



Indonesia-UK PACT Call for Proposals Carbon pricing sector

Grant value:

Up to a maximum of **£450,000** for Theme 1 and **£650,000** for Theme 2, allocated for over 15 months

Project duration:

Up to 15 months (1 October 2025 – 31 December 2026) with a possibility for extension

Deadline for submission of applications:

23 July 2025, 18:00 ICT/ 11:00 UTC

Apply through Call for Proposals web page:

<https://www.ukpact.co.uk/indonesia-uk-pact-call-for-proposals-carbon-pricing-sector>

What is Indonesia UK PACT?

The UK PACT (Partnering for Accelerated Climate Transitions), funded by the UK Government through its International Climate Finance (ICF) portfolio, partners with Official Development Assistance (ODA) eligible countries that have significant emissions reduction potential. The programme supports low-carbon development and clean growth transitions by responding to identified demands from partner governments and providing grants for capacity-building projects in priority areas, managed by selected implementing partners.

Indonesia-UK PACT continues to build on the strong foundation of bilateral climate cooperation, while expanding its support for policy innovation and institutional strengthening in critical sectors including low-carbon transport, energy efficiency, and carbon pricing.

Indonesia-UK PACT is deepening engagement in carbon pricing—one of Indonesia’s most strategic climate policy areas. The programme works closely with key government stakeholders to enhance readiness for implementing market-based mechanisms, strengthen the enabling environment, and unlock emissions reduction opportunities through effective carbon pricing instruments.

This Call for Proposals specifically responds to the demand for technical assistance and capacity building in Indonesia’s carbon pricing ecosystem. It seeks to address pressing needs related to regulatory refinement, market infrastructure development, and institutional capacity, ultimately supporting the country’s climate targets and transition to a more sustainable, low-carbon economy.

Why are we looking for proposals related to carbon pricing and decarbonisation?

Carbon pricing is a key element of Indonesia’s climate policy framework and reflects the country’s commitment to reducing greenhouse gas emissions and advancing low-carbon development. Through Presidential Regulation No. 98/2021 on the Economic Value of Carbon and the ongoing implementation of an emissions trading system in the power sector, the Government of Indonesia has set important policy signals in support of its enhanced Nationally Determined Contributions (NDCs), which include an emissions reduction target of 31.89% by 2030, or 43.20% with international support. Carbon pricing is also recognised as a critical component of Indonesia’s Just Energy Transition Partnership (JETP), where it is seen as one of the tools that can help unlock emission reductions, incentivise cleaner technologies, and support the mobilisation of finance for climate action.

Carbon pricing mechanisms have been developed and implemented in the United Kingdom, with the Emissions Trading System (ETS) forming a key part of its climate policy framework. The UK has also participated in international efforts to enhance the integrity and transparency of voluntary carbon markets, including initiatives such as the Voluntary Carbon Markets Integrity Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Market (ICVCM). In addition, the UK’s

financial sector has relevant expertise and capacity to support the mobilisation of finance for climate-related investments. This combination of policy frameworks and financial sector engagement offers insights and potential collaboration opportunities to support Indonesia's efforts in strengthening carbon pricing systems, regulatory frameworks, and sectoral readiness, aligned with Indonesia's Nationally Determined Contributions (NDCs) and low-carbon development objectives.

The United Kingdom has been supporting Indonesia's efforts to develop and strengthen its carbon pricing and carbon market through several initiatives, including the Partnership for Market Implementation (PMI) and the UK PACT programme. These initiatives facilitate technical assistance, capacity building, and knowledge exchange to help countries design and operationalise carbon pricing mechanisms aligned with the Paris Agreement. UK support under these programmes has included funding for policy recommendations and studies to advance Indonesia's carbon pricing initiatives. The UK also hosted an Indonesian delegation in September 2024 to provide capacity building on emissions trading schemes. This collaboration aims to support the enhancement of Indonesia's regulatory frameworks and foster multi-stakeholder engagement, helping to create an enabling environment for the country's climate and sustainable development objectives.

