

ILO Reform - brief

Amid the ILO's severe budgetary constraints, which includes significant arrears from key contributors (notably the United States) and the need for reform, reorganisations, and potential staff reductions, Director-General Gilbert F. Houngbo has emphasised the need for smarter resource allocation, enhanced coordination, and high-value / low-cost initiatives.

These issues (or some of them) will take centre stage at the next session of the ILO Governing Body, in March 2026.

In this scenario, Public Services International (PSI) has submitted a letter / communicated with the Director-General, offering support for the envisaged reform process but also highlighting a longstanding structural gap in dedicated public sector expertise at the ILO – despite the sector's dominance in formal employment, its role in innovating labour standards, enabling social dialogue, and advancing core mandate priorities such as just transition, gender equality, and social justice.

This brief refers to the structural gap, why the public sector matters to the ILO Mandate, to conclude with our four complementary, **budget-neutral** measures to embed public services more visibly and effectively across ILO workstreams. These steps could amplify the ILO relevance without straining the budget.

The mismatch between the ILO mandate and its Public Service Sector capacity

At the ILO's foundation in 1919, and through the post war period, its structures and activities reflected the reality that national labour standards and relations were dominated by private sector bargaining – particularly in the manufacturing, transport and agricultural sectors.

Since the start of economic structural reforms in the 1980s, the nature of labour relations has changed significantly. The ILO has grappled with the implications of the rise of MNEs, and more recently with platform work, AI and the need for a just transition. However, the implications of the large increase in public service sector resulting from the shift to a services economy has been largely ignored.

This is a pity because these workers include water, energy and waste workers, doctors, nurses, ambulance and care staff, rangers, firefighters, social protection workers, planning staff, libraries, engineers on public works, judicial, audit and anti-corruption body workers, teachers and researchers. In short, all the workers who make our society, democracy and economy work.

The ILO Centenary Declaration contains reference to the importance of public sector workers – yet there is no clear part of the ILO that has responsibility for public sector issues. There is only one staff position – in SECTOR – that aspires to provide public sector expertise, and it is currently vacant.

This gap undermines the ILO's ability to fulfil its core mandate in the modern economy. The ongoing reform is an opportunity to remedy the oversight that will significantly increase impact for very little effort if approached smartly.

Public Service Sector is core to ILO mandate and will increase impact

The ILO Centenary Declaration states that “[...] the ILO must direct its efforts to: [...] (x) supporting the role of the public sector as a significant employer and provider of quality public services”. Most areas of ILO work would benefit from a smarter approach to public sector issues.

A few examples include:

- Public service sector is the largest provider of formal employment: the public sector accounts for 10.9% of the world's total employment¹, and in many developing countries (the ones most in need of expert advice and technical assistance) the public sector is the major provider of formal jobs, often employing 30-50% or more of formal sector workers.
- Social Dialogue: Public sector union density is significantly higher than private sector density (over four times larger in OECD countries). Public sector unions are often the largest unions at national level and must be engaged if social dialogue is to be successful.
- Economic and employment growth: OECD data highlights that government investment can create jobs and build resilience, with spending on physical and social infrastructure leading to long-term productivity boosts². UN research indicates that investing in the health workforce produces a "triple return" of improved health outcomes, global health security, and economic growth³
- Skills: Training and education rely on public sector workforce capacity to plan and deliver.
- Women's access to employment: The World Bank Worldwide Bureaucracy (2000-2018) highlights that female share of public sector employment is 64% in health and 57% in education.
- Migration: Increasingly, labour migration is being driven by public sector skills shortages in areas such as health and care.
- Poverty reduction: World Bank research emphasises that public infrastructure investments reduce poverty, inequality, and vulnerability to climate change while promoting economic expansion⁴
- A just transition cannot be achieved without addressing energy, water, waste, disaster response and emergency services, planning and transport – all sectors that have large or exclusive public service provision.
- Effective and efficient regulation: Governments act as the principal regulators and custodians of fundamental labour standards. Moreover, governments are critical to implement pension schemes, care responsibilities, labour inspection, employment policy, and other essential issues such as climate change action and disaster response.
- Social justice: Quality public services are the foundation for equitable and inclusive societies.
- Conflict zones: Where public service workers are critical to service provision.

¹ <https://ilostat.ilo.org/who-powers-the-public-sector/>

² https://www.oecd.org/en/publications/2025/06/government-at-a-glance-2025_70e14c6c/full-report/government-investment-spending_023c3a29.html

³ Global Strategy on Human Resources for Health: Workforce 2030, adopted in 2016.

⁴ <https://openknowledge.worldbank.org/server/api/core/bitstreams/41681424-4459-4959-84d5-63709dee74dc/content>

Options for ILO strategic focus on public services

The following options provide expertise to ILO constituents and strengthen the role of public services within the organisation. They reflect the critical contribution of public services while ensuring efficiency amidst budgetary constraints.

1. Visibility of public sector policies within the ILO

The ILO's sectoral delivery workstream should be structured around supply chains and public services as entry points, aligned with other ILO policy portfolios and programmes. This would guarantee the coverage of services that do not entirely fit in the supply chain organisation of labour, such as public administration, public safety and infrastructure, local government, much of health and care delivery, judicial and legislative activity, environment and climate action and education, among others.

2. Ensure public service expertise within current resources

Maintaining and effectively deploying modest public sector specialist staff capacity will ensure public sector considerations are embedded in technical cooperation, normative work, and policy advice to advance the organisation's mandate and support ILO member States in addressing governance, institutional capacity, and workforce issues.

3. Public Sector Hub (PS Hub) for increased impact

Two staff positions should be sufficient to establish a light, coordination-focused public sector hub, drawing on staff and specialists from existing departments and programmes already engaged in public sector work.

Critically, the PS Hub would ensure integration and responsiveness to public service work in the field. It would co-ordinate designated public sector focal points in each department and provide a single coordination mechanism for public sector-related engagement, facilitating collaboration among policy portfolios and programmes and ensuring a more integrated response to requests for support from governments and social partners. It would not create a new operational structure, rather better align, leverage and create synergies from existing expertise, resources, and interventions across the ILO.

4. Centre of Excellence in public service labour practices

The ILO PS Hub should be tasked with scoping and establishing a small ILO led centre that would strengthen public sector expertise by promoting high-quality, evidence-based labour practices grounded in social dialogue and international labour standards. Resourced by the PS Hub and working with the Global Coalition for Social Justice, the Centre would operate as a network platform of academics, public administration institutions, and other stakeholders, that would consolidate ILO expertise, strengthen partnerships, and provide a focused platform to support governments and social partners in addressing public sector issues and challenges. PSI and EI would contribute their considerable existing expertise to establish the Centre's work.

Many governments, especially in the global south, would benefit from this expertise. Many other governments are concerned to ensure that Overseas Development Aid (ODA) is used efficiently and seek to ensure that countries receiving ODA use it well. A modest Centre of Excellence resourced from within the Hub would likely attract government donor money to expand work.