

CSO METER

Assessing the civil society
environment in the Eastern
Partnership countries

Azerbaijan Country Update

BAKU
2020

The bottom half of the cover features a large, abstract graphic design. It consists of several overlapping shapes: a large white semi-circle on the right side, a smaller white rectangle on the left, and a green shape that resembles a stylized arrow or a leaf pointing towards the bottom right. The background is a solid teal blue.



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ABBREVIATIONS

AML/CTF	Anti-money laundering and counter-terrorism financing
AZN	Azerbaijani manat
CSO(s)	Civil Society Organisation(s)
CSR	Corporate social responsibility
ECSOFT	Empowering Civil Society Organisations for Transparency
FATF	Financial Action Task Force
GDP	Gross Domestic Product
MoJ	Ministry of Justice of the Republic of Azerbaijan
NGO Support Council	Council on State Support to NGOs under the President of Azerbaijan
OGP	Open Government Partnership
USAID	United States Agency for International Development
VAT	Value-Added Tax

I. EXECUTIVE SUMMARY

This reporting period was mainly marked by two events: first, the adoption of a number of amendments to existing laws that would affect civil society organisations (CSOs), and, secondly, the effects of the COVID-19 pandemic. Examples of such laws are the amendments made to the Tax Code on 29 November 2019, to the Law of the Republic of Azerbaijan ‘On Medical Insurance’ on 3 December 2019 and to the Law ‘On Information, Informatization and Protection of Information’ on 17 March 2020. This new legislation has had both positive and negative effects on CSOs. It has created some new financial obligations and also increased potential threats to freedom of speech. Furthermore, the COVID-19 pandemic has paralysed CSOs’ operation. However, the overall environment for CSOs has not changed substantially.

These legislative amendments mainly came into force on 1 January 2020. Over the relevant period of this report, various projects have increased awareness of the role of CSOs in the field of anti-money laundering and counter-terrorism financing (AML/CTF), as well as the registration of CSOs. Public councils were also educated on AML/CTF and, as a result of these activities, CSOs received the necessary information on participation in decision-making. At the same time, various proposals on the development of legislation and other areas were collected from CSOs. One of the main events during the reporting period was the parliamentary election held on 9 February 2020. Some 20 leaders of Azerbaijani CSOs ran for office and several of them were elected to parliament. The first quarter of 2020 was also marked by the adoption of the Open Government Partnership (OGP) Action Plan for 2020-2022 and the fight against the COVID-19 pandemic. CSOs have been closely involved in the latter, and the government has taken some decisions that will affect the activities of CSOs. An example of these decisions is the application of a special quarantine regime in Azerbaijan and a ban on public events. In the formulation of the OGP Action Plan, the government has taken into account some of the recommendations made by the CSO Meter. For example, a representative of the Ministry of Justice of the Republic of Azerbaijan (MoJ) has stated that measures are being taken to register CSOs and their grants electronically. However, issues related to the registration of CSOs, access to funding, grant, service contract and donation registration, as well as participation in decision-making, remain a problem. As of 2020, there are more than 4,500 registered CSOs in the country. The registration period for CSOs is thirty days, which may be extended by another thirty days if additional research is needed. However, in practice, it can take years to register a CSO.

Although some CSO Meter recommendations were taken into account in the OGP Action Plan and the government showed its willingness to digitalize registration of CSOs and some awareness-increasing projects were implemented among CSOs, substantial changes in the CSO environment have not been achieved, especially regarding their registration and access to funding. Additionally, the COVID-19 pandemic has also created additional obstacles for CSOs during the reporting period which, in turn, have significantly restricted freedom of peaceful assembly and association of CSOs.

