

REQUEST FOR PROPOSALS – RESEARCH REPORT AND POLICY ENGAGEMENT ON ECONOMIC TRANSITION IN INDONESIA

ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social, and governance (ESG) issues and to support signatories seeking to integrate these issues into investment and ownership decisions, where consistent with their fiduciary duties. The PRI acts in the long-term interests of its signatories and of the financial markets and economies in which they operate.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. More information is available at www.unpri.org.

ABOUT THE PROJECT

Economic progress relies on the stability and resilience of natural and social systems. The transition to a sustainable and equitable economy is an increasingly shared public policy vision across many countries. This project involves desktop research, stakeholder interviews, and policy engagement, with a focus on emerging markets—particularly China and Southeast Asia (e.g., Indonesia)—as key drivers of the global economy.

Decarbonizing road transport has emerged as a critical focus in the climate transition, with policy shifts and market forces driving Chinese EV manufacturers and upstream industries to expand rapidly in Southeast Asia. Indonesia, in particular, has become a major destination for Chinese EV exports, manufacturing investments, and upstream investments in nickel resources.

By analyzing the dynamics of the EV supply chain between China and Indonesia, **this project aims to** identify opportunities for improving the policy landscape, develop recommendations for policymakers, offer guidance to investors and companies, and foster an enabling policy framework for sustainable investments that benefit both the environment and society in China and Indonesia.

PRI is seeking a consultant in Indonesia to advance research and policy engagement related to the country's economic transition and EV value chains. **PRI will oversee the overall framing and the China-focused analysis, while the consultant will focus on the analysis and engagement efforts specific to Indonesia.** This includes drafting a policy framework to facilitate sustainable investment and investor accountability, as well as collaborating with the Indonesian government to promote a sustainable and equitable economic transition.

The budget for this project ranges from US\$12,000 to \$15,000. Key deliverables will include, but are not limited to:

- Project management
- Desk research regarding the economic transition in Indonesia

- Stakeholder mapping in Indonesia
- Interviews with investors, policymakers, and other external stakeholders (e.g., NGOs, MDBs, industry organizations)
- In-person workshops/roundtables with investors, policymakers, and external stakeholders (e.g., NGOs, MDBs, industry organizations)
- Consolidating findings into draft and final versions of the research paper

SELECTION CRITERIA

- Relevant experience in sustainable finance policy work in Southeast Asia, particularly Indonesia.
- Strong background in policy analysis and government engagement in Southeast Asia (particularly Indonesia) on financial and real economy policies (e.g., environmental and social protection, economic policy).
- Expertise in the EV value chain, with a solid understanding of Chinese companies' investment practices in Indonesia, including upstream sectors like critical minerals.
- Proficient in English and Indonesian, with strong communication, analytical, and writing skills.
- Familiarity with PRI, investment practices, and sustainable finance issues.
- Experience engaging with senior-level stakeholders, including investors and policymakers, as well as organizing relevant workshops, roundtables, and interviews, both online and offline.
- Ability to work independently and collaboratively in a remote setting.
- Location: Preferably based in Indonesia.

ADDITIONAL CONSIDERATIONS

- Preference will be given to candidates with established connections to key Indonesian government agencies, including but not limited to the Financial Services Authority (OJK), Coordinating Ministry of Maritime and Investment Affairs, Ministry of Investment, Ministry of Finance, Ministry of Environment and Forestry, and Ministry of Energy and Mineral Resources.

HOW TO APPLY

To apply for this role, please email your CV and proposal to han.gao@unpri.org, copying kazuma.osaki@unpri.org by COB on **October 14, 2024**. Evaluation will commence on a rolling basis upon receipt. If you have any queries or request clarifications on the project and scope of work outlined above, please contact han.gao@unpri.org.

Note: Please refer to the 'Further Background' section below for more detailed information regarding this project.

FURTHER BACKGROUND

Economic progress and financial returns rely on the resilience of natural and social systems. When these systems are under threat, so too are present and future economic growth. Consequently, transforming the current economy into one that is sustainable, equitable, and supportive of individuals and society has become an increasingly urgent policy objective in many countries. Achieving the targets set in the Paris Agreement, the Sustainable Development Goals (SDGs), and the Kunming-Montreal Global Biodiversity Framework (GBF) will be challenging if emerging economies are left behind.

In October 2023, PRI published the white paper [investing for the economic transition - the case for whole-of-government policy reform](#) (the White Paper) setting out the guardrails for such a whole-of-government approach. With many governments seeking to address system-level sustainability risks such as climate change, the challenge for public policy is to be effective in addressing both sustainability challenges and traditional economic and financial policy goals such as growth, jobs, security and financial stability. Without a comprehensive and balanced approach to managing environmental and social impacts and an economy-wide transition, no economy can reach its net-zero goals.

