

# CSO METER

A compass to conducive  
environment and  
CSO empowerment

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## AZERBAIJAN 2022 COUNTRY REPORT

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# CSO Meter 2022: Azerbaijan Country Report

## Reporting period: January-November 2022

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MG Consulting LLC is a registered consulting company in Azerbaijan specialising in not-for-profit law and providing various legal services to its local and foreign clients, including diplomatic missions and international organisations. MG Consulting provides technical expertise in improving NGO legislation and legislation related to agriculture and business, including social enterprises. It has extensive experience in providing training, preparing country reports and various publications explaining the law in a reader-friendly manner. It also administers a Facebook page and group titled *QHT qanunverciliyi* (NGO legislation) with more than 1,400 NGO activist followers.

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The authors would like to express their sincere gratitude to all contributors.

The *CSO Meter: A Compass to Conducive Environment and CSO Empowerment* project is implemented by ECNL and its partners: Transparency International Anticorruption Center in Armenia; MG Consulting LLC in Azerbaijan; Civil Society Institute in Georgia; Promo-LEX Association in Moldova; and the Ukrainian Center for Independent Political Research (UCIPR).

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.

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# ABBREVIATIONS & ACRONYMS

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AI	Artificial intelligence
AML/CTF	Anti-money laundering and counter-terrorism financing
ASAN	State Agency for Public Service and Social Innovations
AZN	Azerbaijani Manat
CoE	Council of Europe
CSO	Civil society organisation
CSR	Corporate social responsibility
EaP	Eastern Partnership
ECHR	European Convention on Human Rights
ECSOFT	Empowering Civil Society Organisations for Transparency
ECtHR	European Court of Human Rights
EU	European Union
EUR	Euro
FATF	Financial Action Task Force
GPON	Gigabyte Passive Optical Network
ICNL	International Center for Not-for-Profit Law
IDP	Internally displaced person
MoF	Ministry of Finance of the Republic of Azerbaijan
MoJ	Ministry of Justice of the Republic of Azerbaijan
NGO	Non-governmental organisation
NGO Support Agency	Agency on State Support to NGOs
OGP	Open Government Partnership
OSCE	Organization for Security and Co-operation in Europe
UN	United Nations
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax

# I. EXECUTIVE SUMMARY

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## Country context and important trends relevant to the civil society environment

In 2022, the main events in Azerbaijan relevant to the civil society environment were the entry into force of the Law on Media,<sup>1</sup> the introduction of the draft Law on Political Parties,<sup>2</sup> and the tension between Azerbaijan and Armenia on their respective borders and the peace negotiations between the two countries.

On 13 September 2022, violence broke out on the border between Armenia and Azerbaijan resulting in the killing of more than 280 soldiers from both sides.<sup>3</sup> This occurrence risks damaging the future peace process which could have the potential to further initiate the cooperation of local and Armenian civil society organisations (CSOs) and mutual peace building projects between the civil societies of the two countries. Following the clashes, the heads of the two countries met first in Prague on 6 October 2022,<sup>4</sup> then in Sochi, Russia on 31 October 2022<sup>5</sup> to conduct the negotiation process on the potential peace agreement.

The Law on Media and the draft Law on Political Parties were not received positively by Armenian civil society. The new Media Law has led to various discussions in the CSO community, including a fear that the new law could be used to control online media. The draft Law on Political Parties also introduced new restrictions. The draft Law mainly proposes new changes in the rules for establishing, registering and dissolving political parties, as well as control over political party activities. Critics view the Law as a deteriorating factor in citizens' capacity to realise their political rights,<sup>6</sup> but pro-government officials consider the draft Law to be progressive and pursuant to the requirements of international agreements.<sup>7</sup>

Covid-19 related restrictions were still in place throughout 2022. As of 1 May 2022, the requirement to use personal respiratory protection equipment (medical masks,

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<sup>1</sup> <https://www.e-qanun.az/framework/49124>.

<sup>2</sup> <https://www.meclis.gov.az/news-layihе.php?id=1749&lang=az&par=4>.

<sup>3</sup> <https://www.bbc.com/russian/features-63872328>.

<sup>4</sup> <https://www.consilium.europa.eu/en/press/press-releases/2022/10/07/statement-following-quadrilateral-meeting-between-president-aliyev-prime-minister-pashinyan-president-macron-and-president-michel-6-october-2022/>.

<sup>5</sup> <https://president.az/en/articles/view/57744>.

<sup>6</sup> <https://www.amerikaninsesi.org/a/6736321.html>.

<sup>7</sup>

[https://azertag.az/xeber/Milli\\_Meclisde\\_Siyasi\\_partiyalar\\_haqqinda\\_yeni\\_qanun\\_layihesi\\_ile\\_bagli\\_ictimai\\_dinleme\\_kec\\_hirilib-2347994](https://azertag.az/xeber/Milli_Meclisde_Siyasi_partiyalar_haqqinda_yeni_qanun_layihesi_ile_bagli_ictimai_dinleme_kec_hirilib-2347994).

respirators, etc.) in the special quarantine regime were cancelled. However, the land borders between the Republic of Azerbaijan and its neighbouring countries continued to be closed.

## Key developments in the civil society environment

Overall, there was no significant development in the CSO environment in Azerbaijan in 2022 as compared to 2021. However, the overall country score decreased from 4.2 in 2021 to 4.1 in 2022. To a large extent, this was a result of the process of review of all country scores at the regional level. After an assessment of the situation of all scores provided in all Eastern Partnership (EaP) countries in 2021, researchers were asked to re-evaluate the scores in some of the areas because the situation in Azerbaijan was not considered to be better than the situation in other EaP countries. The areas which were most affected by this re-evaluation are Area 6 (Freedom of Expression), Area 9 (State Support) and Area 10 (CSO-State Cooperation).

The top three areas with the highest scores (with a score of 4.6 in each) remain the same as in 2021. These are Area 5 (Right to Participation in Decision-Making), Area 8 (State Duty to Protect) and Area 11 (Digital Rights). The three areas with the lowest scores remain Area 2 (Equal Treatment) with a score of 3.6, Area 3 (Access to Funding) with a score of 3.0 and Area 4 (Freedom of Peaceful Assembly) with a score of 3.8.

Even though Area 5 (Right to Participation in Decision-Making), Area 8 (State Duty to Protect) and Area 11 (Digital Rights) are the highest-scored areas, their respective score of 4.6 out of a total of 7 points to partial guarantees in law, and partial implementation of laws in practice. Namely, due to the crackdown on the CSO sector by the Government in 2014-2015 and the proliferation of voices critical of the CSO sector, the country and its major CSOs have faced harsh restrictions, including criminal and administrative sanctions which have led to a weak and restrictive CSO environment with limited access to financing. In order to survive, since 2014, most CSOs in Azerbaijan have remained pro-government (or, at most, stayed neutral). Therefore, these areas with comparatively higher scores are a result of the Government's formal supportive attitude towards those CSOs that are pro-government and are therefore able to operate in the overall circumstances. The continuously restrictive environment in both practice and in law since the crackdown on CSOs in 2014 has led to the overall scores in Area 2 (Equal Treatment) (3.6), Area 3 (Access to Funding) (3.0) and Area 4 (Freedom of Peaceful Assembly) (3.8) being the lowest in all reporting years.

CSOs still face huge obstacles in equal treatment compared to business entities, access to funding is limited by both practical and legal challenges and freedom of peaceful

assembly is still highly problematic to realise, not just for CSOs, but for the overall population.

A decrease in the overall score compared to 2021 has been recorded in five areas:

- Area 4 (Freedom of Peaceful Assembly) with an overall score of 3.8, mostly due to the highly-restrictive environment in the country and the informal permission system for CSOs to conduct assemblies in the regions being unchanged over the years;
- Area 6 (Freedom of Expression) with an overall score of 4.2, due to the newly-adopted Media Law that received international and domestic criticism and the consistently restricted environment for freedom of expression overall;
- Area 9 (State Support) with an overall score of overall score 4.2, mostly due to the persistent unfavourable circumstances for volunteering and the lack of tax incentives;
- Area 10 (State-CSO Cooperation) with an overall score of overall score 4.1; and
- Area 11 (Digital Rights) with an overall score of 4.6, due to the digital restrictions remaining on media outlets known as ‘oppositional critical voices’ and the limiting of digital rights for some opposition CSO members, in parallel with the requirements of the new Media Law for online media which can be seen as not addressing the existing challenges that hinder CSOs and the lack of substantial improvements in the CSO environment in Azerbaijan over the years.

During the reporting period, both new legislation and regulations were adopted by the authorities which have the capacity to affect the CSO environment both positively and negatively.

In terms of positive developments, although the final form of the draft Law on Charitable Activities that was discussed in the National Assembly in 2021 is not yet known, in 2022 the Ministry of Justice (MoJ) made the ‘individual e-window’ system available to CSOs which allows them to register changes to their grants, service contracts, and donations, as well as the registration of changes in registry information (for instance, a change of chairman or board) online.

In the realm of funding, the small grant competition held in 2022 by the Agency on State Support to NGOs (NGO Support Agency) established in 2019, awarded 400 CSOs a total amount of 3,259,000 AZN (1,844,727 EUR) and, in the special grant competition

named ‘Year of Shusha’ (to mark the 270th anniversary of the city of Shusha), awarded 23 CSOs a total of 619,000 AZN (350,379 EUR).<sup>8</sup>

However, the Government of Azerbaijan continued to enforce measures and also introduced several legal acts/amendments that will have a negative impact over CSOs.