II. KEY TRENDS

Basic data

Capital: Baku

Resident population: 10,067,100¹

GDP per capita: 42,906.4 EUR² (2019)

Freedom in the World: 10/100 (Not Free)³

World Press Freedom Index: 58.48⁴

Number of CSOs (as of February 2019): 4,500

Registration fee: 11 AZN (5.5 EUR)

Registration period: 30 days (can be extended by an additional 30 days)

Key events and developments that have affected civil society since the last report

Compared to 2019, the number of CSOs registered in 2020 increased and exceeded 4,500. The most significant event during this period was the election of some CSO leaders to parliament as a result of the 9 February 2020 parliamentary elections. Thus, the opportunities for CSOs to participate in decision-making have increased. From November 2019 to March 2020, some awareness-raising activities aimed at building the capacity of CSOs were conducted within the framework of various projects. At the same time, CSOs were informed of their legal obligations in the field of AML/CTF. An example of this is the USAID-funded international conference on FATF held by 'Empowering Civil Society Organisations for Transparency' (ECSOFT) project on 18 December 2019. The event was an opportunity for CSOs to voice their concerns to government officials regarding burdensome AML/CTF requirements imposed on them.

On 27 February 2020, an Operational Headquarters consisting of the heads of relevant government agencies and institutions was established under the Cabinet of Ministers.⁵ As a response to the COVID-19 pandemic, the Operational Headquarters announced a special quarantine regime in the Republic of Azerbaijan from 24 March 2020 to 20 April 2020⁶ during which the movement of individuals and vehicles was restricted, most business activities were closed and the activities of educational institutions suspended.

¹ <https://www.stat.gov.az/source/demography/>

² https://www.stat.gov.az/source/system_nat_accounts/

³ <https://freedomhouse.org/country/azerbaijan/freedom-world/2020>

⁴ <https://rsf.org/en/azerbaijan>

⁵ <https://nk.gov.az/az/article/680/>

⁶ <https://nk.gov.az/az/article/761/>

The quarantine period was later extended to 31 August 2020. During this period, CSOs carried out their activities online and important decisions were made in the fight against the pandemic. For example, on 2 April 2020 the Council on State Support to NGOs under the President of Azerbaijan (NGO Support Council) held an online conference with 391 CSOs on COVID-19. The aim of the conference was to discuss concerns and better coordinate CSOs' activities in this area. As a result of the conference, on 4 April 2020 an online meeting of the NGO Support Council discussed measures to prevent the spread of coronavirus in the Republic of Azerbaijan and decided to implement the proposals put forward by the participants of the 'Republican Online Conference of CSOs on Combating Coronavirus'.

On 6 April 2020, the NGO Support Council established a Public Headquarters on COVID-19. It comprised forty representatives of CSOs and staff of the NGO Support Council. At the same time, the NGO Support Council launched a new project with REAL TV titled 'Stay at Home and Learn'. During this project, public discussions will be held on such topics as raising medical awareness on COVID-19, the role of social media, meetings with authors of books published by the NGO Support Council, the history of the national cuisine, etc.

From 5 April through to 5 May 2020 and 21 June through to 5 August 2020, the government introduced a special SMS permission system for people to leave their place of residence in an effort to prevent the spread of COVID-19.

Despite the fact that during the reporting period, compared to previous years, the number of registered CSOs and grants increased, the NGO Support Council launched the SALIS service and a mechanism was adopted to transfer 10 per cent of commercial organisations' income to CSOs, the lengthy registration process for CSOs and bureaucratic barriers in access to funding still remain problematic. Besides, the mechanism for transferring 10 per cent of a commercial organisation's income to CSOs affects only a small group of CSOs due to the narrow criteria applied. As a result, there have been no fundamental changes that create greater opportunities for CSOs to implement their objectives and produce useful outputs. Furthermore, the measures taken in connection with the COVID-19 pandemic have brought a number of restrictions on the activities of CSOs, which also negatively impacted the overall CSO environment. Based on the above, it can be concluded that there were no significant changes in the civil society environment during the reporting period.