Building on the foundations laid under Indonesia-UK PACT Phase I, including initial capacity-building support in key ministries and dialogue across stakeholders, this new phase offers an opportunity to support further technical collaboration aligned with Indonesia's priorities. This may involve strengthening the regulatory environment, enhancing monitoring and reporting frameworks, facilitating multi-stakeholder engagement, or supporting sectoral readiness for carbon pricing instruments.

This Call for Proposals invites initiatives that can contribute to these efforts and complement the Government of Indonesia's leadership in shaping and implementing an effective and context-specific carbon pricing system.

What types of projects are we looking for?

We are seeking proposals for projects that strengthen the enabling environment for carbon pricing in Indonesia and help align carbon pricing instruments with the country's broader climate and development priorities. Building on existing UK PACT collaboration and lessons from Phase I, this call aims to support a focused set of strategic interventions that accelerate readiness for carbon pricing implementation as part of high in, encourage private sector engagement, and foster robust, transparent, and inclusive systems.

Proposals should be responsive to government priorities, technically sound, and designed to complement ongoing initiatives including other development programmes. While the scope of this call is targeted, applicants are encouraged to demonstrate innovation and collaboration, especially where proposals can help connect regulatory, market, and institutional elements in a coherent way.

Projects under this call are expected to work closely with the Ministry of Environment (MoE) as a key stakeholder, as well as with other relevant ministries and government institutions, to ensure alignment with national policies and promote policy coherence and institutional coordination.

We have identified two key project themes:

Theme 1: Strengthening the Regulatory Framework for Carbon Pricing

This theme focuses on supporting the development and alignment of regulations and plans related to carbon pricing at both national and sectoral levels. **Support will primarily target market-based instruments such as Emissions Trading Systems (ETS) and offset mechanisms, including voluntary carbon markets (VCM), while remaining adaptable to other carbon pricing approaches as relevant to Indonesia's evolving policy landscape.** Activities may include drafting or reviewing regulatory instruments, aligning sectoral policies with national targets, and providing technical support for the preparation and implementation of sectoral roadmaps. Capacity building, comparative studies, and thematic workshops may also help inform policy development and improve understanding of technical considerations. **Regulatory support will cover overarching policy frameworks as well as specific implementing regulations that guide the operationalisation of carbon pricing mechanisms.**

Theme 2: Enhancing Carbon Market Strategy and Infrastructure

This theme supports the development and improvement of systems and processes that underpin carbon market operations. Activities may include strengthening registries and MRV systems, supporting the integration of high-integrity principles into policy and regulations, linking carbon markets strategically and operationally to Indonesia's wider climate policy including the NDC, and analysing options for international linkages of markets or emissions trading schemes. Benchmarking and learning from international experiences, best practices and guidance, may also support planning and design.

The following tables outline the areas of intervention and indicative outcomes under each theme. While proposals should align with these themes, applicants may also suggest additional or related activities that support Indonesia's carbon pricing readiness and longer-term decarbonisation objectives.

Theme 1: Regulatory framework and roadmaps for carbon pricing

Area of Intervention	Activity	Description of Activity	Indicative Outcomes
Regulatory framework on carbon pricing	Support for national and ministerial regulations on carbon pricing	Support for the development or review of draft policies and regulations related to carbon pricing in Indonesia. This includes strengthening the overall policy and regulatory framework and developing clearer technical guidance on key issues, such as the cap and allowance for compliance market, and carbon credit ownership under voluntary schemes.	Clear, comprehensive, and structured carbon pricing regulations that provide legal certainty, boost market confidence, and support Indonesia's climate and economic goals.
	Capacity building on carbon pricing regulation	Capacity building for government officials on formulating carbon pricing regulations and policies, drawing on international experience (e.g. UK), including workshops, training, and comparative studies. The focus might include support for the development of carbon pricing frameworks aligned with Indonesia's current priorities, potentially involving market-based instruments such as Emissions Trading Systems (ETS) and voluntary carbon markets.	Strengthened institutional capacity and expertise, enabling effective design and implementation of carbon pricing mechanisms.
	Technical studies on alignment of carbon pricing with economy-wide targets and strategies	Technical support to analyse the impact of carbon pricing on competitiveness, growth, and socio-economic conditions; assess suitable tools per sector; and identify complementary policies.	Evidence-based policy development ensuring alignment of carbon pricing with national economic and sustainability objectives.

