International Labour Organization

▶ GB.357*bis*/PV/Draft

Governing Body

357th *bis* (Special) Session, Geneva, 7 September 2026

Draft minutes of the 357th *bis* (Special) Session of the Governing Body of the International Labour Office

Contents

▶ Introduction

1. The 357th *bis* (Special) Session of the Governing Body of the International Labour Office was held in Geneva on Monday, 7 September 2026. It was presided over by Mr Matthew Wilson (Barbados), the Chairperson of the Governing Body. Mr Matthias Thorns was the Employer Vice-Chairperson and Ms Catelene Passchier was the Worker Vice-Chairperson.

▶ Institutional Section

1. Appointment of the Chairperson of the Standards Review Mechanism Tripartite Working Group for the period 2026–27 (GB.357*bis*/INS/1)

2. **The Chairperson of the Government group** requested more time that day to reach consensus on a new Chairperson of the Standards Review Mechanism Tripartite Working Group, as the vacancy had arisen rather suddenly the previous week.

3. **The Employer Vice-Chairperson** encouraged the Government representatives to nominate a Chairperson urgently because the meeting was scheduled for the following week. Not only had significant costs been incurred, but the ILO also had to show that it was functional, even in difficult times. Postponing the meeting would therefore send the wrong message.

4. **The Worker Vice-Chairperson** thanked the former Chairperson of the Standards Review Mechanism Tripartite Working Group, Mr Ramón Muñoz Castro of Colombia, who had led its work with enormous commitment and would be missed. The work of the Standards Review Mechanism was one of the priority areas for action by the Organization as part of its core mandate. The new Chairperson must be somebody who understood the work and had preferably already participated in it.

   (*The Governing Body postponed its consideration of this item until later in the session.*)

5. When the discussion resumed, **the Chairperson of the Government group** announced the nomination of Ms Monica Vimbayi Hanga, Minister Counsellor of Zimbabwe to the United Nations and other international organizations in Geneva, who the group considered to be a very capable person for the position.

6. **The Worker Vice-Chairperson** welcomed the fact that the Government group had reached agreement. She looked forward to a very constructive meeting presided over by the new Chairperson from Zimbabwe.

7. **The Employer Vice-Chairperson** thanked the Government group for finding a candidate, particularly in view of the important topic of the meeting. He thanked the outgoing Chairperson for his work and wished him well. The Employers' group fully endorsed the candidate and had full confidence in her.

8. **The Chairperson** congratulated Ms Monica Vimbayi Hanga on her appointment and wished her well in chairing the meeting the following week

9. **Speaking on behalf of the Africa group,** a Government representative of the Niger expressed appreciation for the outcome and thanked the Government representatives of Mexico and China, and the respective regional groups, for their flexibility, which had facilitated the

consensus-based decision. He also thanked the Chairperson of the Government group for her efforts in seeking consensus and the social partners for their support.

Decision

10. The Governing Body:

(a) conveyed its appreciation to Mr Ramón Muñoz Castro for the services rendered as Chairperson of the Standards Review Mechanism Tripartite Working Group since 2024;

(b) appointed Ms Monica Vimbayi Hanga (Zimbabwe) as Chairperson of the Standards Review Mechanism Tripartite Working Group for the period 2026–27.

(GB.357*bis*/INS/1, paragraph 3)

▶ Programme, Financial and Administrative Section

1. Reduction of posts within the contingency framework for the 2026–27 biennium (GB.357*bis*/PFA/1)

11. The Chairperson announced that, in view of the questions raised during an information session for Governing Body members the previous week, the Office had circulated an update on the functional review and implementation of human resources processes as part of the contingency measures [1] and a note containing additional information on the reduction of posts within the contingency framework for 2026–27 biennium. [2]

12. The Chairperson of the Staff Union made a statement to the Governing Body, which is reproduced in its entirety in the Appendix.

13. The Worker Vice-Chairperson said that the Office's financial perspectives for 2026 and beyond remained unclear, as uncertainty remained surrounding financial contributions, including the arrears of the United States of America for 2024 and 2025. At a time when the world was spending money on wars and weaponry instead of on combating poverty and natural disasters resulting from climate change, it needed more of the ILO, not less.

14. A prudent way forward was needed in terms of reducing staff and essential expertise. It was concerning that some ILO staff were being presented with decisions on the abolishment of their functions and pressured to accept severance packages, when the methodology and criteria used to reach those decisions were still unclear. The lack of transparency and communication compounded the sense of insecurity and anxiety among staff. Although the Office was under intense pressure to take measures as quickly as possible, she warned against a process that prioritized speed over prudence, which might lead to increased costs and heighten the risk of legal challenges. It was unfortunate that the provisions in the Staff Regulations governing without limit of time (WLT) appointments had not been addressed at the June session of the Governing Body, if not during the Conference, so as to allow an immediate implementation of the Governing Body's decision.

[1] Update.

[2] Additional information.

15. The Governing Body had taken important decisions at its 355th Session (November 2025), which had explicitly addressed impacts on staff and preserving the mandate of the Organization. It had reaffirmed that the ILO reform and all subsequent measures would be guided by, and fully respect, the Organization's constitutional mandate and requested that the reform process be guided by priorities including preserving the necessary normative, technical and policy expertise at headquarters and safeguarding the operational capacity of the Organization to deliver on its fundamental mandate. However, it was still unclear how the proposed reduction of posts would affect the implementation of the ILO's mandate. The Workers' group nevertheless understood that contingency measures must be taken due to the significant arrears of several countries, and once again requested that ILO Member States pay their dues.

16. The decision before the Governing Body was not an easy one for several reasons: it would affect people, long-standing members of staff holding WLT appointments, and potentially weaken the level of expertise and the institutional memory of the Organization. There might be a dispute over the competent organ to take such a decision, which could prove costly if contract terminations were challenged before the Administrative Tribunal of the ILO. However, there were also risks in not taking action until the next session of the Conference. The more the Office worked with the Staff Union to reduce the number of involuntary terminations, communicated transparently and honoured the Memorandum of understanding on the applicable framework for social dialogue in the context of the ILO reform and the Framework agreement on workforce adjustment, the lower the risk of legal challenges would be.

