stations in the Africa region. For 2026, SECURITY is reviewing the pilot's results and integrating lessons learned in preparation for the system's global roll-out.	Based on the response, the recommendation in considered as under implementation.		√		
21.	ILC.113/FIN (2024)	Paragraph 222	Implementation of the current Development Cooperation Strategy	ILO SECURITY is developing an internal compliance monitoring tool to track and report on the implementation of	Based on the response, the recommendation in considered as under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			2020–25: coordination with ILO Security The audit recommends dedicated resources to adapt security measures based on field feedback.	security measures in DC projects. The tool is under testing; once operational, this will allow SECURITY to better monitor and adapt security measures in collaboration with field offices. Once the financial situation improves, Field Security officers will be able to travel to the region to physically review the implementation of security compliance measures.					
22.	ILC.113/FIN (2024)	Paragraph 223	Implementation of the current Development Cooperation Strategy 2020–25: coordination with ILO Security The audit recommends implementing	Contained in the LFR 2024: No further in-person workshops are planned in 2026 due to shortage of funds. However, when new	As the trainings are yet to start, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			mandatory security training for country directors and project managers to enhance awareness of their responsibilities and compliance with security protocols.	Country Directors and project managers are appointed and when requested, ILO Security provides security briefings on their security roles and responsibilities online and in person. UN security trainings such as BSAFE are mandatory for ILO staff. INTSERV has also approached HRD about including security briefings in induction trainings for new colleagues joining the ILO.					
23.	ILC.113/FIN (2024)	Paragraph 231	Implementation of the current Development Cooperation Strategy 2020–25: Strengthening of M&E Budget Allocations	The project document template has been revised to ensure that ILOs evaluation policy is followed and implemented when	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			The audit recommends that ILO implement the GB-approved evaluation policy (as outlined in recommendation 2 of GB paper 352/PFA/8) by prioritizing the clustering of evaluations around thematic or regional priorities to generate comprehensive insights and optimize learning. Audit also recommends the ILO to actively collaborate with donors to promote the ILO Evaluation Trust Fund (IETF).	discussing new projects. As highlighted in the Annual Evaluation Report 2024-25, the use of clustered evaluations has increased. The evaluation requirements of 37 development cooperation projects were combined into 13 independent clustered evaluations. Furthermore, the Criteria-Based Integrated Evaluation Planning system (CIEPS) introduced in 2024 goes beyond the mandatory budget threshold-based approach by adding a more strategic and flexible option for evaluation planning.					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				It is now systematically used to identify cluster options or waive evaluations required by policy if learning potential is low or there are other compelling (criteria) reasons. EVAL and PARTNERSHIPS have worked together to draft new standard evaluation clauses for funding agreements. This represents a structural step forward, making it easier for donors to participate in clustering and pooled evaluation funding mechanisms, including the IETF. ILO has also actively promoted the IETF through partnership					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				meetings with key donors. A funding partner has been secured for the Trust Fund, which is a step forward compared to earlier periods.					
24.	ILC.113/FIN (2024)	Paragraph 239	Implementation of the current Development Cooperation Strategy 2020–25: Public–Private Partnerships The audit recommends ILO to consider developing a workflow for the project clearance process, including a repository for all PPP documentation as well as recording all non-financial activities related to such private sector partnerships.	The Office Procedure on public–private partnerships (PPPs), IGDS No. 83 (Version 2), which came into effect on 31 July 2025, introduced fixed timelines for the clearance process. The workflow will be developed and operationalized as the next step, subject to the availability of resources.	Based on the response, the recommendation in considered as under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
25.	ILC.113/FIN (2024)	Paragraph 239	Implementation of the current Development Cooperation Strategy 2020–25: Public–Private Partnerships The audit recommends ILO to enhance resources for managing PPPs as their role is significant to the overarching framework within which ILO functions.	Capacity for managing PPPs has not increased due to the current financial constraints of the ILO. Resource enhancements, agreed in principle, will proceed subject to the availability of resources.	Taking into consideration the status highlighted in management's response, the recommendation can be treated as overtaken by present situation.				√
26.	ILC.113/FIN (2024)	Paragraph 252	Human Resources Management: Recruitment processes The audit recommends ILO to set timelines for each internal stage i.e., from the raising of request by concerned responsible chief, vetting by HRD followed by Finance and Budget review, RAMC 18, Technical	HRD implemented a tool in ILO jobs to track the timelines for recruitment steps from vacancy announcement to decision by the DG (publication date, closure of vacancy, release of CVs to manager, validation of longlist, assessments, written	Based on the response, the recommendation in considered as under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			panel etc. as provided in Staff Regulation for guidance. The timelines could vary according to historical data, especially in case of technical recruitments.	test, interviews, and decisions by the DG). An analysis has been done on the basis of the data gathered through the tool to identify bottlenecks and to set timelines. Many standard emails linked to the recruitment process now contain deadlines for each step. Considering current conflicting priorities, overall KPIs still need to be set.					
27.	ILC.113/FIN (2024)	Paragraph 259	Human Resources Management: Member States representation in professional and higher category staff The audit recommends ILO to consider review of the impact of the initiatives implemented	An analysis of the trends in Geographical Representation statistics from the Composition and Structure of Staff reports from 31 Dec 2020 through 31 Dec	Taking into consideration the status highlighted in management's response, the recommendation can be treated as overtaken by present situation.				√