The Government remains suspicious of foreign funding and continues to exert burdensome state control over the CSO sector. Most CSOs operating in Azerbaijan still lack funding, as the state limits their access to foreign donors, while local financial sources are limited. This situation leaves opposition political parties and journalists to be the main critical and opposing voices against the Government. The CSO sector remains largely neutral and CSOs close to the state usually have better opportunities than CSOs that are independent or critical of the Government.

Since 1 January 2022, substantial changes to the Tax Code entered into force, some of which affect CSOs negatively and create additional obligations for them such as the requirement to provide more information in bank payment orders and the requirement for experts hired by CSOs to have accounting in place (otherwise not being eligible for the discount on profit tax and paying 20 per cent tax instead of five per cent tax).<sup>9</sup> These changes make CSOs prone to further penalties for not meeting legal requirements as they usually lack the funding to hire accountants and other specialists.

Lastly, the relationship of the Azerbaijani media with CSOs is not at a desirable level and the media is not interested in covering the activities of CSOs.

## Key priorities

The Government has not initiated any major steps in fulfilling the key priorities identified in the 2021 CSO Meter country report. In light of this, to improve the CSO environment in the coming period, the Government and the relevant institutions, together with CSOs and all other concerned stakeholders, should prioritise the same seven key recommendations (out of a total of 39 recommendations) in the 11 areas as in 2021:

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<sup>8</sup> Letter from NGO Agency.

<sup>9</sup> [https://static.president.az/upload/Files/2021/12/29/1z1b02gfc5\\_QANUN\\_VERG\\_M\\_C\\_LL\\_YENI.pdf](https://static.president.az/upload/Files/2021/12/29/1z1b02gfc5_QANUN_VERG_M_C_LL_YENI.pdf).



1. The MoJ, the Cabinet of Ministers and the National Assembly should simplify the registration procedure for CSOs by reducing timelines and eliminating subjective treatment by the MoJ;
2. The MoJ and the National Assembly should ensure equal treatment of CSOs compared to businesses during their registration process and operation;
3. The National Assembly should simplify reporting obligations on CSOs according to their size and turnover;
4. The Presidential Administration should abolish the requirement for CSOs to obtain permission to hold events in the regions;
5. The MoJ and the Cabinet of Ministers should simplify the registration of grants and donations (for example, eliminate subjectivity on decisions for registration and digitalise the process so it can be easily accessible and swift, etc);
6. The National Assembly and the Cabinet of Ministers should abolish the requirement for CSOs to register service contracts; and
7. The National Assembly and the Cabinet of Ministers should eliminate the need for CSOs to report on small donations (for example, the 200 AZN (110 EUR) per donor, per year requirement).

# II. AZERBAIJAN – IN NUMBERS

## Basic data

Population (as of 1 January 2022): 10,156,400<sup>10</sup> | GDP per capita (as of 2021): 5,388 USD<sup>11</sup> | Number of CSOs (as of August 2021): 4,766<sup>12</sup> | CSOs per 10,000 inhabitants: 4.7 | Registration fee for a CSO (as of September 2020): 11 AZN<sup>13</sup> (around 6 EUR) | Freedom in the World (2022): 9/100 (Not free)<sup>14</sup> | World Press Freedom Index (2022): 39.4 (154 out of 180 countries)<sup>15</sup>



Country score: 4.1 ↓  
Legislation: 4.5  
Practice: 3.7 ↓

The scores range from 1 to 7, where 1 signifies the lowest possible score (extremely unfavourable – authoritarian – environment for CSOs) and 7 signifies the highest possible score (extremely favourable environment for CSOs).

Areas	Overall	Legislation	Practice
Freedom of Association	4.0	4.5	3.4 ↓
Equal Treatment	3.6	3.8	3.4
Access to Funding	3.0	3.2	2.8
Freedom of Peaceful Assembly	3.8 ↓	4.4	3.2 ↓
Right to Participation In Decision-Making	4.6	5.0	4.1
Freedom of Expression	4.2 ↓	4.8 ↓	3.5 ↓
Right to Privacy	4.4	4.9	3.8
State Duty to Protect	4.6	5.0	4.2
State Support	4.2 ↓	4.4 ↓	3.9 ↓
State-CSO Cooperation	4.1 ↓	4.3 ↓	3.9 ↓
Digital Rights	4.6 ↓	4.8 ↓	4.3 ↓

The arrows indicate improvement or deterioration compared to last year's scores.

<sup>10</sup> The State Statistical Committee of the Republic of Azerbaijan, <https://www.stat.gov.az/source/demography/ap/>.

<sup>11</sup> The World Bank, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=AZ>.

<sup>12</sup> Report.az, <https://report.az/daxili-siyaset/azerbaycandaki-siyasi-partiya-qht-ve-kiv-lerin-sayi-aciqlanib/>.

<sup>13</sup> Law of the Republic of Azerbaijan on State Duty, <http://www.e-qanun.az/framework/2860>.

<sup>14</sup> Freedom House, <https://freedomhouse.org/country/azerbaijan/freedom-world/2022>.

<sup>15</sup> Reporters Without Borders, World Press Freedom Index 2022, <https://rsf.org/en/country/azerbaijan>.

# III. FINDINGS

## 3.1 Freedom of Association

Overall score per area: **4.0 / 7**

Legislation: **4.5 / 7**

Practice: **3.4 / 7**

Freedom of association is guaranteed in Azerbaijan at the level of the Constitution. The relevant legislation provides clear registration rules for CSOs and sets out the required documents, but at the same time this registration process is lengthy, bureaucratic and discriminatory compared to the one for commercial organisations. Added to this, in practice, the MoJ creates illegal obstacles to registration and often refuses to register CSOs. According to official statistics, there are 4,766 registered CSOs in Azerbaijan.

The score for the overall area of Freedom of Association remained the same as for 2021. No major improvements in the legal environment relating to freedom of association have been observed in this reporting period. Similarly, the heavy reporting burdens and harsh penalties on CSOs for failure to follow the regulations have not been revised. Continuous obstacles in practice by the MoJ through the issuing of illegal rejection letters to register CSOs have decreased the score for practice in this area from 3.5 in 2021 to 3.4 in 2022.

The Government has not taken into account any of the recommendations in this area stated in the previous CSO Meter report, including those related to improving procedures for registration and reporting, and has not implemented any positive changes in relation to freedom of association for CSOs. Therefore, the recommendations for 2021 remain the same as for 2022.

### **Standard I. Everyone can freely establish, join, or participate in a CSO.**

Several laws have been adopted in Azerbaijan to ensure freedom of association, including the Law on State Registration of Legal Entities and the State Registry, the Law on Non-Governmental Organisations, the Civil Code, the Law on Grants and the Law on Voluntary Activity.

In line with international standards and practice, the legislation of Azerbaijan does not prohibit unregistered CSOs.<sup>16</sup> However, unregistered CSOs cannot directly participate in state grant competitions or be plaintiffs or defendants in litigation, own

<sup>16</sup> Article 15 of the NGO Law.

property, open a bank account in their own name, or receive a tax identification number. Online association is not regulated, nor restricted.

For citizens of Azerbaijan, in principle there are no major issues with establishing, joining, or participating in a CSO. However, according to the International Center for Not-for-Profit Law (ICNL), ‘guaranteeing the right to establish an association only to those foreign citizens and persons without citizenship who permanently reside in Azerbaijan is a violation of international law.’<sup>17</sup> In the meantime, there are no limitations for foreign citizens and persons without Azerbaijani citizenship to join CSOs as members. The requirement of permanent residency applies to founders and also to legal representatives (i.e. chairpersons) of CSOs. On a similar note, CSOs in Azerbaijan cannot ensure residency for their foreign volunteers as the migration legislation does not see voluntarism as a ground for temporary or permanent residence in Azerbaijan.<sup>18</sup> Despite this, the Law on Voluntary Activity grants CSOs the right to engage foreign volunteers. When it comes to the right of CSOs to associate online, there are no obstacles for this and CSOs are free to choose the territorial boundaries of their operations.

The relevant legislation also allows legal entities to establish or join CSOs. Likewise, CSOs can freely form coalitions or any other type of platform. The Government does not force CSOs to join coalitions, nor does it force coalitions to be registered. Coalitions can act as free unregistered associations.<sup>19</sup>

Although the National Action Plan for the Promotion of Open Government for 2020-2022 was adopted on 27 February 2020, the Government has not taken any measures to improve the situation regarding freedom of association and all of the measures stated in the Plan, along with the recommendations on freedom of association in the CSO Meter, remained mostly unimplemented in 2022.

The Government has still not taken any positive action in general towards eliminating discrimination against foreigners in establishing CSOs, nor in reducing obstacles to the easy operation of unregistered CSOs.

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<sup>17</sup> ICNL, Assessment of the Legal Framework for NGOs in Azerbaijan, 2017.

<sup>18</sup> Focus Group.

<sup>19</sup> Focus Group.

**Standard II. The procedure to register a CSO as a legal entity is clear, simple, quick, and inexpensive.**

Although the official registration fee for registering a CSO is inexpensive, the registration procedure itself in law and in practice is not quick. Similarly, it is not easy for CSOs to update their registry data or change their charter, and this may impede their operation in general.

CSOs complain of lengthy registration proceedings (sometimes lasting several years), numerous rejections on various grounds, and the unwritten, informal requirement to submit support letters from various state bodies or local executive authorities, etc.<sup>20</sup> In recent years, Azerbaijan has lost a number of cases in the European Court of Human Rights (ECtHR) for problems related to CSO registration.<sup>21</sup> The most recent ECtHR decision on this matter was in May 2021, when Azerbaijan was found to be in violation of 25 CSOs' right to freedom of association.<sup>22</sup> Violations were recognised for the refusal to register 12 CSOs in the case of *Mehman Aliyev and others v. Azerbaijan* (Application No. 46930/10) and to register 13 CSOs in the case of *Abdullayev and others v. Azerbaijan* (Application No. 69466/14). As of December 2021, these decisions have not been enforced in Azerbaijan.<sup>23</sup>

In addition to the standard registration procedures, foreign CSOs need to reach an agreement with the MoJ in order to register an office in Azerbaijan.<sup>24</sup> During the period 2017-2021 there were no cases of a foreign CSO registering in Azerbaijan.