17. As to the draft decision, it should be clear that the words "up to 73 posts" established a maximum and that a higher number of agreed terminations should reduce the number of involuntary terminations. The Workers' group proposed an amendment to insert, at the end of subparagraph (b), the wording "in the context of the contingency framework, that priority be accorded to agreed terminations, and that any involuntary terminations be used only as a last resort". The Director-General should report to the Governing Body on the implementation of the proposed measures at its next session, as stated in subparagraph (c). The number of posts should be discussed again at the 159th Session (March 2027) of the Governing Body and at the next session of the Conference.

18. The Workers' group sent a strong message of solidarity with the staff, who were continuing to show unwavering commitment to the ILO and its mandate while facing continuous insecurity about their future in the Organization and the impact on their lives. They deserved the maximum prudence, care and transparency in the circumstances.

19. **The Employer Vice-Chairperson** recognized that the Office was navigating a difficult financial, political and legal situation, with no easy way through it, and that it was an extremely stressful time for all ILO staff. He welcomed the fact that efforts had been made to preserve policy and normative expertise as much as possible. He asked the Office to clarify the criteria used to select the 19 policy positions that would be abolished and which areas would be affected. The success of any reduction exercise depended not only on the criteria used, but also on the consistent and careful application of such criteria and the support provided to staff during the transition. Managers should therefore be given clear and consistent guidance so that the process was implemented in a clear and coherent manner across departments and regions.

20. As the underlying cause of the current situation was a shortfall in income, he encouraged ILO Member States to pay their outstanding contributions as a matter of urgency. The freeze on recruitment, the containment of non-staff costs, the launch of the targeted agreed termination exercise, regular internal consultations with the Staff Union and continuous bilateral discussions with constituents showed that the Office was making real efforts to preserve as many posts as possible, and that it was treating involuntary terminations as a last resort. He welcomed the assurance during the information session that continued, constructive social dialogue would take place, and encouraged the Administration and the Staff Union to finalize the agreement on workforce adjustment processes and measures. The Office was in an extremely difficult situation and now needed to courageously implement the contingency measures because the future of the Organization depended on it.

21. The Employers' group supported the original draft decision and the spirit behind the Workers' proposed amendment. However, because "a last resort" was vague, absolute wording that might jeopardize smooth implementation, he proposed a subamendment to replace "any involuntary terminations be used only as a last resort" with "all reasonable efforts will be made to avert or minimize involuntary terminations".

22. **The Worker Vice-Chairperson** supported the subamendment, which could be considered to be a joint proposal of the social partners.

23. **Speaking on behalf of the Government group**, a Government representative of the Kingdom of the Netherlands said that the decision before the Governing Body should be clearly understood as an exceptional response to the Organization's current financial circumstances and not as a precedent for ordinary workforce management. Her group was fully cognizant of the magnitude and importance of the issues at hand and lent its full support to the Director-General in proceeding with the implementation of the contingency measures within the legal framework.

24. She asked how the Office intended to manage any residual legal risks associated with the Governing Body's decision, including in the period before it was reported to the Conference, and sought clarification on the relationship between the number of established posts and the number of WLT contract holders and on the current margin between the two figures.

25. In a context where other United Nations agencies had been equally affected by funding cuts, difficult decisions, including staff reductions, had to be taken to ensure that the ILO continued to deliver on its mandate. The Government group appreciated the fact that all possible alternatives were being considered to reduce the number of involuntary terminations. She sought further information on how the proposed approach would preserve the Organization's core technical, normative and supervisory capacities, how it would minimize longer-term impacts on institutional effectiveness, the extent to which meaningful redeployment opportunities existed, and what outcomes had resulted from the negotiations with the Staff Union.

26. The Government group welcomed the continued commitment of ILO staff to delivering the ILO's mandate under difficult circumstances and trusted that the Office would continue to engage with staff in a transparent, fair and respectful manner throughout the process.

27. **Speaking on behalf of the Africa group**, a Government representative of South Africa recognized the financial challenges facing the Organization and the need for measures to ensure its financial sustainability by saving around US$22 million for the remainder of the biennium. He commended the Office's systematic approach to the proposed reduction of up to 73 posts, including the functional review and the efforts undertaken through social dialogue with the Staff Union.

28. However, the proposal did not sufficiently address the under-representation of certain regions and groups, including persons with disabilities. The Organization must take into consideration existing geographical imbalances when reducing the number of posts to avoid deepening representational inequalities. Moreover, the proposal did not clearly show how regions with significant technical assistance and capacity-building needs would be affected. He therefore requested a clear assessment of the geographical distribution of the proposed reductions, regional technical assistance needs and the balance between field-based and headquarters staff, and sought assurances that technical capacities would be preserved and that regional capacities would be strengthened.

29. Staff reductions should not be viewed simply as cost savings, as they had institutional, professional and human consequences. The Office should demonstrate more clearly how the proposed staff reductions would affect the Organization's overall operating costs. While staff reductions might generate savings in personnel costs, such savings might be offset by additional costs arising from outsourcing, consultancy services, temporary staffing, travel, operational support and the delivery of technical assistance. He welcomed the progress made by the Joint Negotiating Committee. However, it remained unclear how the Office would address the consequences of the reductions in the short, medium and long term.

30. The Africa group remained concerned that the ongoing ILO reform had not been adequately reconciled with the 1986 Instrument of Amendment, which aimed to make the Organization's governance more democratic and representative of its global membership, which was intrinsically linked to the present exercise. As the reductions could further disadvantage under-represented regions such as Africa, the workforce adjustment should be considered in the context of broader constitutional reform.

31. He called for greater clarity on possible measures to support affected staff. Financial sustainability must be pursued alongside social justice, equitable geographical representation, effective technical assistance, meaningful social dialogue and the constitutional integrity of the Organization. The Africa group supported the original draft decision and was still discussing the proposed amendment and subamendment.

32. **Speaking on behalf of the group of Latin American and Caribbean countries (GRULAC)**, a Government representative of the Dominican Republic noted the Office's efforts to reduce non-staff costs and to minimize involuntary terminations, and encouraged it to fully exhaust them and any other alternatives, including vacancy management, natural attrition, mobility and redeployment, before resorting to involuntary terminations. It was particularly concerning that up to 73 of the 120 estimated contract terminations could affect officials holding WLT appointments, which were granted taking into account conduct, performance, length of service and suitability for a career at the ILO. That was a significant number of the ILO's career staff, who were essential to preserving the independence of the Office, the continuity of the Organization's mandate and its institutional memory and technical and operational capacities. If not handled with the utmost rigour, transparency and caution, the process could weaken the institution and undermine its ability to respond to constituents' needs.