Roadmaps on carbon pricing in NDC sectors	Support for the development of carbon pricing implementation roadmaps in NDC sectors for technical ministries	Mentoring and technical support for sectoral ministries to develop implementation roadmaps and support coherence between and across those roadmaps to align with national targets.	Sectoral ministries are equipped with clear, consistent carbon pricing plans that align with national and international commitments.
	Capacity building on roadmap development	Training on technical elements relevant to roadmap development, such as GHG inventory, baseline, and target setting.	Improved technical capacity for ministries to develop credible, data-driven carbon pricing roadmaps, enhancing transparency and accountability.

Theme 2: Carbon market strategy and infrastructure

Area of Intervention	Activity	Description of Activity	Indicative Outcomes
Carbon market strategy and infrastructure	Technical assistance to develop and strengthen carbon market ecosystem	Assessment and gap analysis of current systems, followed by refinement of institutional arrangements (e.g. policy, enforcement, allowance auctions, trading platform improvement) for emissions trading, registry, MRV, and revenue management.	A structured and efficient carbon market ecosystem with improved MRV, trading mechanisms, and revenue governance.
	Support multistakeholder dialogue (government, companies, association, intermediaries and investor)	Supporting multistakeholder dialogue to facilitate inclusive dialogue involving policymakers, prospective buyers of credits, investors, and market intermediaries to align on policy design and financing approaches.	Improved coordination among stakeholders; stronger, more coherent policy frameworks; increased investor confidence
	Support to improve SRN infrastructure and SPE quality	Assistance to strengthen the SRN infrastructure and enhance SPE process, including support of implementation of existing MRAs , data quality improvements, and increased transparency and accessibility.	A more credible and transparent SRN system with high-integrity SPEs, enabling greater market participation.
	Technical study on linking with international ETS	Analysis of potential impacts and benefits of linking with international ETS, covering strategy formulation, partner identification, alignment of design elements, and governance arrangements.	A strategic roadmap for international ETS linkages, supporting compatibility and mutual benefits.

	Methodology for setting and implementing ETS from various sectors	Development of methodologies for setting and implementing ETS from various sectors and sub-sectors such as power, transportation, and industry.	Multiple sectors ETS frameworks aligned with national climate goals, improving overall system effectiveness.
	Benchmarking international ETS in the identified sectors	Technical assistance for benchmarking global carbon pricing mechanisms, including lessons learned and best practices.	Evidence-based policy design through insights from international experiences, supporting competitive and robust carbon pricing mechanisms.

Project Governance

Governance activities **will focus on ensuring close collaboration and** alignment with Government of Indonesia (GoI) regulations and reporting protocols. These activities include the preparation and submission of necessary administrative documents to GoI counterparts, ensuring that all project milestones are met according to agreed timelines and standards.

The project team will need to maintain regular communication and coordination with relevant GoI institutions to manage the scope of work, reflect any adjustments, and ensure compliance with procedural and reporting requirements.

Engagement in regular meetings with key GoI stakeholders, such as the Technical Working Group (TWG) or other relevant platforms, is also required throughout the project period. These governance processes will help reinforce collaboration with national stakeholders and ensure the effective implementation of carbon pricing-related technical assistance.

Budget and funding availability

This call for proposals aims to select up to two separate projects, one under each thematic area. Each selected project will receive funding for a duration of up to 15 months, with a possibility of extension.

- **Theme 1:** The maximum available funding is up to £450,000, allocated across two financial years:
 - FY 2025/26 (Oct 2025 – Mar 2026): up to £200,000
 - FY 2026/27 (Apr 2026 – Dec 2026): up to £250,000
- **Theme 2:** The maximum available funding is up to £650,000, allocated as follows:
 - FY 2025/26 (Oct 2025 – Mar 2026): up to £300,000
 - FY 2026/27 (Apr 2026 – Dec 2026): up to £350,000

An organisation may submit a proposal for either (or both) of the identified themes. A separate proposal should be prepared per theme, if applicable. While we aim for projects to start on 1 October 2025, the exact duration will depend on the actual start date, with funding available through December 2026.