The government enables registration of CSOs with the regional branches of the MoJ. However, CSOs still report that this mechanism does not work, with travel to the capital Baku to apply for registration with the MoJ being necessary in such cases.<sup>25</sup>

The registration fee for CSOs is low (11 AZN; around 6 EUR), but they must have a capital of 10,000 AZN (around 5,600 EUR) to be registered.

The Government's negative and bureaucratic approach to freedom of association both in legislation and in practice towards CSOs has remained the same as in previous reporting years.

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<sup>20</sup> Focus Group.

<sup>21</sup> See *Ismayilov v. Azerbaijan*, 17 January 2008, Application no. 4439/04, available at: <http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-84461>. *Ramazanov and Others v. Azerbaijan*, Eur.Ct.H.R. (Application no. 44363/02, 1 February 2007).

<sup>22</sup> ECNL, 'Azerbaijan: European Court of Human Rights declares the refusal to register 25 NGOs illegal', <https://csometer.info/updates/azerbaijan-european-court-human-rights-declares-refusal-register-25-ngos-illegal>.

<sup>23</sup> Advisory Board Discussion, 19 January 2022.

<sup>24</sup> Section 2.2 of the Decree of the President of the Republic of Azerbaijan On implementation of the Law of the Republic of Azerbaijan 'On making changes and amendments to some legislative acts of the Republic of Azerbaijan', dated 27 August 2009.

<sup>25</sup> Focus Group.

Many CSOs in Azerbaijan have set-up affiliated business entities and operate through these entities because of the favourable environment for businesses. In such cases, the founder(s) of the business entity is/are either the founder(s) or chairperson(s) of the CSO, or a CSO itself.

CSO registration in the regions is not possible despite registration of commercial entities in the regions being a common practice. Similarly, online registration of CSOs is not possible, whereas businesses can register online.

**Standard III. CSOs are free to determine their objectives and activities and operate both within and outside the country in which they were established.**

CSOs are free to determine their objectives and activities as per the NGO Law. In practice, the registration body is not always supportive of this (for example, when a CSO wants to add the word ‘youth’ in its charter in order to be eligible for grants from the Youth Fund). Such objectives as, for instance, human rights, internally displaced persons (IDPs), refugees, women’s rights, children’s rights, social welfare, education, health, and sports are rather common with hundreds of registered CSOs in these areas.

There are no issues with the operation of CSOs within the country and abroad. There are successful cases when Azerbaijani CSOs have set up branches in Georgia.<sup>26</sup> Also, in 2021 there were no reported cases of travel bans for CSO representatives.<sup>27</sup>

One of the major problems CSOs have is an unwritten, informal procedure to seek permission to hold events in the regions from the President’s Office. According to regional CSOs, the confirmation from the President’s Office can be rather quick, but they may still face difficulties from local executive authorities. Undoubtedly, this procedure restricts CSOs’ ability to interact with their beneficiaries and to conduct well-planned, high-quality events. On a positive note, a number of regional CSOs confirmed that often the Government allows them to use luxurious public venues for their events pro bono or at a special rate.<sup>28</sup>

The unofficial ‘permission’ system for CSOs to hold events in the regions which does not exist in law has not been eliminated and is therefore still relevant in this reporting period.

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<sup>26</sup> Focus Group.

<sup>27</sup> Focus Group.

<sup>28</sup> Focus Group.

**Standard IV. Any sanctions imposed are clear and consistent with the principle of proportionality and are the least intrusive means to achieve the desired objective.**

There are certain penalties which apply to CSOs equally with commercial legal entities: penalties for violations of tax laws, social insurance, licensing and other legislation. Other penalties are rather specific for CSOs, for instance: failure to register grants, donations or service contracts; failure to submit annual financial reports; failure to sign a contract with volunteers; and exceeding the threshold for cash donations. Usually, the penalty for such offences is very high. For example, the failure of a CSO to register a grant is punishable with a fine of between 5,000-7,000 AZN (around 2,800-3,900 EUR) and failure to include information about the amount of a donation and the donation's source in financial reports submitted to the Ministry of Finance (MoF) is punishable with a fine of 5,000-8,000 AZN (around 2,800-4,400 EUR). Any person or entity that provides a cash donation to a CSO in excess of a 200 AZN (around 110 EUR) threshold is subject to a penalty of 250-500 AZN (around 140-280 EUR) for natural persons, 750-1,500 AZN (around 420-830 EUR) for managers of legal entities and 3,500-7,000 AZN (around 1,950-3,900 EUR) for legal entities. The submission of false information to the State Registry of Legal Entities is punishable with a penalty of 700 AZN (around 390 EUR) for individuals and 4,000 AZN (around 2,200 EUR) for legal entities. There is no warning issued prior to these sanctions being imposed on a CSO.

CSOs are dissatisfied with such high penalties and this undoubtedly discourages their operations. At the same time, many CSOs have confirmed that these penalties are not usually imposed against CSOs.<sup>29</sup> Since one case in 2018 of an appeal by a CSO of the MoF's penalty imposed for failure to submit an annual financial report being quashed in the courts,<sup>30</sup> the MoJ has not penalised any CSO in the current reporting period.<sup>31</sup>

The legislation envisages certain grounds for involuntary dissolution which has to follow a court procedure. These grounds include, for example, when a CSO has failed to rectify a deficiency indicated by the MoJ and there have been more than two warnings<sup>32</sup> issued to the organisation in a year. According to official statistics by the MoJ, in the period from 2017-2021 there were no cases of involuntary dissolution of a CSO.<sup>33</sup> Also, there were no reported cases on suspension of CSO activity by the MoJ (for example, for violations of the rights of its members should the latter complain). The legislation on involuntary dissolution was revised in 2009 following the case of

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<sup>29</sup> Focus Group.

<sup>30</sup> Information provided by one of the Advisory Board members.

<sup>31</sup> CSO Sustainability Index for 2019 and 2020; Letter from the MoJ to MG Consulting dated 3 December 2021, held by the Authors.

<sup>32</sup> Warnings can be issued by the MoJ in cases where a CSO violates the requirements of the legislation, such as a failure to inform the MoJ about a change of address, failure to hold an annual assembly of the organisation, etc.

<sup>33</sup> Letter from the MoJ of 25 April 2019, held by the Authors; also CSO Sustainability Index 2020.



*Tebieti Muhafize Cemiyyeti v. Azerbaijan* and, at present, does not pose a major issue for CSOs.

CSOs may decide voluntarily to suspend their activities by submitting the relevant decision to the MoJ. This would then release them from the obligation to submit routine reports to various state bodies.

The situation in this standard remains the same as in the previous reporting period and no positive intention has been observed to eliminate or reduce high the penalties for CSOs provided for by legislation.

#### **Standard V. The state does not interfere in the internal affairs and operation of CSOs.**

The requirement to obtain a new excerpt from the State Registry of Legal Entities every time there is a change of board or elections of the chairperson continues to hinder the operations of CSOs due to the difficulty of obtaining this document. The MoJ has created an 'individual e-window' (FEP) system for registering changes to the charters of CSOs, among other services, which has made it easier for CSOs to submit documents and saves time on paperwork.

The MoJ has the power to conduct inspections of CSOs which are covered by the regulations on studying the activities of CSOs,<sup>34</sup> as well as the legislation on anti-money laundering (AML).<sup>35</sup> Other state bodies that have the power to investigate CSOs include the Tax Ministry, the Prosecutor's Office and the State Employment Agency. The MoJ annually approves the list of CSOs to be inspected and it usually checks registration of grants, registration of service contracts and donations, validity of the excerpt and other matters. Following such inspections, the MoJ can issue a warning to a CSO or apply a penalty. In 2020, the MoJ issued only one such warning,<sup>36</sup> the lowest number on record. Between September 30, 2021 – September 30, 2022 MoJ issued two warnings to one CSO<sup>37</sup>. No data is yet available for 2021.

Another serious impediment to the operation of CSOs is a heavy reporting burden. Due to limited financial resources and the difficulty of registering foreign grants, CSOs are not always in a position to hire permanent staff (i.e. lawyers, accountants, compliance officers, etc.) to ensure that all of their reporting obligations are fulfilled.<sup>38</sup> As a result, CSOs are vulnerable to inspections and subsequent penalties which can lead to the termination of their operations.

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<sup>34</sup> The Rules on Studying the Activities of Non-Governmental Organisations, Branches or Representative Offices of Foreign Non-Governmental Organisations, adopted by the Collegium of the Ministry of Justice of the Republic of Azerbaijan on 28 December 2015.

<sup>35</sup> Law 'On fight against laundering of money or other assets obtained by criminal means and funding of terrorism', 2009.

<sup>36</sup> CSO Sustainability Index for 2019 and 2020.

<sup>37</sup> Official letter from MoJ

<sup>38</sup> In-depth Interview No. 4.



Although the Government's effort in creating the 'individual e-window' (FEP) system for CSOs can be regarded as a small positive change in regards to ease of operation of CSOs, heavy reporting obligations for CSOs still exist which makes any technical change in easing the operation of CSOs not substantial for the overall CSO environment.

Therefore, no positive changes have occurred in this standard.

