



Empowering Civil Society Organizations for Transparency (ECSOFT) Activity

LEADER WITH ASSOCIATES COOPERATIVE AGREEMENT # 720-112-18-LA-00001

Initial Stakeholder Needs Assessment Report 2019

Submitted: May 10, 2019

Approved: July 8, 2019

Table of Contents

Acronyms.....	ii
1. EXECUTIVE SUMMARY	1
1.1 Needs Assessment Goals.....	1
1.2 Roadmap to the Document	5
2. SUMMARY OF METHODOLOGY	5
2.1 Sampling Plan	5
2.2 Assessment Tools & Approaches.....	6
3. OVERVIEW OF THE CSO ENVIRONMENT	2
3.1 State of Civil Society	3
3.2 Issues with Funding	4
3.3 Issues with Government Control and Registration of CSOs	6
3.4 Summary	9
4. GOVERNMENT NEEDS	9
4.1 Desk Research of Government Needs	9
4.1.1 GoAz international commitments on eliminating corruption and increasing accountability	9
4.1.2 State of corruption	10
4.1.3 Existing practices on increasing transparency and accountability	11
4.2 Government Interviews.....	12
4.2.1 Needs for support under the ECSOFT project	12
4.3 Recommendations	15
5. CSO NEEDS	18
5.1 Desk Research of CSO Needs	18
5.1.1 International assistance regarding CSOs and anti-corruption	19
5.2 CSO Interviews	20
5.3 CSO FGDs and Surveys	21
5.3.1 Regional specifics	24
5.3.1 Specific needs of CSOs operating through business format	24
5.4 Recommendations	24
6. CSO-GOVERNMENT COOPERATION	28
6.1 Desk Review of CSO-Government Cooperation.....	28
6.2 Interview Data for CSO-Government Relations	29
6.2.1 Potential areas for cooperation	30
6.3 FGDs and Surveys on CSO-Government Collaboration	31
6.4 Recommendations	33
7. CONCLUSIONS: RECOMMENDATIONS FOR ECSOFT.....	35

Acronyms

ASAN	Azerbaijan Service and Assessment Network
AZAKA	Anti-Corruption Academy
BLCD	Building Local Capacity for Development
CPI	Corruption Perception Index
CSO	Civil Society Organization
CSOSI	Civil Society Organization Sustainability Index
CST	Civil Society for Transparency
ECSOFT	Empowering Civil Society Organizations for Transparency
EITI	Extractive Industries Transparency Initiative
EU	European Union
FGD	Focus Group Discussion
FHI 360	Family Health International
FMS	Financial Monitoring Service
GoAz	Government of Azerbaijan
GRECO	Group of States against Corruption
ICNL	International Center for Not-for-Profit Law
KII	Key Informant Interview
MLSPP	Ministry of Labour and Social Protection of the Population
MoJ	Ministry of Justice
NGO Support Council	Council on State Support to NGOs with the President of the Republic of Azerbaijan
OGP	Open Government Partnership
PY	Program Year
SMS	State Migration Service
SPC	State Property Committee
STA	State Tourism Agency
TOP	Transparency and Openness Activity
USAID	United States Agency for International Development

1. EXECUTIVE SUMMARY

The Empowering Civil Society Organizations for Transparency Activity (ECSOFT), which is financed by the United States Agency for International Development (USAID), aims to support the Government of Azerbaijan's (GoAz or government) agencies and civil society organizations (CSOs) and enhance the capacity and sustainability of CSOs, to assist government institutions with increasing their transparency and accountability.

To achieve this goal, the ECSOFT team conducted a Needs Assessment (Assessment), identifying government institutions' needs and mapping civil society as a starting point for this 3.5 year project. The Assessment was conducted over the period of December 2018 to April 2019, during which ECSOFT conducted desk research and engaged with 91 CSOs and 8 GoAz agencies through ten in-depth interviews, eight semi-structured interviews, six focus group discussions, and 81 surveys. Geographically, 24 Baku-based CSOs and 67 regional CSOs participated in Assessment activities; the 8 GoAz agencies were all located in Baku.

With legislative changes in 2014-2015, access to foreign funding by CSOs in Azerbaijan was significantly impeded and, as a result, the civil society sector in general was weakened. With recent positive shifts in Government's attitude to local CSOs and foreign donors since 2017, the Assessment was intended to highlight areas of opportunity for engagement. Based on the findings, ECSOFT will plan programmatic activities, which may potentially include: offering certain capacity-building activities for GoAz agencies and CSOs; supporting GoAz-CSO joint projects; and providing technical assistance with policies and regulations. Additionally, findings from this Assessment may provide insights for donors developing their own assistance plans.

1.1 Needs Assessment Goals

The Assessment was designed to collect data to inform future programmatic activities in line with ECSOFT's objectives. As such, the five primary goals and findings of the Assessment were:

- 1) Identify government agencies interested in improving their transparency and in cooperating with CSOs to do so, which would benefit from ECSOFT's assistance.

Of the initial ECSOFT list of 12 GoAz agencies¹ identified as potentially interested in improving their transparency and cooperating with CSOs, eight² agreed to participate in the Assessment. Of

¹ Council on State Support to NGOs (NGO Support Council); State Tourism Agency (STA); State Committee for Family, Women and Children Affairs; Financial Monitoring Service (FMS); State Property Committee (SPC); Azerbaijan Service and Assessment Network (ASAN); Ministry of Taxes; State Migration Service (SMS); Ministry of Finances; Commission on Fighting Against Corruption; Ministry of Foreign Affairs; and Ministry of Labour.

² The Council on State Support to NGOs (NGO Support Council); State Tourism Agency (STA); State Committee for Family, Women and Children Affairs; Financial Monitoring Service (FMS); State Property Committee (SPC), Azerbaijan Service and Assessment Network (ASAN); Ministry of Taxes, State Migration Service (SMS). Anti-Corruption Academy (AZAKA) met with ECSOFT team. However, ECSOFT considers AZAKA a service provider, rather than a beneficiary of the ECSOFT project. Therefore, we do not account for it within 12 GoAz agencies on the original list of potential beneficiaries of ECSOFT.

The official reason given by the four agencies that did not meet with ECSOFT was that a request must be routed through the Ministry of Foreign Affairs and the US Embassy before a meeting could be scheduled. Going through this

these eight, six agencies were identified as potential immediate project partners, with specific projects and technical assistance needs that align with ECSOFT's general project objectives. These six agencies were:

1. Council on State Support to NGOs (NGO Support Council);
2. State Tourism Agency (STA);
3. State Committee for Family, Women and Children Affairs;
4. Financial Monitoring Service (FMS);
5. State Property Committee (SPC); and
6. State Migration Service (SMS).

The NGO Support Council was deemed to be a good project partner as it was interested in increasing the transparency of its appeals procedure for CSOs that were denied grants. The STA expressed interest in increasing transparency and accountability in local governance by supporting communities to come together to define priorities for infrastructure development and funding relating to tourism. The State Committee for Family, Women and Children Affairs requested assistance with strengthening the capacity of its existing public council. The FMS is interested in drafting a handbook on money laundering prevention dedicated to CSOs, as a potential risk group, and is willing to consult with CSOs on its content. The SPC is interested in assistance with establishing a public council, which can serve as a public oversight body. The SMS is interested in assistance with facilitating cooperation between itself and CSOs. CSOs, for example, could contribute to strengthening the capacity of the SMS's Media Center, which aims to set-up relations with the public, and the SMS would welcome assistance from CSOs with raising public awareness about its services and monitoring the SMS's work.

Identification of the six agencies above does not exclude additional government agencies from future engagement under the program. ECSOFT will continue to partake in conversations with GoAz agencies that express interest in cooperation with civil society and/or increasing transparency and accountability of their policies and procedures. ECSOFT will specifically continue coordinating with the eight government agencies which participated in the Assessment, as well as the Ministry of Justice (MoJ) and the Commission on Combating Corruption of the Republic of Azerbaijan.

2) Assess the degree to which identified government agencies are willing to work with CSOs and accept their recommendations.

Six government agencies (NGO Support Council, FMS, SPC, STA, SMS, and the State Committee for Family, Women and Children Affairs) completed a guide/questionnaire,³ responded to follow-up calls, and participated in introductory semi-structured interviews with the ECSOFT team. These six agencies expressed their willingness and a history of cooperation with CSOs (except the FMS,

procedure would have substantially delayed the start of the assessment. At the same time, the law does not prohibit GoAz agencies from meeting with foreign organizations directly, as demonstrated by other agencies that met with ECSOFT. After consultations with USAID and perceiving that these agencies lacked political will to cooperate and used a bureaucratic excuse to avoid meeting with ECSOFT, we decided to not pursue these meetings at this stage.

Officials affiliated with the Commission on Fighting Against Corruption were travelling and/or not available at the time of the Assessment's start and during the ECSOFT visit in January. They promised to meet with ECSOFT during the next visit, tentatively July 2019.

³ The ECSOFT team communicated with the NGO Support Council via e-mails and through several in-person meetings, in addition to the semi-structured interview, during which all information envisioned for collection via guide/questionnaire and follow-up interview was collected.

which is newly established), and gave suggestions for areas of potential cooperation. While this is a promising indicator, the degree to which identified government agencies are willing to accept CSOs recommendations and input is still to be determined. Based on the findings, ECSOFT proposes to implement activities that will provide assistance to the government agencies, which is responsive to their needs, involve CSO-government cooperation, and/or contribute to improving their transparency and accountability. ECSOFT will assist with establishing and strengthening the capacity of public councils for the SPC and State Committee for Family, Women and Children Affairs, and with establishing an advisory council under STA, as a forum for consultation on decision-making and legislative drafting. ECSOFT will also support joint projects implemented by these agencies and CSOs. Based on the experience of implementing pilot activities, ECSOFT will further assess the degree to which government agencies are willing to cooperate and accept CSO input in the process of CSO-GoAz cooperation.

3) Identify potential partner CSOs that are already positioned to undertake activities to increase transparency in the public sector and provide recommendations to increase the CSO's capacity, as well as help with their on-going activities to increase transparency in the public sector.

Through the Assessment, ECSOFT identified five CSOs and five NGO resource centers that currently have the capacity to engage in implementing activities focused on transparency in the public sector. All five of the CSOs listed below have experience working with different GoAz agencies; they are listed below with additional information on recommendations highlighted in CSO's Section 5.4 Recommendations.

Citizens' Labour Rights Protection League. This organization has experience with monitoring government agencies' activities, analyzing legislation, and providing recommendations.⁴ Based on its experience, ECSOFT believes it could effectively monitor select GoAz agencies on their compliance with the access to information legal requirements. As a result of such monitoring, it may create an Access to Information Index to assess the compliance of these agencies with Access to Information requirements.

Entrepreneurship Development Foundation. This organization has monitored projects of GoAz agencies, provided mass media coverage of corruption issues, and provided recommendations to the GoAz on improving the business environment and anticorruption legislation. It has the capacity and interest to monitor the use of state funding dedicated to installation of road signs throughout the country.

Development of Society and Civil Relations Association. This association's strong experience in public service delivery monitoring is demonstrable through its previous projects. During the Assessment, the SPC stated that it knew of this association and would be willing to partner with it in upcoming activities.

"Priority" Social and Economic Research Center Public Union. This organization has cooperated with several government agencies and has also provided input to the Strategic Roadmaps on Developing the National Economy, an important national-level policy paper. Its chairperson actively contributed to drafting the regulation of the Ministry of Labour and Social

⁴ For example, a report on monitoring hotline services run by the GoAz agencies produced by the Citizens' Labour Rights Protection League is available here: <http://labourrights-az.org/en/wp-content/uploads/2013/09/GOVERNMENT-HOTLINE-SERVICES.pdf>.

Protection of the Population (MLSP's) public council and participated as an expert in two monitoring reports on implementation of Azerbaijan's Law on Public Participation.⁵ ECSOFT believes that "Priority" can: 1) assist GoAz agencies who would like to set up public councils; and 2) train CSO representatives who are interested in participating in public councils, by making them more informed and better positioned to engage with GoAz agencies.

NGO resource centers⁶ in Shirvan, Shamkir, Guba, Gabala and Mingachevir. The NGO resource centers were originally established to assess the needs, capacities, and operational contexts of regional CSOs in Azerbaijan and provide technical support and capacity development activities that responded to assessment findings. As such, these resource centers are well-positioned to conduct capacity development activities and assist regional CSOs with implementation of ECSOFT-supported activities.

4) Identify those CSOs which are interested in engaging with the government agencies and which would need to increase their capacity in order to effectively engage with government agencies and identify types of support ECSOFT could provide to help them to achieve this goal.

Out of 91 CSOs engaged in the Assessment, 79.1% (72) have experience working with the GoAz agencies on implementation of activities or projects, and almost all CSOs are interested in working with the GoAz but would need capacity-building assistance to expand and improve their cooperation with the GoAz. The Assessment found that CSOs identified a number of shared needs. Of the 91 CSOs, 36 (39.5%) answered a question about training on improving fundraising skills; of these, 97.2% (35) requested training on this topic.⁷ Similarly, 49 (53.8%) of the 91 CSOs responded to a question on grant proposal writing, of which 95.9% (47) identified a need to enhance their capacity.⁸ Out of 91 CSOs, 63 (69.2%) responded to a question asking whether training on CSOs' legal rights and obligations and accountability and transparency standards would be useful for their engagement with the government; of these, 90.5% (57) affirmed this need.⁹ Training on new tax regulation was another priority, about which 59 (64.8%) of 91 CSOs responded to a question about this need; of these, 91.5% (54) stated that this would be useful for them. Additionally, 59 (64.8%) CSOs participating in the Assessment addressed a question about the usefulness of training on citizen engagement; of these, 98.3% (58) stated that training on citizen engagement would be useful for them.¹⁰

The Assessment identified CSOs in the focus group discussions and interviews which are interested in receiving training on specified topics to better engage with the GoAz agencies. To broaden the reach of technical assistance, ECSOFT will ask the NGO resource centers and the NGO Support Council to identify other interested CSOs, as these agencies are well-connected and aware of CSO needs. As such, ECSOFT will consult these entities to determine additional training topics based on

⁵ The Law of the Republic of Azerbaijan on Public Participation entered into force on June 1, 2014 (the Law on Public Participation).

⁶ The network of five NGO resource and training centers was established by the UNHCR in the late 1990s to boost the civil society institutions in the provinces of Azerbaijan. These centers are not part of the UN system but rather independent entities. The centers provide technical and infrastructure support, as well as arrange training programs to build capacities of local CSOs.

⁷ Table 6, Question 9.

⁸ Table 6, Question 9.

⁹ Table 6, Question 9.

¹⁰ Table 6, Question 9.

needs in addition to the requests. While ECSOFT proposes to provide direct trainings to CSOs using its own experts, the program will also provide financial support to local CSOs with strong capacity to conduct quality trainings as a supplementary means of technical capacity support for CSOs requesting specific trainings.