Duration of projects

The projects are expected to be delivered within a two-financial year timeframe, with significant progress made in the first financial year. During the first financial year, successful applicants will focus on delivering key interventions, prioritising early tangible outcomes and demonstrating impactful progress towards the programme's long-term objectives. The expectation is that substantial outputs will be achieved within the first year, laying a strong foundation for continued success in the second year.

In the second financial year, applicants will build upon the foundations established in the first year, further scaling and refining interventions to ensure sustainability and alignment with long-term goals. While the project duration is limited to two financial years, applicants are encouraged to consider how their work can contribute to long-term outcomes and establish a strong basis for future initiatives once the grant period concludes.

As UK PACT is a demand-driven programme, projects should be developed in close consultation with sector stakeholders. Applicants are required to demonstrate a clear intent and approach for such engagement in their proposals. Projects should also be designed with flexibility to adjust plans based on emerging needs. UK PACT may request clarifications or modifications after reviewing initial proposals to ensure the projects align with the overarching objectives.

Following project commencement, applicants may be asked to provide evidence of stakeholder engagement and endorsement of their workplan from relevant Government of Indonesia counterparts as part of the inception report.

Please note that UK PACT follows the UK financial year, which runs from 1 April to 31 March.

The importance of considering gender equality, disability, and social inclusion (GEDSI) in your application:

UK PACT places strong emphasis on the integration of Gender Equality, Disability, and Social Inclusion (GEDSI) principles to ensure that carbon pricing efforts contribute to a more equitable and inclusive transition. While carbon pricing instruments are often focused on environmental and economic outcomes, there is increasing recognition of the need to consider the diverse social impacts they may have.

In the carbon pricing space, there are emerging concerns that vulnerable and marginalised groups, including women, persons with disabilities, and low-income or remote communities, may be at risk of exclusion or experiencing challenges. These impacts could stem from unequal access to information, limited participation in decision-making processes, or differentiated exposure to the economic consequences of carbon pricing instruments. Additionally, there may be limited awareness among stakeholders on how carbon pricing policies interact with existing social inequalities.

Applicants are encouraged to consider GEDSI from the outset of project design and throughout implementation. This includes assessing potential barriers faced by different groups, identifying opportunities to promote more inclusive participation and analysis/design of schemes, and developing strategies that are sensitive to varying needs and contexts.

Safeguarding, grievance, and remediation mechanisms should also be incorporated where appropriate, with the aim of minimising unintended negative impacts and supporting inclusive engagement throughout the project lifecycle.

Monitoring progress against GEDSI-related outcomes, such as access, participation, and benefit-sharing, can contribute to more responsive and accountable project delivery. While transformative change may take time, laying the foundations for more inclusive carbon pricing policies will be an important step in supporting a just and equitable transition.

Ensuring alignment with Indonesia carbon pricing policies:

The Government of Indonesia (GoI) continues to demonstrate its commitment to carbon pricing as a strategic tool to support national climate goals under the Enhanced Nationally Determined Contribution (ENDC), which sets a target to reduce greenhouse gas (GHG) emissions by 31.89% unconditionally and up to 43.2% with international support by 2030. Carbon pricing is recognised as one of the key mechanisms to advance the transition towards a low-carbon economy.

Recent developments reflect progress in strengthening the regulatory and institutional groundwork necessary for effective carbon pricing. These include efforts to enhance the legal and policy frameworks, clarify institutional roles, and support the establishment of systems for emissions monitoring, reporting, and verification (MRV). Cross-ministerial coordination remains essential to ensure alignment with broader climate and development planning.

This evolving policy context presents an opportunity for technical assistance to help advance Indonesia's readiness, particularly in refining the regulatory framework and supporting strategic implementation. Through targeted support, UK PACT aims to contribute to the strengthening of enabling conditions for carbon pricing in Indonesia, in close collaboration with relevant government stakeholders.