### Specific recommendations under Area 1:

- The National Assembly should ensure the rights of foreigners and stateless persons to found CSOs and manage them;
- The MoJ, the Cabinet of Ministers and the National Assembly should simplify the registration procedure for CSOs by reducing timelines and eliminating subjective treatment by the MoJ;
- The National Assembly should simplify the reporting obligations on CSOs depending on their size and turnover; and
- The Presidential Administration should abolish the requirement for CSOs to obtain permission to hold events in the regions

## 3.2 Equal Treatment

Overall score per area: **3.6 / 7**

Legislation: <b>3.8 / 7</b>	Practice: <b>3.4 / 7</b>
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Equal treatment continues to be a problematic area. There is discrimination against CSOs in both legislation and practice. For example, the CSO registration procedure is slower, more complicated and less accessible than the one for commercial entities. Similarly, the burden of reporting for CSOs is much heavier than that for businesses.

The overall situation in this area remains the same as for the previous reporting period and, consequently, there are no changes in the scores for this area.

The Government has taken no action towards taking into account the recommendations stated in the previous report and the key recommendations, such as equal treatment of CSOs compared to businesses during their registration process and operation and the equal participation of a wide variety of CSOs in consultation processes with decision makers, are still relevant.

### Standard I. The state treats all CSOs equitably with business entities.

The state treats CSOs equally with business entities in relation to the fee charged for state registration. Unfortunately, there is no equal treatment when it comes to the duration of the registration process. For a business, this takes one to three days with the Tax Service, but for CSOs it takes up to thirty days with the MoJ (in practice, though, it can last for years). Refusals to register a business happen only in rare cases (when, for example, there is already an entity with a matching legal name). However, for CSOs the reasons for denial of registration are seemingly endless (for instance, issues with the formation of the board, the CSO's mission, its sources of income, etc.).

Another example of inequality is in reporting: the burden of reporting for CSOs is much heavier than that of businesses. For example, unlike businesses, CSOs are required to register service contracts or submit an annual financial report to the MoF. It should be noted, however, that CSOs are eligible to receive donations and enjoy the services of volunteers, whereas businesses are not.

The frequency of inspections for CSOs during the reporting period has been equal with that of businesses. At the same time, CSOs are deprived of loan access and some banks do not issue business bank cards (debit or credit) for CSOs, whereas for businesses there are no such limitations.<sup>39</sup>

When it comes to public procurement, CSOs can participate in public procurement on equal terms with businesses. However, in practice, due to limited financial resources, CSOs are sometimes unable to make a deposit<sup>40</sup> which is a requirement for participation in public procurement tenders.

Another issue of concern is that, according to the Administrative Code, the fines for CSOs are substantially higher compared to the fines for similar offences for businesses and individuals. The high penalties against CSOs appear to be excessive and disproportionate when compared to the nature of the offences. Undoubtedly, such penalties appear to be discriminatory when compared with the more lenient penalties for similar offences committed by business entities and individuals.

Foreigners and stateless persons can be founders of business entities, but founders of CSOs are required to have permanent residency in Azerbaijan. Likewise, any foreign citizen can invest in a businesses, whereas foreign funding in the form of a donation from a foreigner to a CSO is prohibited. Similarly, CSOs are required to register all of their income from a foreign source, whereas businesses are only required to register grants.

The situation in this standard for CSOs has not changed from the previous reporting period.

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<sup>39</sup> Focus Group.

<sup>40</sup> Information provided by one of the Advisory Board members.

## Standard II. The state treats all CSOs equally with regard to their establishment, registration, and activities.

Social service providers and youth organisations receive better treatment by the Government than human rights CSOs. Such favourable treatment is not so much visible in the case of foreign CSOs compared to local CSOs. This may be explained by the fact that there are very few foreign CSOs operating in Azerbaijan.

Certain CSOs are more favoured by the Government than others. As a result, this group of CSOs is more often invited to consultations with the Government and encounter less problems in holding events in the regions.<sup>41</sup> Some CSOs are represented in multiple public councils established under state bodies, whereas other CSOs are not represented in a public council. This unfavourable and overall discriminatory treatment of CSOs still exists in the current reporting period and no positive changes have occurred.

### Specific recommendations under Area 2:

- The MoJ and the National Assembly should ensure equal treatment of CSOs compared to businesses during their registration process and operation; and
- The Government and the National Assembly should ensure the equal participation of a wide variety of CSOs in consultation processes.

## 3.3 Access to Funding

Overall score per area: **3.0 / 7**

Legislation: **3.2 / 7**

Practice: **2.8 / 7**

Access to foreign funding remains limited for CSOs. There are excessive requirements in legislation and practice for the registration of financial resources. Any income from a foreign source requires registration with the MoJ. This also applies to CSOs' service contracts with foreign clients, a requirement which is unique to Azerbaijan. A number of public financing mechanisms exist in Azerbaijan, including direct subsidies, social contracts and grants from various state bodies. Also, CSOs are permitted to generate income from economic activities and receive donations and membership fees.

There has been no significant change in this area compared to the previous reporting period and, consequently, the scores for this areas have not been changed for 2022.

<sup>41</sup> Focus Group.

No recommendation stated in the previous CSO Meter report in this area has been considered by the Government and the environment in access to funding for CSOs remains restrictive. For this reason, the recommendations for 2021 are still relevant for 2022. The key recommendations for this area are simplifying the registration of grants and donations, abolishing the requirement to register service contracts and abolishing the prohibition on anonymous donations for small amounts.

**Standard I. CSOs are free to seek, receive, and use financial and material resources for the pursuit of their objectives.**

CSOs' access to foreign financial sources has been limited since 2014-2015 and CSOs are still not able to realise their potential in this area. The capacity of CSOs to obtain funding remains severely limited and current grants are not sufficient to ensure the sustainability and professional development of CSOs.

There are eighteen government donors to CSOs in Azerbaijan (the new ones include the Ministry of Labour and Social Protection of the Population, the Ministry of Health and the Ministry of Agriculture). Among them, the largest include the NGO Support Agency (formerly Council)<sup>42</sup> (except for in 2021 when it was reformed by Presidential Decree which changed its legal status, expanded its obligations and rights<sup>43</sup> and hence put its grant-making on hold until December 2021), the Youth Fund,<sup>44</sup> the Fund for Support to Mass Media<sup>45</sup> and the Science Development Fund.<sup>46</sup> Other government donors include, for example, the Ministry of Education, the Ministry of Digital Development and Transportation and the Ministry of Culture.

'Social orders' for CSOs are only issued by the Ministry of Labour and Social Protection of the Population which is in effect outsourcing the operation of some social services to CSOs. A limited number of CSOs benefit from such contracts which usually focus on one area (for example, care centres). The amounts of these 'orders' were usually higher than the average grant from the former NGO Support Council.

Public unions can generate income from membership fees but they rarely use this mechanism despite the exemption of membership fees from income tax.

Restrictions related to donations seriously impede the operation of some CSOs since: (i) anonymous donations are prohibited; (ii) donations from foreigners and stateless persons are prohibited; (iii) cash donations exceeding 200 AZN (around 110 EUR) are prohibited; (iv) the passport details of each donor, even for a donation of, say, 20 cents, have to be recorded and submitted to the MoF; and (v) only charities<sup>47</sup> can

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<sup>42</sup> The NGO Support Council financed 576 projects in 2018, 568 in 2019, and 505 in 2020 (last accessed on 2 November 2021) and CSO Sustainability Index 2019 and 2020.

<sup>43</sup> President of the Republic of Azerbaijan, <https://president.az/articles/51178>.

<sup>44</sup> The Youth Fund provided 99 grants for CSOs (grants to individuals are not counted) in 2018, with a total budget of 683,500 AZN (around 381,000 EUR), <https://youthfoundation.az/42251>.

<sup>45</sup> Media Development Agency of the Republic of Azerbaijan, <http://kivdf.gov.az/>.

<sup>46</sup> Science Development Fund, <https://www.aef.gov.az/en/generic/menu/Detail/100/menu/http://www.sdf.gov.az/az/generic/news/Detail/238>.

<sup>47</sup> There is no procedure for obtaining the status of charity in Azerbaijan. In practice, CSOs whose statutory purposes include 'charity' are referred to as 'charitable organisations'.

receive cash donations,<sup>48</sup> despite there being no clear procedure in law for obtaining the status of a charity. Although a working group was established by the Parliamentary Committee in 2020 to draft a law on charitable activities, the public was not aware of the subsequent discussions, the draft law was not open to the public and no further decision was made on it.<sup>49</sup>

Membership fees, donations and grants are exempt from income tax as per the Tax Code. In order to be eligible for this exemption, donations and grants must be registered with the MoJ which is not easily done, especially in relation to foreign grants. At the same time, there are high penalties for failure to register such donations and grants. There is no adequate regulation of in-kind donations in the legislation.

Donations through cash-boxes and crowdfunding are not regulated in the legislation and these mechanisms are mostly unknown to CSOs in Azerbaijan. CSOs can collect funds on foreign crowdfunding platforms, but there is no guarantee that they will be able to register them locally to use them because of uncertainties that lead to practical problems and lack of interest. Also, charity donations made via SMS are extremely rare. There are no available provisions such as percentage philanthropy or income from lotteries in Azerbaijan.

There are no barriers to CSOs opening bank accounts abroad. As to local banks, they verify the grant registration before allowing CSOs to access their grant funds. This applies to all grants, and not just to foreign grants.

It should be emphasised that the penalties for receiving cash donations exceeding 200 AZN (around 110 EUR) are disproportionate to the amounts CSOs collect through such donations (the penalty is up to 10,000 AZN, around 5,600 EUR).<sup>50</sup> Over the last three years, however, there have been no cases of penalties applied for this.<sup>51</sup> Registered CSOs have no issues with opening bank accounts in their own names. In practice, however, some private banks do charge higher fees for CSOs compared to businesses.<sup>52</sup> Another difficulty is a limit for cash operations of 15,000 AZN per month (around 8,300 EUR) which applies to all legal entities.<sup>53</sup>

One of the concerns of CSOs was the unwillingness of the Youth Foundation (established under the Ministry of Youth and Sports in 2011) to publicly present the winners of the grant competitions. Only the number of winners is visible on the Youth Foundation's website.<sup>54</sup>

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<sup>48</sup> Article 24-1 of the NGO Law; Article 465 of the Administrative Code.

