

AZERBAIJAN



Capital: Baku

Polity: Republic

Population: 8,238,672 (July 2009 est.)

GDP per capita (PPP): \$9,500 (2008 est.)

NGO SUSTAINABILITY: 4.8

During 2008, the sustainability and capacity of the NGO sector was slightly higher than in 2007. NGOs made modest increases in their efforts to mobilize their constituencies, engage in policy dialogue, monitor and evaluate government effectiveness, and improve service delivery in communities. The number of registered NGOs in Azerbaijan is approximately 3,100.



Despite progress in some areas, the NGO sector in Azerbaijan is still restricted due to government interference, increased competition for limited financial resources, weak constituent relationships, and a lack of public awareness of civil society’s work and relevance.

Noticeable progress has been made towards sustainable cooperation as a result of the president’s initiative to create the Council on State Support to NGOs. USAID led the initiative to bring together Baku-based international partners and addressed a joint letter to the presidential office with recommendations of international best practices in this field. Most of these recommendations were accepted upon creation of the council. The council was established by presidential decree and has eleven members—eight NGO representatives and three governmental representatives. The NGO representatives were nominated by NGOs and approved by the president. The president appointed the governmental representatives. In August 2008, the council awarded grants worth more than \$1.2 million to 191 local NGOs. The government plans to issue \$3 million in grants to NGOs in 2009.

In spite of the legislative framework regarding registration, some NGOs have experienced unreasonable constraints as officials found fault with the names of organizations, required organizations to change their charters, denied registration with limited explanation, and demanded multiple submissions of registration

documents. International and local NGOs combined efforts to create a more favorable legislative environment for NGO sector development. NGOs prepared several draft laws, including a draft Law on Volunteers, which were submitted to the parliament.

A majority of NGOs still depend heavily on funding from international donors, although NGOs are making serious attempts to raise funds in support of ongoing projects. NGOs have started actively submitting project proposals to local businesses and adding cooperation with them as a component of new projects.

LEGAL ENVIRONMENT: 4.8

On December 13, 2007, the President of the Republic of Azerbaijan signed a decree establishing a Council on State Support to NGOs. The decree incorporated recommendations prepared by international organizations. Among the council's primary responsibilities is the creation of an enabling legal environment for NGOs.

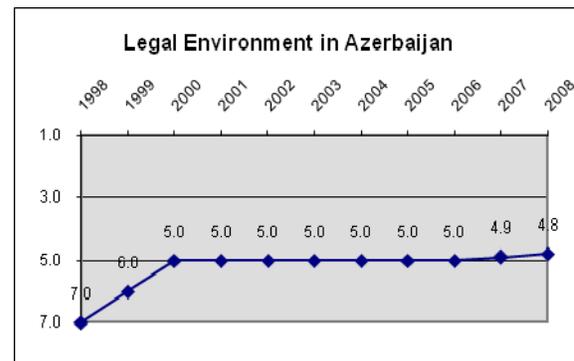
While the law on NGO registration is in force, the process itself remained burdensome and there were frequent and lengthy delays in obtaining certificates of registration from the Ministry of Justice. In 2008, 276 NGOs were registered.

NGOs feel that their activities are closely monitored and controlled. Most NGOs believe that a list of "favorable" and "unfavorable" NGOs exists among local and executive authorities. Local NGOs that are considered to be engaged in political activities are believed to be on the list of unfavorable NGOs. Several of these NGOs received government funding through the State Council on Support to NGOs, however.

There were some reported cases of NGOs being dissolved. The government has stated that these NGOs had technical issues with their registration documents and will be re-registered

NGO experts are invited to parliamentary discussions related to legislation, demonstrating growing government recognition of the third sector. This process tends to be ad hoc, however.

Cooperation between local authorities and NGOs in the regions outside the capital is still poor. In some cases, local officials attempt to control the activities of NGOs and create obstacles if NGOs fail to inform authorities in advance about their activities. NGOs based in the regions demonstrated more activity in 2008 as a result of support from international donors and the central government. NGOs cooperated successfully with municipalities to increase budget transparency and civic engagement.



when the problems are corrected. The most notable case was the Election Monitoring Center, which receives support from USAID, the British government, OSCE, and other international donors.

Local NGOs pay 22 percent of their consolidated payroll to the State Fund of Social Insurance. If a bilateral agreement exists between Azerbaijan and a donor country, then the donor's NGO grantees are exempted from this tax. The employees of such NGOs are still required to pay income tax and social insurance tax on their salaries, however.

