Part of the 2025 CFRR Ministerial Conference and the Vienna Knowledge and Learning Center Initiative

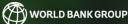
Workshop on Climate Change Action by State-Owned Enterprises

March 17, 2025, Vienna, Austria









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March 17, 2025, Imperial Riding School Hotel, Vienna, Austria

FOREWORD

SOEs in the Western Balkan and Eastern Partnership countries are crucial to their economies. They are also at the forefront of the climate change agenda. SOEs provide employment, generate government revenue, and deliver essential public services. They dominate strategic sectors like energy and are involved in large-scale infrastructure projects. Through their economic and environmental footprint SOEs are pivotal in the fight against climate change. Not only due to their significant emissions, but also as major investors in green technology and renewable energy. Their operations can be directly aligned with and supportive of national climate goals.

Governments, as owners, have a set of potentially strong instruments to influence climate change action through SOEs. Through direct ownership, governments can integrate climate considerations into SOE policies, strategies, corporate governance frameworks, and decision-making processes. This includes setting clear mandates for emissions reductions and renewable energy adoption, ensuring that climate goals are embedded in the core objectives of SOEs. By appointing board members and executives who prioritize sustainability, governments can steer corporate governance towards more environmentally responsible practices.

Western Balkan and Eastern Partnership countries have scope to strengthen SOE ownership entities and to improve climate change reporting practices. Robust central ownership entities are critical for setting clear, ambitious performance targets for SOEs and monitoring their progress. Similarly, accurate sustainability reporting allows for the assessment of progress and identification of areas needing improvement. However, many Western Balkan and Eastern Partnership countries are facing challenges or are only in the early days of centralizing SOE ownership functions, and in establishing good sustainability reporting by SOEs. Capacity constraints in ownership entities and in SOE boards are often contributing to these challenges.

The workshop will be aligned with the pivotal role of SOEs in achieving the EU's ambitious climate goals set out in the Green Deal and the Climate Sustainability Reporting Directive (CSRD). Anchored in practices and experiences under the World Bank's Centre for

Sustainability and Financial Reporting Reform (CFSRR) initiative, the event will focus on how SOEs can integrate sustainability into their core operations, enhance transparency through robust climate and financial reporting, and contribute to the EU's transition towards a sustainable and resilient economy. By fostering peer-to-peer exchanges and sharing best practices, the workshop seeks to empower SOEs in the Western Balkan and Eastern Partnership countries to lead the way in climate action and sustainability reporting, thereby supporting the broader objectives of the EU's Green Deal.

The objective of the workshop is to enable peer-to-peer exchanges about the organization and strengthening of SOE ownership entities, and about sustainability reporting by SOEs. The workshop will also allow for a discussion of the establishment of a more structured framework for recurring peer-to-peer exchanges among SOE reformers in the region. Specifically, the workshop will focus on four topics:

- Sustainability Reporting and Climate Change Action by SOEs: The workshop will discuss how governments can leverage their ownership of SOEs to ensure they internalize (and accelerate) national climate change objectives. A particular focus will be on SOEs' compliance with the new European Sustainable Reporting Standards.
- Adapting the State Ownership policy and function to enhance financial and sustainability reporting and management. Based on presentations of good practices and ongoing reforms, the workshop will discuss opportunities, sequencing and challenges of developing an ownership policy for SOEs and reforming the organization of ownership functions in the Western Balkan and Eastern Partnership Countries.
- Building capacities for change and leadership of SOE reform. The workshop will discuss needs and approaches to build capacities of SOE reformers in the region. This will include a presentation and discussion of scope and activities for a possible Community of Practitioners of SOE reformers in the Western Balkan and Eastern Partnership Countries.
- New developments in SOE reform. Throughout the workshop, participants will hear about new developments in SOE reform both from country practitioners and from international organizations. Participants are encouraged to share experiences and feedback with peers in an informal and interactive manner.