33. Noting that it would be the first time that article 11.5 of the Staff Regulations had been applied since it was amended in the 1988 reform, he said that the exceptional and potentially irreversible nature of the measure required careful consideration by the Governing Body. Its decision should have a sound legal basis and take account of the potential repercussions for the ILO, the Governing Body, the tripartite constituents and staff. The proposed reduction of up to 73 posts should be regarded as a maximum rather than a target and should not undermine efforts to identify alternatives that could reduce the number of terminations. Decisions must be based on objective, fair and transparent criteria and must preserve the capacities necessary for the ILO to fulfil its normative, supervisory and technical functions while respecting the rights of all staff.

34. To enable the Governing Body to fully exercise its oversight function, he called for genuine and continuous social dialogue with the Staff Union, appropriate support for affected staff, and regular reporting by the Director-General to the Governing Body on the financial situation, the non-staff savings achieved, the results of voluntary measures, the final number of terminations required and their impact on the composition and capacities of the Office.

35. **Speaking on behalf of the European Union and its Member States**, a Government representative of Lithuania said that Montenegro, Albania, Ukraine, the Republic of Moldova, Iceland, Norway and the United Kingdom of Great Britain and Northern Ireland aligned themselves with the statement. She noted with deep concern that arrears in the payment of assessed contributions currently exceeded CHF219 million and that rates of timely payments were persistently low. She therefore urged all Member States to pay their arrears and assessed contributions in full and on time to avoid an irreversible impact on the ILO's capacity to deliver on its mandate. In the functional review based on priorities critical to the ILO's mandate leading to the identification of positions for possible abolishment, critical capabilities for mandate delivery must be preserved. She requested the Office to keep the Governing Body informed of progress, including the corresponding organizational chart and specific information on deprioritized areas of work. Cost containment efforts must not become a long-term substitute for structural reform.

36. The Staff Union must be provided with full and transparent information to ensure its meaningful participation. She expressed appreciation for the fruitful social dialogue that had led to the adoption of a package of agreed terminations and for efforts made to mitigate any potential legal and financial risks linked to the adoption of the Governing Body's decision. The Office should submit proposals for concrete measures aimed at strengthening the Organization's medium- and long-term resilience, such as income diversification and incentives for the payment of assessed contributions, for the Governing Body's consideration at its next session. She echoed the message of appreciation for the dedication of ILO staff, who were working tirelessly to deliver on the Organization's mandate during challenging and uncertain times, and called on the Director-General to continue engaging with staff in a fair, transparent and respectful manner throughout the process. She requested the Office to prioritize agreed terminations to reduce the involuntary terminations and to provide clear information at the November session. Because of the seriousness and urgency of the matter due to the ILO's liquidity situation, the European Union and its Member States supported the draft decision as subamended by the Employers' group.

37. **A Government representative of Brazil** said that all contingency and broader reform measures should be guided by the overarching objective of preserving the ILO's capacity to deliver on its mandate. He requested a more detailed analysis of the proposed elimination of up to 73 posts and the expected savings, including the impact across the different areas of the Organization, and the relevant gender and geographical distribution indicators. Any decision taken at the present session must have a robust legal basis and ensure adequate safeguards for the ILO, the Governing Body and its constituents. He asked whether all available measures and safeguards had been considered with a view to mitigating the legal and financial risks identified by the Staff Union, including possible future liabilities should the Tribunal find that the Governing Body lacked the competence to authorize a reduction of posts without a prior delegation of authority by the Conference. He highlighted the importance of preserving dedicated structures for South–South and triangular cooperation, as diluting such capacities would weaken support where it was most needed. Transparent and meaningful dialogue with staff and constituents was essential to safeguarding the Organization's core mandate and institutional integrity.

38. **A Government representative of China** noted that her country had consistently and conscientiously met its obligations to the Organization and urged all Member States to fulfil their financial obligations to strengthen budget management and financial accountability. She acknowledged efforts to reduce non-staff costs and encouraged the Office to continue fostering a culture of efficiency and adopting practical measures to strengthen financial resilience. The proposed reduction of an estimated 120 positions, including 73 WLT appointments, was lamentable. Every effort should be made to minimize involuntary terminations. Where such terminations were unavoidable, the Office must abide by the principles of fairness, transparency and consultation and engage in comprehensive dialogue with the Staff Union to address issues raised by staff. The situation of regions and countries that were under-represented must not be exacerbated. At the briefing the previous week, it had appeared that the highest number of staff affected by the recent agreed termination exercise had been from Asia and the Pacific. Despite being the second-largest contributor to the budget of the ILO, China was significantly under-represented in the ILO staff and the Government would oppose any measure that would further weaken the representation of Chinese nationals.

39. Organization and planning should be improved to avoid the need for ad hoc special sessions of the Governing Body. Greater attention should be paid to capacity-building and South–South cooperation. The Office should continue reporting regularly on the progress of the reform and the collection of assessed contributions. Turning to the draft decision, she expressed support for the subamendment proposed by the Employers' group.

40. **A Government representative of Barbados** said that the time had come for decisions to be taken and it was appropriate for the Office to request the Governing Body's approval. Painful decisions had to be made that would have an impact on the ILO's work. The situation was unlikely to improve in the near future. The Office must remain sensitive to the impact on its people and their families, and adjustments to staffing levels must be done professionally and fairly. Dialogue with the Staff Union must continue with a view to exploring all available options, with staffing reductions undertaken on a voluntary basis as far as possible. The ILO must remain faithful to, and protect its ability to deliver on, its core mandate, and Member States must work with the Office to enable it to remain effective. He supported the draft decision as subamended by the Employers' group.

41. **A Government representative of Japan** said that his Government remained concerned by the financial uncertainties facing the Organization, particularly the pressure on liquidity. Member States had a responsibility to pay their assessed contributions in full and on time. Adequate financial buffers should be rebuilt to strengthen the Organization's resilience against future fluctuations. He encouraged the Office to minimize involuntary terminations through fair and transparent processes. The ILO's technical expertise and field operational effectiveness must be preserved. Strengthening field capacity remained an important objective, and workforce adjustment measures should be implemented in a manner that would safeguard the Organization's ability to deliver on its mandate. Regarding the draft decision, he expressed support for the subamendment proposed by the Employers' group.