Application guidance

All applications for this call must be submitted via the Call for Proposals web page by 23 July 2025 at 18:00 ICT/ 11:00 UTC. Projects will be selected through a one-stage open and competitive Call for Proposals. Applicants should read the Terms of Reference and Applicant Handbook to understand what is required to submit a strong proposal for this call.

What do you need to submit your proposal?

You will submit 4 key documents using the UK PACT templates provided (via the CfP web page). These are:

1. **Project proposal template** - *please ensure that you populate the proposal template as fully as possible, to avoid submitting an incomplete application.*
2. **Budget and workplan template** - *note: all proposals must include an inception phase of one month in the workplan, during which time any necessary engagements with the Government of Indonesia will be carried out, deliverables confirmed and theory of change finalised. At the end of this period a revised workplan may be required.*
3. **Project Theory of Change form**
4. **Project risk and issue register template**

Additional supporting documentation may be submitted, such as CVs of key staff.

Eligibility criteria	
Applicant	<ul style="list-style-type: none"> • Government agencies and/or departments are not eligible to apply either as a lead organisation or partner in a consortium. • Both international and local organisations are eligible to apply. Organisations applying as a consortium must have at least one local entity, either as consortium lead or consortium partner. • Applicants must submit a letter of intent signed by the consortium lead and member(s) to form a consortium to response to this proposal.
Project	<ul style="list-style-type: none"> • Proposals must align with the strategic priorities outlined in these terms of reference. • Budgets should not include capital expenses or tangible assets. • The value of a project must not exceed the maximum budget for each financial year for the selected theme.
Application	<ul style="list-style-type: none"> • Applications must be coherent and legible. • All documents must be properly filled out. • Applications and all forms of communication with the programme must be submitted in English.



What is the timeline for selection?

Stage	Date
1. Terms of Reference (ToRs) and application process launched	12 June 2025
2. Deadline for receipt of clarification questions	2 July 2025
3. Publication of answers to clarification questions will take place every 1 week, starting 2 weeks after the call for proposals is launched. Consolidated clarifications will be published on the Indonesia web page. Kindly note that clarification questions will not be answered by email.	26 June 2025 3 July 2025 10 July 2025
4. Deadline for submission of applications	23 July 2025
5. Final Awards Announced	End of August 2025
6. Due Diligence, Co-Creation and Grant Signing	September 2025
7. Project start date	October 2025

What are the selection criteria?

Area	Criteria	Description	Weighting
Technical (70%)	Impact	The applicant clearly articulates how the project will specifically help the counterpart achieve and accelerate their goal of accelerating development of carbon pricing. The applicant provides a clear impact pathway [Project ToC Application Form] showing how their outputs will lead to the outcomes required for transformational change and identifies opportunities for replication / scaling up of activities.	20
	Project description, approach, and workplan	<p>The applicant clearly articulates how the project will deliver one or more of the expected outputs (as stated on the UK PACT ToC document) and lays out a project plan which includes the description of a technically robust project, activities, workplan.</p> <p>The applicant has a strong rationale for the project's ability to deliver outcomes and a clear plan for engaging with key counterparts during delivery to ensure uptake of project outputs.</p> <p>Applicants must detail their intended methodology to address the gaps, and a proposed roadmap and timeline for overcoming them with counterparts.</p>	20
	Gender equality, disability, and social inclusion – GEDSI	The applicant clearly identifies how the project could - both positively and negatively – socially and economically benefit women, Indigenous People, local communities, disabled people, and other under-represented groups in different project stages. For example, improving considerations of issues such as accessibility (isolated communities and people with disabilities); access to services (youths, women, discriminated populations); employment opportunities; ensuring diverse and meaningful representation in participatory planning; purchasing power, gender- focused product development etc.	10