The target audience of the workshop is senior officials and policy makers responsible for SOE management and ownership functions, be it from designated SOE ownership agencies/units, or functional departments at the center or government charged with SOE oversight and policy. It is expected that participants will represent the countries benefiting from the programs supporting the event.

AGENDA | MONDAY | MARCH 17, 2025 | SOEs AND CLIMATE CHANGE ACTION WORKSHOP

09:00

Welcome Remarks

Practice Manager, The World Bank Austrian Ministry of Finance

09:30

Climate Change Action and Sustainability Reporting by SOEs

SOEs are major GHG emitters in the ECA Region and globally. Many national targets cannot be achieved without SOE action. Notwithstanding their climate importance, there has been relatively little attention and effort given to developing policies and programs to spur SOE climate action. This session will (i) provide an overview of tools to drive climate change actions through SOEs, (ii) highlight insights from this transition seen from both an enterprise and ownership perspective, and (iii) show how climate change reporting can be strong starting point. Leveraging insights from the CFRR initiative, the session will also touch upon implications of EU's Corporate Sustainability Reporting Directive.

Speakers:

Global Infrastructure Advisory Services 2050
SOE Ownership Department, Norwegian Ministry of Trade
European Commission
Ministry of Economy and Sustainable Development, Georgia

Moderator:

Senior Governance Sector Specialist, The World Bank

11:00

Coffee Break

11:30

Organizing SOE Ownership Functions

The organization of SOE ownership functions is generally considered a core component of successful SOE reforms, not least to enhance financial management and reporting of SOEs. OECD guidelines emphasize centralization as best practice, with stronger coordination as a viable alternative. Many countries in the region are undertaking reforms along those lines, but with significant variations. What can be learned from these experiences? The purpose of this session is (i) to provide an overview of emerging trends; (ii) showcase emerging, mature, and advanced practices in the region; and (iii) discuss implications for sequencing and organizing

reform of ownership functions in the Western Balkan and Eastern Partnership Countries.

Speakers:

SOE Governance Coordination Centre, Lithuania
Legal and Compliance, ÖBAG, Austria's SOE Holding Company
Corporate Governance, Sustainability and Integrity, OECD
Ministry for Control and Supervision of Public Enterprises BC, Serbia
Directorate for State-Owned Companies, Concessions and State Grants
Moderator:

Senior Governance Sector Specialist, The World Bank

13:00

Lunch

14:00 Building capacities for change and leadership of SOE reform.

SOE reformers across the region point to lagging capacities of both SOE boards, senior management, and ownership entities as a key constraint on materializing potential benefits of SOE reform. Lack of adequate management and technical skills can hinder effective decision-making and operational efficiency and can stand in the way for mobilizing private capital. In line with the CFRR initiative's capacity building focus, this session will present and discuss tools and approaches available to addressing these challenges.

Speakers:

Senior Operations Officer, IFC Governance Specialist, The World Bank Corporate Sustainability Advisor, South Africa Austrian School of Governance

Moderator:

Senior Financial Management Specialist, The World Bank

15:30

Coffee break

16:00 Developing a Community of Practitioners: Approach and Activities

This session will invite all country delegations to share considerations and indicate preferences regarding the approach and activities for a possible CFRR Community of Practitioners (CoP) for SOE Policy Makers in the Western Balkan and Eastern Partnership Countries. The session will be kicked off by an introductory

presentation by the World Bank, and will include an opportunity to "vote" on preferences for the proposed focus on a COP.

Speaker:

Senior Governance Sector Specialist, The World Bank

Discussant:

State Secretary, Ministry of Finance, Montenegro

Moderator:

Practice Manager, The World Bank

Short interventions invited from delegation of CFRR beneficiaries:

Albania, Armenia, Azerbaijan, Bosnia Herzegovina, Georgia, Kosovo, Moldova, Montenegro, Northern Macedonia, Serbia, and Ukraine

17:00

Closing remarks

17:15

End of the Workshop

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