42. **A Government representative of Gabon** emphasized the urgency of implementing contingency measures, including a reduction in posts. The Office needed to streamline resources to ensure the continuity of its work, and budgetary optimization had become essential. The restructuring should be undertaken with full transparency in the context of constructive social dialogue with the Staff Union, without undermining the ILO's capacities for action on the ground. The reorganization of the ILO's work should follow three guiding principles: safeguarding of financial and human resources allocated to technical programmes

in Africa; respect for equal geographical representation, avoiding any undue impact on African staff; and preservation of the ILO's technical assistance capacities, ensuring support for developing countries that relied on its expertise. He expressed support for the original draft decision and was still considering the proposed amendment and subamendment.

43. **A Government representative of the Russian Federation** expressed appreciation for the organization of the special session of the Governing Body and the information session the previous week. The approach ensured accountability and transparency in the ILO reform process, and should be maintained throughout the period of reform. Multilingualism and equitable geographical representation remained key priorities for his Government. Since the ILO's oversight functions, as well as the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV), were exempt from the staff reductions, he asked whether that immunity would have implications for equitable geographical representation among ILO staff. There was some merit in maintaining the ILO's oversight functions in their current form, but it was essential that the Office should discuss with other organizations in the UN system the option of merging them in the context of the UN80 Initiative with the aim of increasing the effectiveness of internal oversight, particularly in the field, and cutting costs. As the painful decisions facing the Organization stemmed from the high level of budget arrears, he echoed the calls on Member States to settle their arrears.

44. **A Government representative of the Republic of Korea** said that measures aimed at organizational restructuring and staff reductions, where unavoidable, should be reasonable, well justified and broadly supported by constituents, and the functions most closely aligned with the Organization's core mandate should be protected. The reform process was an opportunity to address existing imbalances in geographical representation, including by taking into account Member States' assessed contributions, a dimension that had not always been sufficiently reflected in ILO staffing practices. She expressed support for the draft decision as subamended by the Employers' group.

45. **A Government representative of Spain** expressed concern regarding the financial circumstances and the management of the staffing situation, and called for the ILO to focus on delivering on its core mandate, which must be reflected in the Programme and Budget for 2028–29. Approval of a reduction in posts must not trigger the immediate termination of the posts referred to in the draft decision. The functional review should first be finalized, the outcome communicated at headquarters and in the field, and negotiations on the terms of the workforce adjustment process concluded in a fair and transparent manner. The implementation of measures required by the necessities of the service in the context of the contingency framework must strictly adhere to social dialogue and must prioritize long-term measures that could safeguard the Organization's resilience and give precedence to agreed terminations, with involuntary terminations used only as a last resort. His Government would join the consensus on the draft decision.

46. **A Government representative of the Islamic Republic of Iran** noted the Office's acknowledgement that the possibility that the Tribunal might find that the decision on a reduction of posts should have been taken by the Conference could not be ruled out. Given that residual risk, and since article 13(2)(c) of the ILO Constitution vested budgetary authority in the Conference, he asked the Office why it had preferred to organize a special session of the Governing Body rather than pursuing a delegation of authority from the Conference. He noted the Office's explanation that even where the Tribunal had ruled that similar decisions had been improper, it had on occasion declined to order reinstatement and had instead awarded damages, which did not remove the risk of financial liability. He asked whether the Office had estimated the potential scale of financial liabilities that could be incurred under different scenarios and how that had been factored into its recommendations.

47. He requested clarification on other options available under the ILO Financial Regulations, including action to ensure prompt payment of contributions under article 10(4), borrowing under article 21(1)(b) or an additional assessment under article 21(3), and asked why such options had not been pursued alongside the reduction of posts. Noting the Office's confirmation in the additional information document that article 11.5(a) of the Staff Regulations could be clarified through the amendment procedure under article 14.7 following consultation with the Joint Negotiation Committee, he encouraged it to consider that option to avoid future legal uncertainty.

48. He expressed support for the prioritization of agreed terminations and encouraged the Office and the Staff Union to conclude the process swiftly to ensure that involuntary terminations would remain a last resort. He asked how the Office was ensuring that the Governing Body's decision that officials on fixed-term appointments should not be disproportionately affected by the adjustment exercise was being applied. He acknowledged the professionalism and dedication of ILO staff in the difficult circumstances and called on the Office to keep the Governing Body and Staff Union fully informed of developments.

49. **A Government representative of Mexico** said that the proposed reduction of 73 posts must be an exceptional measure based on the current financial circumstances and not set a precedent for routine human resources management. He requested the Office to explain how it reconciled its interpretation of the competence of the Governing Body with the precedents from 1976 and 1977, when the Conference had delegated authority to it for the reduction of posts. Since the Office itself had recognized that a decision of the Conference would provide a stronger legal basis, he asked for clarification on the legal provisions that had led it to conclude that an express delegation of authority from the Conference was not required in the current situation, and on the effect of the 1988 amendments to the Staff Regulations.

50. In the light of the possibility of a challenge before the Tribunal, he asked whether the Office had examined the case law invoked by the Staff Union in relation to the abolishment of posts for financial reasons and, if so, which legal provisions or facts differentiated those precedents from the present situation and supported the view that the current proposals had a sound legal basis. He agreed that involuntary terminations must remain a last resort and requested information on available alternatives, such as redeployment and agreed terminations. He also asked whether the Office had considered establishing a mechanism allowing it to review, adjust or suspend the reduction of posts if the financial situation improved. He requested an estimate of the financial implications of the staff reductions proposed, including the compensation, allowances and other benefits for which affected individuals would be eligible. His Government could support the draft decision as subamended by the Employers' group.

51. **A Government representative of South Africa** emphasized the impact of the decision on young people in Africa, huge numbers of whom would enter a labour market fraught with crises and challenges. Cutting funding to projects in Africa would represent a strategic betrayal of those young people. The ILO's technical support for job creation, skills development and formalization served as a firewall against social unrest, mass migration and instability. The Organization's technical capacity in those areas must be protected and strengthened in order to achieve the strategic objective of full and productive employment. His Government supported the draft decision as subamended by the Employers' group.