ECSOFT also plans to invite NGO women's resource centers under the State Committee for Family, Women and Children Affairs to participate in training. These resources centers independently implement their activities, while benefiting from the trust of and some support from the State Committee. The resources centers conduct various training activities for women in the regions and are well aware of their needs. Through ECSOFT, they can potentially conduct training to raise awareness of corruption and enable women to defend their rights, as well as other areas to be identified. In Program Year (PY) 1, heads of these resource centers will be invited to participate in trainings for regional CSOs. In addition, ECSOFT will assess the capacity and needs of these centers with the goal of providing them with additional technical and financial support in PY 2.

5) Provide recommendations for potential issues which CSOs can use as a vehicle to engage and influence transparency and anti-corruption in a safe, meaningful, and collaborative way with the Government of Azerbaijan.

As highlighted under point 1, GoAz agencies identified specific issues of their interest. The Assessment team believes that the GoAz may engage with CSOs on these issues in the most meaningful and non-conflictual way. Through desk research, the Assessment determined that additional areas for assistance may be identified later by reviewing Azerbaijan's international commitments (the Open Government Partnership, Group of States against Corruption, and others), and national policy papers on "Strategic Road Maps." These papers outline a broad range of national policy and economic goals against which all government agencies are required to report on their progress. ECSOFT anticipates encouraging an enabling environment by bringing together CSOs and government to define projects in which CSOs' can support government agencies in monitoring progress towards achieving their commitments.

1.2 Roadmap to the Document

This report provides a description of the methodology used to conduct the Assessment and an overview of the CSO environment, providing context for better understanding GoAz and CSO needs; presents findings relating to the needs of select GoAz agencies and CSOs, as well as findings related to the state of cooperation between the GoAz and CSOs. Each section of the Assessment report concludes with recommendations to ECSOFT, relating to topics covered in each section. The report concludes with key recommendations to assist ECSOFT with planning activities.

2. SUMMARY OF METHODOLOGY

2.1 Sampling Plan

Two main stakeholders were targeted through this Assessment – government agencies and CSOs. The Assessment used a purposive voluntary sampling approach for all stakeholders. Stakeholders were targeted based on their willingness to engage in CSO-GoAZ collaborative activities, interest in improving transparency and accountability and a willingness to participate in the Assessment. The following sections further illustrates the sampling approach based on the different stakeholders.

Selection of Government Agencies. ECSOFT identified GoAz agencies to participate in the Assessment based on their previous communications with USAID indicating interest in improving transparency and accountability, and/or openness to possible cooperation with USAID-supported projects. ECSOFT reached out to 12 government agencies to inform them about the ECSOFT project and the Assessment. The following GoAz agencies responded to ECSOFT's outreach and participated in the Assessment:

1. Azerbaijan Service and Assessment Network (ASAN);
2. Financial Monitoring Service (FMS);
3. Ministry of Taxes;
4. State Property Committee (SPC);
5. State Tourism Agency (STA);
6. State Committee for Family, Women and Children Affairs;
7. State Migration Service (SMS); and
8. NGO Support Council.

Selection of CSOs. When attempting to identify the CSOs best positioned to respond to ECSOFT's Assessment, it was noted that two groups naturally emerged: 1) higher capacity CSOs with previous experience of cooperation with the GoAz, interested in engaging with GoAz agencies; and 2) lower capacity CSOs who might be interested in cooperation with the GoAz but lack capacity to do so. Further classification and details are as follows:

- **Group 1:** CSOs which are already positioned to undertake activities to increase transparency in the public sector based on their technical expertise or work experience engaging with government agencies. These CSOs were identified per recommendation of consultants conducting the Assessment and/or per recommendation of government agencies during introductory semi-structured interviews. Ten Group 1 CSOs participated in Assessment.
- **Group 2:** CSOs which need to increase their capacity in order to engage with government agencies, with ECSOFT helping them to achieve this goal. CSOs from this group were identified and gathered for focus group discussions with assistance of regional NGO resource centers in Shamkir, Mingachevir, Gabala, Guba, and Shirvan. A total of 81 Group Two CSO interviewed and/or participated in focus group discussions as part of the Assessment during January-February 2019. In all the regions, the following criteria was used to select Group 2 CSOs:
 - o All CSO-participants are registered legal entities, with working experience of at least 3 years;
 - o At least one CSO per region is led by women;
 - o CSOs have recent experience of cooperation with the government bodies and/or indicate interest in establishing/continuing/expanding cooperation with the government;
 - o At least five different sectors are represented (such as youth, women/gender, education, regional development, preservation of cultural heritage, etc.);
 - o Must have representation of a director or another senior manager.

Geographic Scope. The Assessment covered 24 regions of Azerbaijan. ECSOFT conducted semi-structured interviews with government officials and in-depth interviews with CSOs in Baku. ECSOFT also organized six focus groups in Baku, Guba, Gabala, Mingachevir, Shamkir, and Shirvan. In order to broaden the Assessment's geographic scope, CSOs from surrounding areas were invited to attend the focus group discussions held in all cities but Baku.

2.2 Assessment Tools & Approaches

Data collection under the Assessment was conducted by using desk research, conducting in-depth Key Informant Interviews (KIIs) and semi-structured interviews, facilitating focus group discussions (FGDs), and through mixed methods surveys. Tools were piloted and refined during the

implementation of the Assessment to better capture the most salient findings that would inform ECSOFT programming.

Desk research. The desk research reviewed legislation, policy papers, other assessments, reports, analyses or similar documents prepared by other organizations and/or within different projects, and information available in mass media. Information was collected and analyzed in the following areas: overview of the CSO environment, including the state of civil society (within Section 3. Overview of the CSO Environment); GoAz international and national commitments in regard to corruption and accountability; and state of corruption (within Section 4. Government Needs), CSO capabilities; international support regarding CSOs and anti-corruption (within Section 5. CSO Needs); and CSO-government cooperation (within Section 6. CSO-Government Cooperation).

Data collected from interviews. Group 1 CSOs participated in KIIs conducted in-person or by phone. Data was recorded using the Interviewer's guided questionnaire for Group 1 CSOs. Representatives of the GoAz agencies were interviewed during the introductory semi-structured interviews. Collected information was documented in a detailed report, following each interview. In addition, the Assessment team disseminated the interviewer's guide/questionnaire to them in order to help them to prepare for the follow up in-depth interviews and per their request. The in-depth interviews took place with five out of six respondents that completed the interviewer's guide/questionnaire¹¹ in writing, adding to the information received during the semi-structured interviews. Information collected through interviews and guides/questionnaires was summarized in a detailed report prepared by the ECSOFT team.

Data collected through surveys and FGDs. At the beginning of each FGD, all participants of Group 2 CSOs, completed the survey. The goal of the survey was to collect quick quantitative data on basic demographics of the CSO (e.g. how many staff, a CSO's legal status, registered or not), area of activity, years of experience, gender of management), data on government agencies as partners in cooperation, means of engagement with the government, challenges encountered during such cooperation, and needs for supporting CSOs' capacity to engage with government.

Group 2 CSOs participated in FGDs following completion of the survey. With the consent of the participants, all FGDs were audio recorded. The project expert then prepared summaries of these discussions. The quotations of the respondents participating in this Assessment do not contain specific names for privacy and other reasons. All data collected during the interviews and discussions are available in MG Consulting's office in Baku.

3. OVERVIEW OF THE CSO ENVIRONMENT

This section provides introductory information regarding the state of civil society in Azerbaijan and serves as a backdrop for understanding the needs of CSOs and the GoAz, and history between the

¹¹ During the introductory semi-structured interviews, the Assessment team provided interviewees with a list of questions which served as a guide for a follow-up in-depth interview. The in-depth interview with key informants (GoAz agencies) was the tool identified in the original methodology. This was used only with six GoAz agencies, due to the GoAz agencies' lack of consent.

two's relationship. The Assessment team collected the majority of this information through desk research which included analysis of legislation and review of implementation practices; this is reinforced by information collected through KIIs, FGDs, and surveys during the assessment. This section is structured to highlight the key components of the CSO environment and to provide an overview of the state of civil society at large.

3.1 State of Civil Society

In 2017, there were approximately 4,350 registered CSOs in Azerbaijan, and over 300 unregistered groups.¹² This number includes a broad range of legal entities, including public associations and foundations, as well as sports federations, labor unions, and other types of CSOs. According to official sources, the CSO sector employs about 30,000 people;¹³ however, there is no data on how many CSOs are active and implementing activities versus merely registered entities. No official breakdown by area of activity exists, but the distribution of grants among CSOs active in various areas might be an indicator. The highest concentration of CSOs is in Baku. Most regional CSOs are concentrated around the NGO resource centers located in Guba, Gabala, Mingachevir, Shirvan, and Shamkir. Active CSOs are also located in Ganja, Gazakh, and Sheki regions.¹⁴ Some regions, for example, Nakhichevan, have only very few CSOs.

The state of civil society in Azerbaijan substantially deteriorated starting in 2014. According to the 2015 Civil Society Organization Sustainability Index (CSOSI) report, “The unprecedented crackdown on CSOs in Azerbaijan that began in 2014 intensified in 2015. Critical voices were systematically silenced through investigations, interrogations, penalties, searches, travel bans, and freezing of bank accounts. CSOs therefore significantly reduced their operations, engaged in self-censorship, and diminished their international advocacy efforts. As funding opportunities decreased, many CSOs became affiliated with the government, shifted their focus to non-sensitive topics, left the country, or exited the sector. As a result, very few independent CSOs, most of which are represented just by their leaders, remain in Azerbaijan.¹⁵ Taking into consideration that most of the sector's revenue came from foreign grants,¹⁶ and given the GoAz's unfriendly attitude towards CSOs and CSO leaders in 2014-2015, the sector experienced a deterioration from 2014 until mid-2017.¹⁷

The situation started to change in 2017, when the GoAz adopted legislation simplifying the grants registration procedure and reduced harassment of CSOs. It further improved in 2018 when the MoJ registered several EU, USAID, UN and Japan Embassy grants, and almost no instances of CSO

¹² “A number of NGOs were registered in the state,” QHT.az portal, http://www.qht.az/index.php?action=static_detail&static_id=30294.

¹³ Speech by Ali Hasanov, Assistant for Public and Political Affairs to the President of Azerbaijan, 22 June 2018, www.azernews.az.

¹⁴ Per opinion of Mahammad Guluzade, Director of MG Consulting.

¹⁵ https://www.usaid.gov/sites/default/files/documents/1861/Europe_Eurasia_CSOSIReport_2015_Update8-29-16.pdf.

¹⁶ In 2012, according to estimates by the Center for Public Initiatives, 80 percent of the sector's revenue comes from foreign sources, 15 percent comes from government sources, and only 5 percent comes from other sources such as membership fees, economic activities, and individual and corporate donations (as quoted by the 2012 CSOSI https://www.usaid.gov/sites/default/files/documents/1863/2012CSOSI_0.pdf).

¹⁷ We did not find data supporting this claim statistically. For example, according to CSO Sustainability Index, Azerbaijan report, at the end of 2012, there were 2,850 registered CSOs in Azerbaijan. https://www.usaid.gov/sites/default/files/documents/1863/2012CSOSI_0.pdf.

harassments were reported. While no official data is available, there is some evidence that some CSOs active in human rights and democracy areas, which ceased their activities in 2014-2015, did not re-start them in 2017. ECSOFT experts obtained data relating to the Building Local Capacity for Development (BLCD) project.¹⁸ The review of the list of the BLCD project¹⁹ beneficiaries, which were chosen by BLCD as key Azerbaijani CSOs engaged in national, regional, and community public interest agenda in Azerbaijan, demonstrated that of 20 CSOs which were BLCD beneficiaries,²⁰ currently 3 CSOs are formally closed, 1 formally suspended its activities for a period of 5 years with the MoJ, and 1 more informally froze its operations. Of the 15 remaining CSOs, 5 continue to function as CSOs funded through random grants; the rest switched to operating as businesses, raising revenue through either individual service contracts and/or affiliated business companies. In sum, only 25% of most active and professional pre-crackdown CSOs, supported by BLCD, stayed in operation, while another 25% left the sector and the remaining 50% switched to operating as businesses.²¹

3.2 Issues with Funding

Limited access to funding is a key issue for Azerbaijani CSOs. It substantially worsened in 2014, when the President ordered the Cabinet of Ministers to change the rules on the registration of grants, which resulted in multiple changes to legislation restricting access to foreign grants and funding from foreign sources in general.²² During 2014-2016, almost no foreign grants were registered, due to the lack of the new legislation and an unofficial moratorium on implementation of the old legislation. All CSO respondents were unanimous that foreign funding in any form (grants, service contracts, or donations) has not been made available to the majority of CSOs since 2014. Foreign funding in all forms requires registration with the MoJ, which has full discretion to decide whether to register such funding or not, and rarely registers it.²³

For some CSOs, state funding became a primary source. The GoAz distributes funding in the form of grants and contracts through various government agencies, including the NGO Support Council and some national level agencies, including, *inter alia*, the Youth Fund under the President of Azerbaijan, Ministry of Education, and Ministry of Culture. The NGO Support Council plays the lead role in supporting CSOs, with an annual grant portfolio of 3,000,000-5,000,000 AZN (about \$1,700,000-\$2,900,000 per year) during the last three years.²⁴ However, the grant amounts

¹⁸ The USAID-supported Building Local Capacity for Development project (BLCD) was implemented in Azerbaijan in 2012-2016 by Chemonics International and focused on strengthening capacity of organizational and technical capacities of key CSOs engaged in national, regional, and community public interest agenda in Azerbaijan.

¹⁹ The USAID-supported Building Local Capacity for Development project (BLCD) was implemented in Azerbaijan in 2012-2016 by Chemonics International and focused on strengthening capacity of organizational and technical capacities of key CSOs engaged in national, regional, and community public interest agenda in Azerbaijan.

²⁰ Building Local Capacity in Azerbaijan, Final Report, March 28, 2016, <https://www.chemonics.com/resource/azerbaijan-building-local-capacity-development-project-final-report/azerbaijan-blcd-final-report/>.

²¹ An ECSOFT consultant conducted phone calls with former BLCD project beneficiaries, March 18-19, 2019.

²² Amendments to several legal acts dated February 3, 2014; November 16 and 20, 2014; October 22, 2015; December 28, 2015; and finally, the Presidential decree dated October 21, 2016; Cabinet of Ministers decisions dated January 11 and 24, 2017; June 26, 2018, www.president.az and www.justice.gov.az.

²³ No 9, FGD Shamkir; No 16, FGD Baku; No 4, FGD Mingachevir.