III. KEY UPDATES

3.1 Freedom of Association

There was no substantial change in freedom of association during the period. Although the right to establish, join or participate in a CSO is legally guaranteed, the same rights are somewhat restricted for foreigners and stateless persons compared to citizens of Azerbaijan due to the requirement for permanent residency in Azerbaijan. Furthermore, burdensome requirements, lengthy registration periods, and unjustified refusals make things more complicated while officially registering CSOs.

The only change is the increase in the number of CSOs to more than 4,500. An official from the MoJ stated that measures are being taken to register CSOs and their grants electronically. Due to the introduction of a special quarantine regime in Azerbaijan to combat COVID-19, CSOs did not use their freedom of association extensively and were unable to apply for registration with the MoJ.

All the recommendations in relation to this area in the previous CSO Meter report remain unresolved. Specifically, there is an urgent need to take into account the recommendations on simplification of the registration procedure for CSOs, providing a mechanism for foreign volunteers to obtain the relevant residency permit, and simplification of the reporting obligations of CSOs depending on their size and turnover.

3.2 Equal Treatment

No significant progress has been made in the area of equal treatment during this period. The CSO registration procedure still remains slower, less accessible and the burden of reporting and registration of CSOs is heavier than for commercial entities. Even among CSOs, those that are receiving direct subsidies from the government (such as the Writers' Union, the Painters' Union, etc.) are treated preferentially compared to independent CSOs. The main problems identified in the previous report remain. It should be noted that CSO leaders who ran for office in the parliamentary elections were treated absolutely equally with other candidates.

3.3 Access to Funding

There have been positive developments in this area that will affect the activities of CSOs and the overall environment has therefore improved. This is principally because the number of grants given to CSOs has increased compared to previous years. For instance, the NGO Support Council launched joint grant competitions with 18 state bodies. It held several information sessions for CSOs to inform them about the rules and topics for the

grant completion. For example, the topics included: raising awareness among the population about e-services, training for journalists on e-government and the use of e-services, etc.⁷ The NGO Support Council decided to issue 56 grants for CSOs as a result of the COVID-19 pandemic.⁸ However, all of the recommendations outlined in the previous report in this area remain unresolved. In order for CSOs to operate more effectively there is an urgent need to simplify the registration of grants and donations, to abolish the requirement to register service contracts, and to provide foreigners and stateless persons with the right to make donations to CSOs.

The mechanism in Article 106.1.18 of the Tax Code for the distribution of 10 per cent of the profit tax of business entities to CSOs operating in the fields of science, education, health, sports, and culture has been a new source of funding for CSOs since 2019. On 12 March 2020, the Cabinet of Ministers of Azerbaijan adopted Decision No. 88 to introduce a mechanism for corporate social responsibility (CSR) for businesses to distribute the aforementioned 10 per cent of profits.⁹ Unfortunately, the Cabinet of Ministers adopted this decision without consultation with CSOs and other stakeholders and, as a result, regrettably only CSOs in the sphere of culture will be able to receive the funds from businesses, as the criteria for CSOs in the social, science, education, and sports fields are impossible for such CSOs to comply with.

Following the Decree of the President of the Republic of Azerbaijan dated 21 March 2020,¹⁰ the procedure for VAT refunds was approved. According to the Decree, individual consumers only (physical persons), citizens of the Republic of Azerbaijan, as well as foreigners and stateless persons who hold an Azerbaijani bank account, can benefit from a VAT refund of 10 per cent for cash payments and 15 per cent for card payments. The rules apply to goods purchased from retailers engaged in the retail trade and catering and do not apply to oil and gas products. The law allows employees of CSOs to use their small revenue from this mechanism to cover the CSO's expenses (electricity, mobile phone expenses, stationery, etc.).

The Order of the President of the Republic of Azerbaijan dated 19 March 2020 established a compensation mechanism to eliminate the material damage caused to citizens in connection with the COVID-19 pandemic.¹¹ According to these rules, only legal entities (including CSOs) and individuals operating in 'special' economic activities will be able to receive compensation. This measure envisages the provision of financial support by the state of 215 million AZN (around 108 million EUR) to entrepreneurs to pay part of the salaries of 300,000 employees (with employment contracts) working in the areas

⁷ <http://qhtxeber.az/news.php?id=19777&lang=az>.
http://www.qht.az/index.php?action=static_detail&static_id=36229.

