

AZERBAIJAN



Capital:
Baku

Polity:
Presidential
(dominant party)

Population:
7,798,497

**GDP per capita
(PPP):** \$3,300

NGO SUSTAINABILITY: 5.2

NGO SUSTAINABILITY

2002	5.2
2001	4.9
2000	5.0
1999	5.7
1998	6.4

Out of 1,400 NGOs registered with the Ministry of Justice, only 450 are active operating, primarily in areas such as education, health care, children's issues, environment, youth, human rights, gender issues, refugees and IDPs, economy, arts, and culture.

The most serious issue for development of the NGO sector is the inability of the vast number of initiative groups to register as NGOs with the Ministry of Justice. According to expert analysis, both the legislation itself and its implementation by Ministry of Justice officials are inadequate, thereby restricting the ability of NGOs to register and function.

NGO capacity in Azerbaijan is still quite low. They work mainly from project to project and rely heavily on a top-down management structure. Few NGOs develop or utilize constituencies, strategic plans, mission statements or maintain permanently paid staff. Only a small portion of the NGO sector, mostly in Baku, is technically well equipped. In terms of capacity, Baku-based NGOs are generally more advanced than their counterparts in the regions.

NGOs receive the majority of their funding from international organizations, foreign companies and diplomatic missions. A few NGOs have started fee-based services while others plan to initiate them, but progress in this area is constrained by the legal environment. For example, the Tax Code does not distinguish between income-generating activities of NGOs and for-profit operations of private businesses. Some areas like tax benefits for charitable

giving are not regulated by legislation and therefore do not promote philanthropic contributions to the work of NGOs.

Advocacy and lobbying are still nascent areas for Azerbaijani NGOs who have little understanding of this terminology and the benefits they could bring to their operating environment. During the past year any

progress made in this area should be attributed to the pressure placed on the NGOs themselves and the government by international organizations and foreign embassies. Government officials and the general population continue to perceive NGOs as anti-government, opposition, or business-related, and not a movement to be taken seriously.

LEGAL ENVIRONMENT: 5.0

NGOs in Azerbaijan operate in an unfavorable legal environment with multiple and sometimes conflicting laws and regulations governing their status, general operations and registration procedures.

LEGAL ENVIRONMENT	
2002	5.0
2001	5.0
2000	5.0
1999	6.0
1998	7.0

Current legislation includes the NGO Law of June 2000; the Law on the Registration of Legal Entities of 1996; the Grants Law of 1998; and, internal MOJ regulations on NGO Registration Procedures. In general, the legislation is vague on permissible activities, financial procedures and reporting requirements, thereby allowing the government to interpret or apply the law at their discretion.

The factor most hampering NGO development is the registration of NGOs, or the lack thereof. The Ministry of Justice, which is responsible for NGO registration, utilizes internal instructions and regulations that are not available to the public to regulate the registration of NGOs. This has resulted in a near halt in registration of new organizations over the past two years. The existing Law on the Registration of Legal Entities, however, requires that written notifications be provided to the applicant within ten days of an application being received and provides for a written explanation for any rejection. However, the Ministry does not issue receipts when applications are submitted and they very rarely proffer

loosely written rejection letters, thus providing the applicant with no recourse for challenging the Ministry's decision. Due to the severity of the problem, several international donor organizations and diplomatic missions are working with Azerbaijani NGOs to solve the registration problem.

Though legislation formally provides NGOs with the right to work without restraint, in reality this is not the case as officials create numerous artificial impediments for NGOs. The government uses spontaneous tax or labor inspections to place pressure on NGOs to conform or in some instances to dissolve them. In fear of being visited by these agencies, most NGOs do not involve themselves in political or social concerns if their involvement may be seen in an unfavorable light by the government. In other words, self-regulation is frequently practiced by NGOs in Azerbaijan.

The government also puts up barriers to discourage NGOs from operating in certain sensitive areas. For instance, the NGO Law precludes NGOs from monitoring presidential, parliamentary, and municipal elections if they receive money from foreign legal entities or Azerbaijani entities with significant foreign ownership or financing.

The Azerbaijani Tax Code provides NGOs with tax exemption on monies received in the form of grants but taxes them on any

income they generate from this money or other resources at an enormous 27%, making it difficult to attain financial viability. Additionally, the Tax Code does not provide for tax deductions for individual or corporate donors who contribute to the work of NGOs, thereby stunting the growth of philanthropy in Azerbaijan.