<sup>49</sup> Azerbaijan Press Agency, <https://apa.az/az/xeber/daxili-siyaset/Xeyriyycilik-faliyyati-haqqinda-haqqinda-qanun-layihisinin-hazirlanmasi-ucun-lsci-Qrupu-yaradilib-604584>.

<sup>50</sup> Code of Administrative Offences, 2015, Article 466.2.

<sup>51</sup> Letter from the MoJ to MG Consulting dated 3 December 2021, held by the Authors.

<sup>52</sup> Advisory Board discussion, 19 January 2022.

<sup>53</sup> Ibid.

<sup>54</sup> AB members meeting.

CSOs operating in Azerbaijan in practice follow the rules in the laws described above, including in this reporting year. There is no overall change in this standard from the previous reporting period.

**Standard II. There is no distinction in the treatment of financial and material resources from foreign and international sources compared to domestic ones.**

CSOs' access to foreign grants, donations and service contracts has been seriously impeded since 2014 when the legislation introduced a number of restrictive provisions (i.e., a donor must have representation in Azerbaijan, must sign a special agreement with the MoJ, and must prove the economic-financial expediency of the project). In the current reporting period only, a few foreign grants were registered in Azerbaijan including grants from the Japanese Embassy, the EU, the UN, and the United States Agency for International Development (USAID).

Despite the registration of a service contract being easier than for a grant, such a requirement is rather unusual in Europe. In such contracts, only the amount after the evidenced expenditures is taxable. Donations from foreign citizens or foreign legal entities without a registered office in Azerbaijan are banned.

It should be noted that there is no criminal prosecution in the legislation of Azerbaijan for receiving foreign funding. At the same time, recipients of foreign grants are not usually tarnished with a negative connotation. During 2017-2022 there were no incidents of foreign-funded organisations being stigmatised or attacked in state-supported media or by the Government. However, the Government's attitude towards foreign funding in general has not changed and no positive developments have occurred in this standard during the current reporting period.

**Specific recommendations under Area 3:**

- The MoJ and the Cabinet of Ministers should simplify the registration of grants and donations (for example, eliminate subjectivity on decisions for registration and digitalise the process so it can be easily accessible and faster);
- The National Assembly and the Cabinet of Ministers should abolish the requirement to register service contracts;
- The National Assembly should provide foreigners and stateless persons with the right to make donations to CSOs;
- The National Assembly and the Government should provide a legal framework for the regulation of cash-boxes and allow the use of other mechanisms through which identification of the donor might be hard or impossible;
- The National Assembly and the Cabinet of Ministers should eliminate the need to report on small donations (200 AZN (around 110 EUR) or more per donor per year); and

- The National Assembly should abolish the prohibition on anonymous donations for small donations (200 AZN (around 110 EUR) or more per donor per year).

## 3.4 Freedom of Peaceful Assembly

Overall score per area: **3.8 / 7**

Legislation: **4.4 / 7**

Practice: **3.2 / 7**

There is a constitutional guarantee for peaceful assembly in Azerbaijan. Despite this, the issue remains a sensitive topic from the perspective of international organisations. Although CSOs' freedom of assembly is not restricted by law, they face serious obstacles to doing so in practice. CSOs enjoy the right to peaceful assembly in the capital Baku more freely than in the regions. This is connected with the informal requirement to seek permission to hold events in the regions.

At the same time, there is a positive practice of renting out government venues to CSOs pro bono or at discounted rates both in Baku and in the regions.

The overall score has decreased in this area from 3.9 in 2021 to 3.8 for the 2022 reporting period. This is due to the static and continuously-restrictive environment for freedom of peaceful assembly in practice leading to a decrease in the practice score from 3.3 to 3.2 in the current reporting period.

The Government has not taken into account the recommendations identified in the previous report and the unfavourable situation in Azerbaijan regarding freedom of assembly continues. Consequently, the recommendations in this area remain the same as for the previous reporting period.

### **Standard I. Everyone can freely enjoy the right to freedom of peaceful assembly by organising and participating in assemblies.**

The right to freedom of peaceful assembly is guaranteed without discrimination to individuals and groups, including CSOs, by the Constitution of the Republic of Azerbaijan (Article 49), as well as by the country's commitments through its membership of the UN, the Council of Europe (CoE), the Organization for Security and Co-operation in Europe (OSCE) and its accession to major international and regional human rights treaties,<sup>55</sup> as well as by Article I of the Law on Freedom of Assembly.<sup>56</sup>

In accordance with Article 7 of the Law on Freedom of Assembly,<sup>57</sup> 'no restrictions shall be placed on the exercise of the right to freedom of assembly other than such as are prescribed by law and are necessary in a democratic society in the interests of

<sup>55</sup> Article 10, European Convention for the Protection of Human Rights and Fundamental Freedoms, ratified on 25 December 2001, [https://www.echr.coe.int/Documents/Convention\\_ENG.pdf](https://www.echr.coe.int/Documents/Convention_ENG.pdf).

<sup>56</sup> The Law on Freedom of Assembly, 13 November 1998, <http://www.e-qanun.az/framework/3229>.

<sup>57</sup> The Law on Freedom of Assembly, 13 November 1998, <http://www.e-qanun.az/framework/3229>.



national security or public safety, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others.’ Articles 7 and 8 of the Law on Freedom of Assembly clearly define the grounds for restriction, prohibition or suspension of an assembly.

In relation to spontaneous assemblies, submission of a written notification is not required (Article 5 of the Law on Freedom of Assembly), but such assemblies can be restricted or suspended in accordance with the requirements specified in Articles 7 and 8 of the Law.

In practice, freedom of assembly is a sensitive issue in Azerbaijan and a subject of concern for international organisations, including the UN Human Rights Committee<sup>58</sup> and the UN Special Rapporteur on Human Rights Defenders,<sup>59</sup> which have reported cases of arbitrary refusals and dispersals of peaceful assemblies. However, these primarily concern political parties. CSOs are affected to a much lesser degree, although they are still not free of technical problems. People who attend unauthorised rallies can be brought to the police station for questioning, but in practice this occurs only in relation to a limited number of activists.

During the current reporting period there has been no example of a major peaceful assembly being allowed by the Government in Azerbaijan and, therefore, the situation has not changed either in law or in practice in this standard.

## **Standard II. The state facilitates and protects peaceful assemblies.**

Organisers of peaceful assemblies are required to notify the authorities five working days in advance, which, in practice, is interpreted as the need to obtain permission (which is often denied).<sup>60</sup> The same law provides for grounds to deny permission (Articles 7-9), violation of which by holding the assembly without permission is a criminal offence and punishable by up to two years’ imprisonment.<sup>61</sup> Prevention of the holding of meetings, rallies, demonstrations, street protests and pickets authorised by the state in accordance with the Law on Freedom of Assembly may lead to imposition on natural persons of a penalty in the amount of 500-3,000 AZN (around 280 to 1,600 EUR), and on legal entities from 15,000 to 30,000 AZN (approximately 8,300 to 16,600 EUR) in accordance with Article 180 of the Code of Administrative Violations.<sup>62</sup> The decisions of state authorities regarding peaceful assemblies can be subject to further judicial review (Article 11 of the Law on Freedom of Assembly). As the court

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<sup>58</sup> Concluding observations of the Human Rights Committee on the fourth periodic report of Azerbaijan (CCPR/C/AZE/CO/4), November 2016.

<sup>59</sup> Report of the Special Rapporteur on the situation of human rights defenders on his mission to Azerbaijan (A/HRC/34/52/Add.3), February 2017.

<sup>60</sup> Article 5 of the Law on Freedom of Assembly.

<sup>61</sup> Criminal Code, Article 169.1.

<sup>62</sup> Code of Administrative Violations, 29 December 2015



proceedings take some time, the chances that the review will take place prior to the planned assembly date are low. There are different legal mechanisms to challenge the decisions of state authorities on matters of peaceful assembly.<sup>63</sup>

As discussed under standard 3 below, the right of CSOs to assemble is interpreted differently in the major cities versus in the regions where assembly is an extremely complicated procedure. Indeed, many regional CSOs have confirmed that permission from the President's Office on holding an event in the regions is issued rather promptly, whereas at the level of its enforcement by the local authorities there are still issues. During the Nagorno-Karabakh War in 2020, there were temporary restrictions placed on the internet through which assemblies are often organised and coordinated.

In 2022, some activists organised both online and street rallies calling to an end to impunity for crimes against government critics, political activists, and journalists.<sup>64</sup>

For many years now, the Azerbaijani Government has not been interested in facilitating or protecting peaceful assemblies and no new developments have occurred in this regard during the current reporting period.

### **Standard III. The state does not impose unnecessary burdens on organisers or participants in peaceful assemblies.**

Apart from the public rallies described above (which CSOs are not engaged in), the law does not require notification to the government of CSO-organised events. In spite of this, the system of informal 'permissions' from executive authorities is applied in all regions. CSOs are forced to apply to a national agency or, in some cases, to the President's Office, that subsequently informs local executive authorities of their consent to the organising of a CSO event. These applications can be denied at the discretion of the authorities. An immediate effect of the system of 'permissions' is that sometimes the response comes too late which jeopardises CSO activities and affects the quality of their work.<sup>65</sup> It has also been reported by CSOs that there is a mistrust of public agencies towards other state bodies, as in the regions the informal practice of 'permissions' is also applied to the grants awarded by government donors and duly registered by the MoJ.<sup>66</sup>

There are no costs associated with obtaining 'permissions' for holding CSO events, nor are there any legal sanctions applicable for failure to follow it. Still, unsanctioned events can result in undue pressure on the organisers. In the capital Baku, and some

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<sup>63</sup> Administrative Procedures Code, last amended 7 April 2017

<sup>64</sup> <https://freedomhouse.org/country/azerbaijan/freedom-net/2022>.