⁸ <https://modern.az/az/news/232744>.

⁹ <https://nk.gov.az/az/document/4325/>.

¹⁰ <https://president.az/articles/36239>.

¹¹ <https://president.az/articles/36228>.

and clusters affected by the pandemic. Under this mechanism, a certain part of the salaries to be paid to the relevant employees and the corresponding social insurance premiums will be transferred to the bank accounts of employers in a short period, based on applications submitted by taxpayers via the Internet Tax Office (www.e-taxes.gov.az).

3.4 Freedom of Peaceful Assembly

Due to the COVID-19 pandemic, this area was one of the most affected. During the period covered by this report, the freedom of assembly of CSOs was almost completely restricted. In addition to this topic being a sensitive issue in Azerbaijan, CSOs have now been further deprived of the opportunity to hold in-person meetings due to the COVID-19 pandemic and online discussions have not been able to replace the numerous face-to-face meetings with citizens and interest groups. Therefore, CSOs have been deprived of the ability to effectively reach out to their constituencies. During the special quarantine regime, most CSOs conducted their activities online. No significant changes have taken place in this area either and the recommendations regarding freedom of assembly in the previous report remain unaddressed. CSOs still face huge difficulties in organising events in the regions of Azerbaijan. Despite this, on the 20 October 2019, a group of activists held a rally in the centre of Baku under the slogan ‘Don’t hold back, march!’¹² and, on 8 March 2020, a march under the slogan ‘Our streets are free’.¹³ The purpose of the marches was to protest against the numerous murders of women, underage marriages, child exploitation, gender-based violence, and to mobilize people against male aggression. The marchers expressed support for women facing domestic violence and demanded an end to such cases.

The Operational Headquarters announced a special quarantine regime in the Republic of Azerbaijan from 24 March to 20 April 2020¹⁴ and all gatherings consisting of more than 10 people were banned in addition to the restrictions on leaving the place of residence. This period was later extended to 4 May 2020. From 5 April through to 5 May 2020 and 21 June through to 5 August 2020, the government introduced a special SMS permission system for people to leave their place of residence to prevent the transmission of COVID-19.¹⁵ During this period, there were no changes in the legislation on freedom of assembly, and the recommendations outlined in the previous report remain unresolved.

¹² <https://www.bbc.com/azeri/azerbaijan-50117018>.

¹³ <https://www.bbc.com/azeri/51741312>.

¹⁴ <https://nk.gov.az/az/article/761/>.

¹⁵ <https://nk.gov.az/media/files/a2e7be5b2d78d342ae07a4854a2ba51e.pdf>. <https://nk.gov.az/az/document/4517/>.

3.5 Right to Participation in Decision-Making

The environment for CSOs has slightly improved in this area with the approval of the OGP Action Plan for 2020-2022, President Ilham Aliyev's emphasis on the need for public participation in the decision-making process, and the election of some civil society representatives to parliament. This has allowed CSOs to convey their concerns and problems to the government using more accessible channels via former CSO members. Despite this, in practice, critical CSOs face pressure and, often, government bodies do not consult with CSOs while adopting or discussing any laws or policies. However, Azerbaijani legislation does not limit CSO participation in framing and debating issues of public policy.

