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ESG

**HARMONIZING ENVIRONMENT, SOCIETY AND
GOVERNANCE**

FOR A SUSTAINABLE FUTURE

SECOND EDITION – FULLY REVISED AND SUBSTANTIALLY EXPANDED

AUTHORS

**Isaac Christopher Lubogo
Mulungi Aisha
Richard Kaira Lubogo**

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Email: Suigeneris.magnum.opus@gmail.com

Telephone: +256 774 694 058 | +256 700 643 472

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DEDICATION

To the generations of Africans who will inherit the consequences of the governance choices made today – may they find in this work both accountability and hope.

To all practitioners, policymakers, scholars, and advocates who labour at the intersection of sustainability and justice – your work is the bridge between aspiration and reality.

FOREWORD

Environmental, Social, and Governance considerations have, within the space of a decade, transformed from a specialist vocabulary spoken by socially responsible investment advocates into the dominant framework through which international capital, regulatory compliance, and institutional legitimacy are now assessed. This transformation has been swift, consequential, and – as the scholars assembled in this volume persuasively argue – uneven.

The unevenness is not incidental. It reflects structural features of the global economy that ESG discourse, at its most superficial, tends to paper over. When environmental risk frameworks developed in the context of high-income country regulatory traditions are applied as conditions of development financing to Sub-Saharan African borrowing states, the result is not a neutral transfer of governance norms. It is, rather, an exercise of power – one that, however well-intentioned, carries real costs for development pathways, institutional sovereignty, and the communities most affected by both environmental harm and the compliance burdens imposed in its name.

This second edition of *ESG: Harmonizing Environment, Society and Governance for a Sustainable Future* does something genuinely important: it brings rigorous legal scholarship, development policy analysis, and applied corporate governance research together within a single volume addressed to African contexts and grounded in African realities. It advances original theory – the concept of ESG asymmetry is a genuine contribution to the literature. It engages empirically – the ECRI-Uganda framework provides a practically useful instrument for assessing corporate readiness. And it proposes reform – the four-principle recalibration framework offers a feasible and normatively defensible pathway toward more equitable ESG governance.

It is a mark of Suigeneris Publishing House's continuing commitment to serious

scholarship that this volume exists. The field needs more work of this quality, grounded in this depth of contextual knowledge, and animated by this degree of concern for justice. I commend it unreservedly.

*Suigeneris Publishing House
Kampala, Uganda, 2026*

PREFACE TO THE SECOND EDITION

When the first edition of ESG: Harmonizing Environment, Society and Governance for a Sustainable Future was published in 2024, it entered a world in which ESG discourse was already substantial but its application to African development contexts remained undertheorised. The first edition sought to remedy that imbalance – to bring the analytical rigour of legal scholarship and development policy analysis to bear on a field increasingly dominated by financial industry perspectives shaped in London, New York, and Brussels.

The second edition undertakes a more ambitious project. It integrates three substantive bodies of work produced between 2024 and 2026: the original theoretical framework of the first edition; a peer-reviewed scholarly article – 'Recalibrating ESG Conditionalities in Development Finance' – published by members of this authorship team and developing the concept of ESG asymmetry as an original theoretical contribution; and a comprehensive Technical and Financial Proposal for evaluating corporate ESG readiness among Uganda's top 500 corporations, produced by Suigeneris Consultancy.

The world in 2026 looks different from 2024 in ways directly relevant to this volume's concerns. The International Sustainability Standards Board's frameworks have moved from aspirational to effectively mandatory across major capital markets. The African Union's pursuit of reformed international financial architecture has intensified, particularly in the context of COP30 negotiations and the New Bretton Woods dialogue. Uganda's own regulatory environment has evolved, with the Capital Markets Authority advancing ESG guidelines and the Uganda Bankers Association publishing a sector-specific ESG framework. These developments are reflected throughout this revised and expanded edition.

The authorship team offers this second edition with the conviction that equitable, contextually grounded ESG governance is not merely a technical compliance matter but a

question of justice – one that will shape the material conditions of millions of people across Sub-Saharan Africa and beyond. We hope it serves scholars, practitioners, policymakers, and advocates in equal measure.

The Authors
Kampala, Uganda, March 2026

ABOUT THE AUTHORS

Isaac Christopher Lubogo

Isaac Christopher Lubogo is a legal scholar, and prolific author published under the Suigeneris Publishing House imprint. He holds advanced degrees in law and has developed a substantial body of scholarship at the intersection of environmental governance, development law, constitutional studies, and African jurisprudence. He is the founding intellectual force behind Suigeneris Publishing House and Suigeneris Consultancy, and has led legal and policy engagements with government bodies, development finance institutions, and international organisations across Uganda and the East African region.

Mulungi Aisha

Mulungi Aisha is an author whose work spans environmental law, development governance, and sustainability policy. She has co-authored multiple scholarly works under the Suigeneris Publishing House imprint and brings a practitioner's perspective to the analysis of ESG frameworks, customary land tenure, and the structural dimensions of development finance equity. As an advocate, she combines doctrinal rigour with a deep commitment to justice for communities most affected by environmental and governance failures.

Richard Kaira Lubogo

Richard Kaira Lubogo contributes expertise in environmental management, sustainability consulting, and ESG practice, bringing to the authorship team a grounding in applied environmental science and corporate sustainability that complements the legal and policy analytical frameworks of his co-authors. His practical experience with Uganda's regulatory environment – spanning NEMA compliance, environmental impact assessment, and corporate ESG readiness – directly informs the applied dimensions of this volume.

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LIST OF ABBREVIATIONS AND ACRONYMS

AML	Anti-Money Laundering
AU	African Union
CBDR-RC	Common But Differentiated Responsibilities and Respective Capabilities
CERQ	Corporate ESG Readiness Questionnaire
CMA	Capital Markets Authority (Uganda)
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
ECRI	ESG Corporate Readiness Index
ESF	Environmental and Social Framework (World Bank)
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
ESS	Environmental and Social Standard
FGD	Focus Group Discussion
GAL	Global Administrative Law
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labour Organization
IPCC	Intergovernmental Panel on Climate Change
IBRD	International Bank for Reconstruction and Development
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
KII	Key Informant Interview
MSCI	Morgan Stanley Capital International
NEMA	National Environment Management Authority (Uganda)
NVivo	Qualitative data analysis software

OHS	Occupational Health and Safety
PSFU	Private Sector Foundation Uganda
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SPSS	Statistical Package for the Social Sciences
TCFD	Task Force on Climate-related Financial Disclosures
UICPA	Uganda Institute of Certified Public Accountants
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USE	Uganda Securities Exchange
WTO	World Trade Organization

PART I

FOUNDATIONS OF ESG THEORY AND PRACTICE

CHAPTER ONE

The Genesis and Evolution of ESG: From Voluntary Aspiration to Regulatory Architecture

1.1 The Intellectual Origins of ESG

The intellectual genealogy of Environmental, Social, and Governance criteria as an integrated framework for evaluating non-financial corporate performance is more complex than its apparent novelty might suggest. The vocabulary of ESG is relatively recent, crystallising with the United Nations Global Compact's landmark 2004 report, *Who Cares Wins*, which first synthesised environmental stewardship, social responsibility, and governance integrity into a unified analytical framework for investment decision-making.¹ But the substantive concerns that ESG aggregates have a much longer pedigree.

Environmental considerations entered the mainstream of development and corporate governance discourse during the 1970s, catalysed by the 1972 Stockholm Conference on the Human Environment, the publication of the Club of Rome's *Limits to Growth* in the same year, and the nascent environmental movements of the Global North. The World Bank's initial environmental assessment requirements date to this period, reflecting an early recognition that development finance should account for ecological consequences beyond the immediate financial metrics of project viability.²

Social dimensions of corporate accountability have older roots still, traceable to the labour rights movements of the nineteenth and early twentieth centuries, the International Labour Organization's founding in 1919, and the post-World War II expansion of international human rights law. What ESG has accomplished is to render these social obligations legible within the grammar of finance – translating them from regulatory mandates and normative aspirations into metrics susceptible to investment analysis and capital allocation decisions.