²⁴ Approximately \$2,600,000 in 2016 (<http://cssn.gov.az/documents/2016%20hesabatpdf.pdf>); In 2017, it financed 494 projects in the amount of 3.15 million AZN (\$1,850,000):

disbursed to individual CSOs are very small. According to the annual report of the NGO Support Council,²⁵ in 2016, the Council issued 5,369,535 AZN across 556 awards, or, on average, slightly less than 10,000 AZN per grant (approximately \$5,900). In the 2018 grant competition announcement, the Council limited the ceiling for potential grants to 10,000 AZN for CSOs with at least a year in the business, and even less for new CSOs (3,000 AZN or approximately \$1,760).²⁶ In addition, the Council is bound by its internal regulations to issue only one grant per individual CSO per year. At the same time, grants from the Youth Fund seem to be decreasing. In 2018, the Fund spent 683,500 AZN for 99 grant awards for CSOs (grants to individuals are not counted herewith), which makes an average grant of 6,904 AZN (approximately \$4,061).²⁷ Thus, as compared to the previous year, the average grant amount from the Fund decreased about \$500.

Some respondents confirm that grants amounts have been further reduced recently. According to a respondent, “after the Youth Fund was given a new status of a public legal entity, the amount of the grants has dropped to 4,000-5,000 [AZN]”²⁸ (approximately \$2,350-\$2,950). One respondent stated that “the grants available are in the range of 5,000 AZN. How can we keep a sustainable CSO with such a small amount?”²⁹ Other respondents also complained that such insufficient and random funding does not allow for sustainability.

Legislation allows CSOs limited opportunities to raise funding from local private sources, such as donations. However, the law restricts CSOs’ ability to collect donations from the public. Donations cannot be given in cash, the exception being when the recipient of a cash donation of up to 200 manat (\$115) is a charity.³⁰ Rather, donations must be made via bank transfer. A donation of any value shall be registered with the MoJ.³¹ CSOs are required to submit detailed information to the MoJ for each individual donation, including the names and passport details of donors (anonymous donations are prohibited). In practice, this creates problems for CSOs, as well as for those few who wish to donate small sums, such as described by one of the recipients. “Our shelter for victims of domestic violence has received no grants for the past couple of years and we raise money from donations. Under the law, we have to submit a list with sums, names and details of donators to the MoJ. Some people are poor and donate small sums.”³² Anonymous donations are not allowed in Azerbaijan.³³

Since 2019, the tax on income generated through business activities has also been increased. The majority of CSOs do not have the skills to produce goods and services which can be sold for a profit, or, at least, to cover expenses to produce them. Other CSOs serve beneficiaries which simply

https://azertag.az/xeber/QHT_lere_Dovlet_Desteyi_Surasi_2018_ci_ildeki_fealiyyeti_ile_bagli_hesabat_verib-1240027 and <http://azaygulyev.az/news.php?id=1060>.

²⁵ “Report about activities of the NGO Support Council in 2016,” NGO Support Council, www.cssn.gov.az.

²⁶ “The NGO Support Council announced a competition on the funding of projects of CSO resources and training centers,” NGO Support Council, <http://cssn.gov.az/news.php?id=3692&lang=en>.

²⁷ “The Youth Foundation of the Republic of Azerbaijan announces the results of the 11th grant competition,” Youth Foundation of Azerbaijan, <https://youthfoundation.az/42251>.

²⁸ No 10, FGD Baku.

²⁹ No 11, FGD Gabala.

³⁰ Azerbaijani law does not establish rules for the registration of charities.

³¹ Decision of the Cabinet of Ministers of Azerbaijan # 336, November 13, 2015.

³² No 15, FGD Baku.

³³ Information about a donor is a part of mandatory information to include in annual financial reports submitted to the Ministry of Finance of Azerbaijan (MoF).

do not have resources to pay for such goods and services.³⁴ Under limited funding circumstances, civil society resorts to engaging volunteers. However, volunteer help is not very efficient as there are still expenses for travel and cost of materials that CSOs need to cover.³⁵

With regard to CSOs' difficulty in obtaining funds, participants of the Assessment noted that certain donors impose requirements which are not feasible for local CSOs. For example, some CSOs complain that the EU's 10% cost-sharing requirement is not possible for them.³⁶ Though aware of the difficulties in registering grants with the MoJ, a number of donors are not flexible in terms of including business entities – even those set up by CSOs – as potential funding recipients.³⁷ Intermittent and insufficient funding leads to outflow of professionals and makes working in CSOs unattractive as an occupation for young people, which, in its turn, undermines the future of the sector. “Imagine that a CSO is several years old, sufficiently developed and all we can raise today is a couple of 5,000 AZN (equivalent of \$2,950) grants from public agencies. [...] This forces professionals to leave the sector. How can civil society develop further?”³⁸

Further, salaries paid by CSOs are subject to the same taxation as those paid by businesses; especially heavy is the 15% payroll tax on employers, applied on employees' gross salaries. To ease the cost of doing business, CSOs avoid entering into employment contracts with staff, even in rare cases when they managed to secure long-term grants, and prefer to conclude service contracts with their staff.³⁹

Limited funding also cuts civil society off access to innovations and to international experience. According to a respondent, “this is about money, but also about access to information and new technologies ... We simply cannot keep pace. We do not have funds to educate ourselves in new developments and technologies.”⁴⁰ Some respondents complained that there is no unity within the civil society, even when there are some national issues on which the civil society should express a unanimous, strong voice.⁴¹

3.3 Issues with Government Control and Registration of CSOs

Government agencies have broad authority to control CSOs' affairs. The MoJ is the primary government agency in charge of control over CSOs' activities. Specifically, the MoJ has authority to audit CSOs' activities on their compliance with the law and their own bylaws. The auditing can take place in different forms, for example, requesting a CSO to provide all contracts and other internal documents in order to be checked for compliance with the law, by-laws of this CSO or with the vague anti-money laundering legislation, or, visiting a CSO's office for in person audit at any time. Such authority is implemented without adequate administrative safeguards against abuse.⁴²

³⁴ No 7, FGD Guba

³⁵ No 7, FGD Guba.

³⁶ No 10, In-depth Interview.

³⁷ Ibid.

³⁸ No 4, FGD Mingachevir.

³⁹ No 16, FGD Baku.

⁴⁰ No 4, FGD Baku.

⁴¹ No 9, FGD Shamkir.

⁴² Key Concerns and Recommendations on the Protection of Fundamental Rights in Azerbaijan, Briefing Paper For EU-Azerbaijan Human Rights Dialogue, International Partnership for Human Rights, October 2017,

Failure to provide documents or information results in stiff penalties up to 5,000 AZN (approximately \$2,600). Due to a lack of funding, CSOs are not able to hire skilled lawyers and accountants to guarantee proper documentation and reporting.⁴³

Another issue in the relationship between the MoJ and CSOs is that in order to conduct business with the MoJ, CSOs are required to attend all meetings in person. CSOs have to travel to Baku and meet with the MoJ officials to deliver documents requested by MoJ or to respond to MoJ questions. While the MoJ delegated authority to deal with CSOs in the regions to their respective regional departments, they did not set up smooth mechanisms for doing so.⁴⁴ As a result, regional CSOs suffer the most as travel to Baku is expensive and time consuming.

CSOs are also required to register with the MoJ changes in their bylaws to be included in the State Registry of Non-commercial Entities. Any changes in the CSO governance (i.e., change of chairman, change of board, change of number of members, change of address, and opening of branches, among others) shall be registered with the MoJ and the MoJ shall issue a written excerpt to the CSO. This registration is a time-consuming bureaucratic process. Even without any changes in governance, in practice, CSOs are required to obtain new excerpts approximately every two years, as a confirmation of their valid governance structure. The application package consists of many supporting documents, which take time and effort to produce. Without such excerpts, CSOs cannot access funding from the NGO Support Council, as “the Council requires a fresh excerpt every time we apply for a grant and the MoJ issues excerpts with long delays.”⁴⁵ According to respondents, all these bureaucratic delays affect project implementation quality. “Our CSO has short term grants – three months of operation. Last time, because of the bureaucracy we received access to our funds at the end of the project period. The project was not well implemented.”⁴⁶

The MoJ is also in charge of registration/approval of all foreign grants and rarely grants such approval. CSOs also face extensive reporting requirements relating to expenditures of such foreign grants. The most vital services related to CSOs to be provided by the MoJ (i.e., grant registration, or obtaining excerpts from state register) are not available online. Tax reporting, on the other hand, is digitalized and simplified. However, few CSOs are familiar with newly adopted CSO Accounting Standards, which came into effect in January 2019. Gaining an understanding of them is a huge task, and CSOs generally cannot afford professional accountants to assist due to lack of funding.

CSOs confirmed the practice of regional authorities requiring them to notify or obtain permission from authorities about public events. Though this practice is not based on the law, it is common and extremely disruptive for CSOs’ activities, as CSOs do not know for which activities they are supposed to obtain prior permission (from the local government’s perspective) and whether they will be able to obtain such permission. At the same time, conducting an event without such permission may result in a deteriorated relationship with the local authorities, which CSOs are terrified to risk.⁴⁷ This practice was reported in all regions, except for the cities of Mingachevir and Baku.

<https://iphronline.org/wp-content/uploads/2017/10/IPHR-submission-on-FRs-for-EU-Azerbaijan-HR-dialogue-Oct-2017.pdf>.

⁴³ No 4, FGD Mingachevir.

⁴⁴ No 14, FGD Gabala.

⁴⁵ No 1, FGD Guba.

⁴⁶ No 14, FGD Gabala.

⁴⁷ No 8, FGD Gabala; No 5, FGD Guba; No 14, FGD Shirvan.

Last, but not least, CSOs complained of bureaucratic obstacles created by banks, imposed by the Financial Markets Superior Authority⁴⁸ and its Financial Intelligence Unit.⁴⁹ In addition to legal requirements which include a copy of a contract with the donor and certificate of grant registration with the MoJ, some banks require extra documents beyond their authority.⁵⁰ There were also cases when banks demanded a new grant registration certificate for each transfer under the same grant. This applied not only to foreign grants, but also to grants from the government. In the rare case of foreign funding, recipient CSOs only received transfers in their bank accounts after long delays and audits by the Financial Intelligence Unit, though under the law, audits are applicable only for transfers in excess of 20,000 AZN.⁵¹

Presently, the majority of CSOs, especially in the regions, are not well aware of their legal rights and responsibilities⁵² nor can defend their rights.⁵³ This makes it even more difficult for them to navigate a complex and restrictive legal environment, making them more susceptible to penalties. For example, many CSOs do not know the limits to government officials' authority when auditing CSOs' activities nor what their rights are in the audit process. This leaves them vulnerable to mistreatment by auditors, and most CSOs do not know how to appeal and seek remedy against such officials' improper actions.

Some prefer to be "invisible" to avoid interacting with the government unless absolutely required. Moreover, the stigmatizing language used by government officials leaves CSOs feeling insecure and drives them to use self-censorship to avoid government pressure. As a respondent put it: "We are used to a certain 'glass ceiling' in our social life and we are afraid to go beyond it."⁵⁴

No CSO respondents openly complained about their insecurity, likely due to an on-going concern about risks associated with critical comments. That said, the CSO sector's sense of vulnerability was made evident when responding to an FGD question of whether it was possible to create a website called "Mingachevir without Corruption," the answer was "it is the same as if a trip to Mars starts from Mingachevir."⁵⁵ Some civil society leaders believe that the government not only refuses to support the civil society but also deliberately keeps the sector weak. As one respondent put it, "imagine you are ill and a doctor tells you not to take any medications but keep a diet. This means, do not convalesce, but do not die either, stay unwell and incapacitated."⁵⁶

⁴⁸ Financial Market Supervisory Authority, www.fimsa.az.

⁴⁹ Financial Intelligence Unit, www.fiu.az.

⁵⁰ No 3, FGD Baku.

⁵¹ The Law on Combat against Legalization of Criminal Proceeds and/or Other Property and Financing Terrorism, Article 7.1: <http://www.fiu.az/aze/wp-content/uploads/2014/10/767-IIIQ-Cinay%C9%99t-yolu-il%C9%99-%C9%99ld%C9%99-edilmi%C5%9F-pul-v%C9%99saitl%C9%99rinin-v%C9%99-ya-dig%C9%99r-%C9%99mlak%C4%B1n-leqalla%C5%9Fd%C4%B1r%C4%B1mas%C4%B1na-v%C9%99-terror%C3%A7ulu%C4%9Fun-mal-2.pdf>; and Decision No 8 of the board of the Central Bank dated April 8, 2012, Article 3.1: <http://www.fiu.az/aze/wp-content/uploads/2015/06/MTQ-1.pdf>.

⁵² No 10, FGD Shamkir.

⁵³ No 6A, FGD Mingachevir.

⁵⁴ No 3, FGD Mingachevir.

⁵⁵ No 4, FGD Mingachevir.

⁵⁶ No 4, FGD Mingachevir.

3.4 Summary

Overall, the operating environment in Azerbaijan creates many challenges for CSOs' operations and even existence. Desk research and primary data collected through this Assessment demonstrate the significant effect of Azerbaijani CSOs' limited access to funding, due to restrictions imposed on the receipt of foreign funds, minimal availability of state funds, and conditions which make it difficult to receive local donations. This in turn contributes to a number of follow-on effects, including broader CSO sustainability challenges; difficulty developing internal capacity and retaining staff; and barriers to accessing international experience, information, and connections. Excessive state oversight and bureaucratic obstacles are also reflected in desk research and primary data. In particular, requirements for CSOs to frequently prove their registration status, undergo audits, and get informal approval to hold public events contribute to a stifling environment where some CSOs wish to remain invisible and minimize interaction with GoAz agencies. CSOs also noted their sense that government agencies do not wish to hear constructive criticism or suggestions from civil society. While some of these issues are outside of ECSOFT's scope, they inform the context in which the project operates, and the GoAz and CSO needs identified in the following sections of this report.

4. GOVERNMENT NEEDS

4.1 Desk Research of Government Needs

To inform the project's understanding of GoAz needs in increasing transparency and accountability and combatting corruption, the ECSOFT team reviewed international treaties and documents, policy documents, other assessments, reports, analyses, or similar documents, information in mass media.

4.1.1 GoAz international commitments on eliminating corruption and increasing accountability

Azerbaijan is a signatory to the Council of Europe's Criminal Law Convention on Corruption and Civil Law Convention on Corruption, as well as the United Nations Convention against Corruption. Commitments under these treaties, among others, are monitored under the following initiatives:⁵⁷

- the Open Government Partnership Initiative;
- the Anti-Corruption Network for Eastern Europe and Central Asia; and
- the Group of States against Corruption (GRECO).