One of the main events during the reporting period was the parliamentary election held on 9 February 2020. Some 20 leaders of Azerbaijani CSOs ran for office in the elections. In his speech before the new members of parliament on 10 March 2020, President Aliyev spoke about the importance of strengthening public control.¹⁶ Therefore, it is possible that in 2020 there will be some positive progress in this area. On 27 February 2020, President Aliyev signed the Decree 'On approving the Action Plan for 2020-2022 on the promotion of Open Government'. The OGP Action Plan was developed with the close participation of CSOs and individual experts and some 90 per cent of recommendations by CSOs were taken into consideration. The OGP Action Plan is a 13-page document covering activities in such areas as fighting corruption, increasing transparency, simplification of grant registration, simplification of CSO registration, simplification of legislation on AML/CTF, improving state services, increasing the efficiency of public councils composed of CSOs, holding regular meetings with CSOs, etc. Some of these activities considered by the OGP Action Plan were recommended by the previous CSO Meter Report, *inter alia*: simplification of CSO registration and grant registration; increasing the importance of public councils; increasing the number of public councils established in government agencies; expanding the scope of issues discussed in public councils; strengthening awareness of the activities of public councils and their coverage on official websites of government agencies; mandating national-level agencies and local executive authorities to set up public councils; and conducting public reporting on the activities of public councils.¹⁷

The OGP Action Plan for 2020-2022 includes amendments to the Law on Access to Information. According to the document, the Cabinet of Ministers, the MoJ, and the State Agency for Citizen Services and Social Innovations under the President of the Republic of Azerbaijan must prepare proposals on amendments to the Law of the Republic of Azerbaijan 'On access to information' and other legislative acts in connection with the

¹⁶ <https://www.turan.az/ext/news/2020/3/free/politics%20news/az/122258.htm>.

¹⁷ <https://president.az/articles/35990>.

improvement of information disclosure procedures in 2020-2021, as well as the establishment of appropriate mechanisms and conditions to ensure access to public information.¹⁸

As a result of the USAID-funded ECSOFT initiative, an online survey of public councils was created and carried out to advise and oversee national government bodies as a means for improving transparency.¹⁹

It is hoped that these measures will facilitate the participation of CSOs in decision-making. Apart from the above, there has been no significant change in the participation of CSOs in decision-making. It is hoped that the recommendations in this report will be taken into account by the government.

3.6 Freedom of Expression

There has been no substantial change in the state of freedom of expression during the reporting period. Freedom of expression in Azerbaijan continues to be a sensitive issue. As in the previous reporting period, social networks have been a relatively accessible space for freedom of expression for civil society members. Some internet and traditional media outlets continued to be blacklisted as before. Defamation remains a criminal offence.

All of the recommendations in the 2019 report regarding this area still need to be addressed. On 17 March 2020, the amendments to the Law of the Republic of Azerbaijan 'On Information, Informatization, and Protection of Information'²⁰ were adopted. As a result, the newly added article 13-2.3.10-1 was introduced which states that:

The owner of the internet information resource and its domain name or the user of the information-telecommunication network must not allow in that information resource (information-telecommunication network) the placement of false information threatening to harm human life and health, causing significant property damage, mass violation of public safety, disruption of life support facilities, financial, transport, communications, industrial, energy and social infrastructure facilities or other socially dangerous consequences.

Some CSO members²¹ raised concerns that the newly-added amendments can be interpreted broadly and play a role in preventing freedom of expression on social networks by the government.

¹⁸ <http://www.e-qanun.az/framework/44619>.

¹⁹ http://www.qht.az/index.php?action=static_detail&static_id=36944.

²⁰ <http://e-qanun.az/framework/44788>.

²¹ <http://www.turan.az/ext/news/2020/3/free/Interview/az/122579.htm>.

The recommendations outlined in the previous report remain unresolved. In particular, there is a need to amend the law to decriminalize defamation and make it an administrative rather than a criminal offence.

3.7 Right to Privacy

No significant change was observed in this area and no attempt has been made to address the recommendations stated in the previous report. As in 2017-2018, no interference to the right to privacy of civil society members was recorded during this period. However, local mobile operators are still transmitting information about subscribers to third parties (for example, for sending advertisements or notices) without the consent of subscribers.