	Knowledge, skills, experience, and team structure	<p>The proposed project team has relevant knowledge and experience in the subject area and has the skills in place to deliver the project. This includes knowledge, skills, and experience in; the specific priority area the proposal responds to, technical assistance/capacity building, public sector project implementation, and experience in Indonesia, including effecting policy change where applicable. The core skills, experience and knowledge required to deliver all elements of the project that have been outlined (including GEDSI) within the ToR are covered and the team is well structured and available to mobilise quickly. Applicants must submit CVs on the proposal.</p> <p>To ensure effective knowledge transfer and capacity building, applicants must demonstrate a strong understanding of Indonesia priorities and delivery context, including the policy and political context for carbon pricing in Indonesia, as well as bringing the relevant expertise required. Given the in-person activities outlined in the project, Proposals are encouraged to include project leadership based in Indonesia, close to key stakeholders, and demonstrate strong contextual knowledge and networks within their team.</p>	20
Project Management (20%)	Project management	The proposal outlines a clear plan for mobilising the project quickly and effectively. There is a robust project management mechanism to ensure activities stay on track, on budget and deliver project results. This must include collating and submitting evidence of activities, outputs, and reporting project progress to UK PACT. The applicant provides a clear plan for managing consortia where applicable.	15
	Risk management	The applicant has clearly outlined the key risks associated with delivery with clear plans for mitigating these and an understanding of the likelihood and impact of each. This includes risks	5

		associated with impacts on marginalised groups and changing political contexts.	
Financial (10%)	Budget and Value for Money	The budget is clearly linked to the activities and outputs outlined, with appropriate allocation of time and resources, and costs that appear reasonable for the activities proposed, including sufficient allocation for project management, reporting and data collection to allow for close coordination with UK PACT. The application provides confidence that the project will represent good value for money, including FCDO's Four Es (economy, efficiency, effectiveness, and equity) and excluding all non-eligible costs, such as profit. The Four Es are detailed in the Applicant Handbook.	10

How do we score each criterion?

Score	Description
5 (Excellent)	Demonstrates an expert understanding of the project and proposes excellent and accurate solutions which address all requirements, and which are innovative where appropriate. Responses are excellently tailored to the context in all aspects. The level of detail and quality of information provides the highest degree of confidence in the ability to deliver.
4 (Very Good)	Demonstrates a very good understanding of the topic relating to delivery of the project. Responses are relevantly tailored to the context in the majority of aspects. There is sufficient detail and quality of information to give a strong level of confidence that they will deliver.
3 (Good)	Demonstrates a good understanding of the topic relating to the delivery of the project. Responses are reasonably tailored to the context for many of the aspects. There is a good level of detail and quality to give a good level of confidence that they will deliver.
2 (Satisfactory)	Demonstrates a satisfactory understanding of the topic relating to delivery of the project. Some appetite to tailor to context where required. Provides a limited level of detail and the quality of information provided gives only some level of confidence that they will be able to deliver satisfactorily.

1 (Unsatisfactory)	Demonstrates a poor understanding of the topic relating to delivery of the project. Poor tailoring to the context where this is required. Generally, an unsatisfactory and a low level of quality information and detail, leading to a low level of confidence that they will deliver.
0 (Fail)	Failure to address the material requirements of the project. No tailoring of responses to meet the context. No quality responses providing no confidence that they will deliver.

What to do if you have questions?

Applicants should read this Terms of Reference together with the Applicant Handbook and other guidance documents for all the details on how to apply. Additional questions about the scope of this Call for Proposals can be sent to: indonesia@ukpact.co.uk. Clarification questions will be accepted until **18:00 ICT/ 11:00 UTC** on 2 July 2025 and answers will be published on the Indonesia-UK PACT Call for Proposals web page.

Relevant documents

- CfP Terms of Reference
- Project proposal template
- Budget and workplan template
- Project Theory of Change form
- Project risk and issue register template
- Applicant handbook
- UK PACT's GEDSI Guidance
- Risk management guide for applicants

These will be available on the Call for Proposals web page when you apply.



UK Partnering for Accelerated Climate Transitions (UK PACT) is a programme funded by the UK Government. UK PACT supports countries that strive to overcome barriers to clean growth and have high emissions reduction potential to accelerate their climate change mitigation efforts.

For any enquiries, please get in touch via email at communications@ukpact.co.uk