Qualified legal assistance for NGOs is insufficient to meet the growing needs of the NGO community. The few local lawyers with experience in aiding NGOs are based

in Baku, leaving those in the region with virtually no assistance. This is not likely to change, as there is little financial or political incentive to work in this area. Most NGOs cannot afford to pay for legal services nor can most attorneys afford to be seen supporting NGO, as this is viewed as opposition to the government. The few legal services that are provided are only generally carried out through grants to local groups such as the Center of Legal and Economic Education and the Society of Legal Education.

ORGANIZATIONAL CAPACITY: 5.0

In general, the internal capacity of NGOs and their management structures remain ineffectual. Most NGOs are organized around one or two individuals and the

ORGANIZATIONAL CAPACITY	
2002	5.0
2001	5.0
2000	5.2
1999	5.8
1998	6.0

general membership is made up of friends or family members who are unlikely to counter the authority of the founder. Many are organized for

economic reasons rather than to fulfill a societal need or civic responsibility as NGOs are seen as opportunities for employment and income. Large numbers of Azerbaijani NGOs do not have paid or permanent staff. Instead, they operate with a pool of temporary staff paid on a project to project basis.

Very few NGOs have functioning managing bodies. Boards of Directors or Advisory Boards often exist only on paper in order to meet legal requirements. The majority of NGOs also lack comprehensive record systems.

Most NGOs do not understand the concept or purpose of a mission statement, often confusing a mission statement with the broad activity areas listed in their by-laws. Unstable funding contributes to this. In their efforts to find funding, NGOs often switch from one area to another, sometimes doing projects outside their reported mission.

The majority of Azerbaijani NGOs have little understanding of the importance of constituency building and as such make little effort to develop constituencies. However, a very small number of NGOs are beginning to apply some strategic planning techniques.

Most NGOs, especially those in the regions, lack up-to-date equipment for their daily operations. Instead, they have old equipment or no equipment or office space at all. These NGOs can use equipment provided through resource centers. For office space, NGOs either rent space for the life of an individual activity or operate from a staff member's private apartment.

FINANCIAL VIABILITY: 6.0

Some NGOs try to conduct income-generating activities as allowed by law. However, revenues are limited and taxed

FINANCIAL VIABILITY	
2002	6.0
2001	6.0
2000	6.0
1999	6.0
1998	6.0

on the same scale as for-profit organizations. Further constricting income generating abilities is the lack of marketing skills and the non-competitive goods and services that are often produced. Very few NGOs collect membership fees. The situation is even worse in the regions where overall financial capabilities are more limited.

Because of scarce funding, most NGOs do not see a need to produce financial reports regularly or at all. Due to insufficient funding, they can neither afford professional financial services nor pay for external audits. Although required by law, NGOs do

not publish annual financial statements and reporting to donors is only done when specifically required by a donor.

Azerbaijani NGOs practice few fundraising techniques. A few have attempted to engage in outreach and fundraising activities, but with little or no success at building their membership base or adding to their coffers. The weakness of Azerbaijani legislation further hinders fundraising as it neither regulates nor provides incentives for the growth of philanthropy. Therefore, international donor organizations, foreign companies and diplomatic missions almost exclusively provide the funding resources for Azerbaijani NGOs.

Very few NGOs have service contracts with businesses and government, as NGOs are not sufficiently marketing their services to them.

ADVOCACY: 5.0

Very few issue-based NGO coalitions exist and there is little or no understanding of the concept of lobbying by NGOs in Azerbaijan. Local NGOs compete with each other for limited funding, which often results in unhealthy competition between them. This is especially applicable in the

ADVOCACY	
2002	5.0
2001	5.0
2000	5.5
1999	6.0
1998	6.5

regions of Azerbaijan, where access to financial support is not readily available.

However, in 2002 with the encouragement of the international community, local NGOs did come together to fight proposed changes to the Law on Grants that would have required both grant recipients and donor organizations to register their agreements with the respective govern-

ment agencies. Unfortunately, after the lobbying efforts of the coalition successfully stopped the President from signing the amendment, the group quickly disbanded and returned to their previous competitive relationships. By doing so, an opportunity was lost to use the coalition's momentum to address other issues such as registration concerns and a new draft Law on the Registration of Legal Entities.