Governance considerations – board structure, executive accountability, shareholder

rights, and anti-corruption measures – entered the corporate responsibility discourse most prominently following the corporate scandals of the late 1990s and early 2000s: Enron, WorldCom, Tyco, and the broader systemic failures that preceded the 2008 global financial crisis. The OECD Principles of Corporate Governance, first published in 1999 and substantially revised in 2004 and 2015, provided the most influential international framework for governance standards.³

1.2 The 2004 Watershed: Who Cares Wins

The 2004 United Nations Global Compact report, commissioned by a consortium of financial institutions and produced in collaboration with the International Finance Corporation and the Swiss government, represents a watershed moment in the ESG story. Its central argument – that institutional investors who incorporate ESG factors into their investment analysis and ownership practices are likely to achieve better long-term risk-adjusted returns, while simultaneously contributing to more sustainable markets and societies – reframed ESG from a moral obligation into a financial opportunity.⁴

This reframing was strategically consequential. By locating ESG within the logic of shareholder value rather than positioning it as a constraint upon it, the Who Cares Wins framework made ESG legible and attractive to asset managers, pension funds, and institutional investors whose fiduciary obligations required them to prioritise financial returns. The subsequent decade saw exponential growth in ESG assets under management, ESG rating agencies, and ESG reporting frameworks – a growth trajectory that has not yet plateaued.

1.3 From Voluntary Aspiration to Regulatory Architecture: The Critical Transition

The most significant development in ESG governance over the past decade has been the transition from voluntary frameworks to regulatory architecture. This transition has occurred unevenly across jurisdictions and sectors, but its direction is unmistakable. The European Union's Sustainable Finance Disclosure Regulation (SFDR), adopted in 2019 and progressively implemented since 2021, mandates ESG disclosure for financial market participants operating in EU markets. The EU Corporate Sustainability Reporting Directive (CSRD), effective from 2024, extends mandatory sustainability reporting to approximately 50,000 companies operating within or with significant business in the EU – a regulatory perimeter that extends de facto to major

trading partners and supply chain participants globally.⁵

At the international level, the International Sustainability Standards Board (ISSB) – established under the IFRS Foundation following COP26 – issued IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) in June 2023. These standards are designed to function as a global baseline for sustainability disclosure, consistent with the approach taken by IFRS Accounting Standards across capital markets. As of early 2026, over 20 jurisdictions have announced adoption or endorsement of the ISSB standards, with a further 30 engaged in formal consultation processes.⁶

This regulatory momentum has significant implications for developing countries, particularly in Sub-Saharan Africa. As Chapter Three elaborates, the regulatory convergence occurring in high-income country capital markets creates both compliance pressures and access barriers for African corporations seeking international investment. Companies unable to demonstrate credible ESG performance risk exclusion from green finance instruments, supply chains of ESG-compliant multinational corporations, and the growing universe of ESG-linked investment products.

1.4 ESG in Multilateral Development Finance

The integration of ESG principles into multilateral development finance represents a distinct and particularly consequential dimension of ESG's evolution. The World Bank Group's Environmental and Social Framework (ESF), which entered into force on 1 October 2018, constitutes the most comprehensive and operationally significant expression of ESG principles in the context of official development assistance and multilateral lending. The ESF is analysed in detail in Chapters Four through Seven; here it suffices to note its foundational importance to the argument of this volume.

The ESF's ten Environmental and Social Standards (ESS1–ESS10) address environmental assessment, labour rights, resource efficiency and pollution, community health and safety, land acquisition, biodiversity, Indigenous Peoples, cultural heritage, financial intermediaries, and stakeholder engagement. These standards apply to all investment project

financing extended by the International Bank for Reconstruction and Development and the International Development Association – a combined lending portfolio that has exceeded US\$700 billion since the Bank's establishment.⁷

Footnotes – Chapter One

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3. OECD, *Principles of Corporate Governance* (OECD Publishing 2004); revised edition (2015).
4. United Nations Global Compact (n 1) iii–iv.
5. EU Corporate Sustainability Reporting Directive 2022/2464/EU [2022] OJ L322/15.
6. IFRS Foundation, *ISSB Standards Adoption Status: Global Update* (IFRS Foundation 2026).
7. World Bank, *Environmental and Social Framework* (World Bank 2018); World Bank, *Annual Report 2024* (World Bank 2024).

CHAPTER TWO

The Three Pillars: Environment, Social, and Governance – Unpacked

2.1 The Environmental Pillar

The environmental pillar of ESG encompasses a corporation's relationship with the natural world across its full operational footprint: its direct emissions, its supply chain's ecological impact, its consumption of natural resources, its management of waste and pollution, and its preparedness for and contribution to climate change. From a corporate governance perspective, the environmental pillar has become the most legally consequential of the three, driven by the progressive hardening of climate-related financial disclosure requirements and the integration of physical and transition climate risks into prudential regulation.

The physical risks of climate change – including increased frequency and severity of extreme weather events, sea level rise, altered precipitation patterns, and ecosystem disruption – affect corporate assets, supply chains, and operating environments in ways that are now sufficiently material to require financial disclosure in most major capital markets. The transition risks – regulatory changes, technological disruption, shifts in consumer preferences, and stranded asset risk associated with the low-carbon transition – are equally significant for corporate valuation.⁸

For Sub-Saharan Africa, the environmental pillar carries particular weight. The region is projected to experience disproportionate physical climate impacts despite its minimal contribution to historical cumulative greenhouse gas emissions. According to the IPCC Sixth Assessment Report (2022), Africa faces projected temperature increases that could reach 4°C above pre-industrial levels under high-emission scenarios, with cascading consequences for agricultural productivity, water security, and human health.⁹ These projections underscore the justice dimensions of ESG governance explored throughout this volume.

2.2 The Social Pillar

The social pillar encompasses a corporation's relationships with its employees, supply chain workers, customers, communities, and society at large. Its constituent indicators include labour rights and working conditions, occupational health and safety, diversity and inclusion, human rights due diligence, community engagement, access to products and services, and contributions to broader social outcomes.

In the Sub-Saharan African context, the social pillar intersects with structural features of labour markets, land tenure systems, and community governance that international ESG frameworks – designed primarily with formalised, industrialised economies in mind – do not adequately address. The ILO estimates that informal employment accounts for approximately 85.8 per cent of total employment in Sub-Saharan Africa – the world's highest rate – meaning that the majority of the working population exists outside the formal employment relationships upon which standard ESG labour indicators are premised.¹⁰

2.3 The Governance Pillar

The governance pillar addresses the structures and processes through which corporations are directed, controlled, and held accountable. Its core components include board composition and independence, executive remuneration, shareholder rights, transparency and disclosure, anti-corruption and bribery policies, risk management, and tax policy. Governance is, in many respects, the foundational pillar – the quality of an organisation's environmental and social performance is significantly determined by the governance structures through which it is managed.

For Uganda specifically, governance discourse must engage with the realities of a predominantly family-owned or state-affiliated corporate sector in which board independence, formal risk management, and structured ESG disclosure are developmental aspirations rather than established practices. The evidence assembled in Chapter Eight of this volume – drawn from the Suigeneris Consultancy assessment of corporate ESG readiness – illuminates the gap between governance pillar requirements and current corporate practice among Uganda's top corporations.

2.4 The Integration Imperative: Moving Beyond Siloed ESG Analysis

A persistent analytical limitation in ESG discourse is the treatment of environment, social, and governance as separable domains amenable to independent scoring and assessment. In practice, these dimensions are profoundly interdependent. Environmental degradation has social consequences – deforestation, water pollution, and soil erosion affect the livelihoods, health, and food security of communities. Social exclusion and inequality undermine governance legitimacy. Poor governance enables environmental harm. A truly integrated ESG analysis must account for these interdependencies.

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CHAPTER THREE

ESG in the African Context: Opportunity, Challenge, and the Question of Equity

3.1 Africa's Position in the Global ESG Architecture

Africa occupies a paradoxical position in global ESG discourse. The continent is, simultaneously, among the least historically responsible for the environmental conditions that ESG frameworks purport to address; among the most vulnerable to their consequences; and among the most subject to ESG compliance requirements as a condition of accessing international capital. This paradox – which this volume theorises, building on the ESG asymmetry concept developed in Chapter Five, as a structural feature of global ESG governance rather than a contingent implementation failure – shapes the argument of this entire volume.

Sub-Saharan Africa accounts for approximately 3.8 per cent of global cumulative greenhouse gas emissions. It is home to over 1.2 billion people, a figure projected to reach 2.5 billion by 2050. Its development aspirations – including the energy access, infrastructure, and industrialisation required to reduce endemic poverty and support human development – are both legitimate and urgently necessary. Yet the ESG architecture as currently designed treats these development imperatives as subordinate to compliance standards designed without adequate regard for African contexts, capacities, or contributions to the problems those standards address.¹¹

3.2 The Regulatory Landscape: Uganda as a Case

Uganda's regulatory environment for ESG disclosure has evolved significantly in the period between the first and second editions of this volume. The Capital Markets Authority (CMA) Uganda published ESG Reporting Guidelines for Ugandan Corporations in 2022, representing a landmark regulatory signal that has not yet been matched by mandatory compliance mechanisms. The Uganda Securities Exchange, with approximately 17 listed companies, has promoted ESG awareness while stopping short of mandating disclosure in

listing requirements.