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			in respect of the Action Plan of 2019 on the diversification initiatives, as a basis for developing the ILO HR strategy for 2026–2029.	2025 was undertaken. HR strategy for 2026-29 has a section on diversity, including geographical representation. The ability of the Office to change the diversity profile of staff in RB core positions (including Geographical Representation) is extremely limited under the current conditions where the workforce is being reduced, recruitment on RB core positions is limited and those RB vacancies that opened are only available for applications from currently serving staff.					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
28.	ILC.113/FIN (2024)	Paragraph 268	Human Resources Management: Ethics management The audit recommends that ILO strengthens efforts to foster a respectful, ethical, and inclusive work environment by proactively addressing negative survey feedback related to recruitment processes and confidence in reporting misconduct. This includes continued collaboration between HRD and the Ethics Office, and the integration of relevant outcomes and indicators into the HR Strategy for 2026–2030. Initiatives such as the "ILO Respect" campaign should be leveraged to promote	One-on-one training has been provided to managers at the outset of the recruitment process to improve their understanding of the recruitment and selection rules which has resulted in less corrections being required at each step of the recruitment process. There is also more regular and timely feedback to internal candidates on their performance in recruitment processes. In addition, a new online ethics training (mandatory for all ILO staff) and a refresher course have been launched in December 2025. The	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			ethical behavior, cultural awareness, and mutual respect across the diverse workforce.	courses draw on best practices from UN and multilateral Ethics Offices and are tailored to the ILO's mandate, emphasizing the values and principles of the international civil service, the ILO Constitution. In early 2026 the global HR partners, regional HR coordinator, Staff reps from HQ and the field, together with the Ethics Officer, Staff Welfare Officer and the Mediator participated in a training of trainers on promoting a respectful work environment – this has enabled the continued delivery of trainings across the					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				office despite the current limitations on travel and expenditure. HR Strategy for 2026-29 has a section on Respectful workplace including relevant indicators.					
29.	ILC.113/FIN (2024)	Paragraph 280	Human Resources Management: Settlement of sexual harassment and harassment cases The audit recommends ILO to consider strengthening the processes and procedures for addressing complaints of harassment, including sexual harassment in a timely and well documented manner.	During 2025, the ILO faced several unforeseen challenges that impacted the agenda of planned negotiations between the Administration and Staff Union within the JNC framework. As a result, the negotiation of a revised set of procedures for preventing and addressing all forms of violence and	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				harassment within the ILO was delayed. HRD had however continued with preparatory work in this area, and the JNC retains the item on its workplan as a priority topic.					
30.	ILC.113/FIN (2024)	Paragraph 291	Human Resources Management: Performance appraisals in regional/country offices The audit recommends ILO to ensure the timely completion of all outstanding performance appraisals, including those of probationary staff, across all phases of the Performance Management Framework (PMF) cycle. This should be	In 2025, several improvements were introduced to the Performance Management Framework (PMF), including amendments to the Staff Regulations, updates to the IGDSs, and enhanced communications and broadcasts to staff. The simplification of the BoC and EoC processes, through a reduction in the number of required	Based on the response, effectiveness of the actions taken would be reviewed in future audit. The recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			supported by a structured and proactive monitoring mechanism, utilizing automated reminders and tracking tools to oversee progress and enforce adherence to prescribed timelines.	steps, is expected to improve compliance rates in the completion of these forms. Implementation was supported by targeted capacity-building initiatives, including the "*Effective Performance Management for Managers*" programme, Managing My Performance Conversation training, and dedicated information sessions. To strengthen timely compliance, ILO People has automated system reminders that notify officials and their managers when a step is due or					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				overdue. Overdue forms remain visible in the system's to-do lists, and managers can send reminders ("nudges") directly through the platform. In addition, managers and PM focal points have access to monitoring dashboards and reporting tools to track compliance within their teams and areas of responsibility. Monthly compliance figures are published on the intranet, and regional HR partners conduct regular follow-up within their respective regions. Furthermore, the Reports Board provides key oversight by					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				systematically monitoring the submission of performance appraisals for staff on probation and issuing targeted reminders to ensure completion within established timelines.					
31.	ILC.113/FIN (2024)	Paragraph 297	Audit of regional and country offices: Project management The audit recommends Country Office Jakarta to increase the areas of operation/training and coverage of factories/establishment to make operations of the Implementing Agencies self-sustainable.	This recommendation was related to one implementation agreement (IA) with YKK under the Better Work Indonesia project and should not be generalized for other IAs. Better Work and YKK are currently working to finalize a transition arrangement to allow YKK to become more self -sustainable where the Foundation	Based on the response, as the agreement is yet to be finalized, the recommendations is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				can and is encouraged to accept other contracts provided that there is no impact on work quality.					
32.	ILC.113/FIN (2024)	Paragraph 306	Audit of regional and country offices: DC Projects – implementation, monitoring and reporting The audit recommends Country Office Addis Ababa to consider developing detailed work plans, including timelines, resource allocation, and milestones, to improve performance. Financial disbursements need to be aligned with verified progress to ensure that disbursements directly contribute to	CO-Addis Ababa has requested each project to develop work plans in 2025. Monthly monitoring and reporting of the performance of each project will be done against the work plans.	As the plans are yet to be prepared/under preparation, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			measurable deliverables.						
33.	ILC.113/FIN (2024)	Paragraph 309	Audit of regional and country offices: The Promise Impact Indonesia, Phase II The audit recommends Country Office (Jakarta) to consider setting appropriate milestones to achieve key program components on priority, while also ensuring timely availability of donor contributions to support effective project implementation.	Contained in the LFR 2024: Management while noting the audit recommendation stated that action has been taken in consultation with the Donor.	Based on the response, the recommendation is considered to be implemented.	√			
34.	ILC.113/FIN (2024)	Paragraph 317	Audit of regional and country offices: DC project management The audit recommends ROAF-ILO to adopt an integrated project	A regional guidance tool on improving the delivery of DC in Africa has been developed in June 2025.		√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			management approach that emphasizes timely recruitment, strict adherence to reporting deadlines, and alignment of monitoring and evaluation processes with project lifecycles.						
35.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 32	Review of the operations of the IAO – Governance We recommended that the ILO, through the IAO, should take initiatives in updating the Investigation Charter and its underlying SOP to keep these governance documents up-to-date and uphold accountabilities by: a. conducting a comprehensive review of the existing Charter	The Governing Body at its 353rd session in March 2025 approved a revised Charter (covering investigations and audit). Work on the SOP will start once the Investigation Manual becomes operational. This is likely to be a lengthy process as it requires negotiation with multiple stakeholders.	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			and SOP by identifying outdated or ineffective policy, assessing the alignment with current regulatory requirements, and evaluating the policy's effectiveness in addressing the current investigative needs and challenges; and b. capturing the current and relevant policy updates established by the ILO, and specifying relevant roles and responsibilities for investigation function.	Update of the SOPs is expected to be completed by December 2026.					
36.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 39	Review of the operations of the IAO – Governance We recommended that the ILO, through the IAO, should complete the review and update	A revised Audit Manual has been completed, incorporating advice from external consultants, and addressing the items	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			of its current Internal Audit Manual to provide clear, comprehensive, and flexible written guidance for its internal audit activities. To do this, the IAO should develop a detailed workplan and consider the following elements in the Manual: a. the improvement opportunities identified in our review are as follows: (i) reflecting new developments since the last update; (ii) distinguishing between risk assessment at strategic and engagement levels; (iii) specifying standard timelines for each key audit step; (iv) providing guidelines on important internal	raised by external audit, and with a section on risk assessment and development of the audit plan. The Manual recognizes that timelines will reflect the nature of the audit.					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			audit activities, e.g. advisory engagements, use of external consultants and co-sourced arrangements, ethical standards, including independence and objectivity, rules on confidentiality and retention of working papers, among others; (v) specifying the related documentation and supervision requirements for each key audit step; (vi) cross-referencing each key audit step to the specific functionalities in TeamMate+; and (vii) including in the Manual the IAO's organizational structure, functional description and reporting relationships						

