

report

The Misdirection of International Funding for Yemen: Between Corruption and Channels Supporting the Houthi Militia

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Introduction:

This report sheds light on a serious issue of a significant portion of international funding intended to support Yemen during the conflict being diverted into the hands of the Houthi militia. The report reveals conflicts of interest among officials from some of the organizations operating in Yemen, with some receiving substantial funding without properly declaring it. Furthermore, certain documents indicate potential links between some of these organizations and the Houthi terrorist group. The report stresses the need for in-depth investigations to review the performance of these organizations, hold the long-handed individuals accountable, and recover wasted or misdirected funds, to ensure more support is directed towards the Yemeni people in a transparent and effective manner.

First: Conflict of roles and interests

The registration documents of DeepRoot consulting Company submitted in Britain show that the official owner of this company is Mrs. Abeer Al-Mutawakel, wife ¹ of Mr. Raafat Al-Akhali, while the name of Mr. Raafat Al-Akhali appeared personally as a director of the same company as well as a manager of another institution in the publications of this institution "Resonate Yemen". ²

In addition to this, the name of Mr. Alaa Qasim appears as a manager in DeepRoot Company, as shown in the previous reference, and at the same time as the head of the "Resonate Yemen" Foundation³, Simultaneously, Alaa held the position of director of The Executive Bureau for Acceleration of Absorption of Donor Pledges affiliated with the legitimate government. Such contradictions indicate the existence of serious and obvious conflicts of ⁴interest, through the rotation and exchange of roles between these people with the aim of fully controlling the largest possible volume of millions of dollars of international funding to support the Yemeni people during the war.

While its officials worked in favor of the Houthi militia, DeepRoot received very large financial funds from the European Union to implement dozens of alleged projects in different areas of Yemen during the war period that tore the country apart, but the reports and financial statements provided by DeepRoot to the supervisory authorities in Britain did not reflect with the required transparency and accuracy the size and value of these huge funds. For example, the company and its partner Crisis Management Initiative received a huge grant of The value of 2,090,000 euros, equivalent to about 2.3 million US dollars from the European Union, under the title of implementation of the project "Supporting Inclusive Peacemaking and Political Transition Efforts in Yemen" for the period from March 2018 to September 2019. Surprisingly, however,

there is no mention of this huge funding in the financial reports and statements submitted by the company to the regulatory authorities in Britain⁵.

Although Deeproot has received significant funding from the EU to implement projects in Yemen during the conflict, the financial reports the company has provided to the UK authorities do not reflect the size of these funds. This raises doubts about the fate of these funds and how they are used. ⁶

Second: Suspicious Financing

Many organizations, operating as soft power forces for the Houthi militia, have received substantial funding from the European Union, the British government, and other international organizations. The following is an overview of these funds:

Deep Root Consulting Company

Deeproot claims to be a company specializing in research and strategic analysis. It has several partnerships with a diverse group of companies and organizations, including the 'Crisis Management Initiative'. Deeproot received the following funds:

- A grant of €2,090,000 from the European Union for the implementation of the project 'Supporting Comprehensive Peacebuilding Efforts and Political Transformation in Yemen' ⁷.
- €600,000 funding from the European Union for the project "Rethinking Yemen's Economy" ⁸.
- £8m funding from the UK government for the Josoor programme⁹.
- Other funding seems to be visible, whether through the Hikma Fellowship Program run by this institution ¹⁰ or through its cooperation and partnership with other institutions called CARPO ¹¹.

Sana'a Center for Studies

The Sana'a Center for Studies is a non-profit research center based in Yemen. Received the following funding:

- Funding of US\$982,000 for the implementation of the "Peace Forum"¹².
- Total grant of US\$ 579,996 from the Government of the Netherlands for the implementation of three projects (1¹³)(2¹⁴)(3¹⁵).
- Funding of €3.77 million from the European Union for the implementation of the project "Supporting Local Peace" ¹⁶.
- It should be noted that there are other funds and partnerships with organizations such as UNDP and other institutions.

