

The Civic Forum Institute

ANNUAL REPORT 2004

ELECTIONS NOW!



THE CIVIC FORUM INSTITUTE

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LETTER FROM THE DIRECTOR

The Civic Forum Institute is proud to present our 2004 Annual Report. In this past year we witnessed significant steps towards the growth of democracy in Palestine. Local municipal council elections were held for the first time since the establishment of the Palestinian National Authority in 1993. After years of governance by appointed local officials, in December 2004 citizens were finally able to elect their local representatives in the first round of local municipal council elections. The election law was amended to reserve two seats for women on each local council. In the West Bank 72 women candidates were elected to local councils, exceeding what was required by the quota. This was a great stride forward from the previous 1.5% female representation among local council members. Furthermore, a date for the presidential elections was finally set for January 9, 2005, a great start for the New Year.

CFI is proud to have participated in and supported the first round of local elections and to have had a significant role in advocating for a women's quota for local councils and the setting of a date for the presidential elections. Our staff, volunteers and moderators worked tirelessly side-by-side with citizens, grassroots organizations, and other civil society institutions to achieve these goals and we were fortunate to have our combined efforts and hard work pay off. The support we received from our donors was essential to the success of these efforts.

At the end of 2004, it was clear that Palestinians were determined to see democracy grow even amidst the Israeli occupation that continued to dramatically impact their daily lives. Hopes were raised following the July 9, 2004 ruling by the International Court of Justice that a major part of Separation Barrier is illegal. However, these hopes quickly dissipated as construction of the Separation Barrier continued unabated.

Looking ahead to 2005, many challenges remain for CFI and the Palestinian people. The Israeli occupation will continue along with home demolitions, land confiscation and the expansion of the Separation Wall and the settlements. Nevertheless, we will keep pushing for democratic developments, including setting a date for the Palestinian Legislative Council (PLC) elections, amending the General Elections Law to include a 20% quote for women for PLC seats and a mixed electoral system that combines elements of an electoral district system and a proportional representation system.

We would like to thank the CFI staff, volunteers and moderators for all their hard work during 2004 and we would especially like to thank our donors, without whom our work would not have been possible. Together, we made great strides in 2004 and we look forward to keeping this momentum alive and thriving in 2005.

Aref Jaffal
Executive Director

Elections Now!

The Year in Review

YEAR IN REVIEW 2004

The importance of the role of the Civic Forum Institute (CFI) and other Palestinian civil society organizations (CSOs) in helping to build a democratic Palestinian society was clearly defined during 2004. With the passing of the late President Yassir Arafat on November 11, 2004 there were expectations that a civil war would break out. Yet these expectations did not take into account the strong grassroots support for democracy and elections that had been developed over the post-Oslo period in great part through the work of CFI and other Palestinian CSOs. These CSOs developed a grassroots infrastructure of community leaders and organizations trained in the principals of democracy who immediately led and embraced calls for elections. When the first set of local municipal council elections were scheduled for December 2004 and the Presidential elections were scheduled for January 2005, CFI and its grassroots network sprang into action holding voter education sessions, helping candidates prepare platforms, ensuring a 20% quota for women in the local council elections and training election observers. Palestinians were prepared for these, elections both of which went smoothly. Citizens in 26 localities in the West Bank and 10 localities in Gaza elected their local council representatives for the first time since 1967 and presidential powers were transferred to President Mahmoud Abbas through the democratic process.

While the successes of the elections were encouraging, the future outlook for Palestine was still hazy at the end of 2004. Many unanswered questions loomed: Will the economic situation improve? What will the response be to calls for government reform? Will the state of lawlessness in the West Bank and Gaza persist? When will the Palestinian Legislative Council elections take place? Will the Israeli Separation Wall continue to be built? How will the Gaza disengagement plan affect Palestinian daily lives and aspirations?

President Abbas and the newly elected local municipal council leaders inherited tremendous local and international challenges. Indicators suggested the overall economic status of Palestinians decreased in 2004. The World Bank published a report in October 2004, which stated that, "Average Palestinian incomes have declined by more than one third and one-quarter of the workforce is unemployed. Nearly one-half of all Palestinians live below the poverty line. More than 600,000 people (16 percent of the population) cannot afford even the basic necessities for subsistence. The precipitator of this economic crisis has been 'closure'...Closures, including the Separation Barrier, prevent the free flow of Palestinian economic transactions; they raise the cost of doing business and disrupt the predictability needed for orderly economic life. Without major changes in the closure regime and significant progress in the Palestinian reform program... there is no prospect of a sustained recovery of the Palestinian economy."

In addition to the economic impact of the Israeli military closure policy and the lack of reform efforts, Palestinians also faced psychological pressure. Aspirations for statehood were dimmed as settlements expanded, 600 homes were demolished, over 800 partially destroyed, 806 Palestinian citizens lost their lives and construction of the Israeli Separation Wall continued despite the July 9, 2004 ruling by the International Court of Justice classifying a major part of Separation Barrier as illegal.

These socio-economic and psychological challenges compete with hopeful signs of the growth of democracy in Palestine. Given this tension, in 2004 CFI strove to cultivate the positive momentum created by the elections in order to foster an environment that would motivate citizens to continue working toward positive change and the improvement of their social, economic, and political conditions. CFI organized town hall meetings, workshops, discussion forums and debates to bring citizens together in a setting where they could share ideas and develop strategies that could be implemented to maintain strong and thriving communities. It also provided citizens with the opportunity to question and debate their decision makers and thus, gain a voice in the political process. Furthermore, CFI worked to keep the democratic process on track and organized grassroots committees to advocate for setting a date for the Palestinian Legislative Council (PLC) elections, a mixed electoral system, a 20% quota for women for PLC seats, and the reduction of the minimum age requirement from 30 to 25 years. CFI also continued to conduct civic education and voter education workshops, and town hall meetings throughout the West Bank.

