ODUMUNC 2026 Issue Brief
UN Special Session on UN Reform

Strengthening Fair and Efficient Funding of UN Activity

by Guljannat Huseynli
Old Dominion University Graduate Program in International Studies

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Introduction

As delegates convene for ODUMUNC 2026, the United Nations faces the most precarious financial moment in its eighty-year history. What began as a recurring "liquidity crisis" has metastasized into an existential threat (Al Jazeera 2025). In September 2025, the global diplomatic landscape shifted dramatically when the United States Administration announced a significant pullback of billions of dollars in assessed and voluntary contributions, signaling a retreat from the multilateral order it helped build.

The UN faces two separate financial problems. One is the declining willingness of Member States to pay as much as they have in the past, their decisions to pledge less each year. Second is the. Unwillingness of many Member States to actually pay the money they pledged. In both cases the United States is the most disruptive actor. Traditionally the UN's most generous supporter, now sharply reducing its support, and refusing to pay that in a timely manner. Many other Member States are becoming less generous, too, and also withholding promised payment. This puts enormous pressure on other donor countries, and ultimately forces the UN to chop back the humanitarian and peacekeeping activities for which it is best known.

There are two separate financial problems. One concerns operations of the United Nations itself, the headquarters and regional offices under the direct authority of the UN General Assembly n Secretary-General. The UN itself has an annual Regular Budget of USD 3.45 billion. Second are UN activities, implemented by the UN, such as humanitarian assistance and peacekeeping. These are funded separately, with a total budget in 2024 of roughly USD 70 billion. The activities budget is completely separate, funded by Member States directly, as they support the implementing agencies. The UN itself has not control over separate UN agency and activity budgets.

The UN is now in a "race to bankruptcy" (International United Nations Watch 2025; Butchard et al. 2025). Secretary-General António Guterres responded to the financial crisis with his *UN80 Initiative* (David 2026; Butchard et al. 2025)**.** It is a radical austerity package cutting the 2026 UN Regular Budget by over 15%, from USD 3.45 bn to 2.93 bn. This requires slashing nearly one-fifth of the workforce, the International Civil Service, and shuttering regional and country offices (David 2026; Al Jazeera 2025).

In December 2025, the General Assembly approved a 2026 regular budget that was 7.6 percent lower than last year.

The core of the debate for this Special Session is not merely how to balance a spreadsheet, but also how to ensure the effectiveness of the United Nations in a multipolar world where its largest funder has stepped back, and demands for UN action has never been greater.

Even these measures appear to be inadequate. In January Secretary-General Guterres announced the UN was within months of running out of money, and being forced to shut operations. The problem is not just countries pledging less, but refusing to transfer the money they promised. The United States is the most severe laggard, refusing to transfer promised funding. China and other donors also are late, in arears.

Delegates must address two competing imperatives: *fairness and efficiency*. Is it fair that one nation (the US) benefits from a "ceiling" on its contributions while simultaneously withholding them? Is it efficient to rely on voluntary, ear-marked donations that fluctuate with political winds? This body must forge a new financial compact. The one that potentially looks beyond traditional Western donors to the private sector and emerging economies, to secure the UN's future.

History of the Problem

The struggle over UN funding is as old as the Charter itself. Article 17 of the UN Charter empowers the General Assembly to approve the budget and apportion expenses among Member States (United Nations 1945). However, the mechanism for doing so, "*the Scale of Assessments*", has always been a battleground between national sovereignty and collective responsibility (United Nations Department for General Assembly and Conference Management 2024, pp.8-42).

The "Capacity to Pay" Principle: Since 1946, the UN has operated on the principle of "collective responsibility" based on "capacity to pay" (Leppert 2025). This considers a country's Gross National Income (GNI), adjusted for external debt and low per capita income. Ideally, wealthier nations pay more; poorer nations pay less.

- **The Floor:** The minimum contribution is set at 0.001%.
- **The Ceiling:** To prevent the UN from being overly dependent on any single nation, a maximum assessment rate was established. In 2000, under intense pressure from the US Congress (the Helms-Biden Act), the UN agreed to lower this ceiling from 25% to 22% (Ferragamo and Roy 2025).

Previous budget crises

The 1960s Crisis: France and The Soviet Union refused to pay for UN peacekeeping missions in the Congo and Sinai (Egypt-Israel), arguing they were not authorized by the Security Council. This led to the Article 19 crisis of 1964, where the USSR nearly lost its vote in the General Assembly (Nicole 2014; UN 2026).

The 1980s-90s US withholding: Under the Reagan administration, the US began withholding dues to demand "zero real growth" in budgets and administrative reforms. This created a structural deficit that persisted for decades (The U.S. Government 1987).