52. **A Government representative of Senegal** said that it was deeply regrettable that the ILO, whose mission was to protect workers around the world, had no other choice than to terminate the appointments of some of its own staff as a consequence of the financial situation. The Office should prioritize dialogue during the implementation of the reform in the context of the contingency framework. Underscoring the importance of social justice, he encouraged the Office to take into consideration the need to preserve geographical representation and balance, safeguard field operations and ensure staff security throughout the reform process. The reform must avoid any negative impact in terms of delivering on its mandate on the ground and must seek to address existing imbalances and not exacerbate them. Key programmes, such as technical assistance and capacity-building activities, must be retained in the regions where they were most needed. He acknowledged the remarkable efforts and contributions of the ILO staff in carrying out its mandate. His Government supported reaching a consensus as soon as possible on the draft decision.

53. **A Government representative of El Salvador**, authorized by the Officers of the Governing Body to speak in accordance with paragraph 1.8.3 of the Standing Orders of the Governing Body, acknowledged the need to adopt responsible measures to ensure the Organization's financial sustainability and preserve its capacity to effectively fulfil its mandate. The process should be carried out in a prudent, transparent manner, with social dialogue ensured, and all possible alternatives should be exhausted before resorting to involuntary terminations. It was crucial to safeguard the ILO's technical, normative, supervisory and cooperation capacities in the field and its institutional memory. She encouraged the Office to keep constituents informed of the financial situation and the implementation of the contingency measures and to strike a balance between securing the Organization's sustainability and protecting its human capital.

54. **A Government representative of Pakistan**, authorized by the Officers of the Governing Body to speak in accordance with paragraph 1.8.3 of the Standing Orders of the Governing Body, said that a reduction of posts was not just a budgetary issue but affected people, morale and the Organization's capacity. Involuntary terminations must therefore remain a last resort once all options for agreed terminations, redeployment and matching of staff had been exhausted. The concerns raised by the Staff Union must be properly reflected in the implementation of contingency measures, which must be fair, transparent and consistent with the Staff Regulations and involve genuine and meaningful social dialogue. Staff reductions should not disproportionately affect developing countries or under-represented regions, and the reform process should improve geographical representation in the Office.

55. **A Government representative of Indonesia**, authorized by the Officers of the Governing Body to speak in accordance with paragraph 1.8.3 of the Standing Orders of the Governing Body, said that the proposed reduction in posts should be viewed in the context of the broader ILO reform and the contingency framework endorsed by the Governing Body in June 2026. He requested assurances that the proposals remained consistent with the principles agreed at that time, particularly the need to protect critical capabilities and preserve the technical capacity required for effective mandate delivery. He also requested clarification on measures aimed at minimizing the impact on the Organization's capacity. Given the long-term institutional and regional implications of the proposals before the Governing Body, the Office should strive for transparency and broad engagement with constituents throughout the process. Any workforce adjustment should safeguard equitable geographical representation, preserve sufficient capacity to respond effectively to constituents' needs, and remain consistent with the broader reform objective of strengthening capacity in the regions and in the field. Efforts aimed at financial sustainability and organizational efficiency should reinforce, not diminish, the ILO's capacity to deliver on its mandate.

56. **A Government representative of Uruguay** echoed the concerns regarding legal uncertainty raised by the Government representative of Mexico. He emphasized the importance of engaging in mechanisms for information-sharing, dialogue, consultation and negotiation with staff representatives in response to the ILO's financial crisis. Such mechanisms should comprise procedural and formal elements as well as substantive matters and outcomes. The ILO should set an example for responding to employment-related crises by prioritizing agreed terminations and ensuring maximum transparency and safeguards in the measures adopted. He expressed support for the draft decision as subamended by the Employers' group.

57. **Speaking on behalf of the Africa group**, a Government representative of South Africa said that his group could support the draft decision as subamended by the Employers' group.

58. **The Director-General** expressed gratitude to the Governing Body members for the rich and constructive discussion and thanked the Chairperson of the Staff Union for her powerful statement on behalf of the staff. The current situation was not easy and was clearly a balancing act. The Office had endeavoured to do everything possible to minimize the impact on the core activities of the ILO. However, it had been impossible to exempt the policy departments and the regions from the reductions in posts, as that would have left the administrative and enabling departments unable to function. The impact on the core activities and the regions had nevertheless been reduced to a minimum, with the regions affected by around 10 per cent of the current budgetary baseline, the Policy cluster by 18 per cent, and the International Labour Standards Department within the Policy cluster by 11 per cent. In comparison, the External and Corporate Relations cluster and the Corporate Services cluster had been affected by around 31 per cent of the baseline in order to achieve the required US$22 million in savings. As part of the structural reform, the Office was still aiming to relocate expertise from headquarters to the field, without putting at risk the global work in Geneva. It was also mindful of preserving geographical balance, particularly among countries that were currently under-represented among staff.

59. The Office would do its utmost to use agreed terminations to the greatest extent possible and ensure that involuntary terminations were kept to an absolute minimum. That would also be a means of managing the risk of challenges before the Tribunal. Time was of the essence because any delay could result in an increase in the number of posts to be abolished. Notice had to be sent to affected staff members with fixed-term contracts by the end of October so that the terminations would become effective by 1 January 2027. With respect to staff members with WLT contracts, a notice of at least three months was required under the Staff Regulations.

60. He provided assurances that there would be no dilution of South–South and triangular cooperation in the future. On the contrary, the Office would enhance synergies in engagement with the multilateral system as part of the UN80 Initiative through a new, merged Multilateral and South–South Engagement branch of the Multilateral Partnerships and Development Cooperation Department.

61. **A representative of the Director-General (Assistant Director-General for the Regions and Director of the Director-General's Office)** thanked the Governing Body members for expressing their appreciation for the ILO staff and the important work they were continuing even in difficult times. The Administration would do everything possible to keep staff informed to ensure that the process was fair and transparent, and would continue offering information sessions to explain the factors underpinning the functional review and the outcomes. The review had focused on functions, not people, and in particular on pooling and streamlining managerial and enabling functions as far as possible. The current emphasis was on the agreed termination scheme launched the previous week. The Administration, together with the Staff

Union, would offer information sessions to make staff members fully aware of the opportunities available. Some vacant positions that had been frozen as a temporary contingency measure were considered to be of strategic importance and would be made available for redeployment purposes. It was hoped that the agreed termination scheme would also open up opportunities for redeployment.