Though the GoAz has undertaken obligations to improve its transparency and accountability under the instruments listed above, its implementation of these obligations is not consistent. Assessments by the organizations listed above, as well as by Azerbaijani civil society, note significant progress achieving transparency and accountability in the areas of public service delivery (both offline and online), public education, and with licensing and tax regulations. At the same time, monitors under all three listed initiatives noted that further efforts are required to: ensure public participation –

⁵⁷ The Extractive Industries Transparency Initiative (EITI) is not included here as Azerbaijan no longer member of the EITI. On March 10, 2017, the GoAz [decided to withdraw](#) from the EITI, following its [suspension](#) from the EITI Board. We mention it here because: 1) under EITI, Azerbaijan adopted another national anti-corruption plan; 2) Azerbaijan withdrew its membership in this organization, most likely, because of its resistance to implementing recommendations to improve enabling environment for CSOs, which might indicate that Azerbaijani government is not fully committed to enabling environment for CSOs. Additional information is available at: <https://eiti.org/azerbaijan>.

especially in discussion of public budgets and draft legal acts; create an enabling environment for CSOs; increase fiscal transparency; and other needed improvements.

Overall, the GoAz has made progress with implementing its international anti-corruption commitments. For example, the GRECO's fourth round of monitoring noted that Azerbaijan satisfactorily implemented 11 out of 21 recommendations.⁵⁸ Azerbaijan has also made some progress with regards to its commitments under the OECD Istanbul Anti-corruption Action Plan, showing a significant progress for 8 of 31 recommendations during the latest round of monitoring.⁵⁹ The GoAz has demonstrated its interest in re-activating its status in the OGP since its suspension in 2016 and cooperates with civil society in this regard. For example, the NGO Support Council has already supported 10 projects aiming at assisting implementation of OGP National Action Plan.

4.1.2 State of corruption

In the past several years, Azerbaijan has made considerable progress in tackling petty corruption in public service delivery through a network of 17 ASAN centers,⁶⁰ a one-stop shop, which reduces contact with public officials, saves time for applicants, and minimizes bureaucracy and opportunities for corruption. Through ASAN, customers can receive over 300 services from 11 public agencies (such as the MoJ, Ministry of Taxes, and Ministry of Internal Affairs) and private entities which render functional support services, including banking, insurance, legal support, and translation. The services are rendered by departments of respective public and private entities hosted by ASAN centers. Along with saving customer's time on travel, the centers reduce opportunities for bribery and extortion through installation of cameras, online and offline customer satisfaction surveys, and onsite supervisors. ASAN conducts audits of government agencies for transparency and accountability to improve management policy and practice, although the results are not disclosed to the general public. The GoAz has further upgraded the quantity and quality of e-services by introducing a single government portal for e-services,⁶¹ which established online contact between officials and customers.⁶² Other successful anti-corruption efforts include the ASAN Viza instrument, Azerbaijan's electronic visa portal;⁶³ establishment of the 24-hour complaints line by the SMS;⁶⁴ and ongoing introduction of digital technologies by the Ministry of Taxes.⁶⁵ The MoJ⁶⁶ and the Real Estate Registry⁶⁷ under the SPC also launched one-stop shops systems in early 2019.⁶⁸

⁵⁸ "Fourth Round Evaluation, Corruption prevention in respect of members of parliament, judges and prosecutors Compliance report, Azerbaijan," Council of Europe GRECO Secretariat, March 17, 2017, <https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=09000016806fe9f2>.

⁵⁹ The fourth round of monitoring of Azerbaijan progress update, was adopted on 17 September 2016, <https://www.oecd.org/corruption/acn/istanbulactionplan/OECD-ACN-Azerbaijan-Progress-Update-2017-ENG.pdf>.

⁶⁰ ASAN centers are operated by the Agency for Social Innovations and Citizens' Services, www.asan.gov.az

⁶¹ www.e-gov.az.

⁶² E-Development Index of State Agencies of the Republic of Azerbaijan, Transparency Azerbaijan, 2016, http://www.transparency.az/alac/E-gov_report_eng.pdf.

⁶³ www.e-viza.gov.az.

⁶⁴ <https://www.migration.gov.az/home/callcenter>.

⁶⁵ <http://www.taxes.gov.az/modul.php?name=e-xidmetler>.

⁶⁶ www.justice.gov.az.

⁶⁷ www.emdk.gov.az.

⁶⁸ Personal visit by Mahammad Guluzade, MG Consulting director, on February 1, 2019.

One of the most important reforms in the fight against corruption was the 2016 amendment in legislation providing protection for whistleblowers.⁶⁹ This legislation protects any person who is aware of instances of corruption and gives this information to the relevant unit of a state body which is responsible for addressing instances of corruption. Protection includes: keeping the person anonymous; not entrusting the investigation to a person against whom there is a complaint; and taking measures to ensure personal safety if there are cases of threat to the life of the whistleblower or his/her close relatives, among others. The period of 2016-2018 also saw significant amendments to the Customs' Code⁷⁰ with customs' clearance procedures streamlined in 2018.⁷¹ These changes have contributed to Azerbaijan's increasing score in the World Bank's Ease of Doing Business Index.⁷² In addition, the moratorium on inspections of business activities in Azerbaijan, which was introduced a few years ago,⁷³ was extended until 2021 to stop undue interference of the authorities in business activities.

These measures have contributed to a gradual improvement of the score and ranking of Azerbaijan in Transparency International's Corruption Perception Index (CPI). Thus, the ranking of Azerbaijan among other countries in CPI (the lower the ranking, the lesser the perception of corruption as perceived by experts and citizens) improved from 143/183 in 2011 to 122/180 in the 2017 CPI. However, a number of international corruption-related scandals⁷⁴ involving Azerbaijan dropped the country's position in the 2018 CPI to the score of 25/100 (in contrast to the perceptions ranking, the higher, the better) and ranking of 152/180.

4.1.3 Existing practices on increasing transparency and accountability

All participating government agencies underlined the need in increasing transparency and accountability. These agencies indicated the following measures implemented in this direction:

- The government agencies place information about their activities on official webpages, specialized media, printed bulletins, and journals per the requirements of the Law on Obtaining Information;⁷⁵ these agencies also organize media tours and briefings for the general public, per the experience of ECSOFT experts.
- The government agencies encourage citizen participation through establishment of public councils, organizing public discussions, consultations and various events with civil society. All participating government agencies organize public discussions, consultations and

⁶⁹ Amendments to the Law on Combating Corruption, approved by the presidential decree dated November 7, 2016, www.president.gov.az.

⁷⁰ Over 30 amendments to the Tax Code were approved by seven presidential decrees in 2016-2018, www.president.gov.az.

⁷¹ Press release by the State Customs' Committee on introduction of a new electronic system of declaration of goods and transport, dated May 4, 2016, http://customs.gov.az/az/faydali/xeberler/1497_gomruk-resmilesdirilmesi-bu-gunden-etibaren-elektron-beyanetme-sistemi-vasitesile-heyata-kecirilir/.

⁷² Doing Business – Azerbaijan 2019, p.48, <http://www.doingbusiness.org/content/dam/doingBusiness/country/a/azerbaijan/AZE.pdf>.

⁷³ Amendments to the Law on Suspension of Inspections of Entrepreneurial Activities, approved by the presidential decree dated October 31, 2017, www.president.gov.az.

⁷⁴ The Organized Crime and Corruption Reporting Project (OCCRP) published findings from its investigation of a \$2.9 billion laundering scheme by the Azerbaijani authorities allegedly used to influence prominent European decision-makers, September 4, 2017, <https://www.occrp.org/en/azerbaijanilaundromat/>.

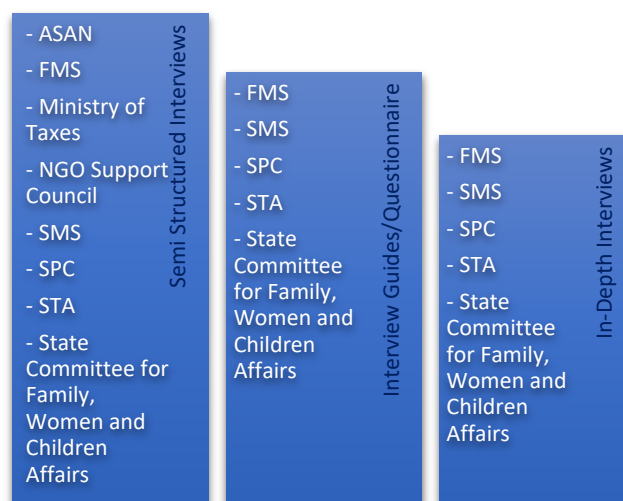
⁷⁵ The Law of the Republic of Azerbaijan on Obtaining Information, No. 1024-IIQ, 30 September 2005.

various events with civil society. SMS has a public council under its auspices, SPC is currently working to set-up one and the STA plans to do so in near future.

- Some state agencies (STA, SPC, State Committee for Family, Women and Children Affairs, SMS, NGO Support Council, ASAN) closely monitor the use of social media (Facebook and Instagram).
- All participating government agencies respond to complaints or queries of citizens as required by the Law of the Republic of Azerbaijan on Appeals of Citizens.⁷⁶

4.2 Government Interviews

This section was prepared based on information from semi-structured interviews with the ASAN; FMS; Ministry of Taxes; SPC; STA; State Committee for Family, Women and Children Affairs; SMS; and NGO Support Council, responses to interview guides/questionnaires provided by SMS, FMS, SPC, State Committee for Family, Women and Children Affairs, STA and in-depth interviews with the SMS, FMS, SPC, State Committee for Family, Women and Children Affairs, and STA in January-April 2019.⁷⁷



4.2.1 Needs for support under the ECSOFT project

All interviewed government agencies identified specific areas or projects, for which ECSOFT or others' support would be the most useful. In addition, all the government agencies highlighted the need for assistance with organizing and supporting an online platform and organization of joint events and discussions with CSOs. This support could take the form of training, consultancy on improving webpages or legislation or establishing a public council, study of international experience, exchange of experience, and technical support (software, purchase of equipment), depending on the government agency. The following highlights areas of support identified by each GoAz agency through the different data collection methods.

State Migration Service (SMS)

- Supporting the Media Center under the SMS. This Center aims to set-up relations with public and would welcome assistance in establishing contacts with CSOs, sharing materials related to transparency and anti-corruption, and staff training in these areas;
- Purchase of equipment for dactyloscopic registration of foreigners placed in detention centers for illegal migrants;
- Improving the regulatory basis for the public council under SMS in order to enhance its operation;

⁷⁶ The Law of the Republic of Azerbaijan on Appeals of Citizens, No. 1308-IVQ, 30 September 2015.

⁷⁷ The NGO Support Council provided a letter not following the guide/questionnaire template, and did not participate in the in-depth interview, but responded to all of the Assessment team's calls and provided all required information during these calls.

- Support for building cooperation with international scientific-research institutions and think tanks operating in the area of migration;
- Provision of international expertise to support addressing gaps in policies with regards to dual citizenship; a survey or research on issues with the implementation of the Migration Code (whether changes to it shall be introduced);
- Promotion of the SMS's app, which provides details and information about service provided by the SMS, among foreigners;
- Training for SMS employees on addressing complaints made by citizens; and
- Training on documents investigations, as well as purchasing equipment for such investigations (such as special microscopes).

State Property Committee (SPC)

- Promoting its activities and reforms abroad;
- Assisting in organization of international events on best practices in their area of work (private real estate property registration, etc.);
- Conducting surveys and other means of monitoring provision of services to citizens to identify the problems that citizens and business face while obtaining its services, including identifying instances of and potential for corruption;
- Conducting training for staff on how to resolve complaints from the public;
- Purchasing software;
- Establishing a public council: preparation of internal documents, such as bylaws, including procedure for selecting public council's members, authority of the public council and the SPC's responsibilities for supporting it, rights and responsibilities of the members, and other matters.

Financial Monitoring Service (FMS)

- Assisting with establishing cooperation with the Association of Banks, Bar Associations, and the Chamber of Auditors (i.e., professional membership-based associations, with capacity to supervise activities of their members and to enforce accountability and other standards in the law and FMS implementing regulations to prevent and/or identify instances of financing of terrorism, extremism, and money laundering).
- Assisting with establishing collaboration with the MoJ in developing a handbook for CSOs on how to comply with the law to increase accountability. This would also increase CSOs' understanding of FMS regulations to prevent and/or identify instances of financing of terrorism, extremism, and money laundering.
- Organizing trainings to raise awareness and compliance for groups subject to FMS monitoring (particularly CSOs).

State Tourism Agency (STA)

- Designing and implementing a "beautiful village concept." Under the project, village community comes together and decides what is their top priority in terms of infrastructure to make the village more attractive for tourists. The STA will pay for the expenses but could use CSOs to assist communities with identifying and substantiating their needs;
- Developing the tourism industry in the region of Sheki: will identify learning needs for local tourism agents, find coaches, organize training programs and encourage production of local touristic products (for example, souvenirs or maps) and could benefit from CSO assistance in this process;
- Establishing a new organization – Heritage Management Center, organized to manage tourist sites with some degree of independence – which would include participation of local communities in its management;

- Enhancing the internal governance system of Tourism and Management University and two Tourism Colleges;
- Developing a “poor tourism sector”, i.e. rural tourism. Many rural residents are willing to rent out their houses to “low budget” tourists, but their hospitality standards are below tourists’ expectations. The STA could benefit from a training to local businesses in hospitality standards;
- Establishing an advisory board (different from its public council, as it will include not only CSOs, but businesses, active and competent individuals, and other stakeholders), to assist it with identifying gaps in legislation, issues with implementation, and providing recommendations with improving tourism environment overall;
- Establishing “Tourism police”, in coordination with state police, which would potentially engage volunteers who will oversee safety of tourists;
- Managing and protecting cultural sights. There are seven cultural sites in Azerbaijan, most of which are located within inhabited areas (i.e., in the middle of villages). The STA is interested in developing a governance model for such areas, where the sites generate enough income to sustain themselves, while paying salaries of people who manage and serve them, and, at the same time, benefits the local population and contributes to improving the social environment;
- Preventing of corruption in the process of assigning hotel stars by a newly established Association of Hotels. The Association of Hotels, after a certification, will assign star ratings to hotels based on international standards. The STA will not be directly involved into the process of assigning stars, as it is envisioned as a self-regulation mechanism within the sector implemented by a professional association. Nevertheless, there is a possibility of corruption in this process, which the STA would like to assess and minimize;
- Establishing new professional associations with potential for self-regulation functions. The STA is trying to facilitate the establishment of the Association of Tourist Guides and the Association of Travel Agencies. However, the process is very slow, and the STA would benefit from having assistance with supporting this process;
- Establishing a network of volunteers. The STA plans to establish a website where interested persons will be able to sign up as volunteers. The STA then will connect them with related government agencies and CSOs, depending on the interest of volunteers, such as consumer rights protection groups, police, food safety departments, and others;
- Establishing a Bed and Breakfast website. A regional association is planning to establish a website of bed and breakfasts in the regions. The STA plans to meet to learn more about the plans; and
- Training of potential grantees (CSOs, businesses, and individuals) on proposal writing. The STA recently confirmed with its legal office that it has authority to provide funding, including grants, to entities with projects with tangible results. As the first project, they plan to issue grants to entities for organizing events in the regions (similar to county fairs, Octoberfest, and celebration of national holidays), with a multiplier effect, targeting tourists and vendors, and contributing to wellbeing of local communities. Unfortunately, none of the submitted proposals have been approved due to their poor quality.

