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The UN and the Multilateral System in Crisis amid US Retreat and China's Rise

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The UN's credibility has been weakened by a shifting world order, rising global conflicts, deep power rivalries, and structural constraints, especially the UN Security Council's veto. The organization is also facing a major financial crisis, with arrears in compulsory contributions now reaching nearly \$1.6 billion. In response, the UN Secretary-General, Antonio Guterres, has proposed reducing the 2026 core budget by almost \$600 million, a cut that would entail major downsizing across all main areas of UN work.¹ These measures are part of the UN80 reform initiative he launched in March, aimed at cutting costs and improving organizational efficiency.

At the heart of this funding crisis lies the role of the United States, the UN's largest contributor. For decades, the US served as both architect and guarantor of the multilateral system, with its political leadership and financial backing central to the UN's functioning. That role is now being visibly relinquished under President Donald Trump's administration. The US has again withdrawn from multiple UN agencies and agreements while imposing sweeping funding cuts, with direct consequences for operations such as peacekeeping. This retreat undermines UN-led multilateralism, diminishes the organization's operational capacity, and weakens the leadership role of the US. It raises the question of whether Washington is now overseeing the unravelling of the very system it once helped create, while creating a power vacuum that other member states could exploit. Attention has increasingly turned to China, which positions itself as a defender of UN multilateralism, especially as it has become the UN's second-largest funder after the US. However, despite its growing influence within the UN system, China has shown little inclination to fill in the US funding gaps at the UN, thereby raising questions about the nature of the multilateralism it claims to defend.

The US Retreat

In his speech at the 80th UN General Assembly's general debate, President Trump questioned the relevance, effectiveness, and credibility of the UN.² The delegitimization of the UN's role as a mechanism for peace and security was backed by a series of measures undertaken since the executive order of 3 February 2025.³ As a result, the US withdrew from the UN Human Rights Council, the World Health Organization, and the United Nations Educational, Scientific and Cultural Organization (UNESCO). It also rejected The Sustainable Development Goals – a set of 17 development objectives adopted by all 193 United Nations Member States in 2015 as Agenda 2030 – arguing that they promote a form of global governance that undermines US sovereignty and contradicts its interests, and advances gender and climate “ideologies”.⁴

¹ “Secretary-General's Remarks to the Fifth Committee on the Revised Estimates UN80 Relating to the Proposed Programme Budget for 2026 and the Support Account for 2025/2026,” *Statement*, UN Secretary-General, United Nations, accessed on 11/12/2025, at: <https://acr.ps/1L9BPpE>

² “At UN, President Trump Champions Sovereignty, Rejects Globalism,” The White House, 23/9/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BORT>

³ “Withdrawing the United States From and Ending Funding to Certain United Nations Organizations and Reviewing United States Support to All International Organizations,” *Presidential Actions*, The White House, 4/2/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPGO>

⁴ Edward Heartney, “Remarks at the 58th Plenary Meeting of the General Assembly,” United States Mission to the United Nations, 4/3/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BOWm>

This political stance has led to widespread financial cuts across all funding modalities, undermining UN operations, given that the US remains its single-largest contributor across multiple funding resources. The US covers 22 percent of the regular budget, 25 percent of the peacekeeping budget, more than 40 percent of the humanitarian agencies' budget, in addition to voluntary contributions distributed across the system.⁵ Although it is true that UN funding has faced considerable pressure under President Trump's second tenure, the decline of the US funding had already begun under former President Joe Biden's administration. In 2023, the UN's total income fell by nearly \$10 billion, with the US responsible for cutting \$5.8 billion in total. This included a drastic \$4.4 billion reduction to the World Food Programme and about \$900 million to the United Nations Children's Fund (UNICEF), part of a broader retreat from humanitarian aid.⁶ The Biden administration, formerly UNRWA's largest donor, also suspended its funding in January 2024 following Israeli allegations that the agency's staff were involved in the 7 October 2023 Hamas attack.⁷

Under Trump's second term, financial cuts reached unprecedented levels. The Fiscal-Year 2026 budget proposes cutting the US contributions to the UN deeper still, eliminating most voluntary funding, cutting \$1.4 billion corresponding to the US share of the \$5.6 billion global peacekeeping budget, and cutting its contributions to regular budget to \$300 million, about one-fifth of the \$1.5 billion in mandatory dues. It also seeks zeroing out support for humanitarian, human rights, and development agencies, while maintaining funding for several UN technical and security-related organizations.⁸ The recent and forthcoming cuts have sent shockwaves through the UN's system, forcing it to adjust to the US retreat.