62. The 19 positions identified in the Policy cluster were part of the 126 encumbered positions that had been identified for potential abolishment. The majority were enabling, managerial and support functions and five were technical specialist positions that were evenly distributed among the five departments in the cluster.

63. The Office was continuing to do everything possible to increase savings from non-staff contingency measures. Travel from headquarters had been reduced by an estimated 30 per cent and the volume of printing by around 80 per cent in the last year. Other non-staff-related contingency measures were still being explored, including leases and building management, with a view to mitigating the impact on staff and making the Organization more efficient.

64. A risk analysis had shown that the ILO's oversight functions were critical to the process and had therefore been exempted from the contingency measures. The Office noted the suggestion from the representative of the Russian Federation to explore further collaboration on oversight within the UN system; the ILO reform was indeed aligned with the UN80 Initiative. ACTRAV and ACT/EMP had also been exempted from the contingency measures because of the importance of the services they provided to the social partners.

65. **Another representative of the Director-General (Treasurer and Financial Comptroller)** explained that the Office had considered in depth the possibilities mentioned by the Government representative of the Islamic Republic of Iran of external borrowing and an additional assessment. Both options were open and would require a decision of the Governing Body. If the Office took out a loan in accordance with article 21(1)(b) of the Financial Regulations, it would have to be repaid as soon as possible and the only income it could rely on in the long term to make repayments would be the assessed contributions of those Member States that continued to make payments on time. If a new assessment was levied on all Member States in accordance with article 21(3) of the Financial Regulations, the amount would be apportioned on the basis of the current assessment. Non-receipt of a percentage of that additional assessed amount would still leave a shortfall. Therefore, neither measure would solve the long-term liquidity problem resulting from non-receipt of arrears or current-year contributions, and both measures would mean that those Member States that had continued to pay in full and on time would have to pay twice. Both options had therefore been discounted.

66. The Office was facing the prospect of having no reserves left by the end of 2026. That would mean that if it received all contributions expected at the beginning of 2027 but did not receive contributions from the larger Member States, it would be in the same position or worse by June 2027, unless there were further cuts in non-staff costs. However, further cuts in non-staff costs were not practical because they would include the closure of offices and the suspension of meetings to avoid job reductions. There was therefore an urgent need for a decision at the current session of the Governing Body so that the ILO could attempt to balance the budget for the second half of the biennium.

67. **Another representative of the Director-General (Assistant Director-General, Corporate Services cluster)** assured the Governing Body that the Administration had been engaging actively and judiciously in social dialogue with the Staff Union to discuss the many human resources matters related to the unprecedented contingency measures. The Joint Negotiation Committee had discussed the implementation of road maps, selection criteria and supporting measures for staff. The results included the signing of an agreement with the Staff Union on voluntary measures and the conclusion of an annex to the framework agreement on workforce adjustment. The elaboration of the mapping and matching process was currently being finalized and the next step would be to work on redeployment measures, in negotiation with the Staff Union.

68. **Another representative of the Director-General (Director, Human Resources Development Department)** explained, in relation to the number of WLT positions, that the number of available established posts was currently 1,026. Since the amendments to the Staff Regulations had been introduced in the 1988 reform, that number had been used exclusively as the maximum quota for granting WLT appointments. Currently, 792 officials held a WLT appointment. The number of P and D staff with a WLT appointment was lower than the quota, not least because there had not been an exercise to grant WLT appointments since the recent staff departures, including those due to agreed terminations. The number of General Service staff with a WLT appointment was lower than Professional staff because the composition of ILO staff had shifted towards more Professional and fewer General Service staff, and many staff members did not yet meet the criteria for a WLT appointment.

69. Throughout the workforce adjustment process, the Office would ensure that no groups were disproportionately impacted. Geographical representation remained very important. After the recently completed agreed termination exercise, the Office had reviewed the figures, which had shown that there had been no impact on geographical representation or gender balance.

70. **Another representative of the Director-General (Legal Adviser)** explained, in response to the questions on legal safeguards, that the Office would strictly implement any decision taken by the Governing Body, including the ceiling on the number of posts that could be reduced. The Office would also rigorously apply the Staff Regulations, in particular the procedure concerning the termination of officials with a WLT appointment, which required consultation with the Joint Negotiation Committee and provided for the possibility of an internal appeal. If an official appealed internally to the Joint Advisory Appeals Board against a proposed termination, the termination could not take effect before the Director-General had examined the report and recommendations of the Board. In accordance with the case law of the ILO Administrative Tribunal, as a matter of principle, a report of an internal appeal body warrants considerable deference. The report of the Joint Advisory Appeals Board would have to be closely examined by the Director-General before deciding whether to proceed with the termination of a particular official's appointment. As a further safeguard, the Office would prepare all the necessary information to report to the Conference on the Governing Body's decision and the Director-General's implementation of it.

71. It was difficult to estimate the scale of any potential damages that might be awarded, because the Tribunal considered a number of factual and legal factors in each individual case. The potential damages would therefore depend on how the Tribunal assessed the Organization's observance of the principle of legality, including the observance of its applicable rules.

72. The Office's interpretation that the Governing Body had the authority to abolish posts could be reconciled with the decision of the Conference in the 1970s to delegate that authority to the Governing Body because, at that earlier time, article 11.5 of the Staff Regulations was worded differently and reflected a different concept of posts, and WLT appointments were managed differently. Further details were provided in paragraphs 2–7 of the document containing additional information. The Office had closely examined the case law invoked by the Staff Union and considered that it did not address exactly the same question of which body had the authority to reduce the number of posts. In general, in providing the Director-General and the

Governing Body with legal advice on human resources matters, the Office of the Legal Adviser systematically considered not only the Staff Regulations but also the case law and general principles of the Tribunal, in particular concerning restructuring and the impact on individual officials.

73. **The Employer Vice-Chairperson** observed that there was broad agreement that there was currently no alternative to the painful process of a reduction of posts and that that process needed to take place.