The 2025 turning point: Unlike previous disputes, which were about *reforming* the UN, the crisis of late 2025 (as detailed in recent reports) represents a fundamental *rejection* of the system by the US Administration. With the dismantling of USAID and the denouncement of the Sustainable Development Goals (SDGs), the funding gap is no longer a negotiating tactic (Pitt 2025; Better World Campaign 2026; International United Nations Watch 2025).

The United States is responsible for about 95 percent of the money owed to the United Nations, about USD 2.2 billion. That amount is a combination of the U.S. annual dues for 2025, which has not been paid, and for 2026. Venezuela, which has the second-largest amount of unpaid dues, USD 38 million for 2025, Venezuela's vote in the General Assembly has been suspended, as mandated by the organization's charter for any member that doesn't pay for two years. Mexico was third, owing USD 20 million for 2025, the official said, but it is expected to make a delayed payment.

In addition to its annual dues, the United States owes the United Nations about USD 2 billion for peacekeeping missions, and USD 43.6 million for tribunals such as the International Court of Justice and the International Criminal Court. The United States indicated it would make a payment of about USD 160 million for active peacekeeping, but would not pay for the tribunals, UN peacekeeping missions have been instructed to reduce their budgets by 15 percent.

Current Situation

As of January 2026, the UN is operating in "crisis mode." The withdrawal of US financial support has exposed the fragility of a system that relied on Washington for 22% of the regular budget and over 25% of the peacekeeping budget (Al Jazeera 2025; Better World Campaign 2025).

As of January 2026, only 35 of 193 Member States had paid their 2026 budget assessment, led by the United Kingdom (USD 127 million), Canada (USD 81 mn) and South Korea (USD 75 mn).

The liquidity crisis: The UN does not have the power to tax or borrow commercial loans. It lives "hand-to-mouth" (The Economist 2025; Camelli 2025). When major contributors like the US withhold payments (arrears now exceeding USD 1.5 billion for the regular budget alone), the UN drains its working capital reserves (Mishra 2025).

Impact: In 2025, the Secretariat was forced to stop payments to vendors, freeze hiring, and delay reimbursements to countries contributing troops to peacekeeping (mostly developing nations like Rwanda, Bangladesh, and Pakistan) (TRT World 2025; Patz 2025; Leppert 2025; Mishra 2025).

The *UN80* Cuts: To prevent total collapse, the 2026 budget includes $577 million in cuts. The Office of the High Commissioner for Human Rights (OHCHR) faces disproportionate slashing, hampering the UN's ability to monitor abuses globally (Butchard et al. 2025; David 2026; Camelli 2025).

Structural Flaws Exposed: The current crisis highlights two structural flaws:

Over-reliance on the 'Big Two': Before 2025, the US and China combined accounted for over 40% of the regular budget. When one disengages, the system tilts (Better World Campaign 2025) (Better World Campaign 2026) (Lu 2025).

Voluntary vs. Assessed Funding: While the *regular* budget is assessed (mandatory), roughly 70% of total UN revenue comes from *voluntary* contributions (for agencies like UNICEF, WFP, UNHCR). The US cuts have hit these voluntary funds hardest, leaving humanitarian aid for Gaza, Ukraine, and Sudan in freefall (Patz 2025; Leppert 2025; David 2026; Better World Campaign 2026).

Alternatives Emerging: With the US retreating, a power vacuum has opened.

Emerging Donors: Nations like China, India, and Gulf States (Saudi Arabia, Qatar, UAE) are under pressure to step up. However, they are demanding greater influence in decision-making (e.g., Security Council seats) in exchange for cash (Gichuki 2026).

Private Sector Role: The *Pact for the Future* (2024) hinted at this, but 2026 has seen a pivot toward corporate partnerships. Proposals include leveraging Big Tech for data solutions or accepting direct funding from multinational corporations, a move that raises ethical questions about the privatization of global governance (Al Jazeera 2025; The UN Vienna 2024; The UN Global Compact 2026).

Role of the UN System: Delegates should understand the machinery of UN finance to propose realistic solutions.

The Fifth Committee: The main committee of the General Assembly responsible for administration and budget. It operates by consensus, meaning every country, regardless of contribution size, has a voice. This is where the budget battle is fought (The UN 2026).

The Committee on Contributions: A technical body of 18 experts that advises the General Assembly on the Scale of Assessments. They calculate the "capacity to pay" metrics (The UNGA 2024; The UN 2026; David 2026).

Article 19: The Charter's enforcement mechanism. If a Member State's arrears equal or exceed the amount of contributions due for the preceding two full years, it loses its vote in the General Assembly. The US has historically paid *just enough* to avoid this penalty, but current trends suggest it may test this red line in 2026/27 (The UN 2026).