In 2004, although CFI's work focused on the West Bank, Gaza was not left out of development efforts. Gazans face many questions regarding their future with the proposed Israeli disengagement from Gaza, scheduled for implementation during the summer of 2005. Uncertainties per the plan include the following questions:

1. Does the disengagement plan diverge from or comply with the road map peace plan?
2. Will the Israeli withdrawal be seen as a result of the Palestinian *Intifada* or will it be a maneuver to end that resistance?
3. Will the withdrawal include sovereign areas like borders, sea access, and air space?
4. What will the Palestinian role be in the disengagement?

CFI will reopen its Gaza office in 2005 in order to re-engage the Gaza community in finding answers to these questions.

The year 2004 ended with hopeful steps towards the growth of democracy and civil society in Palestine. CFI's staff, volunteers and friends will be working hard to prepare for the remaining two local municipal council elections and the PLC election, slated to take place in 2005.

ELECTION PREPARATIONS

With the passing of the late President Yassir Arafat, preparations were underway to elect a president to the Palestinian National Authority (PNA). As part of its “Voter Education for Local and National Elections Cycle Project” and “Emergency Workshops Program,” CFI was on the ground in over 300 localities in the West Bank encouraging citizens, many of whom had never had the opportunity to vote, to register to vote and cast their ballots.

CFI held **178 workshops about elections**, electoral systems, democracy, the rule of law and the Palestinian Basic Law. Specifically, CFI outlined the role of elections in a democracy and the role of the Basic Law as a guiding principal for the elections. **More than 5,700 participants, over 50% of whom were women**, took part in the workshops including democratic development workers, civil society actors, local community activists, NGO and CBO workers, union members, women’s club members, youth and sport club members, and religious community leaders.

In addition, **20 emergency voter education workshops here held for 675 participants**. CFI received requests from citizens wanting more information about the election procedures in order to better facilitate the December 2004 local council elections. In response, CFI set up emergency workshops just 48 hours before the elections in localities where the local elections were to take place to educate candidates and citizens about election procedures and their role on the day of elections. The workshops also covered the role of the media in a democracy and youth priorities in relation to the elections.

CFI paid particular attention to supporting women and youth leaders by providing information about how elections and democracy can serve the needs of their populations and how they can participate in the political process to let their voices be heard. CFI also provided training for these leaders in how to build networks among youth and women organizations.

Election Preparation Accomplishments in 2004

- Most of the participants knew very little about election systems prior to attending the workshops. Upon completion of the workshops, participants were engaging in heated discussions about elections; showing support for different electoral systems; criticizing certain practices (e.g. pressure to vote for family members); questioning the possibility of transparent elections under Israeli occupation; demanding follow-ups with the nominees on the implementation of their electoral platforms and promises; calling on civil society organizations to help in enlisting observers for elections; and expressing their willingness to run in elections (especially women who have not previously considered running for office as an option for them).
- The participants gained a profound understanding of the importance of monitoring and were trained in useful monitoring principles, processes and methods.

- Several participants demonstrated their intentions to become candidates for public office.
- Several project participants served as election observers.
- The Central Elections Committee heavily relied on CFI and CFI volunteers to assist with voter registration and the election process, particularly in the towns of Bethlehem, Nablus and Tulkarem.
- Project participants in Tubas worked to gather signatures to advocate for setting a firm election date. CFI organized committees in Bethlehem, Tulkarem, Qalqilya and Nablus to advocate for the new elections law.
- Several project participants joined CFI-sponsored local volunteer democratic development committees.

HIGHLIGHT

CFI worked closely with grassroots organizations in order to prepare communities for the local municipal council elections of December 2004. During the registration period for the elections, four local organizations in Western Bethlehem (Hussan Sports Club, Palestinian Women's Committee, Youth of Betir, Women's Club of Wadi Foukin), which are a part of CFI's network of grassroots organizations, devised a campaign to support registration in their communities of Betir, Hussan and Wadi Foukin. The campaign included activities such as posting banners in local communities to encourage citizens to register to vote and inviting a representative of the Central Elections Commission to travel to outlying areas to register citizens.

The General Elections Law Campaign

CFI joined other CSOs in a coalition that built a campaign to reform the General Elections Law along the following guidelines:

1. Adopt a mixed system that joins a proportional representation system and a majority representation system.
2. Increase the number of Palestinian Legislative Council (PLC) seats and equally divide them between both systems.
3. Guarantee equal participation for women in both systems with a minimum quota of 20% of the PLC seats. Encourage political parties to allocate 30% of its representation to women according to the proportional system.
4. Hold legislative and presidential elections every four years.
5. Lower the legislative candidacy minimum age requirement from 30 to 25 years.

The coalition received support for these principles from youth and women's organizations, as well as public institutions. Leftist parties and the Fatah movement did not provide full support and demanded a complete proportional representation system. Nevertheless, these groups, with the exception of Fatah's Central Committee, agreed to accept the mixed system after becoming informed of CFI's rationale for reform.

CFI held workshops on elections with PLC members who initially rejected the mixed system initiative. As a result of this and other efforts, 44 PLC members decided to support the mixed system. In addition, a committee of 27 PLC members was formed to debate the elections law with civil society institutions as well as several political parties. This committee, combined with representatives of various political movements, took part in a video conference between Ramallah and Gaza to discuss the above principles. Consequently, all parties agreed to adopt the mixed system as well as a minimum 20% women's quota for PLC seats.

A legal committee was formed to draft a list of principles regarding the elections law and it agreed on the following terms:

1. A mixed election system with 50% going to the proportional system and 50% going to the majority system
2. A minimum candidacy age requirement of 28 years
3. Maintain the same number of election districts
4. Increase the number of PLC seats to 124

The committee did not agree on the women's quota, as the number of committee members for and against the quota was equal.

The coalition hosted an elections system expert from Norway to work with the legal committee to draft the elections law. A coalition representative was elected to take part in the process of drafting the law. In 2005, the coalition will present their ideas about implementing the mixed election system to the legal committee.