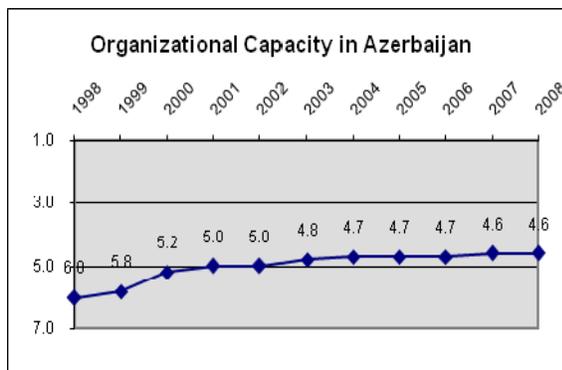
On December 16, 2008, the Milli Mejlis (parliament) of Azerbaijan adopted an amendment to the Code of Administrative Offences increasing from AZN 20–25 (\$25–\$31) to AZN 200–2500 (\$2500–\$3100) the fine if

NGOs do not report about grants they have received within one month of signing a donor contract. Some NGOs think that this will make NGOs more responsible in terms of reporting, while others consider the amendment a tool for strengthening governmental control over NGOs. NGOs complain that companies they approach for services make no distinction between business entities and nonprofit organizations. NGOs believe that tax incentives for companies to offer discounted services to NGOs would support their efforts to achieve financial sustainability. For instance, NGOs and businesses pay the same rate for placing an advertisement, installing a telephone line or subscribing to Internet service.

A coalition of local NGOs developed a draft Law on Charity and submitted it to the parliament, but the draft has not been discussed or approved. The law would enable local and international businesses to receive tax incentives for funding charitable activities. A draft Law on Voluntary Activity was prepared with assistance provided by the USAID Civil Society Project and the Not-for-Profit Law Advocacy Coalition, and was submitted to parliament in October 2008. It has passed two readings and is scheduled for a third and final reading in 2009.

NGOs are legally allowed to apply for government tenders, but the tender process lacks transparency and few NGOs compete successfully.

ORGANIZATIONAL CAPACITY: 4.6



Local NGOs improved their constituency outreach. NGOs organized thematic roundtables and forums involving their constituents and other stakeholders at the national and local levels. For example, the Center for Economic and Social Development held a series of roundtables on the topic of public control over health sector expenses in Baku, Salyan, Terter and Shamkir. The Education for Youth Center conducted a number of successful seminars for students and youth. The Public Finances Monitoring Center held discussions on participatory budgeting at the state level in Baku, Guba and Sheki.

Due to the demands of international donor agencies, increased numbers of NGOs restructured their internal management and

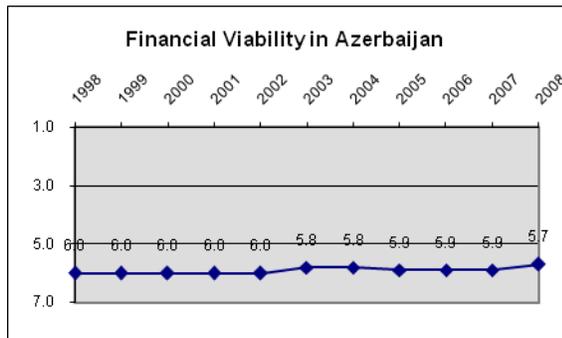
adopted international best practices. During the past year most NGOs have improved their reporting techniques and increased access to information about their programs and financial reports. Many NGOs still lack transparency in their internal management, however. Though many NGOs are increasingly professional and focused on well-defined missions, many continue to engage in activities outside of their missions to secure additional funding. Some NGOs, especially those based in the regions, still lack an internal management structure and understanding of the importance of strategic planning.

A major problem facing NGOs is their ability to retain qualified and professional staff after completion of a grant project. Sometimes an NGO is composed of only one permanent staff member. Usually employees are recruited based on the immediate demands of current projects and grants.

Generally, NGOs in Baku have better technology and equipment than their counterparts outside the capital. Many NGOs, particularly newly established NGOs, complain that most donors do not allow the purchase of equipment within project budgets.

FINANCIAL VIABILITY: 5.7

Most NGOs, especially in the regions, lack efficient financial management systems and internal control policies. Despite a presidential decree applying international accounting standards to NGOs, no designated program trains NGOs regarding the application of those standards. NGOs complain that it is difficult for them to organize training sessions for appropriate staff on bookkeeping and to retain a professional accountant after the completion of a project. This often leads to a situation where one accountant works for four or five NGOs at the same time, limiting their ability to put sound financial systems in place. Some local NGOs that are engaged in longtime partnerships with international donors have good financial management policies. Most NGOs cannot afford to hire an external auditor unless it is funded and required by the donor.