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			as well as a flowchart of the full internal audit cycle for easy reference and understanding; and b. ensuring that it is periodically reviewed and updated to maintain its relevance in assuring the quality of audit work and promoting accountability.						
37.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 51	Review of the operations of the IAO – Governance We recommended that the ILO, through the IAO, should develop and implement a specific work plan to provide details to the current Strategy Document identifying the detailed steps, necessary timing, and	The IAO originally planned to revise the 2021-26 strategy in 2025 in order to align with the ILO's four-year strategic planning cycle. However, due to other priorities and after consultation with the IOAC, this work will now be completed in 2026	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			necessary resources to complete each key task. The following could be considered in the workplan: a. prioritizing the implementation of the most critical tasks in its Strategy Document to ensure that unnecessary delays are avoided; and b. ensuring that all relevant conditions and factors are considered for each key task as indicated in the Strategy Document.	and include a work plan.					
38.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 57	Review of the operations of the IAO – Governance We recommended that the ILO, through the IAO, should consider giving more focus on conducting an overall	Governance processes and risk management are now separately identified within the IAO risk universe. First governance audit (Audit of the Internal Governance	Based on the response and the proposal for revisit the issue while preparation of future biennial plans, the recommendation is considered to		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			review of the governance and risk management processes of the ILO, which would synthesize the findings from various audits and assessments, allowing the IAO to identify areas for improvement and strengthen its ability to support the overall governance and risk management processes of the ILO.	Document System IAO/01/2026) was completed in 2026. Risk management is now more consistently addressed in individual audits, with a summary assessment included in the 2025 Annual Report of the Director IAO (see for example paragraphs 8 and 16). The risk assessment for the biennial 2026-27 audit plan did not identify an audit of the ILO's risk management policy as a priority, given available resources. IAO will revisit this conclusion in future biennial audit plans.	be under implementation.				

