



Foreign, Commonwealth  
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London  
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Chair, Foreign Affairs Committee  
House of Commons  
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Chair, International Development Committee  
House of Commons  
London  
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15 November 2022

*My Jean (Meayus,*

It is normal practice, when a Government Department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the Minister concerned to present a departmental minute to the House of Commons giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until 14 parliamentary sitting days after the issue of the statement, except in cases of special urgency.

I am writing to notify you of a proposed contingent liability which the Foreign, Commonwealth and Development Office (FCDO) plans to undertake in relation to the Just Energy Transition Partnership (JETP) in Indonesia. The proposed contingent liability is a guarantee of Multilateral Development Bank (MDB) lending.

The JETPs are a flagship initiative of the UK's presidency of COP26. Through the JETP the UK, as part of an international coalition of development partners, intends to support Indonesia to finance an accelerated move away from fossil fuels and towards renewable energy development. This will reduce greenhouse gas emissions and help limit global temperature rises to less than 2 degrees above pre-industrial levels, while addressing concerns around the impact on jobs and communities arising from this energy transition.

FCDO is planning a guarantee facility of \$1bn for World Bank (WB) lending to Indonesia, allowing the Bank to lend above its lending limit. The proposed Indonesia guarantee would cover World Bank loans approved between 2023 and 2029, subject to each being agreed by FCDO.

The guarantee will only pay out if Indonesia defaults on the guaranteed World Bank loans. The risk of a call on this guarantee is significantly lowered by the World Bank's Preferred Creditor Status, which means that it is prioritised for repayments ahead of other creditors. Indonesia currently has an investment grade credit rating.

My intention is for the Indonesia guarantee to be announced at the G20 Summit in Bali this week, as part of a broader package of international support for Indonesia. Publicly announcing our support for Indonesia will increase the chance of securing ambitious energy transition commitments from the government. Any announcement on these UK guarantees will note that the guarantee is subject to this parliamentary notification process being completed.

As FCDO Minister of State for Development I plan to lay Written Ministerial Statement and Departmental Minute for this contingent liability explaining the situation on 15th November. This means that the UK's willingness to provide a guarantee will be announced before Parliament has a chance to complete its review of the Written Ministerial Statement and Departmental Minute; however, the guarantee agreement with the World Bank will not be signed until 2023.

The Treasury has approved the proposal. Please get in touch with any questions or objections you have. Final approval to proceed with incurring the liability will be withheld pending an examination of any objections.

*with warm regards*

A handwritten signature in blue ink, appearing to read 'Andrew Mitchell', written in a cursive style.

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