74. **The Worker Vice-Chairperson** observed that there had been an enormous commitment from all sides to ensure that the minimum measures necessary would be taken and thanked all those who had expressed their concerns and support for staff. She sought clarification on the relationship between the 1,670 positions, 1,026 posts, 792 staff members holding a WLT appointment and the 73 posts proposed for reduction. She asked whether the Governing Body's decision would lead to a reduction in the number of posts, including if only agreed terminations were used, and how many posts would remain. It was important to ensure that the mandate given to the Director-General was clear. Furthermore, she noted that many members had requested a report at the next session on the implementation of the current decision, including how it related to the functional review. Lastly, the Governing Body owed the staff its maximum support and should do whatever it could to reduce the burden on them.

75. **Speaking on behalf of the Governments of Australia, Canada, France, Germany and the United Kingdom**, a Government representative of Australia said that they remained committed to working constructively with the Office and constituents to chart a pathway to financial sustainability for the Organization. Having listened carefully to the views expressed, they could support the draft decision as subamended. They recognized the need to support a balanced approach to workforce management, ensuring that staff reductions did not disproportionately affect the diversity of the Office as a whole, including gender balance or its technical and regional capacity, or particular groups of staff, such as young workers or persons with disabilities. They urged continued, genuine social dialogue, as that was key to ensuring a fair and transparent process, and acknowledged the continued commitment, resilience, professionalism and dedication of the ILO staff in the current period of uncertainty.

76. **The Treasurer and Financial Comptroller** explained in response to the Worker Vice-Chairperson's questions, that prior to the adoption of the amendments to the Staff Regulations in 1988, the ILO had budgetary posts which had been linked both to the budget itself and the career path in the Organization. Once the link to the budget had been removed, the number of posts was used as a ceiling to award WLT appointments, which were based only on an individual's length of service and performance, not on financial criteria. If the Director-General were to decide to terminate 73 officials with WLT appointments, the level of established posts would be diminished, with effect from the current biennium. However, that would just reduce the number of staff members who could, if eligible, receive a WLT appointment in the long term. It would have no impact on the budget adopted by the Conference for 2026–27 or the positions available to the Office, because the programme and budget was calculated on the basis of the required work-months and work-years.

77. **The Director-General** confirmed that the Office would report back to the Governing Body at its next session on the implementation of the contingency measures, including the agreed terminations and involuntary terminations. Subject to consultation with the Officers, the Governing Body might have to consider informing the Conference as part of the approval process for the Programme and Budget for 2028–29.

78. **The Worker Vice-Chairperson** reiterated that the relationship between the 792 WLT appointments and the reduction of 73 posts remained unclear and requested the Office to provide an explanatory note after the session.

Decision

79. **The Governing Body:**

(a) noted the information on the financial position of the ILO and the amount of savings required as indicated in paragraph 18 of GB.357*bis*/PFA/1;

(b) approved a reduction of up to 73 posts, on the basis of the estimate and the approach presented in paragraph 19 of GB.357*bis*/PFA/1, acknowledging that this is required by the necessities of the service in the context of the contingency framework, that priority be accorded to agreed terminations, and that all reasonable efforts will be made to avert or minimize involuntary terminations;

(c) requested the Director-General to report at its 358th Session (November 2026) on the implementation of this decision under agenda item GB.358/PFA/4 and to present an update on the financial situation and savings outlook, the implementation of the voluntary contingency measures, the workforce adjustment process, as well as any additional contingency measures that may be required.

(GB.357*bis*/PFA/1, paragraph 23, as amended by the Governing Body)

Appendix

Statement by the Chairperson of the Staff Union Committee

Mr Chairperson,

Mr Director-General,

Members of the Governing Body,

Dear colleagues – many of you are joining us online or in Room II; thank you for being here

It is with a knot in my stomach that I take the floor at this special session of the Governing Body, to give voice to colleagues on decisions that will have an irreversible impact on their careers.

That knot in my stomach is fuelled by the anxiety, injustice, resignation, powerlessness, sadness and anger of the staff I represent. Staff, some of whom have been called in for individual meetings over the past two weeks to be told that the functions they have performed for years are now considered non-priority – the very same functions that were essential during the COVID-19 pandemic. Staff who, over the past 18 months, have seen many colleagues leave without being replaced and have taken on their work. Staff whose professionalism and dedication, in both support and technical functions, you were still praising only a few months ago, after the International Labour Conference. Staff who, despite everything, continue to respond to your demands around the world. These women and men, described as one of the Organization's key assets, are today being treated as a budget line to be reduced, it seems, by 20 per cent by the end of the year – or even 30 per cent for "support" functions, which will no longer really have the capacity to provide support, even though they are responsible for key areas such as IT services and security, the physical security of buildings and staff, communications, services for official meetings, and human and financial management.

And yet, the commitments were to reduce non-staff costs as much as possible, prioritize more effective and efficient processes, and strengthen the field. Today, we no longer understand how long-term reform proposals that have not yet been finalized – such as the Global Service Centre or relocations – seem already to be anticipated and implemented in the guise of contingency measures, while the promise to strengthen the field appears to be compromised.

I come before you with a knot in my stomach because the bond of trust that bound us to this Organization is being called into question.

That trust is based on respect for mutual commitments, which lie at the heart of how we operate: the commitment of Member States to honour their obligations, particularly their financial obligations; the commitment of constituents, whoever they may be, to defend the Organization's mandate, based on human rights at work and social justice – beyond a transactional politics that is difficult to acknowledge; the commitment of our governance organs to uphold the rule of law; and the commitment of the Administration to uphold principles of transparency, fairness and due care towards staff, and to defend internally the same principles of social justice that its staff defend externally.

For several months now, staff have been asking themselves how far these commitments will be called into question before it is truly too late …

So how can staff be asked to honour their commitments when the commitments that bind them to the Organization are no longer being honoured? Their commitment to continue working in the service of social justice, in which they still believe; to respect their duty of discretion, even when they do not understand the decisions that affect them; while seeing one of the very foundations of their independence – linked to the stability and security of their employment – being called into question. How, quite simply, can they honour their contractual commitment and continue to perform their functions professionally when their employment contract is going to be terminated?

This bond of trust, which has bound each of us to the Organization for five, 10 or 30 years, has been dangerously weakened.