Furthermore, no illegal inspections or harassment of CSOs were carried out in late 2019/early 2020. In particular, there is a need for Azerbaijan to sign the Council of Europe 'Additional Protocol to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, regarding supervisory authorities and trans-border data flows' and to decriminalise the use of fake profiles in social networks and ensure that any sanctions are proportionate.

3.8 State Duty to Protect

There has been no substantial change in this area. Penalties against CSOs are high and not proportionate to the nature of violations. Legislative requirements relating to fighting extremism, corruption or to AML/CTF are burdensome for CSOs and most organisations have no resources to comply with them. In late 2019 and early 2020, the CSO 'Businesswomen for Development' was fined for failure to comply with new accounting standards.²² However, no fines were imposed on CSOs during the subsequent period. There is an urgent need to revise the penalties against CSOs and make them proportionate to the offence. Although there have been no significant changes in the development of the sector during this period, an MoJ official at the international conference on FATF on 18 December 2019 said that changes in AML/CTF legislation are planned and will have a positive impact on CSOs.

3.9 State Support

During this period, state support has improved somewhat, mostly because of the introduction of the SALIS (Rapid Coordination and Project Management) system. However, the number and amount of grants distributed to CSOs by the government remains small and the tax environment for CSOs cannot be called 'favourable', despite the fact that grants, donations and membership fees are exempt from taxation. The issues relating to

²² https://musavat.com/mobile/news/qht-sedri-1500-manat-cerime-edilib_659844.html.

registration of foreign funding with the MoJ remains complicated and burdensome. On 30 October 2019, the unveiling of the SALIS system, organised by the NGO Support Council and the State Agency for Citizen Services and Social Innovations was held.²³ The main purpose of creating the SALIS system is to organise state support to CSOs following modern requirements, to form a new model of cooperation in CSO-government relations, to further increase the transparency, accountability, and efficiency of the NGO Support Council, to reduce possible negative situations and subjective factors, and to control and ensure citizen participation in the decision-making process. The SALIS system is a system that combines up to 20 electronic services. There are e-applications for CSOs, e-queues, e-appeals, e-governance, e-reporting and all other opportunities to contact the donor for public organisation activities.²⁴

Recommendations on the payroll tax of humanitarian organisations have been prepared by a group of experts and the OGP national platform and sent to the government. The humanitarian CSOs on the list of the Cabinet of Ministers are now required to make payments to social funds for their local staff which they did not pay before. This change was introduced in November 2018 with the changes to the Law on Social Insurance.²⁵

Despite the fact that the government introduced a CSR mechanism whereby businesses distribute 10 per cent of their profits to CSOs which was recommended in the previous report, the rule impacts only a small amount of CSOs. However, other recommendations in the report remain unimplemented; in particular, the abolition of the requirement to have a written contract with a volunteer for ad hoc works that do not exceed one day and increasing the amount of grants issued to CSOs so that they build their institutional capacity.

3.10 State-CSO Cooperation

There has been no substantial change in this area. Due to the COVID-19 pandemic, CSOs have been unable to use the already-existing limited channels of state-CSO cooperation. On 5 November 2019, the NGO Support Council announced a writing competition called 'SALIS Journalist'.²⁶ The articles submitted to the competition were to cover economic, social, and personnel reforms in the country, the effective organisation of public control and the protection of national interests, new opportunities, and prospects for cooperation between CSOs and government agencies. The winners were awarded cash prizes. Furthermore, the COVID-19 situation showed some increase in government-CSO cooperation. An online conference with 391 CSOs held by the NGO Support Council on 2 April 2020 can be considered a plausible attempt towards government-CSO cooperation to coordinate CSO activities and to tackle COVID-19-related issues. There is a need

²³ <http://www.cssn.gov.az/news.php?id=3786&lang=az>.

²⁴ https://musavat.com/news/vetendaslar-ucun-selis-imkan-e-vetendas-ol_615066.html.

²⁵ <http://e-qanun.az/framework/41096>.