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
39.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 64	Review of the operations of the IAO – Governance We recommended that the ILO, through the IAO, should consider developing and implementing a comprehensive awareness programme across the ILO, of the investigation function, procedures, and processes to avoid any misconceptions and achieve the overall objective of the investigation function. Further, we recommended that in developing the awareness programme, the ILO considers that by implementing it, the ILO can effectively increase awareness of	The online training packages on internal control and anti-fraud are ready to be rolled out in April 2024. IAO and TRCF are collaborating on face to face training. IAO has also worked closely with HRD and the PSEA Coordinator to provide a series of trainings to colleagues in the field on Harassment/Sexual Harassment and SEA. IAO also conducted a joint session on Ethics Awareness with the Ethics Officer at the Turin Centre. Awareness raising is embedded within IAO activities. Already by mid-March 2026, it had provided	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			its function, encourage reporting of misconduct, and further promote a culture of transparency and accountability within the Organization.	awareness raising training to PROSPECTS, DWT/CO Cairo and DWT/CO Pretoria. The approach to awareness and outreach will be formalized in the next IAO strategy to be issued later in 2026.					
40.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 73	Review of the operations of the IAO – Management We recommended that the ILO, through the IAO, should consider developing its specific and formal policies and procedures to guide the internal audit activity in implementing and ensuring compliance with the IIA Code of Ethics, including independence and	The completed Manual requires audit staff to include a performance indicator on conflicts of interest and impairments of independence in their performance appraisals and to complete a Statement on Absence of Conflicts of Interest. The Manual also requires audit staff to comply with the ILO's	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			objectivity. These policies and procedures could be based on the IIA's Implementation Guides to the Code of Ethics and Standard 1100 – Independence and Objectivity.	and the IIA's professional ethics. See: Audit Manual					
41.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 79	Review of the operations of the IAO – Management We recommended that the ILO, through the IAO, should enhance the observance of the principles of confidentiality and proscription of conflict of interest in its investigation activities by establishing a formal declaration by both internal and external investigators to enhance further the	A revised confidentiality/conflict of interest statement has been prepared which all investigators (internal or external) are required to complete at the beginning of an investigation.	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			integrity of the investigation function						
42.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 85	Review of the operations of the IAO – Management We recommended that the ILO, through the IAO, should develop and maintain a documented QAIP that covers all aspects of IAO activities. The QAIP should include both internal and external assessments, as well as a clear statement of purpose, scope, procedures, reporting, and follow-up. We also recommended that IAO explore a cost-effective implementation of its planned internal assessment to identify and address areas for improvement, thereby	The completed Audit Manual contains a section on the QAIP.	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			improving the quality of its function.						
43.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 93	Review of the operations of the IAO – Management We recommended that the ILO, through the close coordination of the IAO with other assurance providers, should consider initiating the development and maintenance of an assurance map for the ILO as part of its annual audit planning process to maximize the use of its limited resources and substantiate further the adequacy and propriety of its assurance coverage. By proactively creating and maintaining an	The IAO has deferred an assurance mapping exercise until after the corporate restructuring exercise is complete. Assurance mapping is included as an option in the 2026–27 IAO plan.	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			assurance map, the IAO can achieve: (a) enhanced assurance coverage; and (b) optimized resource allocations.						
44.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 99	Review of the operations of the IAO – Management We recommended that the ILO, through the IAO, should explore cost-effective measures that will assist in substantially delivering its target audits while considering the lessons learned from its experiences during the 2020–21 and 2022–23 biennia, such as adopting audit technologies, and developing efficient remote auditing	The draft 2026–27 biennial plan is more achievable as it is based on more realistic assumptions as to the number and complexity of audits to be undertaken. The risks to the plan (and the dependencies) are more clearly defined. The IOAC in their 2025 Annual Report to the GB noted that the IAO's "future plan was modest compared with [that] of the past."	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			methods, among others.						
45.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 107	Review of the operations of the IAO – Process We recommended that the ILO, through the representation of the IAO, should consider consolidating the intake channels of reporting wrongdoing to facilitate efficiency in reporting cases and ultimately upholding the integrity of the investigation function. This consolidation may require changes to some of the existing procedures governing the reporting of misconduct, under the ILO Staff Regulations.	The Hotline has consolidated all forms of reporting misconduct except Harassment and Sexual Harassment. The Collective Agreement on Harassment and Sexual Harassment, needed as the next stage to creating a single point for reporting misconduct, is under development.	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
46.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 113	Review of the operations of the IAO – Process We recommended that the ILO, through the IAO, should explore its current investment in IT in providing dedicated forensic support, in terms of people and tools, to facilitate the efficient and/or effective conduct of the investigation.	The process for recruiting professional forensic support is completed. IAO is waiting for confirmation of appointment.	Based on the response, the recommendation is considered to be under implementation.		√		
47.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 125	Review of the operations of the IAO – Process We recommended that the ILO, through the IAO, should consider developing a formal guidelines mapping the use, maintenance, and operations of the IT application system,	A protocol for the management of Teammate + has been completed. The protocol addresses the issues raised.		√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			adopted by IAO, to ensure that input controls as well as proper housekeeping procedures for the system are implemented and reinforced, and that information stored in the system is complete, accurate and updated, with due consideration to: (a) providing strategies to ensure proper documentation of workflow state for proper and timely monitoring of reports; and (b) defining user access roles and provisioning, among others, while also strengthening security controls by adopting best practices.						

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
48.	ILC.112/FIN (2023) ILO.113/FIN (2024)	Paragraph 131	Review of the operations of the IAO – Process While the approval of the P4 Senior Internal Auditor Position, which would become vacant, into a P5 Audit Manager position, is expected to improve on the delays in the completion of the reports, we recommended that the ILO, through the IAO, also explore some cost-effective strategies to address the delays, such as but not limited, to establishing a review process, prioritizing the workload, setting realistic deadlines, or cross-training an existing staff member.	Procedures for management supervision, prioritization and the approval of timeframes are included in the Annual Report. KPIs on the quality of outputs and timeliness of reports are included in the performance assessment of members of the audit team.	Based on the response, the recommendation is considered to be implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
49.	ILC.112/FIN (2023)	Paragraph 151	Governance in field offices We recommended that ILO should enhance its field offices' current governance mechanisms by strengthening process controls, making their monitoring controls and feedback loops function more effectively, and applying risk management more robustly in its decisions, to ensure achievement of organizational objectives.	In 2025, the Office continued its efforts to enhance its field offices' current governance mechanisms. Regular briefing sessions were held with the finance and administrative officers in the field offices covering a wide range of operational topics. The annual Global Finance Team workshop with all Cs/RAS and their teams took place twice in 2025 (February and December). The annual updates of field office risk registers have been launched with enhanced functionalities and	While the response that its on ongoing activity is well noted, the issues being noticed in the present audit efforts suggest that these mechanisms in place should result in visible improvements in related areas to consider this recommendation as implemented.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				more detailed requirements. The Office considers that internal control is not absolute assurance. Therefore, the implementation of this recommendation will be on an ongoing basis.					
50.	ILC.111/FIN (2022) ILC.113/FIN (2024)	Paragraph 103 Appendix A	Review of procurement management – Procurement system innovation We recommended that the ILO, as a way forward, should develop a concrete plan and strategy to fully integrate the electronic applications and solutions involved in its procurement management and work towards systems interface, to facilitate	IGDS 239 v5 was published on 16 December 2025.	Based on the response, the recommendation is considered as implemented.	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			efficient procurement process and data management, and improve related strategic and tactical decisions.						
51.	ILC.111/FIN (2022) ILC.113/FIN (2024)	Paragraph 107 Appendix A	Review of procurement management – Procurement system innovation We recommended that the ILO, moving forward, should pursue its plan on the inclusion of procurement functionalities for waiver requests, and vendor and contract management into the Jaggaer, to harness its full potential and to ultimately improve procurement transparency, accountability, and	The recommendation to include vendor and contract management has not yet been implemented due to unavailability of funds.	Based on the response, the recommendation is considered to be not implemented.			√	