UN80, Reform for UN Survival

The UN relies on three principal funding modalities, which shape its operations in distinct ways: assessed contributions, voluntary core contributions, and voluntary earmarked contributions. The assessed contributions are compulsory payments from all member states, calculated according to a country's "capacity to pay," which is primarily based on its Gross National Income. Voluntary core contributions are donations that can be directed toward areas of greatest need, as determined collectively by Member States and without donor-imposed conditions, whereas voluntary earmarked contributions are allocated according to donors' specific priorities.⁹ Since the 1990s, earmarked contributions have grown sharply, becoming the UN's major funding modality. By 2021, they accounted for 61% of the \$60 billion total UN system budget and nearly 80% of UN

5 Allison Lombado, "What Is the U.S. Posture Toward the United Nations?" Center for Strategic & International Studies, 25/9/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPKe>

6 David Ainsworth, "Money Matters: The United Nations' Funding Troubles Predate Trump," *Devex*, 15/9/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPpG>

7 "Trump Orders to Target Several UN Bodies," *Reuters*, 4/2/2025, accessed on 11/12/2025, at <https://acr.ps/1L9BPdc>

8 Lombado.

9 Xueying Zhang & Yijia Jing, "A Mixed Funding Pattern: China's Exercise of Power within the United Nations," *Global Policy*, London School of Economics, vol. 15, no. 12 (2024), p. 124, accessed on 11/12/2025, at: <https://acr.ps/1L9BPb2>

Development System funding. This funding approach is widely seen as problematic because it allows wealthy donors to dictate priorities according to their interests, undermining the principle of equal multilateral influence.¹⁰

Facing a major funding crisis, in March 2025 Guterres launched a new reform, the UN80 initiative, marking eighty years of the UN's existence. Framed as an effort to improve the efficiency of the UN system, the UN80 sets out a three-fold reform agenda. First, it proposes cost-saving measures under the Secretary-General's authority, including streamlining operations, freezing new hiring, reducing travel, and relocating staff from New York and Geneva to lower-cost locations. Second, it calls for a comprehensive review of some 4,000 mandates – granted by Member States – to identify overlaps, consolidate functions, and eliminate duplication. Third, it envisages broader structural reforms across the UN system, targeting agencies that have grown less relevant or whose work overlaps, with the goal of creating a more coherent organization.¹¹

The initiative entails substantial reductions across the UN system, which is confronted by a combination of mounting arrears, states' delayed contributions, and a liquidity crisis. The UN ended 2024 with \$760 million in arrears, \$709 million of which remains unpaid, and a further \$877 million in outstanding 2025 compulsory assessments, bringing total arrears to nearly \$1.6 billion.¹² Whereas several key contributors have yet to pay their assessments, with the United States owing \$1.5 billion in arrears.¹³

Against this backdrop, the Secretary-General proposes cutting the 2026 regular budget to \$3.238 billion, a reduction of \$577 million or 15.1% compared with 2025; and reducing the UN staffing to 11,594 posts, an 18.8% cut amounting to 2,681 abolished posts. The financial strain also drives significant cuts to Special Political Missions, whose revised budget of \$543.6 million represents a decrease of \$96.3 million (15.0%) from the initial 2026 proposal.¹⁴ These cuts are part of Guterres' reform plan, which appears to mark the beginning of a new UN chapter defined by the shrinking of the Secretariat and specialized agencies. They signal a clear shift from multilateral agenda-setting to damage control, driven by necessity in the face of diminished financial and political backing, at a time when the UN, as the cornerstone of multilateralism, is weakening.