The Uganda Bankers Association published a sector-specific ESG Framework for Uganda's banking sector in 2024, reflecting growing momentum within the financial sector. The National Environment Management Authority (NEMA), established under the National Environment Act (2019), administers Uganda's Environmental Impact Assessment process but lacks systematic linkage to corporate ESG disclosure frameworks. Bank of Uganda's emerging interest in climate-related financial risk, aligned with the Network for Greening the Financial System, represents an important entry point for ESG-aligned prudential regulation.¹²

3.3 The Opportunity Dimension

The framing of ESG solely as a compliance burden misses an important dimension. For Uganda and Sub-Saharan Africa more broadly, ESG readiness represents a genuine strategic opportunity: access to green finance instruments (green bonds, sustainability-linked loans, climate finance facilities), improved competitive positioning in supply chains of ESG-compliant multinational corporations, enhanced credibility with development finance institutions, and the governance improvements that rigorous ESG practice can drive internally.

The African Development Bank's mobilisation of green finance, the International Finance Corporation's Blended Finance instruments, and the growing universe of ESG-aligned development finance create real incentives for African corporations and governments to invest in ESG readiness. The argument of this volume is not that ESG is bad for Africa but that the current design and implementation of global ESG architecture imposes inequitable compliance burdens that must be reformed if ESG is to serve African development interests equitably.

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PART II

THE WORLD BANK ESF: A DOCTRINAL ANALYSIS

CHAPTER FOUR

Legal Architecture of the ESF: From Safeguard Policies to Risk-Based Regulation

4.1 The Transition from Safeguard Policies to the ESF

The World Bank's Environmental and Social Framework entered into force on 1 October 2018 following its adoption by the Board of Executive Directors in August 2016. It replaced a suite of ten Operational Policies – collectively referred to as the Safeguard Policies – that had been developed incrementally from the 1980s. The transition from the Safeguard Policies to the ESF represents a paradigm shift from rule-based to risk-based regulation: whereas the Safeguard Policies prescribed specific mandatory requirements triggered by defined project characteristics, the ESF employs a proportionality principle calibrating compliance requirements to identified risk severity and likelihood.¹³

This shift carries significant consequences for borrowing states. Rule-based systems, whatever their limitations in flexibility and contextual sensitivity, have the virtue of clarity: a state knows in advance precisely what is required of it. Risk-based systems require borrowers to exercise judgment in identifying, assessing, and managing risks – a process that demands institutional capacity, methodological sophistication, and professional expertise that are unevenly distributed across the World Bank's borrower portfolio.

4.2 The Legal Status of the ESF

The ESF occupies an intermediate position between binding international law and purely hortatory guidance. Its operative legal force derives from incorporation by reference into the financing agreements concluded between the World Bank and borrowing states. From the perspective of public international law, these financing agreements constitute binding bilateral instruments. The consequence is that while a borrowing state is not bound by the ESF as an instrument of general international law, it is contractually obliged to comply with its provisions as a condition of disbursement – rendering the ESF's standards, in operational terms,

effectively mandatory.¹⁴

Christine Chinkin's description of certain international standards as 'soft law with hard edges' captures this hybrid normative status precisely.¹⁵ The ESF is normatively persuasive across the international development finance system – other multilateral development banks, bilateral development finance institutions, and private sector lenders have progressively aligned their own environmental and social safeguard systems with ESF benchmarks – and legally enforceable within the bilateral financing relationship between the World Bank and each borrowing state.

4.3 ESS1: Environmental and Social Assessment

ESS1 constitutes the cornerstone of the ESF, requiring borrowers to assess the environmental and social risks and impacts of proposed projects, adopt differentiated risk management measures proportionate to identified risks, and maintain institutional capacity to implement those measures throughout the project lifecycle.¹⁶ The assessment process mandated by ESS1 is substantively regulatory: it requires borrowers to operationalise concepts – environmental baseline assessment, cumulative impact analysis, social impact assessment – that presuppose established methodological traditions, qualified professional cadres, and functioning regulatory institutions.

Environmental and Social Impact Assessments meeting ESF specifications routinely cost between US\$150,000 and US\$500,000 for major infrastructure projects – a significant proportion of total project development costs in low-income country contexts and a threshold that, in practice, creates access barriers for smaller projects and weaker institutional contexts.¹⁷

4.4 ESS2 Through ESS10: An Overview

ESS2 establishes a comprehensive labour governance regime applicable to direct workers, contracted workers, primary supply chain workers, and community workers, aligning with ILO core conventions on non-discrimination, child and forced labour, occupational health and safety, and grievance mechanisms. ESS3 addresses resource efficiency and pollution prevention. ESS4 governs community health, safety, and security. ESS5 – detailed in Chapter

Six in the context of Uganda – addresses land acquisition, restrictions on land use, and involuntary resettlement, requiring compliance with international standards on compensation and resettlement that frequently exceed domestic legislative requirements.

ESS6 governs biodiversity conservation and sustainable management of living natural resources. ESS7 addresses Indigenous Peoples and Sub-Saharan African Historically Underserved Traditional Local Communities – a standard whose adaptation for Sub-Saharan African contexts reflects the ESF's attempt to engage with plural legal orders while maintaining substantive universality. ESS8 addresses cultural heritage. ESS9 governs financial intermediaries. ESS10 mandates stakeholder engagement and information disclosure – a standard requiring multilingual consultation processes in contexts where Uganda alone has over 65 recognised languages.¹⁸

Footnotes – Chapter Four

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CHAPTER FIVE

ESG Asymmetry: A New Theoretical Framework for Understanding Development Finance Inequity

Cross-reference: This chapter develops theoretical concepts that are grounded empirically in Chapter Six (Uganda and Sub-Saharan Africa Case Study) and applied normatively in Chapter Seven (The Recalibration Framework). Readers are also directed to Chapter Eight's discussion of ESG asymmetry as it manifests in corporate readiness disparities at the national level.

5.1 Conceptual Framework: ESG as Conditional Development Governance

5.1.1 The Transformation of ESG in Multilateral Finance

ESG's intellectual genealogy in the context of development finance is conventionally traced to the 2004 United Nations Global Compact report, *Who Cares Wins*, which first integrated non-financial performance criteria into investment analysis.¹⁹ However, the substantive integration of environmental and social standards into multilateral lending significantly predates that coinage. The World Bank's initial environmental policies emerged in the 1970s, and its Involuntary Resettlement Operational Policy dates to 2001, itself succeeding safeguard arrangements operational since 1980. The ESF thus represents the consolidation of a decades-long institutional trajectory – one marked by progressive expansion of the non-financial conditions governing project financing.

5.1.2 Global Administrative Law and the ESF as Governance Architecture

The theoretical framework of global administrative law (GAL), developed principally by Kingsbury, Krisch, and Stewart, provides an illuminating lens for understanding the ESF's regulatory character.²⁰ GAL analyses the exercise of governance authority beyond the state through the prism of administrative law principles – accountability, transparency, reasoned decision-making, and participation – as applied to international institutions. The ESF, with its requirements for environmental and social risk assessments, stakeholder engagement plans, and grievance redress mechanisms, maps onto these administrative law coordinates with

remarkable precision.

What GAL analysis reveals is the paradox at the ESF's core: an institution formally structured as a cooperative lending mechanism exercises de facto administrative governance over domestic regulatory choices in borrowing states. Sabino Cassese's concept of 'administrative law without the state' captures this dynamic aptly.²¹ Governance is exercised through institutional mechanisms rather than through traditional sovereign consent – compliance is voluntary in theory and compulsory in practice.

5.1.3 Climate Justice and the Distributional Imperative

The third conceptual pillar of this chapter's framework is climate justice theory. The principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), enshrined in Article 3(1) of the United Nations Framework Convention on Climate Change, holds that obligations to address environmental harm must be calibrated according to historical contribution and economic capacity.²² Yet ESG frameworks as currently structured do not operationalise CBDR-RC. The ESF's standards apply uniformly regardless of a borrowing country's cumulative emissions, per capita income, or the degree to which the environmental conditions it confronts are attributable to the industrial activities of high-income states.

5.2 *The Concept of ESG Asymmetry*

This volume introduces and theorises the concept of ESG asymmetry as a structural feature of global ESG governance – not a contingent implementation failure, but a systemic design characteristic of the current international ESG architecture. ESG asymmetry is defined as: the structural imbalance whereby developing economies, particularly those in Sub-Saharan Africa, bear disproportionate compliance burdens under global ESG governance frameworks despite having contributed minimally to historical environmental degradation, possessing the least institutional capacity for compliance, and having the greatest developmental urgency for efficient access to financing.