The efforts of the coalition paid off. The following principles were adopted in the first round of debates regarding the election law:

1. Increase the number of PLC seats to 124
2. A 20% women's quota for the PLC seats
3. A minimum age quota of 28 years
4. A 4 year election term
5. A 50% +1 system in the Presidential elections

The coalition will continue its monitoring role through the ratification process of the law in the PLC. It will also continue to advocate the PLC for the adoption of the women's quota, the candidacy minimum age requirement, the mixed election system and a date for the PLC elections.

ADVOCACY

Democracy in Palestine is emerging, but the mechanisms for citizens to influence their government are still underdeveloped. To begin building such mechanisms, CFI initiated the Democracy Advocacy Forum (DAF) Project through which it has developed democratic advocacy forums throughout the West Bank. The forums advocate for the needs of their communities among government entities at the local and national level. Through these forums CFI works to achieve the following objectives:

1. Increase citizens' awareness of democratic concepts and institutions through workshops, civic activities, and the work of the democratic advocacy forums
2. Increase the capacity of the forums to organize civic action, establish a network of volunteers, develop relations with community leaders to enhance their roles in society, and follow-up on recommendations resulting from workshops and civic activities
3. Encourage and empower local organizations to play a role in the decision-making process in order to promote democratic development through more responsive and accountable governance

CFI provides training sessions for the forums and supports them in carrying out democratic advocacy activities. In 2004, the forums focused on three issues essential to laying a foundation for the development of a Palestinian state including:

1. The development of the Palestinian Constitution
2. The inclusion of Palestinian women in the political process
3. The development of grassroots democratic advocacy bodies

In 2004, CFI conducted **52 training sessions** on the Palestinian Constitution for **1,767 participants, including 938 females**. The training covered the following topics:

1. The Palestinian Constitution: Articles and Proposed Amendments
2. Democracy and Constitutional representation of individual rights
3. The Separation of Powers: Is there real and proper separation of powers?
4. Rule of Law: Implementation process through constitutional laws

The participants were introduced to the third draft of the Palestinian constitution that will be adopted by the foreseen Palestinian State. Lively discussions and debates took place about this constitution and participants made their own recommendations about changes to be made to the third draft to better serve the needs of their communities.

Through such efforts and the efforts of other civil society organizations, women are becoming more engaged in politics. As a recent poll from Bir Zeit University in March 2004 shows, attitudes about women's inclusion in the political process are changing and women are gaining greater inclusion and participation in the political process.

(Source: <http://home.birzeit.edu/dsp/opinionpolls/poll15/>).

Finally, the forums carried out **49 community activities**, which included **1,581 participants**. The forums organized these activities with a focus on advocating for government officials to represent the interests of their communities. Government officials have considered forums suggestions seriously and now know that their activities are being closely monitored by their constituents.

HIGHLIGHTS

- The Democratic Advocacy Forums (DAF) of Bethlehem and Ramallah held protests over the Palestinian Legislative Council's refusal to accept the 20% quota for women. In Bethlehem, the DAF and ten other organizations staged a sit-in in front of the PLC office in Bethelhem and met with the Bethlehem PLC members to advocate for the passing of the quota. They also collected signatures in support of the quota, which were presented to the PLC.
- In Ramallah, the DAF and local grassroots organizations held a demonstration in front of the PLC by carrying banners and posters in favor of the quota for women.

STRENGTHENING GRASSROOTS DEMOCRATIC DEVELOPMENT

CFI works to strengthen grassroots democratic development by supporting local organizations and local leaders through its core program, the “Civic Education Program” (CEP), “Capacity Building for Women and Youth Organizations” and its “Capacity Building of Five Town Hall Meeting Committees” project.

The Civic Education Program

The CEP is designed to develop a widespread network of grassroots organizations and young emerging leaders who are well informed about democracy, civil society, elections and demonstrate the ability to lead their communities. The network has played a key role in supporting and facilitating the presidential and local council municipal elections.

CFI has been feeding the growth of this network for nearly seven years. We support the CEP network by providing civic education sessions to new members who disseminate information about democracy, elections, civil society, the rule of law, and the separation of powers. New and existing members also receive training in organizational management, community development and leadership, advocacy, and networking to give them the tools needed to aid the needs of their communities. Furthermore, CFI assists in the planning of town hall meetings, which intend to link local communities with decision for purposes of dialogue and exchange and to bring together government officials and PLC members. CFI provides targeted training for exceptional local leaders in acquiring skills and expertise to organize, moderate, and run town hall meetings. Such individuals are volunteers who make up CFI’s town hall meeting committees, which are responsible for the logistical preparations and the organization of town hall meetings in their localities based on agendas that are of local concern. Below are the specific objectives of the program:

1. Increase citizens’ awareness of democratic concepts and institutions
2. Develop community leadership skills and enhance the role of the citizen in Palestinian society
3. Work with grassroots roots organizations to conduct targeted civic activities
4. Encourage local organizations to play a role in the decision-making process in order to promote democratic development through more responsive and accountable governance

CEP 2004 Accomplishments:

- **950 civic education sessions were held** in which participants, who included volunteers and moderators, focusing on promoting concepts of democracy and citizens' rights and responsibilities.
- **20, 250 informational handouts were printed and distributed** on democracy and the rights and responsibilities of citizens. 510 copies of the new laws (including the Basic Law, the Local Government Law, the Election Law and the Independent Judiciary Law), passed or read by the Palestinian Legislative Council, were printed and distributed. The material was distributed at the end of each civic education session, with some reserved for distribution to local NGOs that expressed interest in the work of CFI. All printed material was made available to the general public free of charge.
- **76 civic work activities were conducted by grassroots organizations. Over 2100 persons participated in these activities.** Participant organizations formed civic education committees in their localities, which organize civic activities targeted at addressing the most pertinent concerns of their respective communities.