10 Erin R. Graham, "How Funding Sidelined Multilateralism at the United Nations: Then, Now, and Possible Futures," School of International and Public Affairs (SIPA), Columbia University, 12/3/2024, accessed on 11/12/2025, at: <https://acr.ps/1L9BPLX>

11 Colum Lynch, "Deep Dive: The UN — From Big Ideas to Big Cuts," *Devex*, 8/8/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPKC>; see also, "UN80 Initiative: What it is – and why it matters to the world," *UN News*, accessed on 11/12/2025, at: <https://acr.ps/1L9BPwx>; Mariel Ferragamo & Diana Roy, "The UN80 Initiative: What to Know About the United Nations' Reform Plan," Council on Foreign Relations, 15/9/2025, at: <https://acr.ps/1L9BPkO>

12 Catherine Pollard, "Financial Situation of the United Nations," *Statement*, Under-Secretary-General, Management Strategy, Policy and Compliance, Fifth Committee of the General Assembly, 80th session, 9/10/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPG1>

13 Vibhu Mishra, "UN Chief Warns Unpaid Dues Near \$1.6 Billion, as Budget Cuts Deepen," *UN News*, 1/12/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPwI>

14 "Secretary-General's remarks to the Fifth Committee."

Would China save the UN-led multilateralism?

In the context of the US retreat and funding reductions by major European countries, attention has increasingly focused on China as it positions itself as a strong defender of multilateralism and has become the UN's second-largest contributor. As its Gross Domestic Product expanded exponentially, China's assessed contribution to the UN's regular budget rose sharply from less than 1 percent in 2000 to 20 percent in 2025 (or \$780 million), alongside more than 23 percent of the peacekeeping budget (or nearly \$6 billion).¹⁵ Consequently, Beijing has increasingly sought to assert greater influence within the organization.

China's use of the veto at the Security Council has risen significantly in recent years, reaching eight instances between 2007 and 2017, compared to just four vetoes between 1971 and 2000.¹⁶ Its rise in economic stature also translated into increased voting share at the World Bank, reaching 5.79 percent in 2025, compared to 2.78 percent in 2008, although it's still below its share of global GDP.¹⁷ Over the last decade, Chinese nationals have been increasingly represented within the UN at all levels. In 2009, the UN employed 794 Chinese nationals, rising to 1,471 by 2021, an 85 percent increase.¹⁸ By 2022, China was leading the critical Department of Economic and Social Affairs at the UN Secretariat, heading four of the UN's 15 principal specialized agencies, and holding deputy positions in nine other agencies.¹⁹ Its personnel contributions to UN peacekeeping also rose from fewer than 100 in 2000 to 2,274 by mid-2024, making China the largest among Security Council permanent members.²⁰

However, the modalities of China's funding offer no indication that it is positioned or intends to assume a leadership role in the UN or its financing. Beijing's funding of the UN consists almost entirely of mandatory contributions (assessed), with voluntary funding making up no more than 7.7 percent, the lowest share among the UN's top contributors, whereas countries such as the US and Germany allocate more than 80 percent of their total contributions as voluntary funding, albeit largely earmarked.²¹ Moreover, while Beijing consistently pays the compulsory contributions in full, it has been repeatedly failing to pay on time. In 2024, China paid its \$480 million UN budget contribution on 27 December, ten months late, while its 2025 payment, made on 29 October, left just

¹⁵ "Graphics: China Is the Second-Largest Contributor to UN's Budgets," *CGTN*, 27/9/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPJT>

¹⁶ Chandam Thareima, "China's Changing Role in the United Nations Security Council, 2007–2017," *Research Intern*, The Institute of Chinese Studies, ICS, 30/5/2021, accessed on 11/12/2025, at: <https://acr.ps/1L9BPT6>

¹⁷ Robert H. Wade & Jakob Vestergaard, "The Great Power Politics Behind the Current Voting Impasse at the World Bank," *Global Policy*, 13/10/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BP4T>

¹⁸ Morgan Lorraine Viña & Brett D. Shaeffer, "Personnel Is Power: Why China Is Winning at the United Nations," The Heritage Foundation, 6/7/2023, accessed on 11/12/2025, at: <https://acr.ps/1L9BOTT>

¹⁹ Courtney J. Fung & Shing-Hon Lam, "China Already Leads 4 of the 15 U.N. Specialized Agencies — and Is Aiming for a 5th," *The Washington Post*, 3/3/2020, accessed on 11/12/2025, at: <https://acr.ps/1L9BPxZ>

²⁰ Lt. Col. Claude A. Lambert, *Small Eagle, Big Dragon: China's Expanding Role in UN Peacekeeping*, Royal United Services Institute, 19/7/2024, accessed on 11/12/2025, at: <https://acr.ps/1L9BPQZ>

²¹ Zhang & Jing, p.126.