ESG asymmetry has three analytically distinct dimensions. The first is the historical responsibility gap: the mismatch between who bears compliance burdens (primarily developing-country borrowers) and who bears historical responsibility for the environmental conditions

those frameworks address (primarily industrialised countries). Sub-Saharan Africa's 3.8 per cent contribution to global cumulative greenhouse gas emissions stands in stark contrast to its centrality in World Bank ESF application.

The second dimension is the institutional capacity gap: the mismatch between the compliance requirements embedded in ESG frameworks and the institutional infrastructure available in developing-country contexts to meet those requirements. Full Environmental and Social Impact Assessments, comprehensive stakeholder engagement plans in multiple languages, formal occupational health and safety management systems, customary land documentation – all presuppose institutional traditions and professional cadres that are only partially present in many borrowing-state contexts.

The third dimension is the developmental urgency gap: the mismatch between the compliance timelines and sequencing assumptions embedded in ESG frameworks and the urgency of development needs in borrowing-state contexts. ESG conditionality that delays project approval, increases transaction costs, or restricts the range of development pathways available to borrowing states imposes real opportunity costs on populations whose development needs are acute.

Footnotes – Chapter Five

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CHAPTER SIX

Uganda and Sub-Saharan Africa: A Case Study in ESG Conditionality

Cross-reference: This chapter grounds the theoretical framework of Chapter Five in empirical evidence. Chapter Eight extends the analysis to the corporate level through the ECRI-Uganda assessment. Chapter Seven derives reform recommendations from the case study evidence presented here.

6.1 Uganda's Development Context

Uganda presents a paradigmatic case for the analysis of ESG asymmetry in development finance. With a per capita GDP of approximately US\$873 (2023), a Human Development Index ranking of 166 out of 193 countries, and an active World Bank lending portfolio exceeding US\$5 billion across 30 projects as of 2024, Uganda exemplifies the structural position of Sub-Saharan African borrowing states: significant development financing needs, substantial World Bank ESF obligations, and institutional capacity that is developing but frequently insufficient for full compliance with the Framework's requirements.²³

Uganda's environmental context adds further complexity. The country faces acute deforestation – forest cover declined from approximately 24 per cent of land area in 1990 to approximately 9 per cent by 2019 – driven primarily by agricultural expansion, charcoal production, and population growth rather than by industrial activity of the scale or kind that developed-country environmental frameworks were designed to govern. Uganda's emissions profile is dominated by land use change and agriculture – sectors that intersect with customary land tenure systems and subsistence livelihoods in ways that standard ESG frameworks do not adequately address.²⁴

6.2 Land Tenure, ESS5, and Legal Pluralism

ESS5 governs the physical and economic displacement of persons resulting from World Bank-financed project activities. Its requirements – including market-rate compensation for lost

assets, development of Resettlement Action Plans, and provisions for grievance redress – reflect international standards developed principally in the context of formalised property regimes and individual land titling systems.

Uganda's land tenure system is characterised by profound legal pluralism. The Constitution of Uganda (1995) recognises four tenure systems – freehold, leasehold, Mailo, and customary – of which customary tenure predominates in rural areas, accounting for the majority of the land occupied by Uganda's predominantly rural population. Customary tenure, recognised under the Land Act (Cap 227) (1998), is communal in character, non-individuated in its rights structure, and frequently undocumented in ways amenable to standard compensation assessment methodologies.²⁵

The collision between ESS5's compensation and documentation requirements and Uganda's customary land tenure reality generates persistent compliance challenges that cannot be resolved through institutional capacity-building alone. They require framework-level accommodation – a recognition that land governance in Sub-Saharan African contexts operates through legal traditions and community structures that international ESG frameworks must engage with, rather than displace.

6.3 Informal Labour Markets and ESS2

ESS2's labour governance requirements – including written employment contracts, formal occupational health and safety management systems, and institutionalised grievance mechanisms – presuppose formalised employment relationships that do not correspond to empirical labour market realities across much of Uganda and Sub-Saharan Africa more broadly. With informal employment accounting for approximately 85.8 per cent of employment in the region, ESS2 applies comprehensive compliance requirements to a labour market reality for which those requirements were not designed.²⁶

6.4 Implementation Evidence and the Capacity Gap

The World Bank's Independent Evaluation Group's 2022 assessment of early ESF implementation experience documented persistent patterns of implementation difficulty across

Sub-Saharan African borrowing states. The assessment found that borrower institutional capacity – particularly for Environmental and Social Impact Assessment, stakeholder engagement, and grievance mechanism design – was consistently identified as the primary constraint on ESF compliance. Uganda's portfolio was cited among those exhibiting the most significant capacity gaps relative to ESF requirements.²⁷

Footnotes – Chapter Six

23. World Bank, 'Uganda Overview' (World Bank, October 2023); World Bank, World Development Indicators 2023 (World Bank 2023).

24. National Environment Management Authority (Uganda), State of the Environment Report for Uganda 2018/2019 (NEMA 2020) 34–40.

25. Constitution of Uganda 1995, Arts 26, 237; Land Act (Cap 227) 1998 (Uganda), ss 3–7; Godber Tumushabe, 'Land Rights, Customary Tenure, and Development Finance Conditionality in Uganda' (2021) 9 African Journal of Land Policy and Geospatial Sciences 44.

26. International Labour Organization (n 10) 87.

27. World Bank Independent Evaluation Group, 'The World Bank Environmental and Social Framework: Early Implementation Experience' (IEG 2022) 24–31.

CHAPTER SEVEN

Recalibrating ESG: A Four-Principle Reform Framework

Cross-reference: This chapter synthesises the theoretical analysis of Chapter Five and the empirical evidence of Chapter Six into a normatively grounded reform framework. The corporate-level implications of recalibration are discussed in Chapter Eight.

7.1 The Case for Recalibration

The analysis developed across Chapters Four through Six establishes that the World Bank's Environmental and Social Framework, in its current form, embodies structural ESG asymmetry. It distributes compliance burdens in a manner disproportionate to historical responsibility, insensitive to institutional capacity differentials, and inadequately attentive to the developmental sovereignty of borrowing states. The case for recalibration is therefore not a case against ESG in development finance – it is a case for ESG architecture that is capable of achieving its stated normative goals.

7.2 The Four Principles

Principle 1: Context-Sensitive Application

The first principle of recalibration requires that ESG standards be applied with genuine sensitivity to the institutional, legal, and development context of each borrowing state. Context-sensitivity is not a licence for lowered standards; it is a recognition that the same substantive ESG objective – environmental protection, labour rights, community engagement – may need to be pursued through different procedural mechanisms in different contexts. ESF risk assessment methodologies should be complemented by country-specific Environmental and Social Country Systems assessments that identify existing domestic regulatory frameworks capable of serving ESF objectives.

Principle 2: Capacity-Based Compliance

The second principle requires that compliance timelines, documentation requirements, and institutional prerequisites be calibrated to the actual capacity of borrowing-state institutions rather than to idealised compliance scenarios derived from high-income country regulatory traditions. This requires the World Bank to invest systematically in country-level environmental and social governance capacity as a prerequisite for, rather than an incidental component of, project-level compliance. Capacity investment should be financed through dedicated grant mechanisms, not absorbed into project loan amounts.

Principle 3: The ESG Equity Index

The third principle proposes the development and operationalisation of an ESG Equity Index – a composite measure that would function as a decision-support tool for ESG conditionality design. The ESG Equity Index would incorporate: a country's cumulative greenhouse gas emissions as a proportion of global cumulative emissions; per capita GDP and income distribution metrics; institutional capacity indicators derived from validated governance assessments; development urgency indicators including the Human Development Index, extreme poverty rate, and infrastructure deficit; and sectoral development needs relative to Sustainable Development Goal targets.

Principle 4: Development-First Sequencing

The fourth principle proposes a recalibration of the sequencing relationship between ESG compliance and development financing. The current ESF architecture treats compliance as a condition precedent to financing – a project may not proceed unless and until ESG requirements are satisfied. Development-first sequencing would permit conditional financing to proceed where capacity constraints prevent immediate full compliance, with binding compliance milestones and dedicated technical assistance, allowing development benefits to flow while compliance capacity is progressively developed.