NGO Support Council

- Supporting for the appeals process to enable CSOs in the regions to participate in review of their appeals, in cases where their proposed projects were not approved for funding by the NGO Support Council. ECSOFT can provide assistance in the form of purchasing relevant equipment and software;

- Supporting its e-services through which citizens can read and evaluate CSOs' grant proposals and score them, after which the NGO Support Council would consider citizens' scores in overall ranking of proposals. ECSOFT could assist the NGO Support Council by making sure that planned activities are in compliance with Azerbaijani law related to collection and storage of personal data and copyright, as enabling citizen participation in this manner might involve collecting and storing citizens' personal data;
- Supporting online consultations by providing content relating to transparency, accountability, access to information, citizen participation in government decision-making;
- Developing content related to legal issues on transparency, accountability, access to information, and citizen participation in government decision-making, in the format of "questions and answers" to be provided through NGO Support Council mobile app; and
- Improving internal governance of the NGO Support Council: procedures for evaluating staff performance, safeguarding procedures, and other areas.
- Strengthening capacity of the Committee's public council to increase its effectiveness through training its members and improving selection process of members;
- Drafting legislation which would establish rights and responsibilities of the "gender focal points" within national-level government agencies; and
- Supporting the regional women's development resources centers.

Azerbaijan Service and Assessment Network (ASAN)

- Providing content for ASAN's radio program on a weekly or bi-weekly basis, to be agreed, called "Transparency Hour." During this program, ECSOFT's local expert would answer questions relating to access to information, participation in decision-making, anti-corruption legislation, obligations of government officials to respond to citizens' appeals, and other topics;
- Training support via ToTs for trainers from the ASAN training center on a variety of topics, including on management and legal status of volunteers;
- Supporting public awareness campaign on ABAD (Easy Support to Family Business) services available in the regions. This could be an area for CSO-GoAz coordination, where ECSOFT could support regional CSOs institutionally and in leading the joint awareness activities; and
- Providing ToTs for volunteer coordinators addressing management of volunteers, rights and obligations of volunteers and hosting organizations, and other topics, to better support the hundreds of volunteers under ASAN. Additionally, ASAN would like webinars for volunteers informing them about their rights and obligations under the law.

Ministry of Taxes

- Establishing relations with international entities – and, more specifically US experts – on developing strong tax laws and their enforcement (e.g. punishments for tax related offenses). They would also like to establish relations with US colleges and universities regarding establishment of the tax course for universities (methodology, curriculum structure); and
- Raising awareness of the population about tax legislation and requirements.

4.3 Recommendations

Of the list of eight GoAz agencies which agreed to participate in the Assessment, the Assessment team recommends six agencies as potential immediate project partners, with specific projects and technical assistance needs that align with ECSOFT's general project objectives. These six agencies are: 1) NGO Support Council; 2) STA; 3) State Committee for Family, Women and Children Affairs; 4) FMS; 5) SPC; and 6) SMS.

Five agencies which completed the guide/questionnaire, responded to follow-up calls, and participated in the follow-up in-depth interview were selected. In addition to the chosen five, the Assessment team recommends the NGO Support Council as the sixth initial partner. The Assessment team assessed the NGO Support Council to be a good project partner, as it is interested in increasing transparency of its appeals procedure for CSOs who were denied grants. The NGO Support Council was responsive to the Assessment team's communications, providing a letter outlining its specific needs even though it did not complete the guide/questionnaire sample. They also agreed to an introductory semi-structured interview and responded to all ECSOFT team calls for additional information.

Based on the Assessment results, Assessment team recommends that ECSOFT implements activities that will provide assistance to the six identified GoAz agencies which is responsive to their needs, involves CSO-government cooperation, and/or contributes to improving their transparency and accountability. The Assessment team recommends that ECSOFT provides two types of assistance:

- Assistance with joint projects implemented by the six government agencies and CSOs, through provision of support to CSOs as partners in these projects (see more recommendations under Section on CSO-Government Cooperation); and
- Provision of technical assistance within the scope of ECSOFT to the government agencies, using local and international implementing partners' capacity (such as legal analysis, drafting regulations on public councils, providing information about local and international law relating to CSOs, and in other areas).

Specific technical assistance, per government agency, which can be provided by ECSOFT (through its local and/or international experts) includes:

Agency	Support Type
FMS	• facilitation of cooperation with the MoJ as well as CSOs to develop a handbook for CSOs on compliance with the accountability and other standards in the law and FMS implementing regulations to prevent and/or identify instances of financing of terrorism, extremism, and money laundering; and • organization of training to raise awareness and compliance for CSOs, as a group subject to FMS monitoring (on implementation of above-mentioned handbook, in particular).
NGO Support Council	• purchase of equipment and software to enable CSOs in the regions to participate in review of their appeals, after their proposed projects were not approved for funding by the NGO Support Council; • provision of legal analysis of Azerbaijani law, ensuring that the NGO Support Council's planned activity to allow online evaluation of CSO grant proposals by citizens, is in compliance with the law, specifically focusing on legislation relating to storage and protection of personal data and copyright; • provision of online consultations on topics within the competence of ECSOFT (legal issues on transparency, accountability, access to information, citizen participation in government decision-making) and agreed upon between ECSOFT and the NGO Support Council; • assistance with developing content for the Mobile App "NGO Support Council" (sections relating to legal issues on transparency, accountability, access to information, and citizen participation in government decision-making); and • assistance with developing internal policies on performance evaluation; and training on this topic for the NGO Support Council's staff. • strengthening capacity of the Committee's members from CSOs to increase its effectiveness through training its members and improving selection process of members

Agency	Support Type
SMS	• facilitation of a roundtable with SMS officials and CSOs, which would allow SMS to learn about CSOs' capabilities and interests and identify CSO partners with which to implement joint projects; and • assessing the needs of the SMS's public council to provide recommendations and other specific assistance to improve its effectiveness. • improving the regulatory basis for the public council under SMS in order to enhance its operation
SPC	• assistance with establishing a public council: preparation of internal documents, such as bylaws, procedure for selecting public council's members, authority of the public council and the SPC's responsibilities for supporting it, rights and responsibilities of the members, and other matters. • conducting training for staff on how to resolve complaints from the public
STA	• assistance with developing internal governing documents for an advisory board (different from its public council, as it will include not only CSOs, but businesses, active and competent individuals, and other stakeholders); and • training of volunteers on their rights and responsibilities. • preventing of corruption in the process of assigning hotel stars by a newly established Association of Hotels through assistance in conducting assessment • training of potential grantees (CSOs, businesses, and individuals) on proposal writing in relation with the tourism sector
Committee for Family, Women & Children Affairs	• strengthening capacity of the Committee's public council to increase its effectiveness (i.e., through training its members, or improving selection process of members; and • assistance with drafting legislation which would establish rights and responsibilities of the "gender focal points" within national-level government agencies.
ASAN service	• Providing content for ASAN's radio program on a weekly or bi-weekly basis, to be agreed, called "Transparency Hour." During this program, ECSOFT's local expert would answer questions relating to access to information, participation in decision-making, anti-corruption legislation, obligations of government officials to respond to citizens' appeals, and other topics

Certain assistance might benefit several GoAz agencies at a time. For example, a roundtable with participation of GoAz agencies having public councils under their auspices, as well as those which are interested in establishing public councils, will facilitate exchange of good practices. Members of public councils representing CSOs, as well as international experts, will inform participants about lessons learned and best practices. The roundtable would also facilitate establishment of public councils by new GoAz agencies, as well as contribute to improving effectiveness of existing public councils in representing interests of citizens and civil society in decision-making processes, and monitoring government activities. Training for volunteers could also benefit several GoAz agencies at a time, as many agencies use volunteers. In addition, training for government employees on addressing complaints made by citizens might be of interest to several government agencies.

Once the assistance starts, ECSOFT shall continue to assess the degree to which government agencies are willing to cooperate, improve their transparency and/or accept CSO input in the process of CSO-GoAz cooperation. In the course of implementation of assistance, ECSOFT may either reduce or expand the list of GoAz agency-beneficiaries and identify new needs and areas for assistance.

5. CSO NEEDS

5.1 Desk Research of CSO Needs

CSO capacity was not very high before the 2014 crackdown. This is illustrated by Azerbaijan's overall score of 4.7 out of 7 (as lowest) in the 2013 CSOSI.⁷⁸ Following enabling environment restrictions in 2014, the organizational capacity score worsened to 6.0 in 2017.⁷⁹ Currently, strategic vision and planning is almost non-existent, as many CSOs depend on random and scarce government grants, and internal governance structures often exists only on paper to satisfy obligations set in organizational bylaws and mandated by the MoJ.⁸⁰ Staff competence in CSOs is another major issue, as many professional staff have left the CSO sector or even the country.⁸¹

CSO financial viability is extremely fragile, with limited funds available from a few government agencies. Regarding foreign funding, the majority of CSOs cannot register grants from foreign sources. Only a few CSO-grantees of the EU Delegation in Baku and of a few other donors managed to get projects registered in late 2018 or early 2019, after submitting them for registration in 2017.⁸² Some CSOs switched to operating as a business and/or opted to have service contracts. However, some donors do not accept this model and 2019 tax amendments significantly increase the cost of doing business.

Advocacy is one of the basic functions of civil society, but CSOs' advocacy capacity is very limited, especially in the regions. In the regions, the ability to engage in advocacy activities is limited by requirements from the local authorities to obtain approval prior to organizing any public events.⁸³ Lack of funding also does not allow CSOs to organize mass advocacy campaigns. Advocacy via media is extremely limited, as mass media is not a platform for open discussion in Azerbaijan.⁸⁴ Social networks present an advocacy opportunity, but in recent years the government has increased control over internet, media, and websites.⁸⁵

Provision of social services is not a strong suit of Azerbaijan's CSOs. It was thought to be successful only by 36% of those surveyed at the peak of civil society development in a 2013 survey,⁸⁶ and ECSOFT's experts⁸⁷ are of opinion that CSOs' ability to provide services has

⁷⁸ 2013 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 17th Edition (June 2014), <https://www.usaid.gov/sites/default/files/documents/1863/E%26E%202013%20CSOSI%20Final%2010-29-14.pdf>.

⁷⁹ 2017 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 21st Edition (September 2018), https://www.usaid.gov/sites/default/files/documents/1866/2017_CSOSI_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf.

⁸⁰ Ibid.

⁸¹ This is discussed in detail in the Overview of the CSO Environment section.

⁸² 2017 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 21st Edition (September 2018), https://www.usaid.gov/sites/default/files/documents/1866/2017_CSOSI_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf.

⁸³ This is discussed in detail in the Overview of the CSO Environment section.

⁸⁴ A Comprehensive Analysis of Azerbaijan's Media Landscape, Institute for Reporters' Freedom and Safety, June 2017, <https://www.irfs.org/media-monitoring/a-comprehensive-analysis-of-azerbajians-media-landscape/>.

⁸⁵ Ibid.

⁸⁶ "Engaging Civil Society in the Anti-Corruption Work," Transparency Azerbaijan (2013), <http://transparency.az/alac/files/book.pdf>.

⁸⁷ Mahammad Guluzade, Director, MG Consulting; Alimammad Nuriyev, Director, CSO "Constitutional Research Foundation"; Rena Safaraliyeva, independent consultant (former Director, CSO "Transparency-Azerbaijan").

significantly deteriorated since 2014. Further, although some government agencies issue service contracts to few CSOs, this is done mostly through a closed and non-transparent process.⁸⁸

The crackdown also damaged the sectoral infrastructure for Azerbaijani civil society, as individual CSOs concentrated more on survival, rather than how to unite with others and achieve common goals. The National NGO Forum is the most notable of remaining coalitions and unions. It was founded in 1999 with support from United Nations Development Program (UNDP) to help Azerbaijani CSOs to unite, coordinate joint activities and assist with their capacity building.⁸⁹ The Forum currently has 675 member organizations⁹⁰ and operates the NGO resource centers in Shirvan, Shamkir, Guba, Gabala and Mingachevir; these center support regional projects implemented by Baku-based CSOs, and provide working space and free-to-use equipment for local CSOs.⁹¹

5.1.1 International assistance regarding CSOs and anti-corruption

International support to Azerbaijan's CSOs has shrunk enormously since 2014. Approximately 50 international organizations left the country in the past five years⁹² due to changes in regulation and GoAz actions to restrict their activities. Several projects which have been working to support CSOs or address corruption are described below.

The EU-funded Civil Society Dialogue in Azerbaijan project, which aimed to improve CSO-government dialogue in 2017-2018, prepared a report assessing the situation faced by CSOs in Azerbaijan with a list of recommendations for improvement. However, the government did not adopt any of the recommendations.⁹³ The ongoing EU-funded project on Strengthening Capacity of Civil Society in Azerbaijan intends to establish a dialogue between CSOs and the government. It conducted several discussions and round-tables to raise the issues of concerns for CSOs.

The Council of Europe implemented several projects over a three-year period from 2015-2018, including on anti-corruption, in support of the Anti-Corruption Commission. Through these projects, it provided training for trainers on ethics and anti-corruption and other corruption related topics, established a website and portal to which all government agencies are required to post updates on the progress of fighting corruption as a monitoring tool, and provided related analysis and recommendations on improvement. Currently, the EU Delegation started a new program which will be limited to training law enforcement and the judiciary on money-laundering issues.

⁸⁸ 2017 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 21st Edition (September 2018), https://www.usaid.gov/sites/default/files/documents/1866/2017_CS0_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf.

⁸⁹ Azerbaijan National NGO Forum, www.aznnf.org.

⁹⁰ 2017 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 21st Edition (September 2018), https://www.usaid.gov/sites/default/files/documents/1866/2017_CS0_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf.

⁹¹ Direct observation by the ECSOFT project team during visits to the five centers.

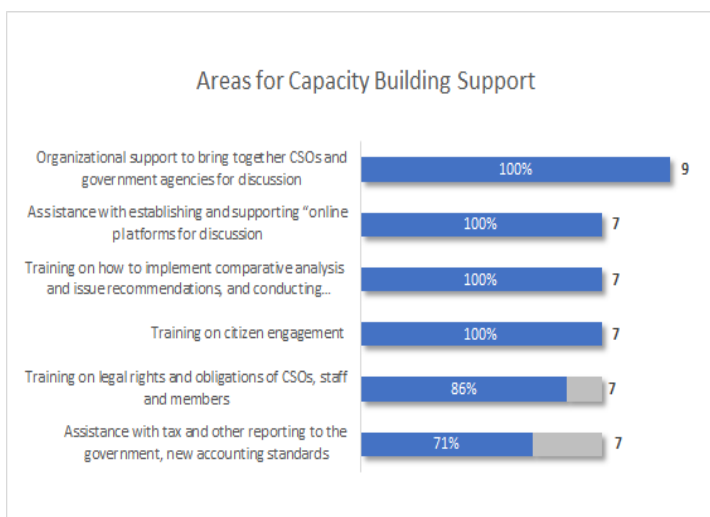
⁹² 2017 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 21st Edition (September 2018), https://www.usaid.gov/sites/default/files/documents/1866/2017_CS0_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf.