HIGHLIGHTS

- *The Kufer Sur civic education committee* spread the voluntary spirit in their community by organizing a volunteer cleaning day at the Kufer Sur school in Tulkarim. Organization members and students worked side-by-side to clean and prepare the school garden for replanting. The committee collected 700 NIS from the students to buy plants, flowers and trees, which were then planted in the garden.
- *The Araba civic education committee* addressed the lack of services in their locality by taking the initiative to clean the roads and collect garbage themselves. Additionally, because the village does not have a health clinic, committee organized a workshop to inform citizens of methods to avoid the health risks of contaminated water. Araba is a village with a population of 4,000 that has suffered a significant loss of land due to the construction of the Israeli Separation Wall and a lack of basic services. CFI has worked closely with this community to introduce the troubling matters of |Araba and the concerns of its residents to local and national decision makers.
- Unemployment is a significant problem in Palestine. In the second quarter of 2004, the overall unemployment rate reached 28.6 percent. *The Dahriya civic education committee* worked to find solutions for the unemployed in their village, situated near Hebron. The committee submitted a proposal to build a bus station in their village to the Dutch Representative Office. which funded the construction of the bus station and simultaneously employed several villagers to build and operate the station.

- The village of Jayous in the district of Qalqilya lies on the West Bank side of the green line, yet it has still suffered great losses due to the Israeli Separation Wall. The village has lost four thousand trees, which were uprooted, and 125 acres of land, which was leveled for the expansion of the wall. Jayous also lost access to 6 water wells and 120 greenhouses, which remained on the other side of the wall. The most significant loss was that of 9,000 dunums of land of which 75-90 percent is fertile and produces an estimated nine million kilograms of fruit and seven million kilograms of vegetables annually. To support those families who had lost access to their land, the *Jayous civic education committee* organized a volunteer day during which villagers and committee members assisted in tilling the land and gathering the ripe produce in order to maximize crop yield for that day.
- **56 Town Hall Meetings (THMs) were conducted with over 5,400 participants.** They were open to all citizens. Participants were given the opportunity to raise questions and submit comments to decision makers. The meetings were administered by the local Town Hall Meeting Committees. The town hall meeting committees held 16 committee-meeting days to prepare for the THMs.
- **126 training days were held for 701 volunteer town hall meeting committee members and moderators, including 348 women participants.** The town hall meeting received training in organization and moderation of town hall meetings. The moderators, selected from the civic education sessions based on their exceptional interest and performance, received training in methods on how to oversee civic education sessions so that they might themselves be able to assume the responsibility of running these sessions in their localities.
- **44 Town Hall Meeting Committee coordination meetings** were held to enhance the organizational skills and networking abilities of these committees, which then followed-up on issues discussed during the town hall meetings. Follow-up work focused on identifying a key issue that was raised during the meeting and determining the best ways in which to address the problem.
- CFI conducted a coordination day in each of the eight districts for all participants, regional CBOs, national and international NGOs, local councils, government representatives, and international governmental representatives to network with one another, develop local, regional and national strategies and enhance dialogue among Palestinians and between Palestinians and the international community.

SPECIAL NOTE: The success of the Civic Education program has attracted the Palestinian National Authority, which contracted CFI to assist it in strengthening local organizations through the program. Specifically, CFI was licensed by the Bethlehem office of the Ministry of Education to conduct activities with the area's students and in cooperation with teachers and social counselors with the aim of enhancing social participation and learning capacity of the students.

Capacity Building of Five Town Hall Meeting Committees

Due to a weak central government that is currently unable to meet the needs of local communities, there is a great need for local community-based leadership and civic activities. CFI's town hall meeting committees provide such an example of local leadership initiatives. Through the "Capacity Building of Five Town Hall Meeting Committees" project, CFI worked to increase the committees' capacity to conceive, structure, arrange, conduct, document, analyze, and evaluate projects. This type of theoretical training was then put into action by each group, which conducted a civil society development project in each project area with CFI's assistance.

CFI partnered with 50 NGOs, Community Based Organizations (CBOs) and Local Councils, who are also members of the five Town Hall Meeting Committees. Each local body has one representative member on the local Town Hall Meeting Committee.

Capacity Building for Five Town Hall Meeting Committees (2004 Accomplishments):

- **92 training sessions were held for 80 participants, including 32 women**, to build the capacity of five town hall meeting committees. The training covered the following topics: strategic planning, report writing, media engagement, communication skills, volunteer mobilization, general administration, financial administration, information dissemination, project management, project evaluation methodologies, and governmental compliance rules. These improved skills have greatly enhanced their capacity to work independently and to carry out effective follow-up work. This training also increased their leadership, community development, advocacy, and networking skills.
- **10 town hall meetings were held and attended by 988 citizens, over half of whom were women.** An additional 3,000 citizens benefited from these THMs indirectly through word of mouth and media coverage.
- **28 decision makers representing different power sectors were brought in contact with citizens** and had a direct opportunity to hear the public opinion of their performance and suggestions of how things can be improved. An additional advantage was the creation of a point of contact and the establishment of a dialogue.
- Many of the organizations that undertook the training submitted funding proposals for projects. One example is the Future Builders Forum in Abu Dis, a suburb of Jerusalem. Their work focuses in the Abu Dis/Al Azzariyeh neighborhoods of East Jerusalem, which have been particularly hard hit by the construction of the Wall. This organization submitted several project proposals, one of which was selected for support by the International NGO Save the Children.

STRENGTHENING LOCAL MUNICIPAL COUNCILS

Strong local municipal councils are necessary to build the foundations of democracy at the grassroots level. It is at the local level where representatives have the most direct contact with their citizens and where they can make a significant impact in improving the well-being of and strengthening their communities. Through its “Capacity Building for Local Municipal Councils” project, CFI aims to support local councils by building their organizational capacity, increasing their professionalism, and improving their communication with local constituents and regional, national and international communities.

Strengthening Local Municipal Council (2004 Achievements):

- **60 training sessions for 113 local council members** took place. The training sessions covered strategic planning, report writing, press releases and media oriented communication, communication skills, project management: practical and technical, evaluation methodologies, and citizen-local council relations.
- 2 town hall meetings took place, in which **110 citizens participated**. The town hall meetings served as a means to connect decision makers with citizens and improve decision maker-citizen communication. Citizens determined the issues to be discussed during the meeting and decision makers were invited to discuss and debate these issues. These meetings are one of the few venues citizens have in Palestine to publicly debate and discuss issues with decision makers.
- **Two project participants were elected to the local council** in the municipality of Sheoukh in Hebron: Youssef Hassan Ulika (re-elected) and local council member Issa Ramadan Halikah (re-elected municipal council member). The CFI training sessions provided them with experience in public relations, running electoral campaigns and managing the municipal council.