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			overall procurement governance.						
52.	ILC.111/FIN (2022) ILC.113/FIN (2024)	Paragraph 125 Appendix A	Review of procurement management – Procurement process improvement opportunities We recommended that ILO, moving forward, should emphasize and disseminate to ILO HQ units and field offices the need for appropriate and timely planning of procurement activities with estimated value not exceeding US$50,000.00 and establish a mechanism to monitor the preparation and submission of such procurement plans to enhance accountability and internal control	A message was sent by the Treasurer and Financial Comptroller was broadcast on 4 December 2025 regarding procurement planning where it was required that all goods and services anticipated for 2026 should be included in the OPP, regardless of value.	Based on the response, the preparation of procurement plans by the offices would be reviewed in future audit. The recommendation is considered as under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			over the procurement processes.						
53.	ILC.111/FIN (2022) ILC.113/FIN (2024)	Paragraph 130 Appendix A	Review of procurement management – Procurement process improvement opportunities We recommended that the ILO should refine the development of spend analysis by including KPIs, among others, as preparatory to procurement planning, management of tail spend and attainment of sustainable procurement, thus achieving economy and efficiency in ILO procurement.	Training on Jaggaer analytics has been scheduled to take place in March and April 2026, supporting the development and reporting of KPIs.	Based on the response, the recommendation is considered to be under implementation.		√		
54.	ILC.111/FIN (2022)	Paragraph 135	Review of procurement management – Procurement process	Former IGDS 240 has been merged into Procurement	Based on the response, the recommendation	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
	ILC.113/FIN (2024)	Appendix A	improvement opportunities We recommended that the ILO should facilitate the issuance of a revised IGDS No. 240, with emphasis on the timeline for the completion of the procurement review and defined indicative timeline for bid evaluation function, as part of its procurement guidelines, taking into consideration the factors that affect its procurement processing time, to achieve efficiency in its procurement processes.	Directive (IGDS 239, v5) and the Global (Virtual) Procurement Review Committee is operational since 1 January 2026.	is considered to be implemented.				
55.	ILC.109/FIN /2019 ILC.113/FIN (2024)	Paragraph 21 Appendix A	External Collaborators – Transparency in selection process of External Collaborators	The new policy on External Collaboration contracts came into effect on 1 July 2026. The points included in	Based on the response, the recommendation	√			

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			Adopt a competitive selection process in hiring External Collaborators (Consultants) as well as adopt an updated policy for fees that can be applied by different ILO offices around the world. Fees should be justified by the level of complexity of the task. Since fees are based on the complexity of the task, the preparation of the detailed TOR should also include the qualification requirement and level of complexity of the work. The improved TOR should be attached in IRIS to serve as a reference in selection and form part of selection document.	the recommendation have been fully addressed.	is considered to be implemented.				

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
56.	ILC.109/FIN /2019 ILC.113/FIN (2024)	Paragraph 89 Appendix A	Human resource management – Staff development: Consider establishing, through the appropriate IGDS mechanism(s), a Staff Development strategy including, among others, the definition of staff development and outlining the corresponding goals and principles.	The Skills Mapping Phases 1 and 2 are completed and Specific Staff Development Strategies were developed for 2024–25 to support the skills gaps identified. The Staff Development Strategy for 2026-27 is dependent on decisions to be taken by the GB regarding availability of Staff Development funds (SDF). The formal IGDS for the Staff Development Policy is on hold pending JNC consultations regarding access to SDF. During 2025, the ILO faced several unforeseen challenges that resulted in the need	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
				for negotiation with staff representatives. Consequently, it was agreed between the administration and the Staff Union to place other items higher on the agenda for negotiation within the framework of the JNC.					
57.	ILC.108/FIN (2018) ILC.113/FIN (2024)	Paragraph 51a) Appendix A	Resource mobilization – Resource mobilization organizational structure and capacity-building: Optimize the participation of field offices in resource mobilization by clarifying the specific roles and responsibilities of the offices including their structure for more	An IGDS for PARTNERSHIPS and a revised IGDS on Project Cycle Management had been drafted. However, finalization of the documents was not feasible due to the postponed discussion on the DC Strategy until March 2026 and the ongoing ILO reform. The update of all IGDSs on DC will be postponed	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			efficient coordination, and to establish clear accountability lines.	until the second half of 2026 and 2027.					
58.	ILC.106/FIN (2016) ILC.113/FIN (2024)	Paragraph 26 Appendix A	Accountability framework: Improve the accountability framework to include the accountability mechanism and tools to more effectively facilitate the documentation and monitoring of accountability performance and achieve better transparency.	The update of the accountability framework will be considered in 2026 in light of the ILO Reform activities.	Based on the response, the recommendation is considered to be under implementation.		√		
59.	ILC.106/FIN (2016) ILC.113/FIN (2024)	Paragraph 46 Appendix A	Ethics: a. update the Whistle-blower Policy to include the two-step process of investigation, the amount of evidence	Part (a) and part (d) have been implemented. On b), the ICSC standards review working group completed its work	Based on the response, the recommendation is considered to be under implementation.		√		

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			needed to constitute disciplinary actions and the corresponding sanctions for each infraction to align more closely with the requirement of due process; b. integrate in the Principles of Conduct for Staff the latest office governance directives on ethics to make the policy more effective and attuned to the needs of staff; c. include in the Conflicts of Interest Policy provisions relating to incompatible functions within the Office to provide clearer and more complete line of sight in exacting accountabilities thereby further	and the proposed revisions of the Standards of Conduct were recommended by the Commission to the General Assembly for approval. By its resolution A/RES/80/236 dated 31 December 2025, the General Assembly has approved, with effect from 1 January 2026, the revised standards of conduct for the international civil service. In light of this, the Ethics Officer will launch the internal consultation process as to measures to give effect to the revised ICSC Standards in the ILO. On c), a full draft text of the Conflicts of					