⁹³ Ibid.

The German Marshall Fund's Black Sea Trust recently began implementing the Transparency and Openness Project (TOP), which is funded by USAID and aims to support and strengthen civil society to increase public demand for greater government transparency. TOP plans to award several grants to CSOs in 2019, and Black Sea Trust staff are already working with applicants on applications addressing project objectives. Project areas include increasing government agencies' accountability for considering citizens' appeals and improving related legislation, as well as a campaign against negligence and corruption in healthcare.

5.2 CSO Interviews

Ten interviews were conducted with Group 1 CSOs, all based in Baku. All Group 1 CSOs addressed need in financial support of their organizations, with particular projects and with strengthening institutional capacity. The table "Areas for Capacity Building Support" highlight how many CSOs responded to each question, and how many of the respondents found these topics to be useful areas for capacity support. The most useful assistance to Group 1 is "organizational support to bring together CSOs and government agencies for discussion," training on citizen engagement, "training on how to implement comparative analysis and issue recommendations, and on conducting monitoring of implementation of policy documents" as well as "assistance with establishing and supporting online platform discussions."

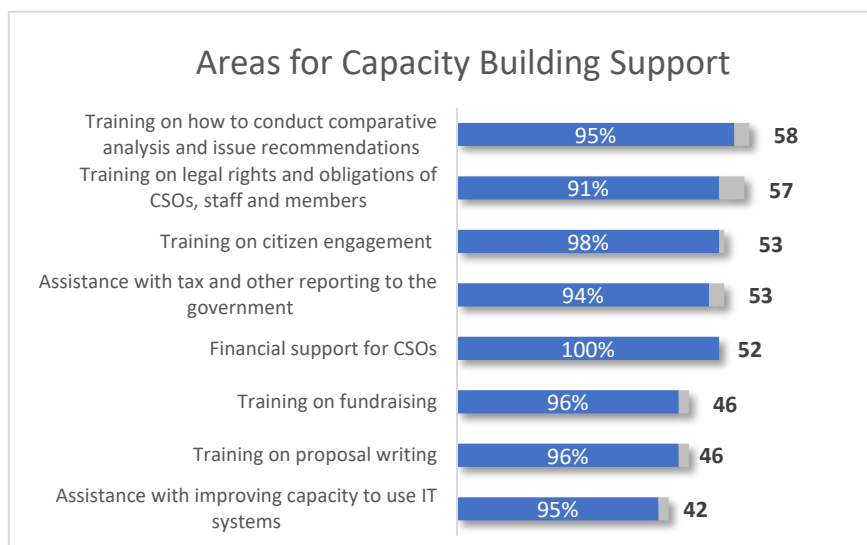


The following additional needs were identified:

- Assistance from a native English speaker to edit proposals and reports – 1 respondent (out of 10);
- Training and information on fundraising with the use of electronic means (use and establishment of crowdfunding platforms, etc.) – 3 respondents (out of 10);
- Help with getting included in the public council under the State Committee for Family, Women and Children Affairs (so far, the public council refused to include CSOs) – 1 respondent (out of 10);
- Opportunities for study tours and invitations to trainings and conferences abroad, to learn about innovations in their field and establish contact with peers – 1 respondent (out of 10);
- Management training – 3 respondents (out of 10); and
- Training on fighting corruption – 3 respondents (out of 10).

5.3 CSO FGDs and Surveys

As part of the six FGDs, 81 Group 2 CSOs, completed surveys providing information about their capacity needs. The majority of Group 2 CSOs addressed needs for assistance to improve their institutional capacity, operate in a challenging environment for CSOs, and develop their abilities to engage citizens and provide recommendations to the government. The table “Areas for Capacity Building Support” highlight how many CSOs responded to each question, and how many of the respondents found these topics to be



The most useful assistance to Group 2 is financial support for CSOs, training on conducting comparative analysis, providing recommendations, improving awareness of CSO legal rights and obligations, and citizen engagement. Group 2 CSOs also highlighted assistance needs with complying with tax and other reporting requirements, as well as training to improve capacity in fundraising, proposal writing, and effective use of IT systems.

- Survey Question 14 asked which types of assistance CSOs find most useful for their organization. Through the surveys, 52 responded to a question asking if **financial support** would be most useful. Funds available to CSOs are limited to a few government donor agencies (as it is nearly impossible to successfully register foreign funding with the MoJ⁹⁴). Though there are some national-level agencies, which provide funding to respectively specialized CSOs, for most, “the single funding source is the NGO Support Council.”⁹⁵ In addition to having little choice of government donors, the amounts of grants are very small ranging on the average from 5,000 to 10,000 AZN.⁹⁶
- Through FGDs, many CSOs were not aware about the new **accounting standards**. Even those which were aware of them were not sure how to comply. All expressed concern about their ability to meet requirements and the possibility of being fined in case of non-compliance and have requested training and other support to help them comply with these new requirements. Many respondents emphasized their “need for training in new accounting rules and standards for CSOs.”⁹⁷
- Significant changes in **taxation**, which came into effect on January 1, 2019 also represent an issue of concern for most CSOs. Thus, one FGD participant noted, “I am for training in financial

⁹⁴ This is discussed in more detail in the Overview of the CSO Environment section of this report. In contrast, in a 2013 survey only 54% of those surveyed complained of a funding deficit (“Engaging Civil Society in the Anti-Corruption Work,” Transparency Azerbaijan (2013), p.19 <http://transparency.az/alac/files/book.pdf>).

⁹⁵ No 7, FGD Shamkir.

⁹⁶ This is discussed in more detail in the Overview of the CSO Environment section.

⁹⁷ No 7, FGD Guba.

management and CSO taxation regulation.”⁹⁸

- CSOs also indicated a need for training on **citizen engagement**. Some FGD participants observed, “We need to design a good communication strategy with [...] the public at large, but we also lack the necessary skills.”⁹⁹
- In the FGDs, at least 50% of the participating 81 CSOs, with no experience in work on corruption, indicated interested in learning how **combat corruption** and require basic training.¹⁰⁰
- Of 81 Group 2 CSOs which participated in the Assessment, 42 replied to a question on whether assistance on more efficient use of **information and communication technologies** would be useful; of these 95.2% (40)¹⁰¹ stated that they need support with such technologies, including software use, data processing and security, use of social networks (organizations’ dedicated Facebook pages), information security, and survey programs, among others.
- A number of CSOs indicated a need to improve their skills in provision of **comparative analysis**. Many stated that they would be interested in monitoring activities, but they do not have skills to do it. “We need training to enhance our ability to monitor local governments’ activities. To be able to do this, *we need to improve our skills to access information and analyze it.*”¹⁰² The training in monitoring skills should also include how to design or adapt monitoring methodologies and provide recommendations based on monitoring results. Many CSOs opted for training in data collection, processing, and analysis as a part of monitoring process and preparing recommendations. As one respondent puts it, “we are not aware what the authorities do and have poor skills to extract the data we need for analysis from the government agencies’ databases.”¹⁰³ This view was supported by many others.¹⁰⁴ This kind of training can result in projects, economically beneficial for the region and potentially attract interest and support from the local authorities rather than alienation. “If we receive sufficient training, we could monitor our region, i.e., design and put on internet several maps covering, for example, map of sightseeing for tourists, public catering and sanitary facilities, road police, hotels, etc. – all these would improve the tourism potential of the region.”¹⁰⁵ Unavailability of foreign funding results in limited access to international experience and new techniques. As one respondent noted, “This is about money, but also about access to information and new technologies.”¹⁰⁶ This view is supported by other participants: “Information and finances – these two factors that make civil society strong. If we do not have access to funding, we, at least, can share information.”¹⁰⁷ CSOs need to be more exposed to best practices of international and local CSOs.

⁹⁸ No 14, FGD Gabala.

⁹⁹ No 3, FGD Shamkir.

¹⁰⁰ This question on whether CSOs are interested in fighting corruption was not included in the survey. The topic emerged in FGDs and was supported at least by 50% of participants.

¹⁰¹ Table 6, Question 9.

¹⁰² No 7, FGD Guba.

¹⁰³ No 13, FGD Shamkir.

¹⁰⁴ No 8, FGD Shamkir; No 7, FGD Guba.

¹⁰⁵ No 3, FGD Shamkir.

¹⁰⁶ No 4, FGD Baku.

¹⁰⁷ No 2, FGD Baku.

- Lack of foreign funding also brings limitations on **advocacy**, especially relating to presentation of information about Azerbaijan, including the state of civil society, abroad. As one respondent puts it, “officials take part in international conferences and present their position, while CSOs, for lack of money, cannot travel abroad and present an alternative picture. We lose our ability [...] to present an alternative view, domestically and internationally [...]”¹⁰⁸ CSOs need to regain their advocacy strength. Lack of funding and the difficulty of organizing events in the regions leave open an advocacy channel through social media.¹⁰⁹
- Many respondents, in particular those based in the regions, indicated that they could benefit from support in **infrastructure**.¹¹⁰ Specifically, the need for infrastructure support arises from some government donor-imposed restrictions on rent and utility expenses, such as in the Youth Fund’s small grants in the range of 5,000-10,000 AZN,¹¹¹ which set forth funding exclusively for project activities. As one respondent put it, “there is a problem with donors’ requirements. Grant amounts are small and we are not allowed to quote rent and utilities. Where are we supposed to operate? Turn homes into offices?”¹¹² CSOs based in towns with NGO Resource Centers are in a more advantageous position, while CSOs from other regions are forced to use their homes or facilities at their other work places, if any. Infrastructure support may include help with renting an office space, access to internet, and purchasing computers, among others, for the individual CSOs selected as partners under the ECSOFT project. Or similar support could be provided to the existing NGO resource centers and/or establishment of similar centers in other towns, for example, in Lenkoran and Zagatala to cover the farthest southern and north-western parts of the country.
- Many reported that training on **proposal writing** would be useful for them. Some also suggested training in project start and project end evaluation could be useful to include. “Training in grant proposal design and grant management are required”¹¹³ was noted by one participant and echoed by others.¹¹⁴
- Many respondents indicated training on **CSOs’ legal rights and obligations** would be useful. In discussion, some also noted that an overview of CSO accountability and transparency standards, such as preparation and publication of annual reports, and reporting to the public through social media, among others.¹¹⁵

¹⁰⁸ No 4, FGD Baku.

¹⁰⁹ No 2, FGD Baku.

¹¹⁰ All FGDs in regions.

¹¹¹ Access to funding, existing donors and grant amounts available to CSOs are discussed in the Overview of the CSO Environment section.

¹¹² No 14, FGD Gabala.

¹¹³ No 4, FGD Shirvan.

¹¹⁴ No 8, FGD Gabala.

¹¹⁵ No 12, FGD Shirvan.

5.3.1 Regional specifics

The Assessment did not identify crucial differences between the regions, in terms of CSOs needs. Most regional CSOs are willing to conduct monitoring of government activities. The FGDs showed that areas to be monitored are diverse and, depending on the region and its problems. The table below highlights areas

Areas of Engagement with Government	Baku	Gabala	Guba	Mingachevir
Activities of local governments			✓	
Operation of government hotlines and online complaints mechanisms		✓		✓
Operation of websites of national agencies and local executive authorities	✓			
Provision of health and education services				✓
Environmental threats			✓	
Provision of utilities				✓
Operation of major infrastructure projects, such as water canals		✓		✓
Industrial facilities that were opened but never put into operation and thus wasted funds		✓		
Agricultural produce of strategic importance		✓		

5.3.1 Specific needs of CSOs operating through business format

Registration of foreign grants with the MoJ is the important problem for all CSOs participating in the Assessment. Leaders of some CSOs, in order to continue their activities, had to abandon or freeze their organizations and establish limited liability companies, which are business entities under Azerbaijani law. Others chose to carry out activities as individual entrepreneurs. Under Azerbaijani law, both LLCs and entrepreneurs are allowed to implement activities similar to activities of CSOs, without subjecting themselves to regulations applicable to CSOs. There are some similarities between CSO and business accounting standards and procedures, as well as taxation, though there are differences in such standards and procedures as well. Also, CSOs are not subject to VAT and profit tax for grants, donations and membership fees, while limited liability companies are not eligible for membership fees and donations. Training in business accounting standards and taxation might expand fundraising opportunities of de-facto CSOs.

5.4 Recommendations

The Assessment confirmed that capacity greatly varies throughout the sector, with certain CSOs (identified in the Assessment as Group 1) having higher capacity to partner with the GoAz and implement sophisticated projects, including those designed to monitor activities of GoAz agencies. At the same time, the majority of CSOs have low capacity to implement activities even to serve their own members and local constituency, do not engage in policy advocacy, and strive for day-to-day survival. The Assessment also confirmed that the CSO sector overall is weak in terms of its capacity to influence policies and public life. Therefore, the Assessment team recommends that ECSOFT shapes its assistance to CSOs in two ways:

- Grants to CSOs with high capacity, to enable them to implement joint projects with GoAz agencies dedicated to increased transparency in public sector; and
- Technical assistance in the form of trainings to CSOs with lower capacity, to enable them to improve their sustainability and ability to engage with the GoAZ; these trainings shall be organized to address specific needs of Baku-based and regional CSOs.

The Assessment team recommends that ECSOFT supports five CSOs and five NGO resource centers that currently have the capacity to implement activities focused on transparency in the public sector. Potential grantees may include:

Citizens' Labour Rights Protection League. This organization has previously cooperated with the SMS, MoJ, ASAN, and the Ministry of Taxes, and has experience with monitoring state agencies' activities, analyzing legislation, and providing recommendations to government agencies. This organization has an interest in monitoring websites, pages in social media, publication, news bulletins, and meetings with media and civil society (such as Open Door days, presentations of annual reports, etc.). Based on its experience, ECSOFT believes they could effectively monitor select GoAz agencies (i.e., the STA, SMC, Ministry of Taxes, and the Ministry of Labor and Social Services) and they have the ability to create an Access to Information Index to assess the compliance of these agencies with Access to Information requirements. ECSOFT believes the creation of such an index will encourage GoAz agencies to improve their rating by using recommendations provided by Citizen's Labour Rights Protection League on how to improve access and compliance.

Entrepreneurship Development Foundation. This organization has implemented multiple monitoring projects assessing government agencies' activities in the oil industry, monitoring mass media coverage of corruption issues, and providing recommendations to the GoAz on improving the business environment and anticorruption legislation. It has the capacity and interest to monitor the use of state funding dedicated to installation of road signs throughout the country. While the GoAz dedicated substantial resources to this purpose, a significant number of road signs are missing in the regions. STA is interested in working with CSOs to monitor road signage installation, as the absence of signage negatively affects state tourism goals. Given this CSO's capacity, ECSOFT believes it could work with the STA to review information about the GoAz's funding allocations and plans for road signs and help monitor and verify their installation.