Future Goals

In 2004, the participants commented that they would like a more substantive and comprehensive training and capacity building program. Council members have gained interest in improving their capacity following these activities and following the first and second phase of the local elections. They are seeking an intensive training program with a comprehensive curriculum supported by a mentoring system to assist them when they put theory into practice through their work.

GOVERNMENT REFORM

Reform is a vital aspect of the growth of democracy in Palestine. CFI is at the forefront of advocating for governmental reforms. In 2004, CFI focused on informing citizens about the reform process through a project entitled “Disseminating Information and Enhancing Grassroots Public Involvement in the ongoing PNA Reform Process.” CFI also focused on involving citizens in the reform process through the “Transparency and Accountability” project.

Disseminating Information and Enhancing Grassroots Public Involvement in the Ongoing PNA Reform Process

A key component of building the public confidence in and momentum towards overall reform is providing information to the public concerning the ongoing reform efforts. Reform can be a daunting process, and providing updates to citizens about what is taking place and how they can get involved is both crucial and necessary. Through the project entitled “Disseminating Information and Enhancing Grassroots Public Involvement in the ongoing PNA Reform Process,” CFI established a Reform Monitoring Committee with the specific purpose of informing the public about the reform process. During the course of the project, the committee met each month and prepared detailed reports about the ongoing reform efforts. These reports were based upon objective criteria regarding the ongoing reform process and sought to establish performance benchmarks for reform that were easily recognizable to the non-expert.

For example, one type of reform for a government department might be establishing job descriptions for all of the employees in that department. If the government department agreed to issue these descriptions within three months and if it complied with the request within the given time period, it would be given an “A” rating. If it only provided 50% of the requests within the given time period, then it would receive an “F” rating. Each month, specific reform issues could be monitored and the public would be informed of the specific step-by-step developments that were taking place.

Participants included an expert speaker, decision makers (PNA and PLC representatives), community leaders, local political leaders, professionals, civil society institutions’ representatives and ordinary citizens. The ordinary citizens category included professionals, university students, home makers, women aged 17 and up and men between the ages of 17 and 35.

Once the committees conducted their research, workshops were held to disseminate their findings to the citizenry and town hall meetings were organized to open public debate about reform efforts.

Enhancing Grassroots Public Involvement (Objectives in 2004):

- Educate Palestinian citizens in the women/youth sectors about the reform process
- Establish local benchmarks about what local women/youth citizens want from reform efforts
- Disseminate information about the reform process through public meetings and electronic and written means

Workshops

As part of this project, **13 workshops were held for 535 participants. In addition, 3,000 informational handouts were published and distributed** to inform citizens about the ongoing reform efforts. The workshops also focused on defining, clarifying, structuring, addressing and evaluating specific reform issues. Workshop attendees formulated recommendations regarding specific reform actions to be taken. The following are the most important recommendations from the workshops:

1. Legislate a special law on reform that details reform mechanisms and responsibilities of the government and civil society in this regard
2. Create an institutionalized framework for deliberation between the government and civil society organizations to develop reform mechanisms
3. The government should demonstrate dedication to reform by holding regular meetings for the national committee for reform
4. Hold a national conference to discuss reform and reform issues and priorities
5. Appoint highly qualified people to deal with reform issues
6. Embrace the concept of the separation of powers
7. Revitalize the judicial system
8. Legislate economic laws with the participation of the private sector
9. Bring corrupt people to trial
10. Draft development plans and adopt decentralized management
11. Reform the rules and system of the Investment Fund so that it oversees government investments in trading companies and puts an end to monopolies
12. Enact the Monetary Authority Law
13. Improve the Measurement and Specifications Department
14. Improve the monitoring apparatus
15. Develop certain important sectors such as postal and freight sectors
16. Monitor and improve the Insurance sector
17. Invest more in education
18. Privatize all government investment activities
19. Rationalize government spending
20. Rationalize imports
21. The government should pay its debts to the private sector
22. Establish a special compensation fund to compensate for war and catastrophe risks and dangers
23. Assist the private sector in establishing exhibitions in foreign markets
24. Adopt the mixed electoral system with 50% for the proportional and 50% for the majority system
25. Adopt a special quota for women and hold regular elections

Town Hall Meetings:

12 town hall meetings were held and over 1,300 citizens participated. These meetings provided important contact points where local leaders, civil society activists, business leaders, political party leaders and the local community came together to meet in the public and media eye. These events put pressured local decision makers to address public concerns regarding reform. The following are participant recommendations from the town hall meetings:

1. Use only the voters registered in the coming elections
2. Political parties should promote their candidates based on their platforms not family and clan affiliations
3. The Higher Committee for elections should conduct a comprehensive evaluation for the previous phase of elections
4. The PLC should condition the ratification of national budget draft based on inclusion of a special article on unemployment
5. Implement the financial part of the social insurance law
6. Implement the retirement law
7. Create more jobs
8. Establish factories for canning olive oil
9. Define minimum prices for agricultural produce
10. Ensure that the Palestinian constitution won't have a provision on the possibility of declaring marshal law in any circumstance
11. Ratify the Palestinian constitution as soon as possible
12. Legislate the political parties law
13. Political parties should hold internal primary elections

Transparency and Accountability

Transparency & Accountability is an important dual aspect of reform that deserves focused attention. With the lack of public sector disclosure being the norm in Palestinian society, increasing the knowledge and practical understanding of this practice is an important step in developing Palestinian democracy. The "Transparency and Accountability" project aimed to open public debate and to help Palestinians know their rights to ask how and where their public funds are being spent and on what. The project targeted civil society activists and the general public and focused on promoting dialogue on good governance and combating corruption at the formal and informal levels. Project activities included workshops and a comprehensive report.