You are going to take a decision this afternoon. It is being presented to you as a necessary, indispensable step in responding to the dramatic situation facing this Organization. It may appear to be "just" another piece on the chessboard that needs to be put in place in order to move forward. A piece that had not been anticipated as necessary in June, but which became indispensable only a few weeks later.

The decision you took in June, based on the Administration's proposals, following lengthy discussions, could have appeared to provide a clear framework for the necessary action by the Office.

The first, fundamental step – identifying priorities and updating the financial estimates – is a managerial prerogative, and the Staff Union was not involved in that process. However, to date, neither the priorities nor the functions selected have been communicated to staff in a transparent and comprehensive manner, and staff also have questions about the rationale for, and the relationship between, some of the decisions that have been taken. In accordance with our Memorandum of Understanding on social dialogue, we entered into negotiations with the Administration on retention criteria and separation conditions, within the framework established by your June decision and in accordance with the principles of equality, equity, impartiality, proportionality, transparency, reasonableness, accountability, good faith and the need to ensure that staff dignity is preserved.

The Staff Union put forward proposals to allow colleagues to separate from the Organization, while taking into account the limitations of our Staff Regulations, whose application does not provide sufficient tools in the context of the contingency measures. These proposals consist of a negotiated separation plan, without resorting to article 11.5 or to the abolition of budgetary posts, which affect the very foundations of the independence of the international civil service, and without disproportionately affecting one category of staff. The proposed conditions are more favourable than those applying to an individual termination – because this is a collective termination process, driven by financial circumstances beyond the control of the colleagues concerned. For us, this approach is necessary if the ILO is to remain true to its values, to its responsibility as an employer and to its duty of care towards its staff.

Significant progress has been made. As was recalled last week, these negotiations have involved us in more than 52 meetings – a number that illustrates the difficulty of the issues being addressed, but also a decision-making process that has not been very smooth. The Staff Union was, moreover, obliged to refer the matter to the formal conciliation authority because of the difficulties encountered in obtaining certain contextual information essential to the negotiations.

We have also had to move forward with limited human resources, both within the Human Resources Department and among Staff Union representatives, and with limited experience of dealing with a situation of this magnitude. In addition, there has of course been intense time pressure.

Despite these constraints, within the negotiating team we are guided by a shared responsibility: to find the right balance in the agreements negotiated and to ensure that both the processes and the conditions of separation are fair, equitable and respectful. These colleagues are not leaving because they have failed in their duties. Without the liquidity crisis, they would still be in their posts. The credibility of our Organization is also at stake. The ILO, which advocates externally for principles of responsible restructuring and respect for workers, must apply those same principles to those who have devoted many years – and in some cases their entire working lives – to its service.

Regarding the decision before you, the Staff Union's position has been communicated to you. The Staff Union disputes the Office's interpretation and wishes here to quote the representative of the Director-General when the revision of article 11.5 was adopted in 1988 before the members of the Governing Body, who stressed that "the control exercised by the Committee, the Governing Body and the Conference would be maintained" should the Office have to apply article 11.5.

There is therefore a legal risk – and, in practice, only the ILO Administrative Tribunal will be able to determine which side is right. That risk also has major financial implications. On the basis of recent Tribunal case law, the cost of proceedings involving up to 73 colleagues could exceed US$50 million. This estimate takes into account, in particular, the retroactive payment of three years' salary, as well as the fixed costs associated with the proceedings, without even including any moral damages and interest. We are drawing this risk to your attention because it is avoidable, and it must be mitigated.

The draft decision before you today may appear fairly innocuous, concerning a maximum number of posts to be abolished. Yet it opens the way to the generalized use of fixed-term or even short-term contracts and, consequently, to the international civil service becoming more precarious on a long-term basis. This profoundly calls into question the bond of trust that is necessary if we are to live up to the responsibility entrusted to us through our values and through the expectations of the world of work that we are here to serve. Once again, it will be for you to assess the extent to which you wish to mitigate the risk of undermining, over the medium and long term, key principles at the heart of the values of decent work.

In any event, in the months ahead, the cost of breaking this bond of trust will be borne by staff. The human cost must be alleviated through respect, dignity and solidarity. The financial cost must be addressed by recognizing that colleagues who leave have no social safety net: no health coverage, no unemployment protection, among other things...

The human cost will then very likely be felt by actors in the world of work as a result of the Organization becoming weaker.

It was this collective knot in our stomachs that led to the adoption of a resolution at an Extraordinary General Meeting of the Staff Union held this Friday, 4 September. The Office transmitted it to you this morning, and it is available online.

So what should be done?

I am not here in an attempt to deny the financial crisis or to refuse to accept that necessary measures must be taken. I am here to ask you to ensure that measures taken to resolve a short-term crisis do not create a legal, operational, human and institutional crisis.

In order to honour its commitments to the Organization, the Staff Union believes that its absolute commitment must be to finalizing negotiations on the processes and criteria that will govern the workforce reduction, including all separation conditions, without disproportionately affecting any category of colleagues, and in strict accordance with our principles of social dialogue. I made that commitment to my colleagues; I made it before you last March; and I reiterate it.

The Administration must communicate transparently about the decisions that have been taken concerning functions – on the basis of the priorities – and about the financial situation. It must provide the necessary means to finalize the negotiations, but also to implement the agreements with full transparency and fairness.

This is our essential responsibility before we can move forward, so that our constituents – ILO staff and you, the members of the Governing Body – have confidence in the process.

And what of your commitment, which will come into play this afternoon and in the months ahead? It is to ensure that you are fully able to fulfil your role of providing direction and exercising oversight:

first, to assess the risks of the decision before you, taking into account the legal, financial, institutional and governance aspects;

second, to consider how those risks can be mitigated;

third, to frame the decisions that need to be taken in the short term, without irreversibly damaging the medium and long term;

and finally, fourth, to put yourselves in a position to verify that implementation is compliant.

Beyond this, it is for the constituents of this Organization to honour their own commitments, including their financial commitments, so that we can continue to have confidence in the values and principles that govern our Organization.

ILO staff have never ceased to honour their commitments. Today, they expect the same from the Organization they serve, so that actors in the world of work – including those within the Organization – can continue to have confidence in its commitment to defend and protect social justice. We cannot let them down.

Thank you for your consideration.