The Council on State Support to NGOs awarded 191 NGOs with grants in August 2008. Many of the grantees are either newly established or have limited experience managing grant funds. To build NGOs' financial viability, the Council on State Support to NGOs is undergoing an effort with the support of the USAID Civil Society Project to institutionalize international best practices for grantmaking, financial management, and project management.

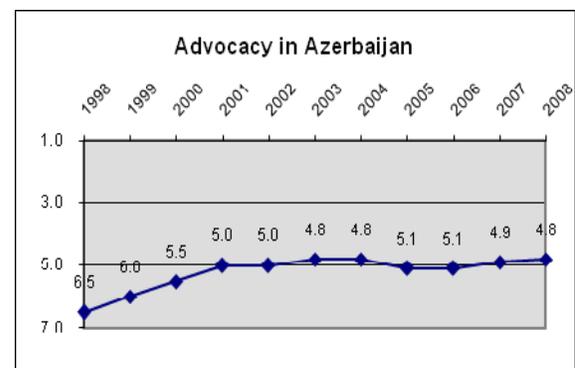
The Council on State Support to NGOs is funded from monetary reserves; NGOs specializing in public financing believe that these funds are secure through 2010. The council is seeking partnerships with bilateral and multilateral donors to continue long-term public financing.

Local philanthropy is at the same level of development as it was in previous years, but NGOs and municipalities cooperated with local businesses and Azerbaijanis working abroad. In one example of an NGO-business partnership, the Alliance of NGOs on Children's Rights cooperated successfully with Azerbaijan's major mobile telecom operator, AZERCELL, in implementing two projects.

ADVOCACY: 4.8

Local NGOs' efforts to build effective coalitions for advocating on issues important to their constituencies visibly increased. During 2008, several advocacy coalitions began working on a number of important issues. NGOs gained skills working together in coalitions.

A coalition led by the Association of Women with University Degrees and the Ganja Regional Women's Center conducted an advocacy campaign on prevention of early marriages. The campaign included legal assistance to young women, educational training sessions for constituent groups, community meetings, and training for local government service providers



and social protection and health department employees.

The Economic Research Center began implementing a project on an alternative poverty assessment methodology. The assessment, analysis of findings, and policy recommendations will be provided to key government ministries to help the government design targeted poverty alleviation interventions.

In general, NGOs feel there is increased cooperation between NGOs and the government.

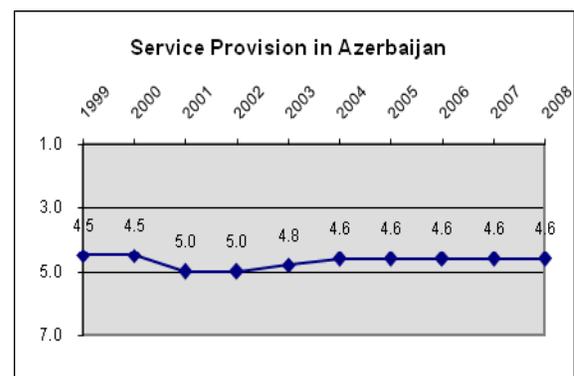
NGOs and NGO coalitions are allowed by law to work on legislative initiatives and present them to parliament. Significant work has been undertaken towards improving budget transparency of local municipalities and increasing the public role in local decision making. Among the most successful municipalities in this regard are Jil in the Lenkoran region and Ahsagi Tala in the Zagatala region.

SERVICE PROVISION: 4.6

The spectrum of services provided by the NGO sector was largely unchanged, covering the areas of humanitarian relief, environmental protection, gender, youth, human rights issues, civic and legal education, health, and economic development. Although NGOs are increasingly trying to focus on issues that are consistent with their missions, NGO leaders report spending more time implementing donor priorities. Donors' emphasis is primarily on preschool and secondary education facilities, primary health clinics, elections, humanitarian support, social and economic development, human rights protection, water supply systems, and environmental activities.

NGOs continue to organize and facilitate seminars, workshops, trainings, and public education and awareness projects. They are involved in state development programs, such as the State Program on Socio-Economic Development of Regions. NGOs are involved in increasing dialogue between the government and citizens, and conducting policy research.

Some NGOs charged fees for their services to support the basic needs of their organizations.