Transparency and Accountability Objectives:

- Open a comprehensive and wide public debate about the specific contents and expenditures outlined in the 2004 National Budget
- Inform citizens about the national budget and assist them in understanding the contents
- Provide knowledgeable speakers to assist in disseminating information
- Compare the PNA national budget to that of a small NGO to provide context and comparative information

- Inform citizens about their right and duty to be knowledgeable about the methods in which governmental tax revenues are collected, budgeted, spent and how a portion of these funds should benefit their local communities
- Bring decision makers and knowledgeable academics closer to citizens to assist them in better understanding the subjects of transparency and accountability
- Contribute to the overall effort of Palestinian Reform

Workshops:

36 workshops were held on transparency and accountability of the PNA's national annual budget and expenditure spending. **1,300 participants attended the workshops, including 539 women.** The following is a list of highlights of the workshop experience:

- A comprehensive discussion was opened on the budget. Participants recommended that a bill should be submitted to the PLC that provides guidelines for budget collection and budget allocation to social programs through their respective ministries. The participants recommended that the budget should have detailed budget items such as healthcare, education, economic development, women affairs and security.
- Participants discussed problems with the national budget and referenced the fact that the Ministry of Finance was not able to meet the deadline of October 1, 2004 to present the national budget. The issue of misconduct by ministers and other high level PNA officials, including those involved in financial scandals, was also addressed.
- The workshops covered comparisons between the national budget and that of a small NGO. The comparisons included budget preparation mechanisms and revenue sources and expenditures. The participants emphasized the importance of ratifying the national budget to give maximum social and economic benefits to citizens through the most needed programs such as healthcare, education and women's affairs. This shift of fund allocations from salaries to projects would contribute to the national economic growth and increase employment opportunities.
- Participants were concerned about the PNA practice of allocating a large portion of the national budget to the Presidential office. Participants recommended that this budget item and the budget as a whole should be subject to an audit and a monitoring body.
- Participants recommended that reform should be based on transparency. In the absence of transparency, participants highlighted the fact that with the lack of transparency, there will be no foreign investment in the Palestinian economy.
- Participants pointed out that the PNA did not allow Palestinian citizens or civil society institutions to participate in the decision making process, despite the fact it is their fundamental right to do so.
- Participants expressed interest in additional transparency and accountability workshops, from which groups would be formed to follow up with decision makers.
- The participants' priorities for reform were higher education, healthcare, agriculture, combating corruption and skilled labor training.

Overall Project Activity Chart - 2004

Funding Organization	Project	Activity	No. of Activities	No. of females	No. of males	Total # of participants
Australian AID	Capacity Building for Local Councils	Training	60	35	78	113
Australian AID	Capacity Building for Local Councils	Town Hall Meetings	2	27	83	110
Canadian International Development Agency	Disseminating Information on PA Reforms	Town Hall Meetings	12	335	980	1315
Canadian International Development Agency	Disseminating Information on PA Reforms	Workshops	13	168	367	535
Dutch Cooperation	Voter Ed. for Local and Natl. Elections	Elections Workshops	178	3011	2698	5709
European Commission	Transparency and Accountability	Workshops	36	539	761	1300
Ireland Aid	Democratic Advocacy Forum	Constitution Training	52	938	829	1767
Ireland Aid	Democratic Advocacy Forum	Woman Participation in Politics Training	53	1711	0	1711
Ireland Aid	Democratic Advocacy Forum	Civic Activities	49	1581
National Endowment for Democracy	Capacity Building for Women and Youth Orgs.	Trainings	92	32	48	80
National Endowment for Democracy	Capacity Building for Women and Youth Orgs.	Town Hall Meetings	10	505	483	988
Tamkeen	Civic Education	Civic Ed. Sessions	950	190
Tamkeen	Emergency Election Workshops	Workshops	20	372	303	675
Tamkeen	Civic Education	Town Hall Meetings	56	2062	3400	5462
Tamkeen	Civic Education	Volunteer Training Sessions	126	348	353	701
Tamkeen	Civic Education	Coordination Days	8	105	100	205
Tamkeen	Civic Education	Civic work Activities	76	2147

Publications and Press Releases

1. *Reform ...A Palestinian perspective between reality and aspirations*
2. *Local Government in Palestine*
3. *The Civic Forum Annual Activity Report*
4. *Transparency and Accountability booklet*
5. *Woman Participation in Politics booklet*
6. *Palestinian Reform booklet*
7. *Palestinian Constitution booklet*
8. *Public Authorities and Rule of Law booklet*
9. *Elections and Local Government booklet*
10. *Capacity Building of Women and Youth in participating in the decision making process and choosing their future representatives*
11. *Civil work and Societal participation*
12. *Democracy and Individual Rights*
13. *Horizon Magazine – 4 edition produced in English and Arabic in 2004*

Press Releases

1. An appeal to all international human rights organizations and governmental institutions to intervene to aid Palestinian prisoners in Israeli jails. Jerusalem – August 16, 2004
2. An appeal to stop the mass killings of the Palestinian people in the Gaza Strip. Jerusalem – October 1, 2004
3. A call for women movement to assume a larger role: Civic Forum Institute welcomes the ratification of women's quota law in local council elections. Jerusalem – December 3, 2004
4. Civic Forum Institute calls for transparent elections and for local and international monitoring bodies to assume an effective role in the upcoming elections. Jerusalem – December 9, 2004
5. Civic Forum Institute calls on the PLC to assume its responsibilities to ratify the election law and abandon its delay tactics. Jerusalem – December 20, 2004

THE CIVIC FORUM INSTITUTE

Civic Forum Institute (CFI) is a non-profit, non-partisan, non-governmental Palestinian organization that works to build and strengthen the foundations of democracy in Palestine and strengthen Palestinian civil society organizations.

The Civic Forum Institute (CFI) was founded in 1995 as a grassroots civic education project managed by the National Democratic Institute for International Affairs (NDI). NDI created CFI shortly after the Declaration of Principles was signed between Israel and the Palestinian Liberation Organization in 1993. CFI was created to support and strengthen the growth of democracy in the West Bank, the Gaza Strip and East Jerusalem.

