REQUEST FOR PROPOSALS – RESEARCH REPORT ON SOCIAL ISSUES IN THE ECONOMIC TRANSITION

INTRODUCTION

Today’s society and economy is at a critical juncture in terms of sustainability. At the international level, sustainability goals have been adopted under – for instance – the Paris Agreement on Climate Change, Sustainable Development Goals (SDGs), and the International Bill of Human Rights and its ensuing conventions and guidelines. These international agreements are being implemented in national and sub-national policies around the world, underpinning an increased flow of capital towards sustainability goals. However, these flows are not yet at the scale needed, and environmental and societal indicators are still pointing in the wrong direction.\(^1\)

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, and recognising the growing consensus that the social impacts of the economic transition must be effectively managed.

PRI now seeks to further explore in a research paper the extent to which the social dimension informs the economic transition, including how considerations of social issues can be integrated into a whole-of-government approach. This research paper should also provide guidance for how investors can engage with policymakers to support the integration of social issues into the economic transition.

PRI is seeking a consultant to develop research and draft a report on this topic. This work will include project management; desk research; interviews with external stakeholders (e.g. OECD, WBCSD, OHCHR), signatories, and policymakers; and the consolidation of findings into draft and final versions of the research paper.

\(^1\) *Social*: social inequality is high and rising. Global inequalities in income and wealth are close to the peak levels seen in the early 20th century, with particularly large recent increases in the United States, among advanced economies, and in China, India, and Russia.
KEY TOPICS FOR RESEARCH

The research paper should explore the following questions.

WHAT ARE THE CHALLENGES OF THE ECONOMIC TRANSITION IN TERMS OF SOCIO-ECONOMIC ASPECTS AND THE PROTECTION OF FUNDAMENTAL RIGHTS?

PRI’s previous research has identified three transitions (climate, demographic and technological)\(^2\) that can affect the socio-economic conditions of different societal stakeholders, as well as their fundamental rights. The research paper could further analyse and present options to manage these effects, taking into account the following initial considerations:

- Addressing the climate, demographic and technological transitions will require managing the trade-offs between the competing interests of different cohorts of the population. An argument could therefore be developed on how to ensure that addressing the socio-economic effects of the economic transition achieves buy-in across all segments of society.
- Extreme inequality can be both a driver and outcome of inefficiently managing the effects of the climate, demographic and technological transitions, as well as presenting material system level risks. It could therefore be a worthwhile lens for analysis.
- The economic transition is expected to cause human rights risks and impacts. The research could include an assessment of how the protection of fundamental rights, in line with recognised international standards, could be achieved as part of the transition.

WHAT POLICY SOLUTIONS EXIST IN KEY MARKETS TO MANAGE THESE EFFECTS?

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’. Keeping this in mind, the discussion paper should:

- Review the extent to which policymakers in 9 core jurisdictions (UK, EU, France, Canada, US, Japan, Brazil, South Africa, Australia) are currently considering social issues in their policy responses to the economic transition.
- Identify interventions supporting the establishment of policy frameworks that account for the conflicting interests of different societal stakeholder groups, and that build support across all of society.

The analysis of jurisdictions and proposed policy interventions can take into consideration:

- The different domestic context of countries (e.g. level of development, economic structure);
- The different layers of society that policy interventions will impact upon;
- The relevant stakeholders (communities, employees, workers in the supply chain, end users, and others) that could be involved in the decision-making process.

\(^2\) PRI (2022) How investors can advance decent work
The analysis should also build on the White Paper’s conceptual framework for a whole-of-government approach and the policy instruments identified across four policy levers (see elements highlighted in the figure below). Questions in that regard concern, but may not be limited to:

- Governance: what government departments will be mostly involved, and how can those less directly impacted be integrated into the approach?
- National transition strategies: How will social issues considerations impact the design of government transition plans?
- Stakeholder consultation: a central element of the State duty to protect under the UNGPs. How could it be carried out in a systematic way?
- Tax: a central element to achieve the redistributive goals of a fair transition, fiscal policy measures should be designed to be accepted by all income brackets. How can the tax system be aligned with the goals of the economic transition?
- Monitoring: how could monitoring of the social aspect of transition-related policies be integrated into existing monitoring systems? Which KPIs could be prioritised? Are new monitoring mechanisms necessary?

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<thead>
<tr>
<th>Addressing economic externalities</th>
<th>Incentivising markets for solutions</th>
<th>Enabling finance to support the transition</th>
<th>Budget alignment with transition strategy</th>
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<td>• Pricing instruments</td>
<td>• Sustainability targets</td>
<td>• Embedding sustainability outcomes in financial regulation.</td>
<td>• Using the budget and public financial management to drive transformation in all sectors of the economy</td>
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<td>• Performance standards</td>
<td>• Credible and predictable sector-specific policies, targets, and transition plans</td>
<td>• Providing public finance in support of sustainable finance.</td>
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<td>• Phase-out dates for polluting sectors</td>
<td>• Tax exemptions and/or subsidies for clean technologies and sectors</td>
<td>• Addressing the issue of debt burden for developing countries.</td>
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<td>• Demand-side measures for hard-to-abate sectors</td>
<td>• Measures for early-stage innovation and R&amp;D</td>
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<td>• Subsidy reform</td>
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<td>• Minimum social safeguards for economic actors</td>
<td>• Up-skilling and re-skilling of the workforce</td>
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<td>• Creating positive decent jobs externalities</td>
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<td>• Regulation relative to public goods.</td>
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<td>• Tackling tax avoidance and evasion.</td>
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HOW CAN INVESTOR ACTION ENABLE THE INTEGRATION OF SOCIAL ISSUES IN THE ECONOMIC TRANSITION?

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

The analysis should consider the various roles that investors can have in terms of the economic transition, such as:

- Providers of capital and stewards of new economic sectors required by the transition – playing a key role in embedding sustainability issues across the board;
- Stewards and partners of existing sectors that will need to transition – playing a strategic role to steer corporate boards and management;
Technical government partners on development of new sustainable finance frameworks and regulation, also through specific bodies set up by government to engage with the private sector and investors.

PROJECT TIMELINE

Economic transition – Social: project timeline

Indicative timeline: for further discussion

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<th>1st Quarter 2024</th>
<th>2nd Quarter 2024</th>
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HOW TO SUBMIT

To submit your proposal, please email a PDF to davide.cerrato@unpri.org, copying jan.vandermosten@unpri.org by COB on April 5, 2024. Evaluation of proposals 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 davide.cerrato@unpri.org.