Development of Society and Civil Relations Association. This association's strong experience in public service delivery monitoring is demonstrable through their previous projects, which include monitoring activities of the MoJ, State Exam Center, and Ministry of Youth and Sports. During data collection, SPC stated they knew of this association and would be willing to partner with them in upcoming activities. Through monitoring delivery of SPC services, ECSOFT believes this association could identify areas of poor service delivery or potential risks for corruption. In such engagement, the association would be responsible for proposing means to address these deficiencies or risks.

"Priority" Social and Economic Research Center Public Union. This organization has experience cooperating with several government agencies, including the Ministry of Labor and Social Protection of the Population (MLSPP), Center for Analysis of Economic Reforms, and Ministry of Economy. It also successfully provided input to the Strategic Roadmaps on Developing the National Economy, an important national-level policy paper. Its chairperson actively contributed to drafting the regulation of the MLSPP's public council and participated as an expert in two monitoring reports on implementation of Azerbaijan's Law on Public Participation.¹¹⁶ ECSOFT

¹¹⁶ The Law of the Republic of Azerbaijan on Public Participation entered into force on June 1, 2014 (the Law on Public Participation).

believes that “Priority” can assist GoAz agencies who would like to set up public councils – a mechanism for government consultations with the public and civil society. They would be able to provide advice on related legislation, current existing local and international practices, and developing internal regulations for the public council. Presently, the SPC has expressed interest and would welcome such assistance. This organization could also potentially train CSO representatives who are interested in participating in public councils, by making them more informed and better positioned to reach out to GoAz agencies to request their inclusion in public councils. In addition, the organization has the ability to develop a Public Council Operating Manual under ECSOFT. The manual would serve as a resource guide for: 1) GoAz agencies required to establish public councils; and 2) improving operations of public councils as participatory governance agencies.

NGO resource centers in Shirvan, Shamkir, Guba, Gabala and Mingachevir. The NGO resource centers were originally established to assess the needs, capacities, and operational contexts of regional CSOs in Azerbaijan and provide technical support and capacity development activities that responded to Assessment findings. As such, these resource centers are well-positioned to provide capacity development activities and assist regional CSOs in improved activity implementation through ECSOFT; especially as they are already trusted partners for regional CSOs. Potential ECSOFT projects with these resource centers might include training regional CSOs on: identifying corruption, monitoring local government activities, and use of e-services, among others. In addition, ECSOFT may consider organizing a roundtable for these resource centers to facilitate their exchange of experience and address common technical needs.

To most effectively address identified needs, ECSOFT recommends focusing on trainings that address common priority issues and interest of regional and Baku-based CSOs. The following trainings are recommended:

- **Training on using government e-services.** These trainings will contribute to maximizing use of e-services, which would minimize the need for in-person contact with government officials and minimize grounds for corruption. CSOs would further disseminate the knowledge to individual beneficiaries, further reducing opportunities for corruption.
- **Training on proposal writing (one for beginners and one for large grants).** Grant training would support CSOs’ financial sustainability, increasing the likelihood of them being able to win funding for activities. Increased financial sustainability will support their engagement in activities that further their organizational mission.
- **Training on monitoring and comparative analysis skills.** These trainings would provide CSOs with skills to monitor and analyze activities of GoAz agencies, and be more effective watchdogs, as well as to provide higher quality recommendations to help government to improve its activities.
- **Training on use of online survey platforms and data analysis.** These trainings will enable CSOs to use online tools as a quick and cost-effective means to collect public opinion data on issues of concern to citizens, or feedback on satisfaction with public services provided by government bodies. This will improve CSOs ability to provide recommendations on improvements to government agencies and enhance the credibility of such recommendations.

- **Training on new CSO accounting standards (almost in all regions they asked for it¹¹⁷).**
- **Training on new taxation regulation.** These trainings will help CSOs to be aware of their rights and responsibilities under tax law, help them to improve their compliance with the law, and enable them to protect themselves during government tax audits, avoiding situations where they could face corruption risks.
- **Training on anticorruption.** For government agencies, these trainings will improve their understanding of how to identify instances of corruption, and international anticorruption standards, in particular corruption prevention measures such as financial accountability and public control. For CSOs, these trainings will improve their understanding of how to respond to instances of corruption, how to provide legal assistance to victims of corruption, how to conduct anticorruption review of legislative acts, and how monitor government agencies to expose corruption.
- **Training on using social media and public communications strategies for transparency-related initiatives.** These trainings will improve CSOs' ability to develop strategies to conduct advocacy campaigns, as well as raise awareness among CSO beneficiaries on e-services offered by government agencies and legal mechanisms on filing complaints in cases of corruption. The training shall include a social media component, as many CSOs do not make full use of Facebook pages and most do not use Instagram or Twitter.
- **Training on Government-CSO cooperation.** These trainings would help CSOs to learn about multiple opportunities provided by Azerbaijani legislation on CSO-government cooperation, the government's obligations to provide CSOs with information and otherwise engage them, as well as help CSOs to learn how to most effectively negotiate with the government (i.e., what arguments are the most appealing from the government's perspective, basics of lobbying, etc.)
- **Training on fundraising.** These trainings would help CSOs to improve their sustainability to be more effective with their activities, increasing their confidence and ability to focus more on monitoring government activities.
- **Training on CSO legal rights and obligations.** These trainings will help CSOs to be aware of their rights and responsibilities under the law (relating to reporting, storage of personal data of beneficiaries, labor law, and other areas), help them to improve their compliance with the law, and enable them to protect themselves during government tax audits, avoiding situations where they could face corruption risks.

Regarding training participants, the Assessment team recommends engaging CSOs identified in the FGDs and interviews which are interested in receiving training on specified topics to engage with the GoAz agencies. To broaden the reach of technical assistance, ECSOFT may consider asking the NGO resource centers and the NGO Support Council to identify additional interested CSOs, as these agencies are well-connected and aware of CSO needs. In addition, ECSOFT may consider consulting with these entities to determine additional training topics based on identified needs. While ECSOFT has capacity to provide direct trainings to CSOs using its own experts, the program might also consider outsourcing certain trainings to local CSOs with strong capacity to conduct quality trainings as a supplementary means of technical capacity support to CSOs.

¹¹⁷ Funding has been provided to the CSO Young Accountants Union to conduct such trainings, outside of ECSOFT.

The Assessment team also recommends that ECSOFT invites NGO women's resource centers under the State Committee for Family, Women and Children Affairs to participate in training. These resources centers are registered as CSOs and independently implement their activities, while benefiting from the trust of and some support from the State Committee. The resource centers conduct various training activities for women in the regions and are well aware of their needs. Through ECSOFT, they can potentially conduct training to raise awareness of corruption and enable women to defend their rights, as well as other areas to be identified. In PY 1, heads of these resource centers will be invited to participate in trainings for regional CSOs. In addition, ECSOFT may assess the capacity and needs of these centers with the goal of providing them with additional technical and financial support in PY 2.

6. CSO-GOVERNMENT COOPERATION

6.1 Desk Review of CSO-Government Cooperation

Generally, the GoAz has limited cooperation with CSOs. The relationship between the government agencies and CSOs substantially deteriorated after 2014, along with backsliding in the enabling environment. Certain government agencies and individual officials are more open to cooperation; however, the vast majority treat CSOs with suspicion. If cooperation with CSOs is not directly endorsed by the top management of a government agency, it does not happen.

Azerbaijan's legislation, particularly the 2014 Law on Public Participation, establishes a variety of mechanisms for citizens and CSOs to participate in governance, and requires government agencies to engage with citizens. These mechanisms include public councils, public hearings and public discussion on draft legislation, and opportunities to provide written comments on draft laws and regulation. Public councils are a consultation mechanism which exists under a number of government agencies, including several which ECSOFT has identified as interested in improving their transparency and in cooperation with CSOs. While a number of other mechanisms for citizen participation exist, such as referenda, opinion polling, mahalla committees operating at the local level, and citizen petitions, the ECSOFT team has not identified instances for CSO-GoAz collaboration through these mechanisms.

Platforms, forums, unions and similar mechanisms are not popular and are not specifically regulated by the laws of Azerbaijan. Only a few exist as free associations of CSOs and/or government or other stakeholders, to pursue a common objective through joint activities, with the rules of such joint activities being established in a document such as a declaration, memorandum, manifest, etc. One such platform of note is the Azerbaijani Government and Civil Society Dialogue Platform on Promoting Open Government (OGP Platform).¹¹⁸ The OGP Platform was established in September 2016 to strengthen the cooperation, communication, and partnership among government agencies and CSOs and to contribute to further expansion of OGP principles/values in Azerbaijan.¹¹⁹ Ten government agencies, including the Commission on Combating Corruption of the Republic of

¹¹⁸ The OGP Platform was established based on and serves as a replacement of the Information and Cooperation Network of Non-Governmental Organizations for Combating Corruption, www.ogp.org.az.

¹¹⁹ "Azerbaijan creates government-civil society dialogue platform," Government and Civil Society Dialogue Platform on Promoting Open Government, <http://ogp.org.az/index.php/2017/02/10/azerbaijan-creates-government-civil-society-dialogue-platform/>.

Azerbaijan and the MoJ, whose activity specifically relates to CSOs, Parliament members and 38 CSOs established the OGP Platform.¹²⁰ According to the founding memorandum, the OGP Platform is open to any CSO which meets the eligibility criteria. A CSO may become a member if voted for by a majority of existing members of the OGP Platform. The charter of the OGP Platform and list of member organizations and government agencies are available on the OGP Platform website. Among other activities, the OGP Platform provided CSOs with an opportunity to provide input to Azerbaijan's 2016-2018 and 2019-2021 National Action Plans under OGP.

The National NGO Forum is another notable union of CSOs. Its goal is to unite, coordinate joint activities and assist with capacity building of CSOs.¹²¹

6.2 Interview Data for CSO-Government Relations

All eight GoAz agencies participating in the Assessment reported that they either cooperate or are interested in cooperation with CSOs.¹²² They stated that they believe that cooperation with CSOs helps to make their activity more efficient, establish a feedback channel with society, and promote their activities. They also declared interest in improving their transparency and accountability.¹²³

Some participating agencies noted as the main difficulty in establishing cooperation with CSOs the limited number of specialized CSOs in their area activity, as well as a low level of professionalism among CSOs. This was particularly emphasized by the SMS¹²⁴ and SPC.¹²⁵ The FMS is interested in cooperation with CSOs, but, as a new agency, has not done so yet, and looks forward to support in order to establish such cooperation, in particular in development of the handbook of measures to prevent use of CSOs for purpose of money laundering and financing of terrorism, raising CSOs awareness about related regulations and increasing their compliance with such regulations.¹²⁶

Those few government agencies which have public councils established under their auspices are generally more aware of CSOs and inclined to cooperate with them in various forms, including consultations on legal and policy matters, joint organizing of events, and engaging CSOs as experts, among others.

From CSOs perspective, their main interest in a dialogue with the GoAz, so the GoAz realizes that CSOs are not anti-governmental foreign agents and do bring benefit to the state and society.¹²⁷

¹²⁰ "Information on the Activity of the Government and Civil Society Dialogue Platform on Promoting Open Government," Government and Civil Society Dialogue Platform on Promoting Open Government, https://www.opengovpartnership.org/sites/default/files/Azerbaijan_Government-progress-update_25June2018.pdf.

¹²¹ Azerbaijan National NGO Forum, www.aznnf.org.

¹²² Semi-structured interviews, January 7-15, 2019, "Trip Report to Azerbaijan by ECSOFT," 1-13.

¹²³ Six interview guides/questionnaires completed by government bodies and report on results of in-depth interviews with six GoAz agencies.

¹²⁴ Guide/questionnaire completed by the SMS.

¹²⁵ Interview with the SPC, February 4, 2019.

¹²⁶ Semi-structured interview with the FMS, January 10, 2019, "Trip Report to Azerbaijan by ECSOFT," 5-6; and Interview with the FMS, February 25, 2019.

¹²⁷ No 10, In-depth Interview.

Regarding instances of successful cooperation between government agencies and CSOs, one respondent observed that the most successful cooperation occurs when it is initiated by the government agencies themselves, rather than by CSOs.¹²⁸

At the same time, respondents noted numerous barriers to cooperation. Government agencies may refuse to cooperate with civil society for fear of potential public criticism by CSOs.¹²⁹ In addition, officials who maintain contacts with CSOs hold midlevel positions and “they are afraid of making mistakes.”¹³⁰ A number of CSOs believe that, in general, “officials view civil society as rivals and therefore, mistrust us.”¹³¹ Still, CSOs recognize that it is important not to burn bridges with government, even when they are not supportive of civil society’s activities, as “you cannot carry out activities without the government’s support.”¹³²

6.2.1 Potential areas for cooperation

Certain GoAz agencies believe that advantages in cooperation with civil society are based in having input from an independent, outside perspective, and the possibility to outsource solving some local problems. In particular:

- The SPC,¹³³ STA,¹³⁴ and SMS¹³⁵ highlighted the importance of conducting public opinion polls in order to assess citizen satisfaction and identify problems with their services. In addition, the SMS highlighted the importance of having events aiming at raising the awareness of foreigners and stateless persons about migration laws and regulations, including rights and duties (visible at reception centers, airports, and other public places), with which CSOs could assist.¹³⁶
- The SPC needs surveys and research to identify the problems that citizens and business face while obtaining SPC’s services.¹³⁷
- The SMS highlights their need in support to organize a research measuring impact of migration on development of the country and conducting reforms based on the results.¹³⁸
- The SMS is concerned about building capacity of its Media Center to make sure can conduct broad outreach to beneficiaries of its services. The outreach is important to ensure that services are delivered to designated beneficiaries and that beneficiaries are engaged in monitoring and contribute to improving services. The SMS believes that CSOs can play important role in achieving this goal.¹³⁹
- The FMS suggested that CSOs themselves should conduct risk assessment in the civil society sector. At the same time, the FMS considers it important to conduct expert review of the legislation relevant to its work, organize public discussions of the draft laws, and prepare

¹²⁸ No 10, In-depth Interview.

¹²⁹ No 1, In-depth Interview.

¹³⁰ No 3, In-depth Interview.

¹³¹ No 8, In-depth Interview.

¹³² No 2, In-depth Interview.

¹³³ Guide/questionnaire completed by the SPC.

¹³⁴ Guide/questionnaire completed by the STA.

¹³⁵ Guide/questionnaire completed by the SMS.

¹³⁶ Ibid.

¹³⁷ Interview with the SPC, February 4, 2019.

¹³⁸ Guide/questionnaire completed by the SMS.