UNICEF

UNICEF is the United Nations agency dedicated to defending children's rights. It has been reported that UNICEF embezzled funds amounting to 326 million US dollars from Yemeni families aid over 5 years. ¹⁷

Mwatana for Human Rights

Mwatana is a non-governmental organization affiliated with the Houthi militia that falsely claims to work to promote democracy and human rights. Mwatana received a grant of €1.4 million in 2021 ¹⁸. However, Mwatana did not disclose in any way the fate of the funds received or the ways in which they were used. These funds reflect the extent of international support for the soft power of the Houthi terrorist militia. This is only an example of the size of one of the funds received by this organization, and there seem to be other undisclosed funds received as well.

Third: Collusion and support for the Houthis

The documents also reveal evidence that may point to ties between Resonate Yemen and the Houthi militia. Reports indicate that the company has provided services to the militia, raising doubts about how the funds provided by the European Union will be used.

Reports also indicate that the United Nations Development Programme (UNDP) is receiving funding for demining in Yemen¹⁹. However, a large part of that money eventually ended up reaching the Houthi militia, which in turn used it to buy and plant more mines and improvised explosive devices in those areas²⁰.

Previous posts by the owner of Deep Root, 'Abeer Al-Mutawakel', revealed her support for the Houthi militia and her calls for the international community to stop supporting the Arab coalition in Yemen. After this tweet was revealed, she deleted it, confirming their manipulation, but the post was documented via video²¹. Also, at a later stage, the deletion process was followed up by documenting it on a video that shows the deletion process and the reference number of the deleted post²².

Tweets by "Raafat Al-Akhali", director of DeepRoot, and Sana'a Center experts also showed their sympathy for the Houthi militia and refusal to classify it as a terrorist organization²³. Raafat also has several posts describing the Houthi group as "Ansar Allah"²⁴. In another post, he describes Mahdi Al-Mashat, head of the Supreme Political Council in Sana'a, ignoring that Al-Mashat is only a representative of the Houthi terrorist group²⁵. There is another post in which Raafat published pictures of Houthi prisoners while ignoring other Yemeni prisoners who were not of interest to him.²⁶

In addition, Radhya Al-Mutawakel's Mwatana Foundation participated in filing a lawsuit against companies supplying weapons to the Arab coalition in an attempt to stop this support²⁷. The tracking of this institution shows its complete bias towards the Houthi militia, both by avoiding talking about the demining funds delivered to the militia and the human casualties caused by this militia to cause women and children, as well as avoiding many security incidents against Yemeni employees of organizations in areas under control. The Houthi militia, the latest of which was the killing of the security official in Save the Children inside the prisons of the Houthi militia after disappearing him since last September, can be found in the report of FraudWiki on security incidents²⁸.

Organizations like the 'Sana'a Center' and 'Deep Root' have also received funding from foreign entities to carry out activities that focused on beautifying the image of the Houthi militia and covering up its violations. It is clear that figures like 'Alaa Qasim' have benefited from their governmental positions (corruption due to conflict of interest) to direct international support and funding towards organizations that are pro-Houthi²⁹. One document revealed that the United Nations Children's Fund (UNICEF) disbursed large amounts of money that did not reach the deserving recipients. There is suspicion that funds from international organizations have been diverted to the leaders of the Houthi militia, according to an Associated Press report³⁰.

In addition, several tweets posted on the accounts of Mr. Rafat Al-Akhali, the director of Deep Root, and experts from the Sana'a Center for Studies, showed their sympathy with the Houthi militia and their categorical rejection of its classification as a terrorist organization. One of their reports stated, 'The recent decision by the U.S. Department of State to designate the armed Houthi group as a foreign terrorist organization is likely to have a devastating impact on humanitarian response efforts and exacerbate high levels of food insecurity, while the specter of famine looms'. This stance is in complete contradiction with the position of the legitimate government and the Arab coalition³¹.

Furthermore, financial and administrative corruption within some ministries and institutions of the legitimate government has contributed to weakening the state and undermining its efforts to confront the Houthi coup. For this reason, the legitimate Yemeni authorities have not seriously investigated many corruption cases involving figures loyal to or associated with the Houthis. Some media outlets and research centers have attempted to beautify the image of the Houthi militia and disseminate misleading information about the conflict. The Yemeni government has not activated control and accountability mechanisms sufficiently to prevent the leakage of financial and logistical support to the militias. Moreover, international organizations have refrained from exerting sufficient pressure to stop the flow of Iranian weapons to the Houthis via Yemeni ports and airports.