7.3 Implementation Pathway

Implementation of the four-principle recalibration framework requires action at multiple institutional levels. At the World Bank level, the required actions include: formal revisions to the ESF's legal architecture to embed country-level differentiation as an operational principle alongside project-level proportionality; development of new financial instruments for systemic

capacity investment; creation of Country Environmental and Social Frameworks through structured co-production with borrowing governments; adoption of the ESG Equity Index as a decision-support tool for conditionality design; and restructuring of Bank supervision arrangements to prioritise country capacity development alongside project compliance monitoring.²⁸

Footnotes – Chapter Seven

28. African Union, 'Agenda 2063: The Africa We Want' (AU Commission 2015); International Finance Corporation, 'Environmental and Social Framework: Approach to Country Systems' (IFC Discussion Paper 2020).

PART III

ESG IN CORPORATE PRACTICE: UGANDA'S READINESS LANDSCAPE

CHAPTER EIGHT

Evaluating Corporate ESG Readiness in Uganda: The ECRI-Uganda Framework and National Baseline Assessment

This chapter constitutes the principal new contribution of the Second Edition. It integrates two bodies of original work produced between 2024 and 2026: the scholarly article 'Recalibrating ESG Conditionalities in Development Finance' (Isaac Christopher Lubogo, Richard Kaira Lubogo, and Mulungi Aisha, March 2026) and the Technical and Financial Proposal for 'Evaluating Corporate Readiness for ESG Reporting in Uganda' submitted by Suigeneris Consultancy to the Uganda Institute of Certified Public Accountants (Reference: SGC/ESG/2026/001, March 2026). These materials are synthesised with original analysis, contextualised within the theoretical framework of the preceding chapters, and presented as a substantive scholarly chapter rather than as reproduced documents.

Cross-reference: The theoretical foundations of ESG asymmetry drawn upon in this chapter are developed in Chapter Five. The regulatory landscape described here builds on Chapter Three's overview of Uganda's ESG regulatory environment. Chapter Seven's recalibration principles are tested against the empirical evidence assembled here.

8.1 Introduction: Why Corporate ESG Readiness Matters for Uganda

The transformation of ESG from voluntary aspiration to quasi-regulatory architecture – traced in Chapter One and contextualised for Sub-Saharan Africa in Chapter Three – has arrived at Uganda's corporate doorstep with a velocity that Uganda's institutional environment was not prepared to absorb. As of early 2026, global sustainable investment assets under management have surpassed USD 30 trillion, representing over one-third of all professionally managed assets globally. Major international indices including MSCI, FTSE Russell, and S&P Dow Jones have embedded ESG ratings as core benchmarking components. Development finance institutions – including the International Finance Corporation, the European Investment Bank, and the Proparco – now require credible ESG performance as a condition for financing or co-financing of private sector investments.²⁹

For Uganda's corporate sector – spanning agribusiness, financial services, telecommunications, manufacturing, real estate, and the emerging oil and gas sector – this global shift presents both an existential challenge and a transformational opportunity. Corporations unable to demonstrate credible ESG readiness increasingly risk exclusion from foreign direct investment flows, green finance instruments, climate resilience funding, and supply chains of global multinationals that now mandate ESG compliance from their suppliers and partners. Conversely, corporations that invest strategically in ESG readiness position themselves to access a growing universe of ESG-linked capital, attract ESG-aligned talent and customers, and demonstrate the governance credibility that sustains long-term value creation.

Despite this high-stakes landscape, no systematic, nationally representative assessment of where Uganda's corporations stand on their ESG readiness journey has been conducted prior to the initiative documented in this chapter. This evidence gap impedes targeted policy design, investor due diligence, and corporate sustainability strategy development – and is precisely the gap that the ECRI-Uganda framework and the associated national baseline assessment are designed to bridge.

8.2 Uganda's ESG Regulatory Landscape: A Detailed Assessment

8.2.1 Capital Markets Authority Uganda

The Capital Markets Authority (CMA) Uganda, established under the Capital Markets Authority Act (Cap. 84), published ESG Reporting Guidelines for Ugandan Corporations in 2022 – a landmark regulatory signal. The Guidelines align broadly with GRI Universal Standards and the ISSB's emerging global baseline, but have not been backed by mandatory compliance mechanisms as of March 2026. The CMA's draft Corporate Governance Guidelines contain provisions relevant to board oversight of sustainability risks, but lack the specificity required for structured ESG disclosure. The most pressing regulatory gap is the absence of an enforcement mechanism: without compliance incentives backed by regulatory authority, uptake among non-listed corporations remains limited to the most ESG-sophisticated firms.

8.2.2 Uganda Securities Exchange

The Uganda Securities Exchange (USE), with approximately 17 listed companies as of

2026, has promoted ESG awareness but has not mandated ESG reporting in its listing requirements. Regional comparison is instructive: Kenya's Nairobi Securities Exchange made ESG reporting mandatory for listed issuers by 2022, and the Johannesburg Stock Exchange required King IV-aligned integrated reporting from 2017. Uganda's USE is approximately five to seven years behind these regional leaders – a gap that the national baseline assessment described in this chapter is designed to help bridge through evidence-based policy recommendations.

8.2.3 National Environment Management Authority

NEMA, established under the National Environment Act (2019), administers Uganda's Environmental Impact Assessment process and sector-specific environmental management guidelines. There is currently no systematic linkage between NEMA's environmental compliance data and corporate ESG disclosure frameworks – a structural gap that allows companies to satisfy EIA requirements without integrating environmental performance into their broader ESG reporting. The national baseline assessment is designed to document this gap and recommend institutional bridging mechanisms.

8.2.4 Uganda Bankers Association ESG Framework (2024)

The Uganda Bankers Association released a sector-specific ESG Framework for Uganda's banking sector in 2024, representing important institutional momentum. Bank of Uganda's emerging engagement with climate-related financial risk, aligned with the Network for Greening the Financial System (NGFS), creates a supervisory entry point for ESG-aligned prudential regulation. The banking sector's ESG progress reflects both the sophistication of the sector's regulatory environment and the discipline applied by international correspondent banks and development finance institution shareholders who have already embedded ESG requirements in their own operations.

8.3 The ECRI-Uganda Framework: Design and Architecture

8.3.1 Conceptual Foundations

The ESG Corporate Readiness Index for Uganda (ECRI-Uganda) is designed as a composite scoring instrument that aggregates multi-dimensional ESG readiness data into standardised, comparable scores for individual corporations and sector cohorts. Its design is

grounded in three theoretical frameworks: Institutional Theory – which holds that organisations respond to regulatory mandates, social norms, and peer behaviour, explaining the higher ESG adoption observed among corporations with development finance institution shareholders or international investor relationships; Stakeholder Theory – which positions ESG readiness as a function of the quality of an organisation's engagement with its multiple constituencies; and Organisational Readiness for Change Theory – which assesses readiness through both the willingness and the structural capacity to embrace new governance practices.³⁰

8.3.2 The Five-Pillar Architecture

The ECRI-Uganda is structured around five pillars that together constitute a comprehensive assessment of corporate ESG readiness. Each pillar is scored from 0 to 100 through weighted aggregation of sub-dimension scores, and the composite ECRI-Uganda score is computed as a weighted average of the five pillars.

ECRI-Uganda Pillar Architecture

P1: ESG Awareness & Strategy (Weight: 20%)

Conceptual awareness of ESG; familiarity with GRI, SASB, TCFD, and ISSB frameworks; ESG integration in corporate strategy; SDG alignment; climate risk understanding.

P2: Governance & Leadership (Weight: 25%)

Board sustainability committee existence; ESG policy adoption; CEO ESG KPIs; anti-corruption programme; board independence; ESG in enterprise risk management; executive accountability.

P3: Environmental Management (Weight: 20%)

GHG emissions tracking; energy management; water management; waste management; biodiversity considerations; EIA compliance; ISO 14001 status; supply chain environmental footprint.

P4: Social Performance (Weight: 15%)

OHS management systems; injury rate tracking; gender diversity metrics; community engagement mechanisms; human rights due diligence; grievance mechanism; supply chain social audits; labour standards compliance.

P5: Reporting & Data Systems (Weight: 20%)

ESG report publication; framework alignment (GRI/SASB/TCFD); third-party assurance; ESG data software; data quality systems; reporting frequency; disclosure transparency.

8.3.3 Maturity Level Classification

The ECRI-Uganda classifies corporations into five maturity levels based on their composite score. The classification is designed not merely to rank corporations but to identify

the most relevant capacity-building intervention for each maturity cohort, enabling targeted and efficient allocation of policy and advisory resources.

ECRI-Uganda Maturity Levels

Level 1 – Nascent (Score 0–20): ESG-unaware or non-engaged. No ESG disclosure whatsoever. Recommended intervention: Foundation ESG awareness programme; basic governance policy adoption; ESG champion designation.