CFI was registered in Jerusalem on August 23, 1998. CFI is also registered as a non-profit organization in the Palestinian National Authority (PNA) controlled areas according to the Law of NGOs signed by President Yassir Arafat in February 2000.

CFI is governed by a Board of Directors which is elected by a General Assembly of 20 members, as well as by a three-member Control Committee. CFI has developed an administrative and financial oversight structure that exceeds local norms and meets internationally recognized standards.

A management team of 4 and staff of 24 provide services to the Palestinian community supported by the Executive Director.

CFI is dedicated to democratic development in order to raise citizens' awareness of democratic principles and processes and to empower local leaders and organizations through meaningful and consistent programs, as well as activities carried out in local communities throughout Palestine.

CFI works in cooperative efforts to build and strengthen ties between local, Arab and international organizations to build a stable democratic society that benefits all citizens.

CFI pursues three main objectives:

- To increase citizens' awareness of democratic concepts and institutions
- To develop community leadership skills and enhance the role of the citizen in Palestinian society
- To encourage local organizations to play a role in the public policy and decision-making process in order to encourage democratic development through responsive and accountable governance

CFI is currently working in democratic development, women's and children's rights projects, community-based organizational capacity building, community based relief and reconstruction projects, targeted consultative projects for local and international NGOs and donors, and developing youth for leadership roles in their society.

FUNDING ORGANIZATIONS

Australian Agency for International Development (AusAID)

Canadian International Development Agency (CIDA)

Development Corporation Ireland

Dutch Development Corporation

European Union (EU)

National Endowment for Democracy (NED)

Tamkeen Project (supported by the
United States Agency for International Development)

FINANCIAL REPORT

Civic Forum Institute
Jerusalem

**Independent Auditors' Report
and
Financial Statements**

31 December, 2004 and 2003

Independent Auditors' Report

**To Chairman and Members of the Board
Civic Forum Institute
Jerusalem**

We have audited the accompanying statement of financial position of *the Civic Forum Institute* as of **31 December 2004** and the related statements of activities and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Civic Forum Institute as of December 31, 2003 were audited by other auditors; whose report dated June 14, 2004 expressed an unqualified opinion on these statements.

We conducted our audits in accordance with *International Standards on Auditing*. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *the Civic Forum Institute* as of **31 December 2004 and** the results of its activities and its cash flows for the year then ended in conformity with the accounting standards described in Note 2 to the financial statements.

**El Yousef & Co.
Certified Public Accountants**

Ramallah, May 20, 2005

CIVIC FORUM INSTITUTE
STATEMENT OF FINANCIAL POSITION
 (All amounts in U.S Dollars)

	Note	2004	2003
ASSETS			
Current assets			
Cash and cash equivalents	(3)	50,617	131,606
Grants receivable	(4)	151,611	178,892
Prepayments and other current assets	(5)	9,749	650
Total current assets		211,977	311,148
Fixed assets, net	(6)	41,238	28,385
Total assets		253,215	339,533
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		6,904	4,983
Accrued expenses and other current liabilities	(7)	70,135	15,489
Total Current Liabilities		77,039	20,472
Reserve for severance pay	(8)	53,300	49,470
Total Liabilities		130,339	69,942
 Net assets			
Unrestricted net assets		58,563	29,035
Temporary restricted net assets		64,313	240,556
Net assets		122,876	269,591
Total liabilities and net assets		253,215	339,533

The accompanying notes form an integral part of these financial statements

CIVIC FORUM INSTITUTE
STATEMENT OF ACTIVITIES
 (All amounts in U.S Dollars)

	No te	2004			2003
		Unrestricted	Temporarily Restricted	Total	Total
Revenues and Other Support					
Donors contributions	(9)	46,489	565,295	611,784	444,455
Other revenues		6,425	-	6,425	-
Net assets released from restrictions		727,312	(727,312)	-	-
Total revenues and other support		780,226	(162,017)	618,209	444,455
Program expenses (see statement of functional expenses)					
Program expenses (see statement of functional expenses)	(10)	727,313	-	727,313	465,674
Overhead expenses		11,029	-	11,029	38,492
Depreciation expenses		12,356	-	12,356	11,620
Total expenses		750,698	-	750,698	515,786
Changes in net assets for year		29,528	(162,017)	(132,489)	(71,331)
Net assets, beginning of year		29,035	240,556	269,591	340,922
Prior period adjustment	(11)	-	(14,226)	(14,226)	-
Net assets, end of year		58,563	64,313	122,876	269,591

The accompanying notes form an integral part of these financial statements

CIVIC FORUM INSTITUTE
STATEMENT OF CASH FLOWS
 (All amounts in U.S Dollars)

	2004	2003
Cash flows from operating activities:		
Change in net assets for the year	(146,714)	(71,331)
Adjustments to reconcile changes in net assets to net cash		
Used in operating activities:		
Depreciation	12,350	11,620
Increase (Decrease) in Provision for Severance Pay	3,830	(9,893)
Decrease in Contributions Receivable	27,281	105,492
(Increase) Decrease in Prepayments and Other Current Assets	(9,099)	950
Increase (Decrease) in accounts payable	1,920	(6,474)
Increase in other current liabilities	54,646	1,377
Net (cash used in) provided by operating activities	(55,776)	31,741
Cash flows from investing activities:		
Purchases of fixed assets	(25,213)	(14,453)
Net cash used in investing activities	(25,213)	(14,453)
(Decrease) Increase in cash and cash equivalents	(80,989)	17,288
Cash and cash equivalents, beginning of year	131,606	114,318
Cash and cash equivalents, end of year	50,617	131,606

CIVIC FORUM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
(All amounts in US Dollars)

1. GENERAL

Civic Forum Institute (hereinafter "CFI") is a leading non-profit organization, registered in August 23, 1998 in Jerusalem under registration number 58-032-123-0 as per applicable laws and regulations and registered in the Palestinian Authority area under registration number OR/152/CM dated December 21, 2000. CFI currently works in the field of rural development, environment protection and enhancement of the status and role of rural women. CFI raises awareness and provides supporting activities and services for individuals, groups and organizations that work in the same field. CFI relies upon the active broad skills of their staff, to develop a Palestinian civil democratic society.