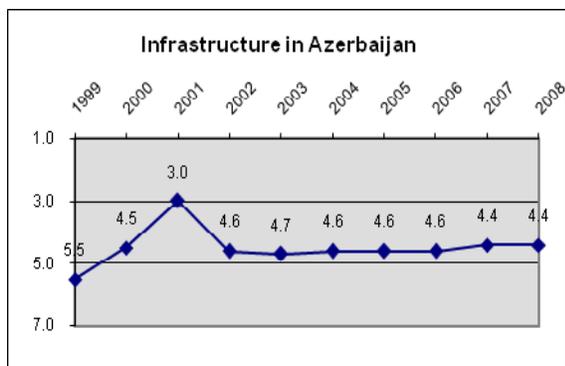
However, most of them provide free services with donor support, such as legal services to internally displaced persons and vulnerable segments of the population. Some NGOs offer traditional fee-based services, such as training in computer skills, English language, and accounting.

Grants made by the Council on State Support to NGOs hold some potential for improving NGOs' capacities in service provision. The council's requests for applications reflect the results of needs-based analysis and demand performance accountability from grantees.

INFRASTRUCTURE: 4.4

Although most NGOs have passed through their early start-up phase of development, many still need improvement in terms of access to electronic communications between rural NGOs, government, and international agencies operating in the country and overseas. Some specialized NGOs publish literature related to NGO management and legal and tax issues. The

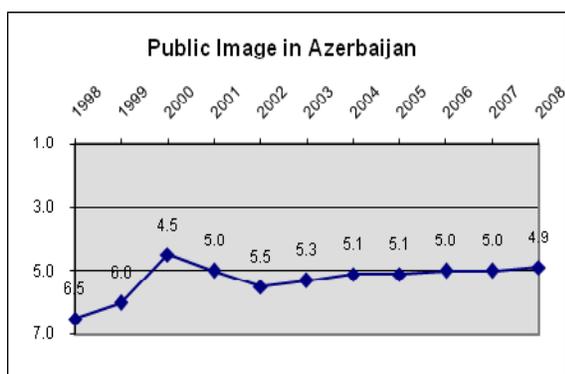
number of publications issued by NGOs specializing in such subjects as legislation, taxation, economic development, and human rights has increased. A small number of NGOs subsidize their operations with basic fee-based services. Some NGOs offer training courses such as computer skills, accounting, and languages.



The NGO Resource and Training Centers in several regions of the country, including Gabala, Mingechevir, and Ali-Bayramli, continue to organize free capacity building trainings and information services for NGOs, as well as conduct regional roundtables with the

PUBLIC IMAGE: 4.9

In 2008, media coverage of the NGO sector visibly increased. Local NGOs actively worked with mass media, prepared press releases, and organized press conferences about the launch or completion of their projects. A number of NGOs maintain high-quality, up-to-date websites, such as Economic Research Center (www.erc-az.org), Public Finance Monitoring Center (www.pfmc.az), Praxis (www.praxis.az), and Center for Economic and Social Development (www.cesd.az).



The Council on State Support to NGOs has begun issuing its own monthly journal about the activities of NGOs in Azerbaijan. The journal *Civil Society* is distributed to ministries, departments of the presidential administration, international organizations, and local NGOs

participation of NGOs, government officials and the donor community.

A number of NGOs working in the same fields are operating joint websites, such as www.ngoalliance.net (Azerbaijan NGO Alliance for Children's Rights), www.nbg.az (National Budget Group), www.anticorruption.az (Young Lawyers against Corruption), and www.gender-az.org (Azerbaijan Gender Information Center). In addition to the popular online resource for development and humanitarian NGOs, Azerweb (www.azerweb.com), the site www.mqfheber.az, operated by the National NGO Forum of Azerbaijan, is also a useful resource for NGOs. These sites provide information on vacancies and trainings as well as virtual space for debates and exchanges of views.

through the National NGO Forum and various NGO coalitions. Interested readers can also download the journal from the official website of the council, www.cssn.gov.az. The journal contains valuable information about the future plans and current activities of the Council on State Support to NGOs, gives updates on projects implemented by local NGOs, and features interviews with NGO leaders and government officials.

NGO experts are frequently invited to talk shows and radio debates. Newspapers print detailed information about NGO activities in Azerbaijan. Some newspapers, news agencies and online journals such as AzerPress, Turan, Azeri-Press Agency, Day.Az, Zerkalo, and Today.az cover NGO sector activity on a regular basis. NGOs that work on human rights are the most recognized by the public, whereas those working on social projects are known only by their constituencies.

In some cases government officials rely on NGOs as a community resource or as a source of expertise and credible information. NGOs working on human rights and democracy issues are often obstructed by central and regional authorities.