Level 2 – Emerging (Score 21–40): Ad hoc ESG activities; limited governance structures. Partial, informal ESG disclosure in annual report. Recommended intervention: Governance structures development; GRI-aligned reporting initiation; ESG data inventory.

Level 3 – Developing (Score 41–60): Systematic ESG management; formal policies. Annual ESG report (unassured). Recommended intervention: Data system integration; assurance engagement; TCFD/SASB alignment; board capacity-building.

Level 4 – Advanced (Score 61–80): Integrated ESG management; board-level oversight. Assured ESG report; GRI-aligned. Recommended intervention: ISSB alignment; Science-Based Targets; stakeholder advisory panel.

Level 5 – Leading (Score 81–100): ESG fully embedded in strategy and capital allocation. Integrated report; ISSB-aligned; Big 4 assured. Recommended intervention: Sector leadership; peer mentoring; international benchmarking.

8.4 Methodology: The Corporate ESG Readiness Evaluation

8.4.1 Research Design and Population

The national baseline assessment is designed as a descriptive cross-sectional study with a mixed-methods approach. The target population is the top 500 corporations in Uganda by annual revenue, adjusted for sectoral representation to ensure coverage across agribusiness, financial services, telecommunications, manufacturing, real estate, construction, and the oil and gas sector. A census approach is applied to the quantitative survey – all 500 identified corporations are invited to participate – with purposive sampling of 15–20 key informants for qualitative interviews.³¹

The corporate population frame is constructed from multiple administrative data sources: the Uganda Revenue Authority large-taxpayer registry; the Uganda Registration Services Bureau company registry; the Uganda Securities Exchange listed company database; the Uganda Manufacturers Association membership directory; the Uganda Bankers Association membership roster; the Private Sector Foundation Uganda corporate database; and sector-specific regulatory registries from the Petroleum Authority of Uganda, the Uganda

Communications Commission, and the Insurance Regulatory Authority.

8.4.2 The Corporate ESG Readiness Questionnaire

The primary data collection instrument – the Corporate ESG Readiness Questionnaire (CERQ) – is structured in seven modules, each addressing a distinct dimension of ESG readiness. The modules assess: ESG awareness and strategic integration; governance structures for ESG; environmental management capacity; social performance capacity; ESG reporting and data systems; perceived effectiveness of regulatory support mechanisms; and barriers to ESG adoption. The questionnaire is designed to generate data amenable to both SPSS-based quantitative analysis and NVivo-based qualitative analysis, consistent with the specifications of the UICPA Terms of Reference.

8.4.3 Key Informant Interviews and Focus Group Discussions

Semi-structured key informant interviews with 15–20 purposively selected participants – including CFOs and Chief Sustainability Officers from corporations at different ESG maturity levels, regulatory officials from the CMA, USE, NEMA, and Bank of Uganda, and investment officers from development finance institutions active in Uganda – provide the qualitative depth that quantitative survey data cannot deliver. Focus Group Discussions in four regional locations (Kampala, Gulu, Mbale, and Mbarara) ensure geographic coverage and capture regional variation in ESG awareness and practice.

8.5 Key Challenges in Uganda's ESG Adoption Landscape

The assessment framework is designed to measure and explain a set of challenges identified through preliminary environmental scanning and literature review. These challenges are not unique to Uganda but are manifested with particular intensity in Uganda's institutional and economic context. Understanding them is essential for designing interventions capable of producing durable improvements in corporate ESG readiness.

- Limited technical expertise and ESG-specific human capital: The pool of certified ESG professionals in Uganda remains small, creating both a supply constraint and a cost barrier for corporations seeking external ESG advisory services.
- Absence of harmonised national ESG standards: The co-existence of CMA guidelines,

NEMA requirements, Bank of Uganda emerging expectations, and international frameworks (GRI, SASB, TCFD, ISSB) creates a fragmented compliance landscape that generates reporting inconsistency and advisory market inefficiency.

- Weak enforcement mechanisms: The voluntary character of current ESG reporting requirements limits compliance incentives, particularly for corporations without international investors or DFI shareholders who apply their own ESG requirements contractually.
- Financial constraints: ESG readiness investment – including data management systems, third-party assurance, and dedicated sustainability personnel – represents a significant cost that is beyond the capacity of many Ugandan SMEs and family-owned enterprises.
- Inadequate data infrastructure: Non-financial performance tracking systems are underdeveloped across most sectors, creating gaps in the data foundation upon which credible ESG reporting must be built.
- Low ESG awareness at board and executive levels: In sectors outside financial services and telecommunications, ESG literacy at the board level is limited, reducing the governance-level commitment required for systematic ESG management.
- Fragmented regulatory coordination: The absence of a single regulatory body with comprehensive ESG oversight authority – and the limited inter-agency coordination between CMA, NEMA, Bank of Uganda, and relevant ministries – creates gaps and overlaps that impede coherent ESG regulatory development.

8.6 The ESG Equity Index in Corporate Context

A distinctive contribution of this chapter – connecting the macro-level ESG asymmetry analysis of Chapter Five to the corporate-level readiness assessment described here – is the application of the ESG Equity Index concept at the sectoral and corporate level. Just as the ESG Equity Index was proposed in Chapter Seven as a decision-support tool for calibrating development finance conditionality to historical responsibility and institutional capacity, an analogous instrument – the Corporate ESG Equity Assessment – is proposed here as a tool for calibrating regulatory expectations and capacity-building interventions to the actual starting positions of Ugandan corporations.

The Corporate ESG Equity Assessment would incorporate: the corporation's sector and associated ESG materiality profile; the corporation's size and financial resources available for ESG investment; the corporation's ownership structure and associated ESG accountability

pressures; the corporation's historical regulatory compliance track record; and the availability of sector-specific ESG guidance and support. Corporations with lower ESG Equity Assessment scores – those facing greater structural barriers to ESG readiness – would receive proportionally greater regulatory support, capacity-building assistance, and extended compliance timelines.

8.7 Implementation Framework: A Phased National Assessment

8.7.1 Phase 1: Inception and Framework Development (Months 1–3)

The inception phase encompasses construction of the 500-corporation population frame from multiple data sources; regulatory and policy environment mapping across CMA, USE, NEMA, Bank of Uganda, and line ministry instruments; CERQ design, platform development, and formatting; ECRI-Uganda index framework finalisation; pilot testing with 10 CFOs; Expert Advisory Panel convening (Session 1) for ECRI-Uganda framework review; and stakeholder mapping with regulatory data-sharing agreement development.

8.7.2 Phase 2: Data Collection (Months 3–7)

The data collection phase deploys the online survey platform to all 500 corporations simultaneously, with multi-channel follow-up protocols. Key Informant Interviews are conducted across Kampala and four regional business centres. Focus Group Discussions are convened in Kampala, Gulu, Mbale, and Mbarara. Systematic document review of all 500 corporations uses a standardised Document Review Template to extract publicly available ESG performance data from annual reports, corporate governance disclosures, and website publications.

8.7.3 Phase 3: Analysis, Validation, and Reporting (Months 7–10)

SPSS-based quantitative analysis produces descriptive statistics, reliability assessments, comparative analyses, and regression models identifying determinants of ECRI-Uganda scores. NVivo-based qualitative analysis applies Framework Analysis to KII and FGD transcripts. Data integration follows a convergent mixed-methods approach. Four regional stakeholder validation workshops test the credibility of draft findings before final reporting. Expert Review Panel Session 2 subjects the draft findings to independent peer review.

8.7.4 Phase 4: Dissemination and Knowledge Products (Months 10–12)

The dissemination phase produces the Final National ESG Baseline Report; a Corporate ESG Guidance Toolkit including a Model ESG Reporting Template for Ugandan Corporations; three targeted Policy Briefs for the CMA/USE, Bank of Uganda, and NEMA/Ministry of Water and Environment; individual ECRI-Uganda scorecards delivered to all respondent corporations; and a National ESG Dissemination Conference for 200+ participants including regulatory bodies, corporate leaders, development finance institutions, and civil society.

8.8 Stakeholder Architecture

The national assessment is designed around a comprehensive stakeholder architecture that reflects the interdependence of regulatory, corporate, investor, civil society, and academic constituencies in Uganda's ESG ecosystem. The commissioning body – the Uganda Institute of Certified Public Accountants (UICPA) – occupies the apex of the stakeholder hierarchy as the client that receives all formal deliverables. The CMA and USE are positioned as policy recommendation recipients and key informants whose validation of regulatory findings is essential for their operationalisation. Development finance institutions are positioned as end-users of the ECRI-Uganda index for investment screening purposes. Civil society organisations serve as validation workshop participants and guardians of community accountability dimensions. Academic institutions – including Makerere University and the Uganda Management Institute – provide independent expert review and ensure the methodological credibility of findings.

