



Suspicion of irregularities in relation to District Local Governments under the Ministry of Water and Environment, Uganda

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Reference is made to the previous report dated 21 February 2022 regarding suspicion of diversion of funds by District Local Governments under the Ministry of Water and Environment in Uganda (MWE). The Ministry of Foreign Affairs of Denmark (MFA) supported the water and environment sector in Uganda for the period 2013-2018, through a joint programme with the Government of Uganda and other development partners. Part of the support was provided as sector budget support to all 121 District Local Governments in Uganda. The MFA granted DKK 290.5 million of which DKK 288.3 million was disbursed.

In a value for money audit covering 2012-2015, the Ugandan Office of the Auditor General (OAG) found that some of the sampled districts had diverted funds from the programme, mainly for settling compensations and other liabilities arising from unrelated court cases. Furthermore, two cases of irregularities by District Local Governments for the financial year 15/16 were also found. The total amount under suspicion was DKK 330,000.

The MFA has engaged relevant stakeholders to follow up on the status of the outstanding issues, including a special audit undertaken by the OAG under the Ugandan Ministry of Finance to determine the extent of the diversion of programme funds and other irregularities. The OAG completed the validation of the management response, and the actions taken by the MWE on the issues raised in the special audit report. While most of the issues and outstanding amounts were settled, others remained outstanding. The Ministry of Finance instructed the MWE to ensure that all outstanding issues would be resolved. And the MFA has requested that MWE should clarify the exact amount under suspicion.

Throughout 2024 until early 2026, the MFA continued to follow up on the update on actions taken. By late 2024, the MWE indicated that they had instructed the OAG to verify the final variance of DKK 29,500 noted in the OAG's report for the financial year ended June 2019. The MWE shared the September 2025 OAG's verification report which indicates that all programme resources were accounted for.

The Ministry of Foreign Affairs thus regards the case as closed without loss of Danish funds.