SI No.	Reference to Report and Financial Period	Para ID/Code (if any)	Recommendations	Action Reported by the Management (March 2026)	External Auditor's Assessment	Status of implementation			
						Implemented	Under Implementation	Not Implemented	Overtaken by Events
			enhancing integrity in job performance; and d. incorporate in the Anti-Fraud Policy of 2009 an internal mechanism and clear modalities in terms of conducting fair and unbiased investigation on cases that may be committed by the Executive Head	Interest policy is ready for publication giving effect to this recommendation.					
		Total	59			17	37	3	2
		Percentage	100			29	63	5	3

Annexure II

Details of Outcome 3 and its Outputs of two biennia 2022–23 and 2023–24

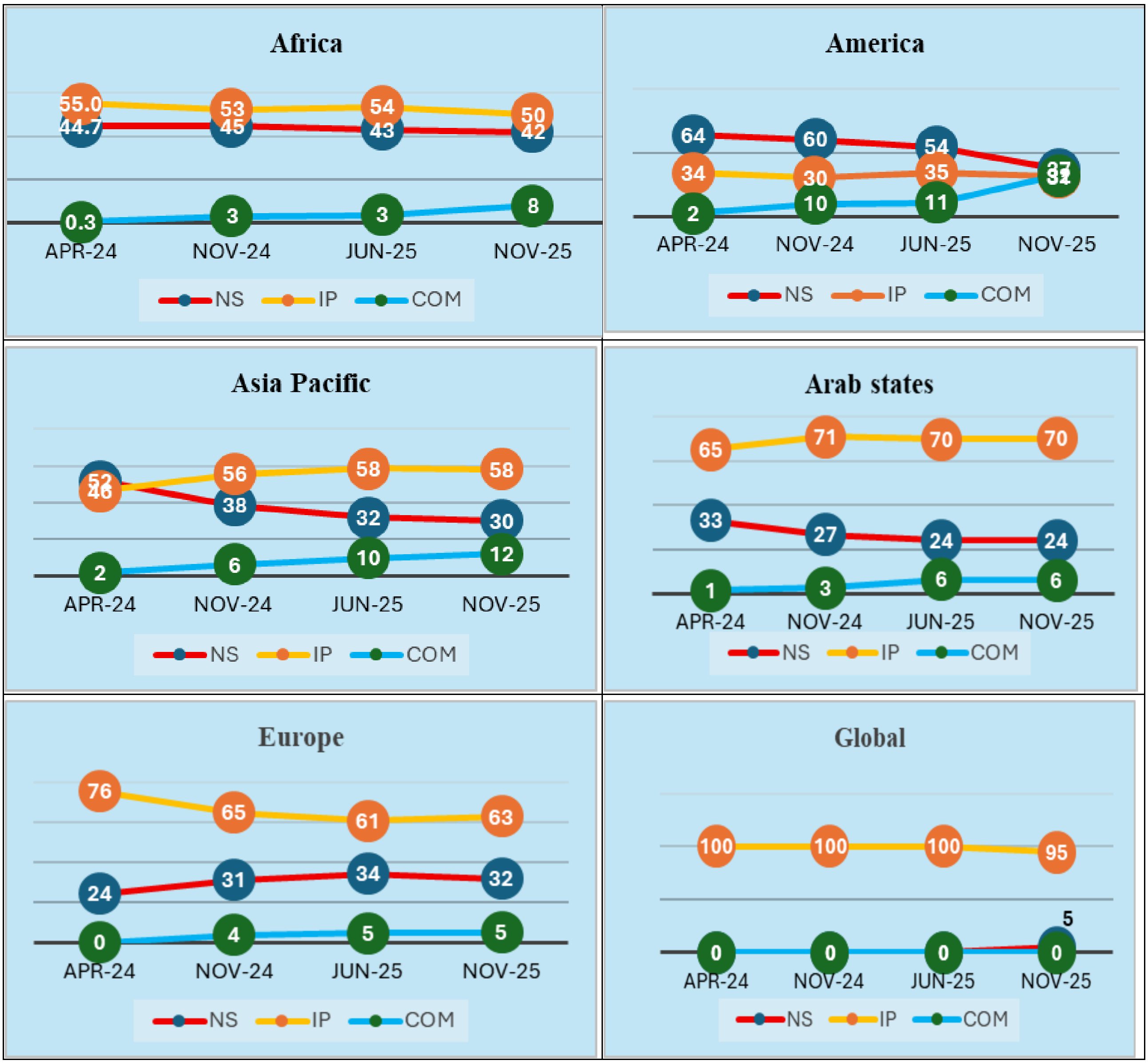
2022-23 biennia	2024-25 biennia
Outcome 3: Economic, social and environmental transitions for full, productive and freely chosen employment and decent work for all	**Outcome 3: Full and productive employment for just transitions**
Output 3.1. Increased capacity of Member States to formulate and implement national employment policies in response to the COVID-19 crisis	Output 3.1. Increased capacity of Member States to develop and implement comprehensive employment policy frameworks
Output 3.2. Increased capacity of Member States to formulate and implement policies and strategies for creating decent work in the rural economy	Output 3.2. Increased capacity of Member States to develop inclusive, sustainable and resilient skills and lifelong learning systems
Output 3.3. Increased capacity of Member States to formulate and implement policies for a just transition towards environmentally sustainable economies and societies	Output 3.3. Increased capacity of Member States to formulate and implement policies and strategies for creating decent work in rural areas
Output 3.4. Increased capacity of Member States to promote peaceful, stable and resilient societies through decent work	Output 3.4. Increased capacity of Member States to develop effective and efficient Labour market programmes and services to support transitions
Output 3.5. Increased capacity of Member States to formulate and implement Labour market programmes and employment services for transitions to decent work over the life course, with particular focus on young and older persons	Output 3.5. Increased capacity of Member States to promote decent employment for youth

Note: Output 5 of the 2022-23 on Skills and Lifelong learning has been integrated as Output 3.2 in the Outcome 3 of 2024-25.