two months for expenditure.²² These delays often trigger the UN's credit return rule, which requires unspent funds to be returned to Member States by the end of the fiscal year, leading to a severe shortage of liquidity and funding in general. China's delayed payments are also seen as part of a broader strategy to undercut the UN's human rights institutions, reflecting its coordinated effort with Russia to reduce human rights funding.²³

These flaws do not indicate a lack of genuine Chinese interest in multilateralism; rather, they support research suggesting that China is no longer merely integrating into the UN-led order but is actively building a parallel multilateral architecture that could complement, reshape, or ultimately challenge it. Mathew Stephen identifies at least 26 multilateral organizations, forums, and initiatives in which China plays a leading role across Asia and beyond, spanning fully public intergovernmental bodies as well as predominantly private ventures supported by its state agencies. Between 1990 and 2016, China founded ten multilateral organizations, forums, and networks primarily focused on economic and security cooperation in the Asia-Pacific, including the Shanghai Cooperation Organization (1996). It also co-founded the Universal Credit Rating Group (2012). In addition, China has taken leading roles in eleven further organizations involving Asia, Africa, and the Arab region, including the BRICS forum. Since the 2000s, it has been the sole initiator and founder of several major multilateral projects, most notably the Belt and Road Initiative (2013).²⁴ As it continued to lead this new multilateral system, China established in 2025 the Hong Kong-based International Organization for Mediation, a multilateral legal body that reshapes dispute-settlement norms by shifting from Western-style adjudication to voluntary, consent-based mediation with nonbinding outcomes.²⁵

There is still no consensus on how to understand these institutions: are they merely a blend of multilateral and regional elements? Do they constitute a competitive architecture that challenges existing multilateral bodies? Or do they simply complement the UN-led institutional landscape? What is evident, however, is that UN-centred multilateralism is no longer the only framework shaping global cooperation. This helps explain why China has not stepped in to fill the US funding gap at the UN, nor did it do so after USAID's abrupt 2024 withdrawal, which ended roughly \$9 billion in annual support for education, health, human rights, and gender equality in the Asia-Pacific region.²⁶

22 Marcel Grzanna, "UN: How China Delays Payments and Controls Issues," *Table Briefings*, 22/9/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPta>

23 "New ISHR Report Reveals How Governments Work Behind the Scenes to Defund the UN's Human Rights Work," International Service for Human Rights, 21/10/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPtE>

24 Matthew D. Stephen, "China's New Multilateral Institutions: A Framework and Research Agenda," *WZB Discussion Paper*, no. SP IV 2020-102, Wissenschaftszentrum Berlin für Sozialforschung (WZB), Berlin, pp. 7-12, accessed on 11/12/2025, at: <https://acr.ps/1L9BPPd>

25 Yun Sun, "The Purpose and Promise of China's International Organization for Mediation," *Brookings*, 6/6/2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPxw>

26 Rebecca L. Root, "After USAID Exit, China Hasn't Moved to Fill Asia's Funding Gap," *Devex*, 4 December 2025, accessed on 11/12/2025, at: <https://acr.ps/1L9BPfE>

Conclusion

The unfolding crisis reveals not only a financial shortfall but a profound reconfiguration of power within the broader multilateral system. The US retreat signals the erosion of the post-war order in which political leadership and financial responsibility were mutually reinforcing, leaving the UN exposed to structural vulnerabilities. China's growing influence within the UN-led and Western-shaped multilateral order does not necessarily signal a willingness to take on a leadership role within it, particularly given its proactive role in founding and leading other multilateral institutions, some of which at times compete with the UN's. Taken together, these dynamics point to an emerging order marked by fragmented multilateralism, selective engagement, and a widening gap between the UN's global mandate and the shifting world order sustaining it. Turning this crisis into an opportunity may be particularly advantageous for Global South powers, especially Brazil, India or South Africa, which have long criticized the disproportionate influence of the US and its Western allies within the UN, and now face a historic chance to step in, preserve the organization, and redress enduring imbalances in its power structure.²⁷

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²⁷ Richard Gowan, "The Trump Administration's Retreat from the UN: Catastrophe or Opportunity?" *CEBRI-Journal*, YEAR 4, no. 14 (April–June 2025), accessed on 11/12/2025, at: <https://acr.ps/1L9BOTG>



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