²⁶ <http://www.cssn.gov.az/news.php?id=3787&lang=az>.

to take measures to facilitate cooperation between state bodies and CSOs on central, as well as local, levels as per the mechanisms envisaged in the Law on Public Participation.

3.11 Other New Developments

With the amendment²⁷ to the Law of the Republic of Azerbaijan ‘On Courts and Judges’ dated 9 July 2019, commercial courts were established in Azerbaijan. Under the amendment, a commercial court will hear commercial disputes within its jurisdiction as a court of first instance. The change came into force on 1 January 2020. As a result, by the Decree of the President of the Republic of Azerbaijan dated 3 April 2019 ‘On deepening the reforms in the judicial system’,²⁸ the total number of judges was increased by 200 which may lead to a reduction of workload and the length of time for resolving cases related to human rights and freedoms and other civil society issues.

According to the Law of the Republic of Azerbaijan dated 29 November 2019, the living wage for 2020 is set at 190 AZN (around 96 EUR) for the country, 201 AZN (around 101 EUR) for the working population, 157 AZN (around 79 EUR) for pensioners, and 170 AZN (around 85 EUR) for children.²⁹ Also, by the Order of the President of the Republic of Azerbaijan dated 18 June 2019,³⁰ the minimum wage was increased to 250 AZN (around 125 EUR).

Due to the COVID-19 pandemic, on 17 March 2020 the laws on amendments to the Criminal Code³¹ and the Code of Administrative Offences³² of the Republic of Azerbaijan were adopted. According to the newly-added Article 139-1 of the Criminal Code, violations of anti-epidemic, sanitary-hygienic or quarantine regulations are punishable by a fine of 2,500-5,000 AZN (around 1,260-2,500 EUR) or up to five years’ imprisonment, depending on the severity of a crime. Article 211 of the Code of Administrative Offences was updated and states that for violations of anti-epidemic, sanitary-hygienic and quarantine regulations, individuals shall be fined 100-200 AZN (around 50-100 EUR) and officials 1,500-2,000 AZN (around 750-1,000 EUR), or, depending on the circumstances of the case and the identity of the offender, administrative detention for up to one month. Legal entities shall be fined from 1,500 AZN up to 2,000 AZN (around 750-1,000 EUR). These changes could serve as a tool to impose additional sanctions on CSOs in the name of protecting the quarantine regime and to more severely restrict freedom of movement and assembly in general.

²⁷ <http://e-qanun.az/framework/42912>.

²⁸ <https://president.az/articles/32587>.

²⁹ <https://president.az/articles/35202>.

³⁰ <http://www.e-qanun.az/framework/42684>.

³¹ <https://president.az/articles/36220>.

³² <http://e-qanun.az/framework/44785>.

During the COVID-19 pandemic, a number of Azerbaijani CSOs implemented various projects aimed at supporting businesses and low-income families. For example, the Entrepreneurship Development Fund (EDF) supported about 50 start-ups with certain equipment and appliances under their ongoing donor-funded project. Such support will boost the development of new businesses such as barbershops, tailors, bakeries and crafts. Dozens of other CSOs distributed food and hygiene products to low-income families in various regions and cities. Some of these initiatives were financed by the NGO Support Council.

IV. KEY PRIORITIES

Although there were small signs of improvement in CSO-government cooperation at the end of 2019 and early 2020, the existing problems and restrictions remain unresolved, especially in the areas of CSO grants, service contracts, donation registration, participation in decision-making, and freedom of assembly. In particular, there is a particular need to simplify the registration procedures and deadlines for CSOs, and to simplify or cancel the registration of grants, service contracts, and donations. Providing access to new sources of finance such as crowdfunding or donations from foreign citizens, or simplifying existing sources of funding (i.e. abolishing the requirement to register service contracts and small donations) will contribute to the development of civil society.