Annexure III A

Region wise and Output wise progress of deliverables

Region wise progress of deliverables during biennia 2024–25

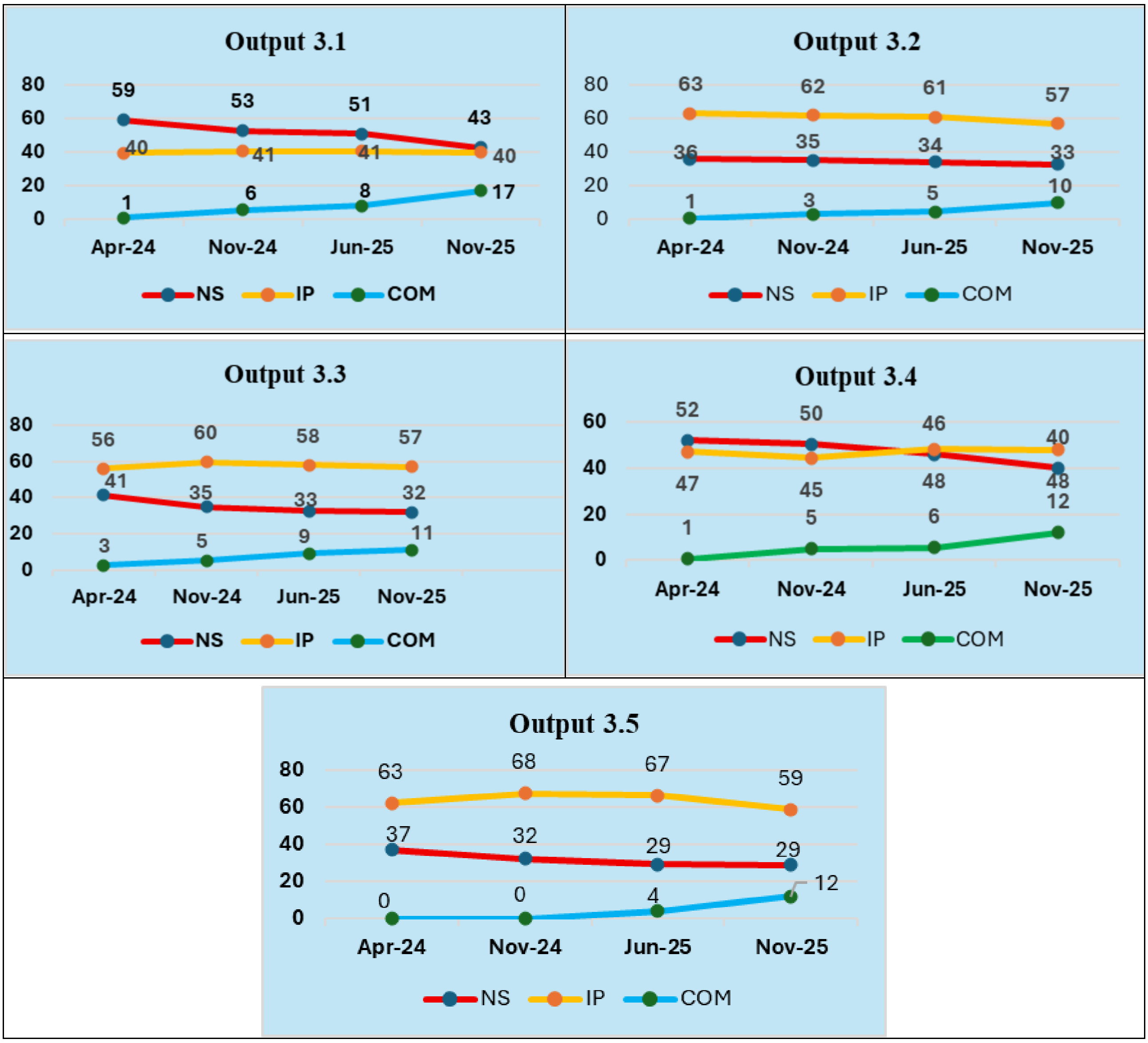


NS= Not started; IP = In progress; COM= Completed

Annexure III B

Region wise and Output wise progress of deliverables

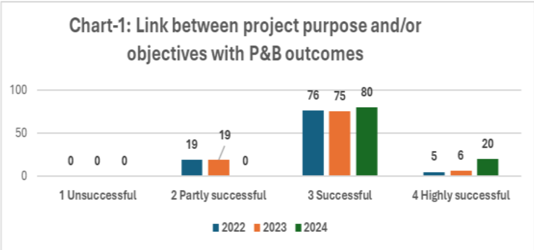
Output wise progress of deliverables during biennia 2024-25

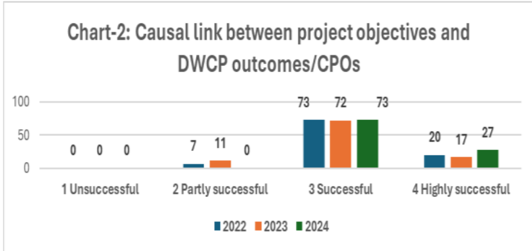


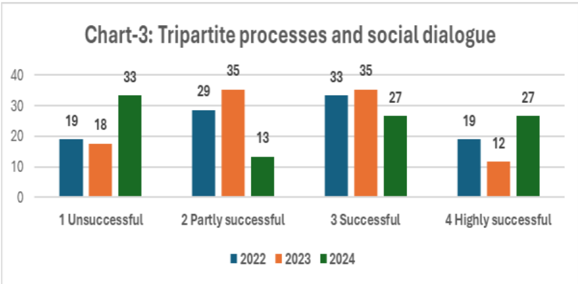
NS= Not started; IP = In progress; COM= Completed