CFI vision is to reach a social movement through building a grassroots base and a developmental movement based on founding local leaders to develop, foster, oversee and ensure the sustainability of this movement, which aims at organizing and mobilizing rural communities around their strategic interests.

CFI's main objective is to increase popular participation toward the goal of achieving sustainable and integrated development for Palestinian society in order to improve quality of life standards.

2. BASIS OF PREPARATION

The significant accounting policies followed are described below:

2.1 Basis of Accounting and Presentation:

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Accounting Standards.

The net assets of CFI and changes therein are classified and reported in accordance with Statements of Financial Accounting Standards No. 117, "Financial Statements of Not-for-profit Organizations", which establishes standards for external financial reporting for not-for-profit organizations. SFAS No. 117 is issued by the Financial Accounting Standards Board of the U.S. Financial Accounting Foundation.

Under the provision of these standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In order to ensure observance of limitations and restrictions placed on the use of the available resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, net assets of CFI and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets whose use by CFI is not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets whose use by CFI is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of CFI pursuant to those donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

2.2 Fixed assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Office furniture	10:
Office equipment	15 - 25%

2.3 Reserve for severance pay

Benefits payable to the employees of CFI at the end of their services are provided for in accordance with the guidelines set by the local labor laws.

2.4 Translation of foreign currencies

The accompanying financial statements are denominated in U.S Dollars. Transactions denominated in foreign currency during the year were translated according to prevailing rates at the time each transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into U.S Dollars by applying the exchange rates prevailing at the financial statements reporting date. Exchange gains or losses that arise from the above mentioned points are reflected in the statement of activities.

Exchange rates as of the financial statements dates are as follows:

	2004	2003
New Israeli Shekel	.223	0.224
Euro	1.3107	1.263
Jordanian Dinar	.709	0.709

2.5 Contributions Receivable

Contributions receivable represents amount spent by CFI for funded projects but whose funds were not received as of the financial statements date, without exceeding the agreed funded amounts with donors.

3. CASH AND CASH EQUIVALENTS Details –

	2004	2003
Cash on Hand	3,203	7,250
Cash at Banks	47,414	124,356
	50,617	131,606

4. CONTRIBUTIONS RECEIVABLE Details –

	2004	2003
Kingdom of the Netherlands	-	124,240
National Endowment for Democracy	30,000	33,750
Tamkeen	41,057	-
Irish Government	37,064-	18,390
Friedrich Naumann Foundation	3,022	2,512
European Community	20,468	-
Canadian International Development Agency	20,000	-
	151,611	178,892

5. PREPAYMENTS AND OTHER CURRENT ASSETS Details –

	2004	2003
Employees receivable	1,613	-
Prepaid expenses	7,848	-
Other current assets	288	650
	9,749	650

6. FIXED ASSETS, NET Details -

	2004			
	Balance			Balance
	January 1	Additions	Disposals	December 31
Cost				
Office Equipment	55,999	25,213	-	81,212
Office Furniture	9,701	-	-	9,701
	65,700	25,213	-	90,913
Accumulated Depreciation				
Office Equipment	32,789	11,327	-	44,116
Office Furniture	4,526	1,033	-	5,559
	37,315	12,360	-	49,675
Net Book Value	28,385			41,238

7. ACCRUED EXPENSES AND OTHER LIABILITIES *Details –*

	2004	2003
Tax Department	4,146	3,824
Accrued Expenses	47,533	6,265
Employees Payables	18,456	5,400
	70,135	15,489

8. RESERVE FOR SEVERANCE PAY

Balances of reserve for severance pay and related bank accounts were as follows:

	2004	2003
Balance at Bank	40,177	23,532
Employees Severance Pay Liabilities	(93,477)	(73,002)
	(53,300)	(49,470)

	2004	2003
Balance, Beginning of the Year	49,470	59,363
Add: Provision Made During the Year	8,470	4,252
Less: Payments Made During the Year	(4,640)	(14,145)
	53,300	49,470

Movements of the severance pay during the year were as follows:

9. REVENUES AND OTHER SUPPORT *Details -*

	2004			2003
	Unrestricted	Temporarily Restricted	Total	Total
Kingdom of the Netherlands	-	-	-	172,205
Irish Government	44,489	-	44,489	122,601
Canadian International Development Agency	-	70,000	70,000	-
Friedrich Naumann Stiftung	-	3,022	3,022	67,823
National Endowment for Democracy	-	45,000	45,000	45,000
European Community	-	51,948	51,948	-
TAMKEEN	-	368,329	368,329	11,826
National Democratic Institute	-	-	-	10,000
Austrian Aid	-	26,996	26,996	7,000
Save the Children	-	-	-	6,000
Catholic Relief Services	-	-	-	2,000
Care International	2,000	-	2,000	-
	46,489	565,295	611,784	444,455

10. PROGRAM EXPENSES *Details –*

	2004	2003
Salaries and Related Benefits (*)	409,480	239,736
Training and Conferences	133,537	61,212
Rapid Project's expenses (Phase one and two)	-	33,741
Office supplies and Printing	51,736	30,380
Travel and Related Expenses	56,916	21,368
Utilities and Rent	37,644	15,473
Honorarium Fees	-	15,378
Refund of Unutilized Funds	-	12,520
Communications	19,881	11,032
Books and References	6,545	6,702
Consulting and professional Services	11,574	950
FOG Project Expense	-	17,182
	727,313	465,674

Note: Please refer to statement of functional expenses for further details.

11. PRIOR PERIOD ADJUSTMENT

This amount represents a portion of contributions receivable from the Kingdom of the Netherlands, which was recognized as revenue in the year 2003. However, the amount will not be collected since the project was completed with lesser funds than the contract budget amount allocated.

The Civic Forum Institute



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