Fourth: Financial and Administrative Corruption

The documents revealed numerous instances of financial and administrative corruption within some Yemeni government ministries and institutions, specifically related to relief, reconstruction, and infrastructure projects that received substantial funding from international donors. There are strong suspicions that tendering and project assignment processes are conducted in a non-competitive and non-transparent manner, and that there are many instances of manipulation and waste of public money through deliberate cost inflation, inflated invoices, and financial allocations. Furthermore, financial and administrative corruption practices within some ministries and institutions have contributed to weakening the state and undermining its efforts to confront the Houthi coup. The Yemeni authorities have not seriously investigated many corruption cases involving figures loyal to or associated with the Houthis ³².

Fifth: High administrative costs

The report's financial estimates showed that 54% of the total international funding directed to Yemen during the war period was spent on the administrative and operational costs of international NGOs operating in the country. The financial statements of the most prominent organizations were analyzed, and it was found that the average percentage of indirect costs amounted to 49% of the total budgets. This was evident through the gift of wheat from Poland, which does not exceed \$ 12 million, where the Food Organization demanded the amount of 20 million dollars in Yemen to transport and distribute this quantity of 40 thousand tons only ³³. While the percentage of costs in others ranged from 60% to 70% of the total funding granted.

These high ratios do not reflect reasonable amounts of necessary administrative costs, but rather indicate a widespread waste of financial resources allocated for humanitarian relief in Yemen. This raises the need to review the cost structure of humanitarian action in the country. This is due to several possible reasons for the high administrative costs of humanitarian organizations operating in Yemen:

1. Corruption of the management of organizations and the lack of any control by the legitimate government.
2. The wages and bonuses of employees, especially foreigners, in international organizations are inflated beyond the reasonable limit.
3. Lack of transparency and poor cost management allow resources to be wasted.
4. The multiplicity of agencies and entities operating without coordination increases the overall costs.
5. Poor control by donors over the use of funds and concealment of financial reports.

While according to international standards and best practices, the reasonable ratio of administrative costs for humanitarian organizations should generally range between 7 and 10% of total expenditures. The Core Humanitarian Standard (CHS) recommends that relief

organizations keep their administrative costs at a minimum and spend as much as possible directly on program activities. It suggests that administrative costs should not exceed 7% of total expenditures ³⁴.

Fifth: Recommendations

In light of the aforementioned financial and administrative violations and corruption, an immediate investigation with the officials of the United Nations and international organizations operating in Yemen should be conducted. Their financial records and contracts with goods and services providers should be reviewed to ensure the integrity of their procedures and the absence of any manipulation or embezzlement of funds and aid. Also, the role of parliamentary and governmental oversight and auditing bodies should be activated to review the performance of these organizations and ensure that donor funds are used efficiently and effectively to meet the needs of the Yemeni people without waste or misuse. Any Yemeni official involved in facilitating corrupt practices or failing to perform his oversight duties should also be held accountable and referred to the judicial authorities.

Therefore, it is essential to conduct a comprehensive and urgent investigation into how grants and international funding allocated to Yemen are spent, to hold accountable the organizations and individuals involved in corruption or misuse, and to recover the looted funds for the benefit of the afflicted Yemeni people. This is in addition to the necessity of reforming the mechanisms of distributing humanitarian aid and setting more transparent and accountable regulations and standards to ensure they reach the deserving and are not wasted again.

Sixth: Conclusion

The report concluded that there are strong indicators and clear evidence of the involvement of many local and international entities and organizations in corruption and financial and administrative embezzlement of the aid and funding provided to Yemen during the war. There were cases of severe conflicts of interest and undeclared suspicious funding, in addition to evidence of the involvement of some entities in supporting the Houthi militias. There were also serious indications of the spread of financial and administrative corruption within the institutions of the Yemeni state.

Based on this, urgent and transparent investigations must be conducted to reveal the full facts, and all those involved must be prosecuted and held accountable, and the looted funds of the Yemeni people must be recovered. It is also necessary to put in place more effective oversight mechanisms to ensure transparency and integrity in the distribution and management of international aid and funding, in a way that serves the interest of the Yemeni people and ends their suffering.

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