Country and Bloc positions

BRICS is a group of major emerging economies. Originally it was Brazil, Russia, India, China, South Africa, the BRICS). Now it includes Egypt, Ethiopia, Iran, Indonesia and others. The BRICS were formed to counter Western dominance in global finance and politics, promoting a multipolar world. Importantly, there is a need to understand that the BRICS lacks a formal status in the UN. Additionally, regardless of their overlapping members and agenda, BRICS and NAM are not mutually exclusive in terms of their functional work at the UN. Like the NAM, the BRICS regard funding the UN as primarily the responsibility of Western countries. The BRICS want more control over UN activities, but see no responsibility to pay for it, since most are developing.

The European Union (EU): This bloc is caught in the middle. They are strong supporters of the multilateral system and have historically paid on time (Delegation of the EU to the UN 2025). They are scrambling to fill the gap left by the U.S., but face their own domestic *aid fatigue* and economic stagnation. They support reforms for efficiency but oppose the *dismantling* approach of the US. They are open to innovative financing (e.g., taxes on international financial transactions or carbon markets) to reduce reliance on national budgets.

Gulf States: The oil-rich countries of the Persian Gulf (the Gulf Cooperation Council, GCC) are led by Qatar, Saudi Arabia, the UAE. They are willing to discuss higher contributions, but *only* if it comes with structural reform. Specifically, they want permanent seats on the Security Council (Williams 2024). They do not demand permanent Security Council membership with a veto, but must be accommodated at some level. Their demands greatly antagonize more populus countries that have long sought the same right, but lack the money of the il-rich countries, such as India, Indonesia, Nigeria and Pakistan.

The Non-Aligned Movement (NAM): Representing over 130 developing nations, this bloc defends the *Capacity to Pay* principle as sacrosanct (The Group 77 2026). The NAM regard funding the UN as primarily the responsibility of Western countries. The NAM want more control over UN activities, but see no responsibility to pay for it, since most are developing. They fiercely oppose any increase in the financial burden on developing countries.

They argue the “22% Ceiling” is a subsidy for the rich (such as the US) and should be removed. If the US won’t pay, the ceiling should be lifted so other wealthy nations or the US itself are assessed their *true* share based on GNI (The Group 77 2026; Ellmers 2025; Ferragamo and Roy 2025). Peacekeeping: is a special bone of contention, since NAM countries are owed money for troops. They demand penalties for late payers (Patz 2025).

The United States: The US position is one of skepticism and retrenchment. The delegation demands “extreme efficiency” and accuses the UN of being bloated, anti-American, and ineffective (Kelley 2025). They argue that US taxpayers should not subsidize an organization that often votes against US interests. They favor strictly voluntary funding so they can pick and choose which agencies (e.g., IAEA) to support while defunding others (e.g., Human Rights Council) (The UN 2026; Ferragamo and Roy 2025; The Economist 2025).

Possible proposals

The Member States of the UN are sovereign, with complete freedom to develop solutions they prefer, whether in their own national interest or the broader interests of the international community. Delegations may find it easier to agree on principles (platitudes, if one is feeling irritable), rather than concrete proposals to resolve specific budget problem

Find new donors:

Dramatically cut UN activity: China might be willing to accept a greater financial role, but will expect much in return, above all the right to name its own officials to more leadership positions, including UN agencies traditionally headed by officials from other countries. Cuts could be across the board, affecting all UN programs equally. They could specific particular programs to be cut. Either approach will face strong opposition from program advocates, the governments most invested in each.

Abolish the 2s percent ceiling on any one country’s contribution: If the US effectively withdraws, the artificial cap on contributions that benefits the largest economy could be removed. This would redistribute the cost to other high-income nations and potentially force the US to accrue arrears faster, triggering Article 19 sooner.

Independent revenue streams: Moving the UN away from reliance on assessed Member State dues, traditionally calculated on the basis of national income. Proposals include:

- A levy on international currency transactions (Tobin Tax) (Patterson and Galliano 1999).
- A tax on arms trade or carbon emissions.
- Private Sector Integration: Creating a formal mechanism for corporations to fund "core" UN budget items, perhaps with non-voting "advisory" seats in return (Hagfeldt 2024).

Strict Enforcement of Article 19: lowering the threshold for losing the vote from two years of arrears to one year, or applying interest penalties to late payments to discourage withholding.

Multi-Year Budgeting: Moving from annual/biennial political dogfights to fixed 3 to 5 year funding cycles to ensure stability for long-term projects like the SDGs. Multi-year budging will free the UN from the month-to-month uncertainty of current arrangements. It will be opposed by many governments, which themselves budget annually. They will not want to agree to terms that run against their own domestic law, and requirements for annual national budgeting.

Guiding questions

1. Should the UN eliminate the "Ceiling" on assessments, even if it forces a confrontation with the United States?
2. Can the UN accept direct funding from private corporations without compromising its neutrality and mandate?
3. How can the "UN80" reforms be implemented to save costs without crippling the UN's human rights and development work?
4. What incentives can be offered to emerging economies (China, India, Gulf States) to cover the funding shortfall left by Western austerity?

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