<sup>65</sup> Focus Group.

<sup>66</sup> Focus Group.

other major cities, such as Mingchevir or Ganja, this practice is not applied and CSOs are free to arrange public events using targeted invitations or social media.

The state still uses this illegal 'permission' system in practice and there have not been any positive developments on this issue during 2022.

#### Standard IV. Law enforcement supports peaceful assemblies and is accountable for the actions of its representatives.

The Law on Freedom of Assembly (Article 14) has clear regulations on the use of force during peaceful assemblies. There were no new cases during this reporting period of CSO events without due 'permission' being dispersed by law enforcement bodies. Usually, law enforcement bodies are identifiable to the public, but there are also police officers in civilian clothing. The Azerbaijani Government's non-friendly approach to peaceful assemblies in general has not changed in the current reporting period.

#### Specific recommendations under Area 4:

- The National Assembly should make amendments to the law and introduce the practice of prior notification, rather than authorisation, of peaceful assemblies; and
- The National Assembly should expedite the court review process to enable CSOs to quickly contest the decisions of authorities disallowing peaceful assemblies.

## 3.5 Right to Participation in Decision-Making

Overall score per area: **4.6 / 7**

Legislation: **5.0 / 7**

Practice: **4.1 / 7**

There are multiple channels for CSO participation in decision-making in Azerbaijan. The most common forms are the participation of CSOs in working groups, public councils and public discussions. Nevertheless, there are cases when CSOs are not consulted on decisions that directly affect them. Generally, it is not easy for CSOs to access drafts of laws unless government bodies make them public or share them with CSOs. Experiences also vary from one government body to another. A particular problem exists with involving CSOs in the decision-making processes of the Cabinet of Ministers as the latter almost never consults CSOs. There are still problems with the election process for members and the activities of the public councils.

The overall score has not changed from 2021 in this area and the scores for law and practice also remain the same. The recommendations for 2021 are still relevant and, consequently, remain the same for this reporting period.

### **Standard I. Everyone has the right to participation in decision-making.**

The Constitution of Azerbaijan guarantees its citizens the right to participate in the decision-making process directly and through elected representatives. According to the Constitution, citizens 'have the right to participate without hindrance in the political life of the society and the state' (Article 54.1). The Law on Public Participation provides citizens and CSOs with the right to participate in government decision-making by such means as (i) preparing and implementing state policy in different fields of state and social life; (ii) decision-making on a nationwide and local level; (iii) organising public control over the activities of central and local executive authorities and self-government bodies; (iv) consultation of state bodies with society; (v) consideration of public opinion; (vi) studying public opinion; (vii) public discussion of draft legislation; and (viii) written consultations.

The law gives public agencies a right to establish a public council rather than mandates it; thus, twenty national agencies have established public councils<sup>67</sup> to date in addition to about a dozen in the regions under local executive authorities.<sup>68</sup> The most recent examples of state bodies that have started the process of establishing public councils include the State Advertising Agency and the Ministry of Culture.

The practice of involving CSOs in consultations is gradually increasing. Some public agencies are more open to cooperation than others<sup>69</sup> and arrange broad discussions, including through the well-tested mechanism of the Azerbaijan Government-Civil Society Dialogue Platform on the Promotion of Open Government, established in September 2016 and uniting ten government agencies (for example, the State Customs Committee and the State Migration Service) and forty-four CSOs.<sup>70</sup>

There have been cases when legislation has been adopted without consultation with stakeholders and was subsequently annulled as its application in practice was barely possible.<sup>71</sup>

With the financial assistance of the NGO Support Agency, on 6 June 2022, a round table was held on 'Public participation practice and improvement of existing

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<sup>67</sup> For example, the Ministries of Justice, Labour and Social Protection of Population, Youth and Sports, Interior Affairs, Health, Ecology and Natural Resources and State Committees on the Affairs of Women, Children and Family, State Migration Committee, State Examination Centre, ASAN, etc.

<sup>68</sup> Public Council, [www.ictimaishura.az](http://www.ictimaishura.az).

<sup>69</sup> Focus Group.

<sup>70</sup> OGP, 'The OGP Platform Accepted New Members', 3 January 2019, <http://ogp.org.az/az/index.php/2019/01/03/azerbaycan-aciq-hokumet-platformasina-yeni-uzvler-qebul-edilib/>.

<sup>71</sup> The Cabinet of Ministers' decision on approval of the rules of financial responsibility for damage to the forests, No. 30, 31 January 2019, <http://www.e-qanun.az/framework/28863> was annulled by a decision of the Cabinet of Ministers, No 41, 6 February 2019, <http://www.e-qanun.az/framework/41385>.

legislation in Azerbaijan' within the framework of the projects implemented by the Constitution Research Fund and Priority Social Economic Research Center Public Union. More than fifty NGO representatives, including the chairpersons and members of the public councils, the National Assembly, the Cabinet of Ministers, the Ombudsman, the Supervisory Board of the NGO Support Agency, the MoJ, the General Prosecutor's Office, and the Anti-Corruption Commission were present at the event.<sup>72</sup>

The NGO Support Agency has organised zone conferences called 'New Challenges in NGO-State Cooperation: Strengthening Public Control Mechanisms' in the regions of Azerbaijan.<sup>73</sup>

Furthermore, CSOs have also presented their concerns to the Government regarding participation in public councils and, in June 2022, within USAID's ECSOFT project 'Women's Initiative for Development' Public Union, have conducted an electronic survey with the participation of 84 CSO representatives, mostly participating in public councils, in order to evaluate the activity of public councils, the process of elections to public councils and to improve the work carried out in this direction. As a result of the survey, CSOs presented a number of recommendations. For example, that public councils should not be dependent on the relevant institutions, should operate completely independently, should be able to communicate the results of monitoring to the public, and should be able to ensure transparency of accountability. It was also identified that it is necessary to create a top monitoring group to protect transparency during elections.<sup>74</sup>

All of the above-mentioned developments via Government initiatives show a slight improvement in the Government's will to work with CSOs which can be regarded as a positive development.

## **Standard II. There is regular, open and effective participation of CSOs in developing, implementing and monitoring public policies.**

The National Assembly has a duty to collect input through its website from all interested parties for the period of three months before the first parliamentary review of a draft law.<sup>75</sup> CSOs' involvement in policy implementation, monitoring, and

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<sup>72</sup> <https://ogp.org.az/az/index.php/2022/06/08/muzakire-edilib/>.

<sup>73</sup>

[https://azertag.az/xeber/QHT\\_dovlet\\_emekdasliginda\\_yeni\\_chagirislar\\_ictimai\\_nezaret\\_mexanizmlerinin\\_guclendirilme\\_si\\_movzusunda\\_zona\\_konfransi\\_kechirilib\\_VIDEO-2143805](https://azertag.az/xeber/QHT_dovlet_emekdasliginda_yeni_chagirislar_ictimai_nezaret_mexanizmlerinin_guclendirilme_si_movzusunda_zona_konfransi_kechirilib_VIDEO-2143805).

<sup>74</sup> <https://ictimaishura.az/details/az/6629>.

<sup>75</sup> Article 18 of the Law on Public Participation. Also, Rules on Elections of CSOs to Public Councils approved by order of the Cabinet of Ministers No. 171, 30 May 2014, <http://e-qanun.az/framework/27803>; Rules on Organisation of Public Hearings and Discussions approved by order of Cabinet of Ministers, No. 172, 30 May 2014, <http://e-qanun.az/framework/27804>; The rules for conducting Public Hearings on draft laws are defined by the Internal Regulations of the National Assembly.

evaluation through consultative bodies is also provided for in the Law on Public Participation. However, this law includes some provisions that reduce the effect of public participation and these, along with the lack of many supporting legal acts to ensure viable mechanisms, create many problems in the application of public participation in practice.<sup>76</sup>

Although, in December 2021, more than 140 CSOs addressed a letter to the Prime Minister due to the fact that no public discussion was organised in the adoption of decisions by the Cabinet of Ministers, no positive actions were made by the Government in this regard during 2022.

Since its introduction in October 2021, the online platform for public councils (ictimaishura.az) established under USAID's ECSOFT project is still operating. The main goal of the platform is to increase the public's awareness of public councils and increase transparency in the work of the state institutions under which they operate. The platform covers thirty public councils under the central and local executive authorities. As the number of public councils increases, the number of councils on the online platform will increase in parallel. The site consists of sections containing news, announcements, elections, legislation, multimedia, reports and other publications.

CSOs have complained that the state implements a selective approach in inviting CSOs to discussions that it organises and that it is mostly CSOs close to state officials that are invited to discussions.<sup>77</sup>

The Government still does not actively involve CSOs in developing, implementing and monitoring public policies which means that the situation is unchanged from the previous reporting year.

### **Standard III. CSOs have access to information necessary for their effective participation.**

Azerbaijan is committed to ensuring transparency of the public administration system.<sup>78</sup> According to the legislation, central and local executive authorities shall allocate a special section on their websites to post draft regulatory and legal acts for public discussion and ensure that there is a link to the single 'e-government' portal.<sup>79</sup> It is also a requirement to include terms and timelines for state bodies to publish all information related to the decision-making process (there is a sixty day period in which to collect public feedback).<sup>80</sup> In practice, however, this is not often

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<sup>76</sup> Sahib Mammadov, Public Participation, Monitoring Report, Baku, 2017, <http://ogp.org.az/wp-content/uploads/2017/02/PUBLIC-PARTICIPATION.pdf>.