8.9 Connecting Corporate Readiness to the ESG Asymmetry Framework

The analysis of this chapter, read against the ESG asymmetry framework developed in Chapter Five, reveals a micro-level manifestation of the macro-level structural imbalance that ESG asymmetry describes. The historical responsibility gap – the mismatch between who contributes to environmental degradation and who bears compliance burdens – is visible at the corporate level in the disproportionate compliance costs faced by Ugandan corporations operating in sectors with minimal global environmental footprints but significant local development functions.

The institutional capacity gap is directly measured by the ECRI-Uganda framework: the

concentration of corporations in the Nascent and Emerging maturity levels – which preliminary assessment suggests is the position of a substantial majority of Uganda's top 500 corporations – reflects not a failure of corporate will but a structural deficit of the kind of institutional infrastructure, professional expertise, and data management capability that ESG readiness requires. The developmental urgency gap is visible in the trade-off that many Ugandan corporations face between investing in ESG compliance and investing in the operational improvements – workforce development, production technology, supply chain organisation – that drive the commercial performance upon which their long-term viability depends.

The recalibration principles advanced in Chapter Seven apply at the corporate level as much as at the development finance level. Context-sensitive application suggests that Uganda's regulatory framework for ESG disclosure should phase requirements in accordance with corporate capacity rather than mandating immediate full compliance with internationally benchmarked standards. Capacity-based compliance suggests that regulatory support should prioritise investment in the data management infrastructure, professional development, and governance advisory services that enable Ugandan corporations to progressively improve their ECRI-Uganda scores. Development-first sequencing suggests that access to green finance and ESG-linked investment should not be conditioned on full compliance with Level 4 or Level 5 maturity requirements for corporations demonstrably engaged in an improvement trajectory.

8.10 Conclusions

The ECRI-Uganda framework and national baseline assessment represent a foundational contribution to Uganda's ESG governance infrastructure. By providing the first systematic, nationally representative assessment of corporate ESG readiness across Uganda's top 500 corporations, the assessment will generate the evidence base that is currently absent from Uganda's ESG policy landscape – and without which targeted, effective, and equitable ESG policy cannot be designed.

The integration of this work into the broader analytical framework of this volume – particularly its connection to the ESG asymmetry concept of Chapter Five and the four-principle recalibration framework of Chapter Seven – reflects the authorship team's conviction that corporate ESG readiness is not merely a compliance management challenge but a dimension of

the broader justice question that runs through every chapter of this book: who bears the costs and receives the benefits of global ESG governance, and whether those distributions are equitable. The ECRI-Uganda framework is designed to answer that question at the corporate level, and to equip Uganda's policymakers, investors, and corporate leaders to respond to it constructively.

Footnotes – Chapter Eight

29. Global Sustainable Investment Alliance, Global Sustainable Investment Review 2023 (GSIA 2023); International Finance Corporation, Environmental and Social Performance Standards (IFC 2023).

30. Paul DiMaggio and Walter Powell, 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields' (1983) 48(2) *American Sociological Review* 147; R. Edward Freeman, *Strategic Management: A Stakeholder Approach* (Pitman 1984); Gina Cinite, Linda Duxbury and Chris Higgins, 'Measurement of Perceived Organizational Readiness for Change in the Public Sector' (2009) 62(4) *British Journal of Management* 265.

31. Suigeneris Consultancy, Technical and Financial Proposal: Evaluating Corporate Readiness for ESG Reporting in Uganda (Ref: SGC/ESG/2026/001, March 2026), Section 4.3.

CHAPTER NINE

ESG Reporting Frameworks: GRI, SASB, TCFD, and ISSB in an African Context

9.1 The Global Reporting Initiative: The Dominant Baseline

The Global Reporting Initiative (GRI) Standards, maintained by the Global Sustainability Standards Board, represent the world's most widely adopted sustainability reporting framework. GRI's modular architecture – comprising Universal Standards (GRI 1, 2, 3), Sector Standards, and Topic Standards – provides flexibility across sectors, company sizes, and reporting contexts. GRI's double-materiality concept is particularly significant: it requires organisations to disclose both how sustainability issues affect the organisation financially (financial materiality) and how the organisation's activities impact people and the environment (impact materiality). This dual perspective aligns GRI more closely with the social and environmental justice concerns that animate this volume's analysis than do single-materiality frameworks that focus exclusively on investor-relevant financial impacts.³²

For Uganda, GRI's flexibility makes it the most appropriate baseline framework. Its applicability across sectors – including agribusiness, financial services, manufacturing, and extractives, which together account for the majority of Uganda's formal corporate activity – and its compatibility with the disclosure capacities of companies at different maturity levels make it the most practical foundation for Uganda's emerging ESG reporting ecosystem.

9.2 SASB Standards: Sector-Specific Financial Materiality

The SASB Standards – now integrated within IFRS Sustainability Disclosure Standards as the sector-specific content layer – provide industry-specific disclosure standards designed for financially material ESG information. SASB's 77 industry-specific standards span 11 sectors. For Uganda, the most relevant sectors include Food and Beverage, Financials, Infrastructure, Resource Transformation, and Extractives. SASB's financial materiality focus makes it particularly relevant for corporations seeking to communicate ESG performance to investors

applying conventional investment analysis frameworks.

9.3 TCFD: Climate Risk Disclosure

The Task Force on Climate-related Financial Disclosures, now absorbed into the ISSB framework, provides recommendations for climate-related financial disclosures organised around four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Given Uganda's acute vulnerability to climate change impacts – altered rainfall patterns, prolonged droughts, increased flooding, and cascading agricultural effects – TCFD alignment is particularly relevant for corporations in climate-sensitive sectors. The TCFD framework provides a structured methodology for corporations to assess and disclose both physical and transition climate risks, enabling investors and lenders to make better-informed capital allocation decisions.

9.4 The ISSB and Global Baseline Convergence

The International Sustainability Standards Board (ISSB), established under the IFRS Foundation following COP26, issued IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) in June 2023. These standards are designed to function as a global baseline for sustainability disclosure, consistent with the approach taken by IFRS Accounting Standards across capital markets. As African stock exchanges progressively align with IFRS standards, Uganda's corporate reporting framework will increasingly be evaluated against ISSB requirements – making early engagement with ISSB a strategic priority for Uganda's leading corporations.³³

Footnotes – Chapter Nine

32. Global Reporting Initiative, GRI 1: Foundation 2021 (Global Sustainability Standards Board 2021).

33. IFRS Foundation, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS Foundation 2023); IFRS Foundation, IFRS S2 Climate-related Disclosures (IFRS Foundation 2023).

CHAPTER TEN

Regulatory Architecture for ESG Disclosure: Lessons from Africa and Beyond

10.1 Mandatory versus Voluntary ESG Disclosure: The Global Debate

The debate between mandatory and voluntary ESG disclosure regimes has largely been resolved in major capital markets in favour of mandatory or quasi-mandatory requirements, as the European Union's CSRD and the ISSB's global baseline standards demonstrate. The case for mandatory disclosure rests on three arguments: information asymmetry reduction (investors and other stakeholders cannot make informed decisions without standardised, comparable, and reliable ESG information); externality correction (voluntary disclosure tends to produce greenwashing rather than genuine behaviour change); and level-playing-field concerns (mandatory requirements prevent corporations that resist ESG investment from gaining competitive advantage over those that embrace it).

10.2 Africa's Regulatory Pathfinders: South Africa and Kenya

South Africa's King IV Code on Corporate Governance, effective from 2017, represents the most advanced integrated reporting framework in Africa. By requiring listed companies to produce integrated reports that connect financial performance to sustainability impacts, governance quality, and stakeholder relationships, King IV has elevated the quality of corporate governance disclosure across South Africa's corporate sector and generated valuable experience in the operationalisation of integrated thinking. Kenya's Capital Markets Authority mandated ESG reporting for listed issuers by 2022, creating Africa's first explicit stock exchange ESG disclosure mandate and providing a template that Uganda's USE could adapt to its own regulatory context.³⁴

10.3 Implications for Uganda's Regulatory Development

Uganda's path to an effective ESG disclosure regime must navigate the tension between

the aspiration for rapid regulatory alignment with international best practice and the reality of the corporate capacity gaps documented in Chapter Eight. An approach that mandates full GRI or ISSB compliance for all listed and large corporations within a short timeframe is likely to produce widespread non-compliance, regulatory credibility damage, and compliance theatre rather than substantive ESG improvement.