One of the key areas in achieving economic transition is the decarbonization of road transport. As it accounted for 16.3% of global CO₂ emissions¹, the electrification of road transport is crucial for climate transition efforts worldwide. Over the decade leading up to 2022, global electric vehicle (EV) sales increased at an average annual rate of over 50%, with investments in EV battery manufacturing also rising, leading to a nearly 60% increase in capacity in 2022.

The development of electric vehicles is also vital for the economic transition in emerging markets such as China and Southeast Asia, which has already been identified as a key pillar in their national transition strategy to combat climate change. China, with its significant share in the global EV market, accounted for around 60% of global electric car sales and 77% of global EV battery production capacity². Southeast Asia, due to its huge market potential and rich mineral resources critical for EV batteries, has attracted substantial overseas investment from EV and upstream industries as critical minerals.

Policy influences and market forces have driven Chinese EV manufacturers and relevant upstream industries to rapidly expand in Southeast Asia. For example, Indonesia has become a key destination for Chinese EV exports and investments from manufacturing companies like BYD and Wuling, as well as upstream investments from Huayou Cobalt and Tsingshan Group in nickel resources.

In this process, we observe that the expansion of EV value chains in Southeast Asia promotes local economic growth and industrial upgrading while aiding in the region's climate transition through vehicle electrification. However, insufficient supply chain monitoring by investors and companies, coupled with an imbalanced policy approach, has led to negative impacts on local communities, including biodiversity loss, climate change, and challenges to achieving a just transition.

Given the influx of capital into EV value chains, responsible investment practices are crucial to achieving a sustainable and equitable global economic transition. The PRI collaborates with its signatories to develop economic transition-related policies and regulations, fostering an enabling policy framework for sustainable investment in EV value chains that benefits both the environment and society. The PRI aims to promote a policy landscape for both China and Indonesia to allow investors to effectively address risks associated with overseas investments in EV value chains and pursue positive outcomes. It also

¹ [Global road transport emissions and COP28 pathway, 2030 – Charts – Data & Statistics - IEA](#)

² [Executive summary – Global EV Outlook 2023 – Analysis - IEA](#)

advocates for policies and regulations that incentivize companies and capital market actors to align with the goal of transitioning to a sustainable and equitable economy.

KEY TOPICS FOR RESEARCH

The research paper should explore the following questions.

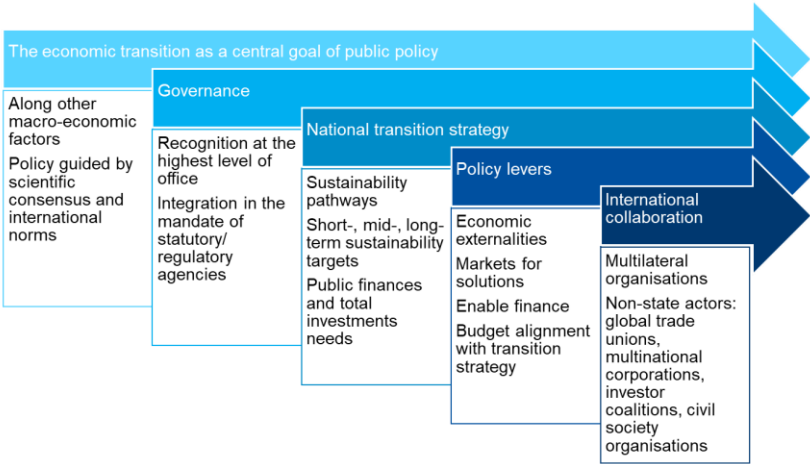
WHAT ARE THE CHALLENGES OF THE ECONOMIC TRANSITION IN INDONESIA IN TERMS OF THE EV VALUE CHAINS?

According to the White Paper’s conceptual framework for a whole-of-government approach and the policy instruments identified across policy levers, we aim to understand the context and current policy approach to economic transition in Indonesia, in terms of:

- The current policy approach to economic transition in Indonesia, with the specific focus on climate change, biodiversity protection and human rights issues.
- The current policy approach to EV value chains and foreign investment in Indonesia (including EV car manufacturers and upstream critical mineral industries).
- In the context of EV value chains, the potential policy gap faced by Indonesia in effectively addressing both sustainability challenges and traditional economic and financial policy objectives.
- The impact of EV value chains on local communities in Indonesia concerning climate change, biodiversity protection, and human rights. The research has identified five Chinese companies across the EV value chain in Indonesia for case studies, including EV car manufacturers like BYD and SAIC-GM-Wuling, EV battery producers such as Contemporary Amperex Technology Ltd (CATL), and upstream mining companies like Zhejiang Huayou Cobalt and Tsingshan Group.