<sup>77</sup> AB member meeting.

<sup>78</sup> United Nations Convention Against Corruption, Doc. A/58/422, 14 December 2005. Ratified in 2005, [http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026\\_E.pdf](http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf).

<sup>79</sup> Law on Access to Information, 30 September 2005, Article 29.1.10, <http://www.e-qanun.az/framework/11142>.

<sup>80</sup> Rules on Organisation of Public Hearings and Discussions.

implemented,<sup>81</sup> except sometimes by the National Assembly. Also, there is not a single online platform to collect citizens' opinions.

The powers of the Information Ombudsman are vested with the Human Rights Commissioner (Ombudsman).<sup>82</sup> Even if formally the Ombudsman has broad powers, all observers agree that the Office of the Ombudsman is not practically able to effectively ensure access to information, mostly because the institution lacks specific competence.<sup>83</sup>

During the current reporting period, issues pertaining to access to information continued to improve as many public agencies placed a lot of information on their websites, including detailed annual reports. Nevertheless, the government agencies hold discretionary power as to what information to disclose.<sup>84</sup> In practice, it is very difficult to obtain information upon a written request<sup>85</sup> as Article 21.2.3 of the Law on Access to Information contains a loophole that allows authorities to justify refusal to provide information on technical grounds.<sup>86</sup> Another discouraging element is a requirement to provide personal information in the standard request forms.<sup>87</sup> It should be noted, however, that in many cases CSOs do not show much interest in accessing information in any case.

The regulatory problems referred to above have persisted in 2022 meaning that there was no change in this standard during the current reporting year.

#### **Standard IV. Participation in decision-making is distinct from political activities and lobbying.**

In law, CSOs are limited in accessing tax exemptions if engaged in lobbying. The Law on Grants (Article 1.4) does not recognise financial support as a grant (and thus lifts the tax exemption on income for CSOs applicable to grants) if used for the following purposes: (i) pursuit of political power; (ii) lobbying laws and other normative acts; (iii) political advertising; or (iv) financing of politician(s) or political party/parties.<sup>88</sup> CSOs cannot participate in presidential, parliamentary and municipal elections, or provide financial and other material assistance to political parties (Article 2.4). In practice, CSOs are free to engage in advocacy activities without the need to register as lobbyists

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<sup>81</sup> Focus Group.

<sup>82</sup> Constitutional Law on Amendments (24 June 2011) to the 'Constitutional Law on the Commissioner for Human Rights (Ombudsman) of the Republic of Azerbaijan' (28 December 2001), <http://www.e-qanun.az/framework/22060>.

<sup>83</sup> In-depth interview No. 3.

<sup>84</sup> Focus Group.

<sup>85</sup> Focus Group.

<sup>86</sup> Law on Access to Information, 30 September 2005, Article 21. Refusal to execute the request due to the large volume of the requested information; the execution of the request impedes the implementation by the information owner of his/her public duties or causes unreasonably heavy expenses, <http://www.e-qanun.az/framework/11142>.

<sup>87</sup> Focus Group.

<sup>88</sup> Law on Grants, Article 1.4, 17 April 1998.



or professional advocates, or any other additional administrative or financial burdens. Undoubtedly, CSOs' public advocacy potential is limited by CSO funding restrictions for face-to-face advocacy events (such as round tables, meetings, and other public events). This is aggravated by the requirement to seek permission to hold events/conduct activities in the regions. Nevertheless, this is somewhat balanced by the use of relatively free social media as Azerbaijan improved its 'Freedom on the Net' score from 35 in 2021 to 38 in 2022.<sup>89</sup> Local and international organisations did not report any instances of pressure against CSOs critical of the government in 2022. There have been no new developments in this standard in the current reporting period.

### Specific recommendations under Area 5:

- The Government should mandate national level agencies and local executive authorities to set up public councils, as well as to conduct public reporting on the activities of the councils;
- The Government should eliminate technical (formal) grounds to refuse access to information;
- The Government should create a single online resource and mandate all national level agencies and local executive authorities to publish draft supporting legal acts for review by the public and CSOs, in addition to mandatory public discussion of draft laws organised by the National Assembly;
- The National Assembly should amend the Law on Access to Information to mandate the executive authorities to justify grounds for refusal to provide information, as well as to introduce a penalty for unjustified refusal to the Code of Administrative Violations; and
- The Government should ensure that consultations with CSOs are conducted at the Cabinet of Ministers, particularly on decisions affecting CSOs

## 3.6 Freedom of Expression

Overall score per area: **4.2 / 7**

Legislation: **4.8 / 7**

Practice: **3.5 / 7**

Freedom of expression continues to be highly problematic in Azerbaijan in 2022. The activities of CSOs in this area are mainly limited to online social networks, and CSOs are very careful of criticising the government. CSOs in Azerbaijan broadly use Facebook,

<sup>89</sup> Freedom House, Freedom on the Net Report for 2021, at <https://freedomhouse.org/countries/freedom-net/scores>

Instagram, and YouTube for their activities. At the same time, CSOs took an active part in drafting the article on whistle-blower protection. Nevertheless, defamation remains a criminal offence.

Mostly due to the newly-adopted Media Law, all scores for this area (both overall and for practice and law) decreased during the current reporting period. The new Media Law introduced a more restrictive legal environment for the freedom of expression in Azerbaijan which also has the potential to limit freedom of expression in practice. Added to this, the general conditions for the exercise of freedom of expression in Azerbaijan have remain unchanged over the years which, in turn, translates to a negative impact to the scores. The overall score in this area decreased from 4.3 in 2021 to 4.2 in 2022, the score for legislation from 5.0 in 2021 to 4.8 in 2022 and the score for practice decreased from 3.6 in 2021 to 3.5 in 2022.

Therefore, all of the recommendations made in this area in the previous reporting period remain relevant for 2022. These include the key recommendations of conducting the blocking of online media resources strictly in accordance with the law, decriminalising defamation and making it an administrative rather than a criminal offence and eliminating censorship in practice and stopping pressure on journalists and CSO activists with critical voices.

### **Standard I. Everyone has the right to freedom of opinion and expression.**

The Constitution of Azerbaijan guarantees the right to freedom of thought and expression to individuals and groups, including CSOs (Article 47). This right is also guaranteed by the country's international commitments through its membership of the UN, the CoE, the OSCE and its accession to major international and regional human rights treaties.<sup>90</sup> The Constitution, in particular, guarantees the right of CSOs and citizens to seek, receive, and impart information (Article 50) which is further elaborated in several dedicated laws.<sup>91</sup> The law expressly prohibits the advocacy of hatred, including the incitement of discrimination, hostility, or violence and envisages a punishment of imprisonment from two up to twelve years under several articles of the Criminal Code (101, 214-2, 220.2 and 281).<sup>92</sup>

Freedom of expression continues to be a sensitive issue in Azerbaijan.<sup>93</sup> Most CSOs, even though in practice enjoying more freedom of speech compared to journalists, still conduct self-censorship and do not cross 'the red line'. Therefore, in practice, they do not encounter problems with the authorities.<sup>94</sup>

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<sup>90</sup> Article 10, European Convention for the Protection of Human Rights and Fundamental Freedoms, ratified on 25 December 2001, [https://www.echr.coe.int/Documents/Convention\\_ENG.pdf](https://www.echr.coe.int/Documents/Convention_ENG.pdf); Protocol No. 15 to the European Convention on Human Rights, ratified in 2014, [https://www.echr.coe.int/Documents/Protocol\\_15\\_ENG.pdf](https://www.echr.coe.int/Documents/Protocol_15_ENG.pdf).

<sup>91</sup> Law on Procedures for Review of Citizen Applications, 10 June 1999, <http://www.e-qanun.az/framework/31281>; Law on Access to Information, 30 September 2005, <http://www.e-qanun.az/framework/11142>.

<sup>92</sup> Criminal Code of Azerbaijan Republic, 30 December 1999, [www.e-qanun.az](http://www.e-qanun.az)

<sup>93</sup> Focus Group.

<sup>94</sup> Focus Group.



Sanctions imposed for hate speech are set out in the Criminal Code (Article 283) and these range from a fine from 1,000 to 2,000 AZN (around 550 to 1,100 EUR), or correctional labour for up to two years, or imprisonment from two to four years. There are no known prosecuted cases of hate speech, however.

On 17 March 2020, the amendments to the Law of the Republic of Azerbaijan ‘On Information, Informatization, and the Protection of Information’ 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 members 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.

The legal norms established in legislation often do not match the situation in reality regarding freedom of expression in Azerbaijan which is subject to harsh political restrictions. The environment in this standard has not changed in 2022.

## **Standard II. The state facilitates and protects freedom of opinion and expression.**

While the state has amended the legal framework to both facilitate freedom of expression and opinion over time, the new Law on Media could potentially worsen the situation.

The Law on Media of the Republic of Azerbaijan entered into force on 8 February 2022 and, on 20 June 2022, the Venice Commission and the Directorate General of Human Rights and Rule of Law of the Council of Europe published a joint opinion<sup>95</sup> on the new Law. The opinion analyses the new Media Law in terms of international standards and recommends that the Government revise it. In conclusion, the Commission notes that ‘many provisions are not in line with European standards on freedom of expression and media freedom and do not allow the media to effectively exercise its role as a “public watchdog”’.