NGOs understand the importance of cooperation with the government better than the government does. The government cooperates with NGOs only when it sees such cooperation as being to its advantage. This is largely due to the mistrust that still exists between the government and the NGO sector in Azerbaijan.

Yet, in 2002 there appeared to be some moderate break through in this area as

well. For instance, in cooperation with the Ministry of Youth and Sport, the Azerbaijan Democratic Student and Youth Organization conducted a series of seminars on involving youth in building a democratic society. Additionally, the Center for Debate

in Civil Society cooperated with the Ministry of Education to introduce interactive teaching methods into educational institutions and the NGO Symmetry collaborated with police to develop training courses for policemen on women's rights.

SERVICE PROVISION: 5.0

Humanitarian issues, environmental concerns and youth initiatives constitute the areas where Azerbaijani NGOs are the

SERVICE PROVISION	
2002	5.0
2001	5.0
2000	4.5
1999	4.5

most active; however, groups operate in some twenty areas including conflict resolution, human rights, women's rights, education, community rights,

culture, and economics. Services that NGOs provide include the distribution of relief items, support for people with disabilities, consultative services for farmers

and businesses, civic and legal education, and increasing professional qualifications through training and linkages.

Many NGOs provide goods and services to constituencies broader than their members but they rarely include outside stakeholders in the planning, development or implementation of those projects. In general, NGOs implement their projects based on their own understanding of the situation or the interests of international donors. In either case, NGOs do not conduct surveys to prioritize needs existing in their areas of activity.

INFRASTRUCTURE: 4.6

The state of the infrastructure for Azerbaijan's NGO sector has changed little over the past year. However, several serious weaknesses in this dimension were over-

INFRASTRUCTURE	
2002	4.6
2001	3.0
2000	4.5
1999	5.5

looked in last year's report, thereby explaining the lower score this year. There are ISOs and resource

centers operating both in Baku and the regions of Azerbaijan, which are operated mostly by international organizations, either directly or through local coalitions like the NGO Forum. These centers provide services to NGOs that include access to the Internet and other information resources and to the use of basic office equipment. Beyond access to information and technology, some centers provide

training and legal consultations to NGOs and, in some cases, the general public. ISOs and resource centers do not usually charge for their services.

International organizations continue to provide the bulk of a wide range of NGO management training courses. The availability of these programs is more frequent in Baku and sporadic at best in the regions, although the availability of regional programs is slowly expanding. The professionalism of local NGO trainers is low, but increasing. Additionally, while much of the training materials are still produced in Russian or English, the production of training materials in Azerbaijani is on the rise.

NGOs understand the importance of information exchange and regularly meet, exchange information and discuss common problems when international organi-

zations initiate such discussions. However, there is little coordination among these groups to carry out common actions and to promote the interests of local NGOs. In general it remains the role of the interna-

tional community to promote, organize and coordinate joint actions of local NGOs. Intersectoral partnerships do not exist.

PUBLIC IMAGE: 5.5

NGOs do not take sufficient efforts to create a positive public image. They do not promote transparency in their activities and they remain closed from the general

PUBLIC IMAGE	
2002	5.5
2001	5.0
2000	4.5
1999	6.0
1998	6.5

population. As a result, public awareness about NGOs and their activities remains low. According to the IFES 2002 Public Opinion Survey, only 13% of those surveyed were aware of an NGO operating in their area. More astonishingly though was that 68% of those surveyed were not aware of what an NGO is. Furthermore, NGOs are often negatively associated with a political party, are confused with private businesses, or are considered either pro- or anti-government rather than independent and contributing to the development of civil society. Government officials also

view NGOs in a negative light. While this is partly due to the old perception that NGOs are anti-government, it can also be partly attributed to the fact that NGOs provide little information about themselves and their programs to the public.

Nonetheless, in 2002 there was a limited increase in positive media coverage of NGOs at both the local and national levels. This is due in part to information and training provided to local NGOs by their international supporters on how to better market their programs and to make them newsworthy. However, for most NGOs, advertising their projects is still unaffordable and media outlets do not offer a mechanism whereby public service announcements are aired for free. Regardless, it is expected that media coverage of NGOs will continue to rise with the professionalism of both the media and NGOs.

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