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*Representative Office
of Japan to the Palestinian Authority*

Mr. Jens Toyberg-Frandzen
Special Representative
UNDP/PAPP

24 July 2007

Sir,

Reference is made to your request for additional funding and budget revision for the Construction of the Khan Younis Wastewater Treatment Plant (WWTP) in your letters dated on 5 December and 27 June 2006.

I regret to inform you that the Government of Japan is not able to provide additional funding for the project. Thus it is expected that the UNDP/PAPP would seek all possible alternative sources to cover any additional costs to complete the project.

As for the reallocation of 1.1 million USD out of the total Japanese contribution to the project which amounts approximately 12.55 million USD allocated for the WWTP construction costs, the Government of Japan is ready to accept the request for reallocation to cover the cost of the detailed design given the following requirements are met.

1. UNDP/PAPP ensures completion of the project by securing all necessary funds through fundraising including possible contributions from its own fund and the PA budget. ??
2. UNDP/PAPP makes efforts to minimize the construction costs as much as possible so that they could be covered by the current Japanese contribution. ✓
3. UNDP/PAPP confirms feasibility of the project implementation despite the security situation in the Gaza Strip once the necessary funds are secured.

I would also like to draw your attention to a possibility that the Government of Japan may request a refund of its contribution when implementation of the project would become difficult.

It is appreciated if you could kindly respond to me by 30 July 2007 with your decision with regard to your request.

Best regards,

Tetsushi Kondo

Head

Representative Office of Japan to
the Palestinian Authority