¹³⁹ Ibid.

proposals and ideas for improving legislation. (The FMS noted it would welcome expert input from CSOs, but could not identify CSOs with the capacity or resources to do so.)¹⁴⁰

- All agencies consider international experience, new approaches and exchange of experience as useful.¹⁴¹
- The SPC considers important that CSOs continue sending their proposals on how to ensure customer satisfaction and increase quality of services. They noted that those proposals have to be discussed and taken into consideration (and have done so in the past).¹⁴²
- The STA is concerned that tourists may encounter with problems in sectors outside of their immediate reach, such as customs, transport, banks, etc.). Thus, the Agency can benefit from CSOs' assistance with organizing a customer needs study (conduct focus groups, surveys, and mystery customer program; analyze complaints on online platforms, such as www.booking.com, and others). The agency can also link local CSOs with their international CSOs partners operating in Azerbaijan (Italy based Slow Food CSO).¹⁴³
- All GoAz agencies are required to submit annual reports on implementation of their obligations under the Strategic Road Maps, which is the main national policy document setting goals for the GoAz and for the country are the Strategic Road Maps for the key sectors of the economy. The strategic road maps cover 2016-2020 economic development strategy, long-term outlook up to 2025 and target vision after 2025. There are specialized detailed documents for each sector, identifying short and long terms. This document is important for ECSOFT as it helps 1) CSOs interested in cooperation with specific national agencies to identify priority areas for such national agencies, and 2) increases chances that the national agencies will be more receptive to CSOs offers for cooperation, if offers relate to areas identified in the Road Maps.

6.3 FGDs and Surveys on CSO-Government Collaboration

The majority of CSOs participating in the Assessment reported that they have experience of working with a broad range of government agencies.¹⁴⁴ Of 81 Group 2 CSOs which participated in the Assessment, 76.5% (62) reported experience working with government agencies.¹⁴⁵ Of the 81 Group 2 CSOs, only 23.5% (19) of respondents did not have any working contacts with the state agencies (other than mandatory reporting and other obligations to the GoAz). The most frequent channel of cooperation with the government is through providing recommendations and/or letters by CSOs (25.7% of all instances of cooperation, or 45 replies out of 175); through participation in public councils or advisory boards (21.7%, or 38 replies out of 175); through public hearings (18.8%, or 33 replies out of 248); through inclusion in groups to draft legislation or policies (12%,

¹⁴⁰ Interview with the FMS, February 25, 2019

¹⁴¹ Guides/questionnaires completed by the SMS, SPC, FIS, and STA.

¹⁴² Guide/questionnaire completed by the SPC.

¹⁴³ Guide/questionnaire completed by the STA.

¹⁴⁴ Ministries of Sports and Youth; Labor and Social Protection of the Population; Environment and Natural Resources; Health (including Sanitary Epidemic Station, Food Security Agency); Education; Justice (including Medical and Penitentiary Services, Center for Work with Municipalities); Communication; Agriculture; Taxes; Economy; Energy (including the Agency for Alternative and Renewable Energy; State Oil Fund; Chamber of Accounts; local executive authorities, local municipalities; State Committee for Women Affairs, Milli Majlis (National Parliament); State Committee for Urban Planning and Architecture; State Migration Service; ASAN Agency; State Committee for Religious Affairs; National Anticorruption Commission; Ministry of Finance; State Agency for SME Development.

¹⁴⁵ Table 2.

21 replies out of 175¹⁴⁶; and through receiving financing for specific activities such as research or monitoring or training (16.5%, 29 replies out of 175).

The examples of successful cooperation occurred more often in Baku. However, even in Baku respondents complained that “executive committees¹⁴⁷ treat us in a very unfair way. They wish to benefit from work, i.e., request we share our information and ask for reports, but when we need information or support, or request as little as an appointment, they refuse. Authorities appreciate our work but do nothing to support us.”¹⁴⁸

Respondents in the regions state that local authorities often respond to CSOs’ recommendations to improve policies and procedures, or invitations to participate in events, with suspicion and even with hostility. At the same time, many respondents complained that public officials refuse to respond to information requests, meet in person, and avoid civil society events. As a result, some CSOs lose heart and do not attempt to establish contacts. “Public officials do not cooperate. This is why we do not appeal to them. As a result, officials state that CSOs do not apply. This is a vicious circle and it shall be broken.”¹⁴⁹

Regarding the reasons for lack of cooperation, this question was difficult for the respondents to answer and was not addressed by many of them. Of 81 Group 2 CSOs which participated in the Assessment, 29 responded to this question; of these, 51.7% (15) stated that there have been no opportunities to engage with the government.¹⁵⁰

Along with this, CSOs believe that the most efficient mechanisms of civil society-government cooperation are through:

- receiving financing for specific activities – of 81 Group 2 CSOs which participated in the Assessment, 52 responded to this question, and 100% (52) indicated this approach as useful;
- through inclusion in working groups – of 81 Group 2 CSOs, 51 responded to this question, and 100% (51) regarded this as useful;
- through public councils – of 81 Group 2 CSOs which participated in the Assessment, 54 responded to this question, and 96.2% (52) indicated this is useful;
- providing letters and recommendations – of 81 Group 2 CSOs, 50 responded to this question; of these, 96% (48) believed this to be an important mechanism.¹⁵¹

Of 81 Group 2 CSOs which participated in the Assessment, 50 responded to a question asking whether organizational support to bring government and CSOs together would be useful; of these, 100% (50) expressed that this would be useful.¹⁵² Such platforms can improve CSO-government

¹⁴⁶ Table 3.

¹⁴⁷ No 15, FGD Baku. In Azerbaijan, the local government structure is comprised of two parallel systems of governance. One consists of publicly elected municipalities with limited powers to deliver services to citizens. The other is Local Executive Authorities or Committees appointed by the president, which are part of the state governing structure with much greater power.

¹⁴⁸ No 15, FGD Baku.

¹⁴⁹ No 12, FGD Mingachevir.

¹⁵⁰ Table 4, Question 7.

¹⁵¹ Table 7, Question 11.

¹⁵² Table 9, Question 14

relations, as well as help various public agencies to improve coordination among themselves in civil society matters.

Some CSO respondents are willing to perform watchdog functions and otherwise engage with government agencies provided they receive financial support and technical assistance to improve their skills in certain areas, and receive some assurance of their safety, discussed in the section on CSO Needs in this report. In particular:

- CSOs are willing to analyze data made public by government agencies through their websites, social media, publications, and news bulletins, and assess transparency and accountability of national agencies and local executive authorities.¹⁵³
- CSOs are willing to participate in public councils and in public hearings on draft legislation of social significance. CSOs are ready to take an active part in discussion with the government agencies through online platforms, should they be established.¹⁵⁴
- CSOs would like to closely monitor public service delivery with assistance from the agencies, in other words, to act as a “mystery customer,” report to management of government agencies about deficiencies of public service delivery onsite, and provide recommendations for improvement. CSOs can assist government agencies with monitoring social media for complaints or queries involving their service delivery.¹⁵⁵
- CSOs are willing to organize public awareness raising programs on various issues of interest to government agencies and society at large, be it public awareness of ABAD centers under ASANs or migration regulation or tax regulation.¹⁵⁶
- CSOs would like to assess needs and problems of local communities, including huge infrastructure projects and improvement of regional tourism potential, and act as a bridge between the STA and local tourism agents.¹⁵⁷

6.4 Recommendations

The Assessment team recommends that ECSOFT focuses on supporting activities in specific areas or relating to specific issues, identified as areas/issues of interest by the government agencies participating in the Assessment. The Assessment team believes these are the safest and most meaningful issues on which CSOs can engage. These are:

- engaging CSOs with capacity to conduct surveys and research to identify the problems that citizens and business face while obtaining services provided by the SPC, including identifying instances of and potential for corruption; such activities might be effective when conducted by CSOs in partnership with other GoAz agencies selected as initial beneficiaries of ECSOFT;
- supporting CSOs’ efforts to assist the SPC with establishing a public council and supporting it, so that the public council helps to engage CSOs more effectively in SPC policy and decision-making; also supporting CSOs interested in participating in this public council as members;

¹⁵³ No 4, FGD Baku.

¹⁵⁴ No 8, FGD Mingachevir.

¹⁵⁵ No 7, FGD Shamkir; No 11, FGD Gabala; No 10, FGD Shamkir.

¹⁵⁶ No 8, FGD Gabala; No 7, FGD Guba.

¹⁵⁷ No 4, FGD Mingachevir; No 5, FGD Guba; No 3, FGD Shamkir.

- supporting CSOs with capacity to organize training to raise awareness and compliance for groups subject to FMS monitoring, with the goal of preventing and detecting instances of money laundering, and financing of terrorism and extremism;
- supporting CSOs with capacity to work with the STA to design and implement a “beautiful village concept.” Under the project, a village community comes together and decides their top priority in terms of infrastructure to make the village more attractive for tourists. The STA will pay for the expenses, but could use CSOs to assist communities with identifying and substantiating their needs;
- supporting CSO-members of the public council under the State Committee for Family, Women and Children Affairs to increase its effectiveness (through training its members, improving the member selection process, and other activities); also supporting CSOs with capacity to strengthen the public council’s work by facilitating exchange of experience between this public council and similar structures, under the auspices of other agencies.

The Assessment team believes that additional areas for assistance (such as agriculture, economy, fiscal transparency, and others) can be identified based on review of Azerbaijan’s international commitments (under OGP, GRECO, and others), and the national policy paper on “Strategic Road Maps.” These outline a broad range of activities against which all government agencies are required to report on their progress, which can be achieved with support from CSOs. These will help CSOs interested in partnering with the government to define potential projects.

Additional issues may be identified by CSOs themselves. Projects have greater potential to succeed if the GoAz agency knows the CSO, and the proposed project has been discussed and agreed upon between the CSO and the GoAz agency. Such projects are identified under the Recommendations subsection in the section on CSO Needs.

Means of engagement, which are considered safe and may be effective when applied by CSOs with the GoAz agencies participating in the Assessment, include, but are not limited to:

- collecting public feedback on the quality, accessibility, timeliness of receipt of services provided by individual GoAz agencies (for example, the STA, SPC, SMS, and others); identifying issues with provision of such services and preparing recommendations on how to improve them;
- engaging with government agencies through public councils and additional public-government dialogue platforms, such as the OGP platform.
- raising public awareness amongst citizens and interest groups about available public services, in particular, e-services, and how to use them. Such awareness will help citizens to use e-services to the maximum extent possible, instead of seeking the same services through an in-person contact with government officials, therefore minimizing opportunities for corruption.
- researching needs of the population and local communities in the areas of competence of the participating government agencies (in particular, relating to tourism).
- monitoring implementation of state policies and legislation in the areas of competence of participating government agencies in the regions.
- participating in public discussions of local draft budgets (State Tourism Agency, local Executive Authorities, Ministry of Taxes) and draft legislation, at the invitation of responsible government agencies.
- providing legal overviews, analysis of legislation, and recommendations on improving legislation, including relating to eliminating bases for corrupt practices.

7. CONCLUSIONS: RECOMMENDATIONS FOR ECSOFT

The following section highlights recommended next steps to be considered during the work planning stage moving forward.

1. The identification of six GoAz agencies as initial ECSOFT beneficiaries should not exclude additional government agencies from future engagement under the program. It is important for ECSOFT to continue to engage GoAz agencies that express interest in coordinating with civil society and/or increasing transparency and accountability in their policies and procedures. Special attention should be given to continued coordination with ASAN and the Ministry of Taxes, as well as the MoJ and the Commission on Combating Corruption of the Republic of Azerbaijan.
2. ECSOFT might consider providing two types of assistance to GoAz agencies:
 - assistance with joint projects implemented by the six government agencies and CSOs, through provision of support to CSO-partners in these projects (see more recommendations under Section on CSO-Government Cooperation);
 - provision of technical assistance within the scope of ECSOFT, using local and international implementing partners' capacity (such as legal analysis, drafting regulations on public councils, and other; providing information about local and international law relating to CSOs, among others).
3. Types of assistance, which might benefit several GoAz agencies at a time are especially efficient. For example, a roundtable with participation of GoAz agencies having public councils under their auspices, as well as those which are interested in establishing public councils, will facilitate exchange of good practices and possibly, establishment of new public councils. Another example would be training for volunteers, benefiting several GoAz agencies, which use volunteers.
4. Once assistance starts, ECSOFT should continue to assess the degree to which government agencies are willing to cooperate, improve their transparency, and/or accept CSO input in the process of CSO-GoAz cooperation. In the course of implementation of assistance, ECSOFT may either reduce or expand the list of GoAz agency-beneficiaries and identify new needs and areas for assistance.
5. A "rapid response fund" should be established to provide support to new important projects. This could include developing a procedure for assessing upcoming requests for assistance and whether they are eligible for ECSOFT's support through the "rapid response fund."
6. ECSOFT successes with assistance to GoAz agencies should be promoted among other GoAz agencies, to inspire them to cooperate with ECSOFT, work with CSOs, and pursue improvement of transparency and accountability.
7. ECSOFT must shape its assistance to CSOs in the context of different capacity and needs among various groups of CSOs. Therefore, it is recommended that its assistance to CSOs take two forms:
 - grants to CSOs with high capacity, to enable them to implement joint projects with the GoAz agencies dedicated to increased transparency in public sector; and
 - technical assistance in the form of trainings to CSOs with lower capacity, to enable them to improve their sustainability and ability to engage with the GoAZ; these trainings shall be organized to address specific needs of Baku-based and regional CSOs.
8. Taking into consideration limited foreign funding available in the country and the majority of CSOs' low capacity, as well as ECSOFT's limited resources, the priority in providing capacity building activities should be given to:

- regional CSOs and CSOs with lower capacity;
 - use of local resources (as trainers and experts) to the maximum extent possible to effectively use ECSOFT resources, as well as (indirectly) contribute to the sustainability of CSOs and CSO experts, who will be engaged in implementation of ECSOFT assistance.
9. ECSOFT recommends broadening the list of CSO-participants for trainings and other technical assistance by consulting with the NGO resource centers and the NGO Support Council, as these agencies are well-connected and aware of CSO needs. In addition, ECSOFT may consider consulting with these entities to determine additional training topics based on identified new needs.
 10. Conducting activities relating to specific issues, identified as issues of interest by the government agencies participating in the Assessment, constitutes the safest and the most meaningful way for CSOs to engage with the GoAz.
 11. In addition to issues of safe and meaningful engagement between CSOs and government agencies, identified by the GoAz agencies themselves, more areas for assistance (such as agriculture, economy, and fiscal transparency) can be identified based on review of Azerbaijan's international commitments (OGP, GRECO, and others), and the national policy paper on "Strategic Road Maps." These outline a broad range of activities against which all government agencies are required to report on their progress, which can be achieved with support from CSOs. These will help CSOs interested in partnering with the government to define potential projects.
 12. CSOs themselves may identify issues of safe and meaningful engagement with the government, especially when such CSOs are known to a particular government agency, and the project proposed by a CSO has been discussed and agreed upon between the CSO and the GoAz agency.