A more effective approach – consistent with the four-principle recalibration framework of Chapter Seven – would phase mandatory disclosure requirements in alignment with the ECRI-Uganda maturity levels, require corporations at Level 3 and above to produce annual ESG reports within a defined timeline, provide regulatory support and capacity-building resources for corporations at Levels 1 and 2, and create incentive mechanisms (access to green finance instruments, regulatory fast-tracking of project approvals, public recognition) that reward ESG progress.

Footnotes – Chapter Ten

34. Institute of Directors Southern Africa, King IV Report on Corporate Governance for South Africa (IDSA 2016); Capital Markets Authority Kenya, Code of Corporate Governance Practices for Issuers of Securities to the Public (CMA Kenya 2022).

PART IV

TOWARDS A SUSTAINABLE AND EQUITABLE ESG FUTURE

CHAPTER ELEVEN

Climate Justice and Development Finance: Bridging Theory and Practice

11.1 Climate Justice: The Distributional Imperative in ESG

Climate justice scholarship – associated with Chukwumerije Okereke, J. Timmons Roberts, Bradley Parks, and Henry Shue – interrogates the distributional dimensions of global environmental governance: who bears the costs of mitigation and adaptation, and according to what principles of historical responsibility and equity. The principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) provides the international law foundation for this inquiry, establishing that obligations to address environmental harm must be calibrated according to historical contribution to the problem and economic capacity to address it.³⁵

Climate justice theory challenges the assumption – implicit in the uniform application of ESG frameworks – that all countries and corporations stand in the same relationship to the global climate challenge. A Ugandan smallholder farmer facing crop failure due to altered rainfall patterns is not situated in the same relationship to climate change as a German automotive manufacturer whose production processes have contributed significantly to cumulative atmospheric greenhouse gas concentrations. ESG frameworks that apply the same compliance requirements to both without regard for this asymmetry fail the basic test of equity that climate justice theory demands.

11.2 Blended Finance and Climate Finance: Instruments for Equitable Transition

The global climate finance architecture – including the Green Climate Fund, the Climate Investment Funds, and the proliferating universe of green bond instruments – represents a potential mechanism for bridging climate justice theory and ESG practice. By directing concessional finance and technical assistance specifically to developing-country actors who face the greatest capacity barriers to ESG compliance, these instruments can address the institutional capacity gap that is central to the ESG asymmetry concept.

For Uganda specifically, the mobilisation of climate finance through the COP framework – including Loss and Damage finance, which Uganda as a climate-vulnerable state has a legitimate claim upon – represents an important funding source for the national ESG infrastructure development that this volume's analysis suggests is necessary. The national ESG baseline assessment described in Chapter Eight can itself serve as a tool for identifying Uganda's climate finance needs and demonstrating to international financiers the capacity gaps that targeted climate finance can address.

Footnotes – Chapter Eleven

35. Chukwumerije Okereke and Philip Coventry, 'Climate Justice and the International Regime: Before, During, and After Paris' (2016) 7(6) WIREs Climate Change 834; J. Timmons Roberts and Bradley C. Parks, A Climate of Injustice: Global Inequality, North-South Politics, and Climate Policy (MIT Press 2007).

CHAPTER TWELVE

The Future of ESG: Convergence, Contestation, and the African Agenda

12.1 The Direction of Travel: Mandatory, Universal, and Integrated

The trajectory of global ESG governance points unmistakably toward mandatory, universal, and integrated disclosure requirements. The pace of regulatory convergence – accelerated by the ISSB's global baseline standards, the EU CSRD's extra-territorial reach, and the progressive incorporation of ESG requirements into development finance conditionality – means that the question for Uganda and Sub-Saharan Africa is not whether to engage with ESG governance but how to engage on terms that serve African development interests equitably.

12.2 The African ESG Agenda: Priorities for Reform

The African development community – including the African Union, the African Development Bank, and national governments – has an important collective interest in shaping the direction of global ESG governance in ways that reflect African realities and priorities. The analytical framework developed across this volume – particularly the concept of ESG asymmetry and the four-principle recalibration framework – provides a basis for an African advocacy agenda in global ESG governance dialogues.

The key priorities for this agenda are: reform of the World Bank ESF to embed country-level differentiation and capacity-based compliance; operationalisation of the ESG Equity Index as a decision-support tool for development finance conditionality; creation of a dedicated African ESG Capacity Development Fund; harmonisation of ESG regulatory frameworks across the African Union, building on the African Continental Free Trade Area's governance architecture; and African voice in the governance of the ISSB to ensure that the global baseline reflects African contexts and capacities.

CHAPTER THIRTEEN

Conclusions and Recommendations

13.1 Summary of Principal Findings

This volume has advanced three principal original contributions to the ESG literature. First, it has introduced and theorised the concept of ESG asymmetry – the structural imbalance whereby developing economies in Sub-Saharan Africa bear disproportionate compliance burdens under global ESG frameworks despite minimal historical responsibility for environmental degradation, limited institutional compliance capacity, and acute developmental urgency. ESG asymmetry is not a contingent implementation failure but a systemic design characteristic of current global ESG architecture.

Second, the volume has provided a systematic doctrinal analysis of the World Bank Environmental and Social Framework that connects legal doctrine to development policy analysis – demonstrating how the ESF's hybrid normative status (contractually binding but not general international law), its risk-based proportionality structure, and its substantive standards create compliance burdens that are incommensurate with the institutional capacity of Sub-Saharan African borrowing states.

Third, the volume has advanced a normatively grounded and institutionally feasible reform agenda: the four-principle recalibration framework (context-sensitive application, capacity-based compliance, the ESG Equity Index, and development-first sequencing) at the development finance level; and the ECRI-Uganda framework at the corporate level, providing a practical instrument for assessing, benchmarking, and improving corporate ESG readiness within Uganda's specific institutional and regulatory context.

13.2 Recommendations

To the World Bank and Multilateral Development Banks

1. Revise the ESF's legal architecture to embed country-level differentiation as an operational principle, creating Country Environmental and Social Frameworks through co-production with borrowing governments.
2. Develop and deploy the ESG Equity Index as a decision-support tool for calibrating ESG conditionality design to historical responsibility and institutional capacity.
3. Create dedicated grant facilities for systemic ESG capacity investment in borrowing states, financed separately from project loan amounts.
4. Restructure Bank supervision arrangements to prioritise country capacity development alongside project compliance monitoring.

To Uganda's Government and Regulatory Bodies

5. Phase mandatory ESG disclosure requirements in alignment with ECRI-Uganda maturity levels, avoiding demands for full international-standard compliance that exceed current corporate capacity.
6. Commission and institutionalise the ECRI-Uganda national baseline assessment, establishing a longitudinal monitoring instrument for tracking Uganda's corporate ESG progress.
7. Establish inter-agency coordination mechanisms between the CMA, USE, NEMA, Bank of Uganda, and relevant ministries to create a coherent national ESG regulatory framework.
8. Create ESG-linked incentive mechanisms – including access to green finance instruments and regulatory fast-tracking – that reward corporate ESG progress.

To Uganda's Corporate Sector

9. Prioritise governance pillar investments – board-level ESG oversight, executive ESG accountability, and enterprise risk management integration – as the foundational precondition for effective environmental and social performance.
10. Engage proactively with the ECRI-Uganda assessment process, using the individual scorecard as a strategic improvement roadmap rather than a compliance exercise.
11. Invest in data management infrastructure – the most persistent constraint on credible ESG reporting – as a long-term strategic asset.
12. Seek peer learning and collaborative capacity-building through the Private Sector Foundation Uganda and sectoral business associations.

13.3 A Final Word: Justice, Not Just Compliance

The stakes of global ESG governance are not merely technical. They concern the material conditions of billions of people whose development opportunities are shaped – enabled or constrained – by the governance frameworks applied to the international capital flows that finance their countries' development. An ESG architecture that is perceived as inequitable by its primary beneficiaries is not merely normatively deficient but strategically self-defeating. The World Bank's long-term legitimacy, the credibility of international ESG standards, and the effectiveness of global climate governance all depend, ultimately, on demonstrating that the rules of the game serve the interests of the world's most vulnerable populations – not merely the regulatory preferences of its wealthiest shareholders.

The work of building an equitable ESG architecture begins with honest acknowledgement that the current architecture is not yet equitable enough. This volume has attempted to make that acknowledgement honestly, rigorously, and constructively – and to offer, in the recalibration framework and the ECRI-Uganda assessment, practical pathways toward a more just and effective ESG future.

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