Unfortunately, we can only talk about progress on three recommendations from the previous report. These recommendations include the simplification of CSO registration, the development of a mechanism for disbursement of 10 per cent of income tax from commercial companies to CSOs and the revision of the obligations of CSOs related to the fight against extremism, terrorism, money laundering and corruption so that they are applied only to CSOs following the risk-based approach with a certain monetary threshold (for example, an annual turnover exceeding 50,000 AZN). However, these improvements only partially address the full substance of the three recommendations mentioned above. These include a promise by an official from the MoJ for the electronic registration of CSOs, information on the draft law promising positive changes for CSOs in the fight against terrorism and money laundering, and the mechanism for the transfer of 10 per cent of business entities' revenues to CSOs. However, it should be noted that the mechanism for transferring 10 per cent of revenues of business entities to CSOs is of little importance generally, as it applies to a very small number of CSOs. The remainder of the recommendations of the previous report have not been considered or implemented.

V. REFERENCES

The CSO Meter report, media and legislation analysis were used in the preparation of this country update.

List of legislative acts with citation sequence:

Decision of the Cabinet of Ministers of Azerbaijan dated 12 March 2020, No. 89 'On approval of the Criteria of enterprises, departments and organisations operating in the fields of science, education, health, sports and culture for the purposes of tax exemption in accordance with Article 106.1.18 of the Tax Code of the Republic of Azerbaijan' - <https://nk.gov.az/az/document/4325/>.

Decree of the President of the Republic of Azerbaijan dated 21 March 2020 'On the Rules of VAT refund for goods (except oil and gas products) bought from individuals who are engaged in retail trade or public catering activities in the territory of the Republic of Azerbaijan' - <https://president.az/articles/36239>.

Order of the President of the Republic of Azerbaijan dated 19 March 2020 'On a number of measures to reduce the negative impact of the coronavirus (COVID-19) pandemic and the consequent sharp fluctuations in world energy and stock markets on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship in the country' - <https://president.az/articles/36228>.

Resolution of the Cabinet of Ministers No. 124 of 2 April 2020 'On additional measures to prevent the spread of coronavirus (COVID-19) infection in the territory of the Republic of Azerbaijan' - <https://nk.gov.az/media/files/a2e7be5b2d78d342ae07a4854a2ba51e.pdf>.

Order of the President of the Republic of Azerbaijan No. 1859 of 27 February 2020 'On approval of the National Action Plan for the promotion of open government for 2020-2022' - <http://www.e-qanun.az/framework/44619>.

Law of the Republic of Azerbaijan dated 17 March 2020, No. 30-VIQD, 'On Amendments to the Law of the Republic of Azerbaijan' On Information, Informatization and Protection of Information' - <http://e-qanun.az/framework/44788>.

Law of the Republic of Azerbaijan No. 1360-VQD dated 30 November 2018 on amendments to the Law of the Republic of Azerbaijan 'On social insurance' - <http://e-qanun.az/framework/41096>.

Law of the Republic of Azerbaijan No. 1632-VQD of 9 July 2019 on amendments to the Law of the Republic of Azerbaijan 'On Courts and Judges' - <http://e-qanun.az/framework/42912>.

Decree of the President of the Republic of Azerbaijan dated 3 April 2019 'on deepening reforms in the judicial system' - <https://president.az/articles/32587>.

Law of the Republic of Azerbaijan dated 29 November 2019 'on the subsistence minimum in the Republic of Azerbaijan for 2020' - <https://president.az/articles/35202>.

Order of The President of the Republic of Azerbaijan dated 18 June 2019, No. 1265 'on increase of the minimum monthly wage' - <http://www.e-qanun.az/framework/42684>.

Law of the Republic of Azerbaijan dated 17 March 2020 'on amendments to the Criminal Code of the Republic of Azerbaijan' - <https://president.az/articles/36220>.

Law of the Republic of Azerbaijan dated 17 March 2020 'on amendments to the Code of Administrative Offenses of the Republic of Azerbaijan' - [http://e-qanun.az/frame-work/44785](http://e-qanun.az/framework/44785).