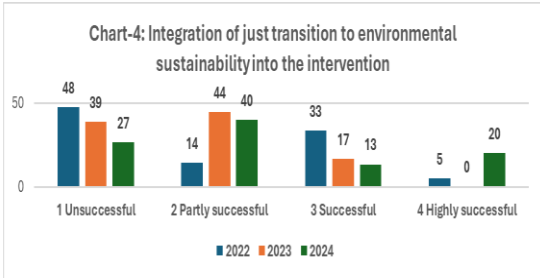
Annexure IV

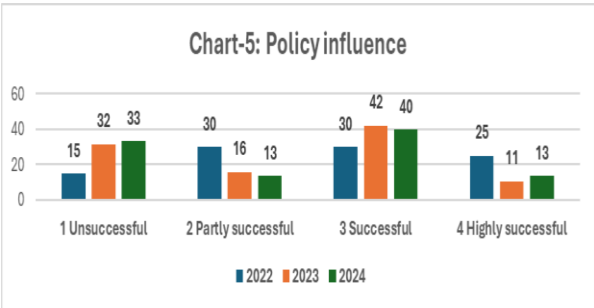
Charts showing analysis on the meta data against eight selected KPIs

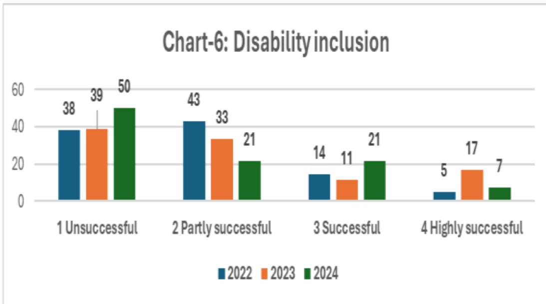


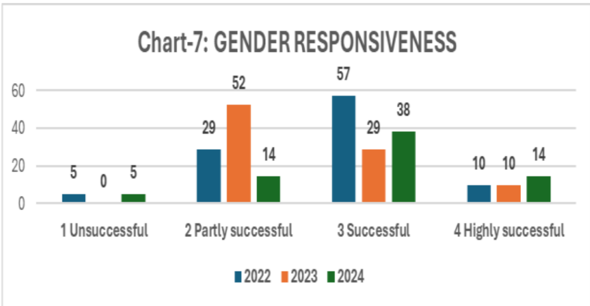


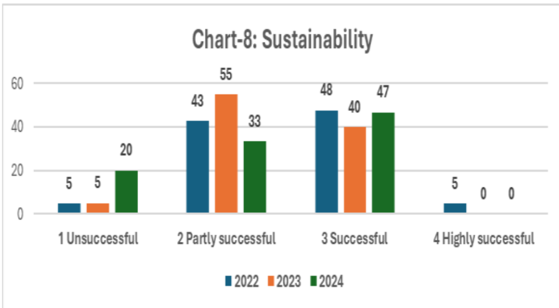












Figures shown are in percentage.

7. Appendix

Additional unaudited information

▶ Details of net assets revenue and expense by fund for 2025 (US$ thousands)

	Net assets 31 Dec 2024	Revenue 2025	Expense 2025	Foreign exchange gain (losses) 2025	Net result 2025	Deficit financing	Adjustments to net assets	Net assets 31 Dec 2025
Funds with approved budget:								
Regular Budget	135 091	437 153	(447 048)	55 069	45 174	52 553	(24 262)	208 556
CINTERFOR	1 106	2 246	(2 406)	(4)	(164)	–	–	942
ITCILO	40 580	51 486	(50 764)	(3 244)	(2 522)	–	5 517	43 575
Subtotal	**176 777**	**490 885**	**(500 218)**	**51 821**	**42 488**	**52 553**	**(18 745)**	**253 073**
Voluntary contribution activities								
Development Cooperation Projects	–	420 016	(420 127)	278	167	–	–	167
RBSA	72 896	20 132	(19 384)	(52)	696	–	–	73 592
Subtotal	**72 896**	**440 148**	**(439 511)**	**226**	**863**	**–**	**–**	**73 759**
Subsidiary funds								
Programme Support Income	199 980	54 224	(31 705)	(602)	21 917	–	(44)	221 853
Publications	2 382	110	(93)	(5)	12	–	–	2 394
Information Technology System	13 098	305	(1 443)	(19)	(1 157)	–	–	11 941
Research	16 188	485	(586)	(35)	(136)	–	–	16 052
Gifts, Grants and Reimbursable Costs	5 221	8 487	(9 021)	243	(291)	–	–	4 930
Land and Buildings	676 121	25 175	(12 033)	(9 665)	3 477	–	113 102	792 700
Building Accommodation	145 387	9 244	(22 529)	19 642	6 357	–	–	151 744
Working Capital	38 846	–	–	5 514	5 514	(44 360)	–	–
Income Adjustment Account	83 551	4 707	(878)	11 296	15 125	(8 193)	–	90 483
Prior Period Surplus	974	30	–	136	166	–	–	1 140
Special Programme Accounts	6 851	210	(17)	959	1 152	–	–	8 003
Terminal Benefits	24 991	5 724	(5 032)	905	1 597	–	1 294	27 882
SHIF	61 457	68 124	(70 442)	4 824	2 506	–	–	63 963
ASHI Liability	(1 984 143)	–	(87 252)	–	(87 252)	–	156 499	(1 914 896)
ASHI Reserve	38 587	9 173	(127)	329	9 375	–	–	47 962
Other Funds	6 382	6 836	(9 312)	(16)	(2 492)	–	(1 258)	2 632
Subtotal	**(664 127)**	**192 834**	**(250 470)**	**33 506**	**(24 130)**	**(52 553)**	**269 593**	**(471 217)**
Inter-fund elimination	–	(139 679)	139 679	–	–	–	–	–
Total	**(414 454)**	**984 188**	**(1 050 520)**	**85 553**	**19 221**	**–**	**250 848**	**(144 385)**