The analysis should refer to the White Paper’s conceptual framework for a whole-of-government approach and the policy instruments identified across policy levers.

Conceptual Framework for A Whole-of-Government Approach (WoG)



The levers needed for a whole-of-government approach to the economic transition

| Addressing economic externalities | Incentivising markets for solutions | Enabling finance to support the transition | Budget alignment with transition strategy |
|--|---|--|--|
| <ul style="list-style-type: none"> • Pricing instruments • Performance standards • Phase-out dates for polluting sectors • Demand-side measures for hard-to-abate sectors • Subsidy reform • Minimum social safeguards for economic actors • Creating positive decent jobs externalities • Regulation relative to public goods. • Tackling tax avoidance and evasion. | <ul style="list-style-type: none"> • Sustainability targets • Credible and predictable sector-specific policies, targets, and transition plans • Tax exemptions and/or subsidies for clean technologies and sectors • Measures for early-stage innovation and R&D • Public procurement policies • Up-skilling and re-skilling of the work force | <ul style="list-style-type: none"> • Embedding sustainability outcomes in financial regulation. • Providing public finance in support of sustainable finance. • Addressing the issue of debt burden for developing countries. | <ul style="list-style-type: none"> • Using the budget and public financial management to drive transformation in all sectors of the economy |

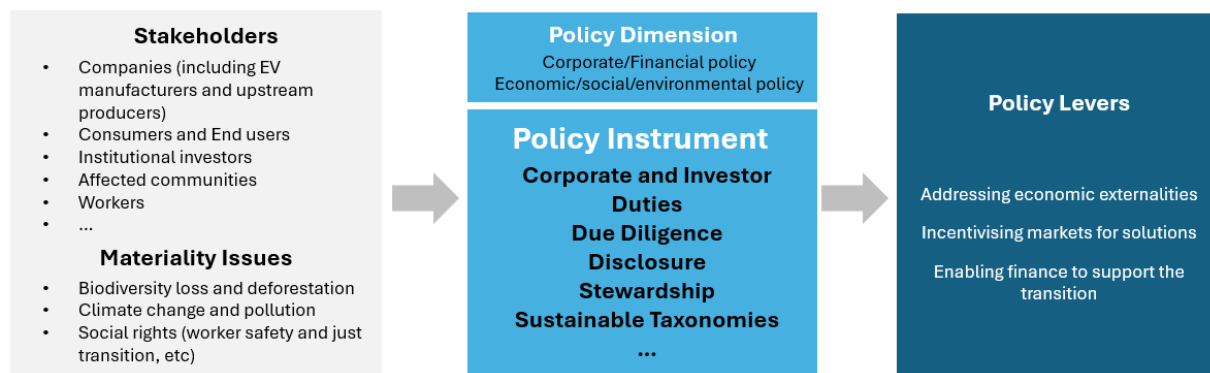
WHAT POLICY SOLUTIONS EXIST IN INDONESIA TO MANAGE THESE CHALLENGES?

The White Paper finds that ‘*well-designed public policies can enhance the resilience and stability of financial and economic systems by providing overarching frameworks that address externalities and manage systemic risks, incentivize markets for solutions, and enable finance to support the transition*’.

Keeping this in mind, the research should:

- Considering the **key stakeholders** and **material sustainability issues** within the EV value chain, identify the critical **policy dimensions** relevant to the research scope (e.g., environmental and social protection, and economic policy for Indonesia).
- Within these policy dimensions, identify potential **policy instruments** in Indonesia to address externalities, manage systemic risks, incentivize market-based solutions, and enable financing for the transition in this sector.
- Develop a **policy framework** that promotes sustainable investment in Indonesia and holds investors accountable, to achieve a sustainable and equitable economic transition.

The analysis for Indonesia may refer to the methodology of the policy framework for promoting sustainable overseas investment in China, as outlined below:



HOW CAN INVESTOR ACTION ENABLE SUSTAINABLE INVESTMENT IN EV VALUE CHAINS TO ACHIEVE A SUSTAINABLE AND EQUITABLE ECONOMIC TRANSITION IN INDONESIA?

Finally, the discussion paper could translate the high-level recommendations identified to the needs of investors. This could include interviews with investors.

PROJECT TIMELINE

Indicative timeline: for further discussion