According to the amendments to the Law on State Duty, entering into force on 6 May 2022, the state fee for obtaining a license for a nationwide terrestrial television

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<sup>95</sup> [https://www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2022\)009-e](https://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2022)009-e).

broadcaster was reduced by 10 times and set at 5,000 AZN (2,900 EUR). Previously, the state fee for the same license was 50,000 AZN (29,000 EUR).<sup>96</sup>

Despite online and social media being incorporated into defamation and slander laws in March 2017, the law sets no limitation on the free use of the internet.<sup>97</sup> Social networks offer a relatively free discourse platform in Azerbaijan; for example, setting up an account or making publications on the internet does not require special permission or compliance with specific administrative regulations.

There were no cases of formal prosecution related to posts on social media in 2022.

Azerbaijani legislation provides for a legal basis for blocking online resources. The Ministry of Digital Development and Transportation has to give a warning to the site administration to delete material deemed to be offensive within eight hours, or the site will be blocked.<sup>98</sup> Cases have been reported in which the blocking of conventional and online media was performed, violating procedural norms.

Articles 147, 148-1 and 323 of the Criminal Code stipulate criminal responsibility for dissemination of information that damages the honour and dignity of a person.<sup>99</sup> The process of decriminalising defamation does not seem to be a Government priority. On a positive note, civil society was not subject to undue pressure in this respect in the current reporting period.

Despite the fact that the new Media Law is not directly related to CSOs, it is not possible to state that the Government facilitates freedom of expression for CSOs. The overall situation remains the same as it was in previous years.

### Specific recommendation under Area 6:

- The Government and the courts should ensure that blocking of online media resources is performed strictly in accordance with the law;
- The National Assembly should amend the law to decriminalise defamation and make it an administrative rather than a criminal offence; and
- The Government should eliminate censorship in practice and stop pressure on journalists and CSO activists with critical voices.

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<sup>96</sup> <https://e-qanun.az/framework/49556>.

<sup>97</sup> Presidential Decree of 16 March 2017 on approval of changes to the Presidential Decree of 19 June 1998 on changes to application of the Law on Information, Informatization and Information Protection, <http://e-qanun.az/framework/35125>.

<sup>98</sup> Presidential decree of 16 March 2017 on approval of changes to the Presidential decree of 19 June 1998 on changes to application of the Law on Information, Informatization and Information Protection, <http://e-qanun.az/framework/35125>.

<sup>99</sup> Criminal Code of Azerbaijan Republic, 30 December 1999, [www.e-qanun.az](http://www.e-qanun.az)

## 3.7 Right to Privacy

Overall score per area: **4.4 / 7**

Legislation: **4.9 / 7**

Practice: **3.8 / 7**

The legislation of the Republic of Azerbaijan guarantees the right to privacy for everyone, including CSOs and CSO members, and there is no discrimination against CSOs in this regard. There were no cases of illegal interference with the right to privacy of members of the CSO sector in 2017-2022. Similarly, no interference by the state that violated the protection of the private data of CSOs and CSO representatives, as well as access to CSO offices (both in law and practice), was reported.

Despite the fact that CSOs are required to inform the MoJ about new members of their boards, including the chairperson, within forty days of board elections, providing personal data on their members and associated individuals is not required.

The environment for CSOs regarding the right to privacy has not changed in 2022 compared to the previous year and the scores have therefore remained the same.

The Government did not take any action towards implementing the recommendations stipulated in the CSO Meter report for 2021 in this area and therefore all the recommendations are still relevant for 2022. The key recommendations are decriminalising the use of fake profiles in social networks and abolishing the requirement for CSOs to submit passport information of donors.

### Standard I. Everyone enjoys the right to privacy and data protection.

The right to privacy is guaranteed in the Constitution of Azerbaijan (Article 32) as the right to the inviolability of private life. Everyone has the right to confidentiality of their private and family life and interference with private or family life is prohibited, except in cases prescribed by law. Everyone is entitled to protection against unlawful interference with their private or family life. Moreover, the collection, storage, use and dissemination of information concerning a person's private life is not permitted without that person's consent. Except in cases prescribed by law, no one may be followed, filmed, photographed, recorded, or subjected to any other similar actions without their knowledge. The state guarantees everyone's right to confidentiality with respect to correspondence, telephone communications, post, telegraph messages and information sent by other means of communication. This right might be restricted, as prescribed by law, in order to prevent crime or to determine the facts in the course of investigation of a criminal case.<sup>100</sup>

<sup>100</sup> Article 32 of the Constitution of the Republic of Azerbaijan.

Personal and family life information, such as political views, religious beliefs, ethnic origin or race, a person's criminal convictions, health conditions, sexual life, adoption, etc. are considered private information and access to this information is restricted in accordance with the Law of the Republic of Azerbaijan on Access to Information of 30 September 2005.

There are administrative sanctions and criminal liability in the legislation of the Republic of Azerbaijan to guarantee the right to privacy. For example, Article 155 of the Criminal Code of the Republic of Azerbaijan stipulates criminal liability for infringement of privacy of correspondence, telephone conversations, mail, telegraph or other messages. Similarly, Article 156 of the Criminal Code imposes criminal liability for infringement of the inviolability of private life (the illegal collection, as well as the sale or transfer, of documents such as videos, or sound recording materials containing information on personal and family life).

Certain guarantees are also envisaged in the Civil Code of the Republic of Azerbaijan. For example, a natural person has the right to a court order declaring to be untrue any information which discredits his or her honour, dignity or business reputation, discloses a secret of his or her private and family life or his or her personal or family immunity, provided that the person who disseminated such information fails to prove that such information was true (Article 23.1). In addition, Article 21 of the Civil Code provides for the right to compensation for any material or moral damage caused to a physical person or legal entity as a result of the violation of the right to privacy.

The Law of the Republic of Azerbaijan on Personal Data of 11 May 2010<sup>101</sup> defines the legislative basis and general principles of collection, processing and protection of personal data. Additionally, the Republic of Azerbaijan signed and ratified the CoE Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data regarding supervisory authorities and trans-border data flows via a law dated 30 September 2009 (No. 879-IIIQ).<sup>102</sup>

Article 148-1 of the Criminal Code provides for criminal responsibility in the form of imprisonment for up to two years, starting with a fine of 1,000 AZN (approximately 560 EUR) for public insults or using a fake user name, profile or account online. The sanctions of the Article have been further toughened by the Law of 31 May 2017.<sup>103</sup>

In 2022, there were no cases of illegal interference with the right to privacy of members of the CSO sector. Both law and practice for this standard remained the same as in the previous year.

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<sup>101</sup> Law of the Republic of Azerbaijan "On Personal Data" of 11 May 2010, <http://www.e-qanun.az/framework/19675>.

<sup>102</sup> Law of the Republic of Azerbaijan on ratification of the Convention on the Protection of Persons Related to the Automated Processing of Personal Data, <http://www.e-qanun.az/framework/18625>.

<sup>103</sup> Article 148-1 of the Criminal Code.

## Standard II. The state protects the right to privacy of CSOs and associated individuals

CSOs are required to inform the MoJ about new members of the board including the chairperson. However, CSOs are not required to provide the MoJ with personal information on their members and associated individuals.

CSOs are also obliged to provide the MoF with passport information of individuals who donated to them during the year. Other reports submitted by CSOs to the Tax Service, the State Social Protection Fund, the Ministry of Labour and Social Protection, the MoF and the State Statistics Committee mainly relate to financial reporting, tax and social payments and do not infringe in themselves the right to privacy.

During inspections at CSOs, the relevant state body (the MoJ, Tax Ministry, etc) studies relevant CSO documents and makes a decision on the results of the inspection, which the CSO can appeal in court. For example, pursuant to Article 38.1 of the Tax Code, mobile tax audits (regular, planned or extraordinary), including electronic audits, are carried out on the basis of the decision of the tax authority which sends a written notification to the taxpayer at least fifteen days in advance. Under the law, all legal persons, including CSOs, should be informed in advance of inspections by state bodies.

The legislation contains additional limitations on state bodies' access to personal data during investigations. For example, pursuant to Article 199.2 of the Criminal Procedure Code of the Republic of Azerbaijan, in the course of procedural activities, it is prohibited to unnecessarily collect, disseminate or use information relating to the private life of any person and other information of a personal nature which is intended to be kept secret. At the request of the investigator, prosecutor or court, the participants in investigations and court procedures shall be obliged not to disseminate such information and shall give a written undertaking to this effect.<sup>104</sup>

The interception and checking of mail delivered by post, telegraph and other communications, and interception of conversations via telephone or other means of communication, information sent via other communication and technical channels and other information shall be permitted only by court order and in accordance with the Criminal Procedure Code.<sup>105</sup> During the criminal prosecution, the right to privacy (one's own and one's family's) and the confidentiality of information sent via correspondence, telephone conversations and other means of communication, and of other information, may be limited only by the Criminal Procedure Code.

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<sup>104</sup> Article 199.2 of the Criminal Procedure Code of the Republic of Azerbaijan.

<sup>105</sup> Article 16 of the Criminal Procedure Code of the Republic of Azerbaijan.

In 2022, there have not been any reported cases of the authorities breaking into CSOs' offices or of surveillance on CSOs and circumstance for CSOs regarding the right to privacy did not change in 2022.

### Specific recommendations under Area 7:

- The National Assembly and the President should sign the CoE 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 which requires the establishment of an independent state body for the monitoring and supervising of personal data;
- The National Assembly should decriminalise the use of fake profiles in social networks and ensure that any sanctions are proportionate; and
- The Ministry of Finance should abolish the requirement for CSOs to submit passport information of donors to the MoF.

## 3.8 State Duty to Protect

Overall score per area: **4.6 / 7**

Legislation: **5.0 / 7**

Practice: **4.2 / 7**

Per Article 60 of the Constitution of the Republic of Azerbaijan, everyone, including CSOs and their members, has the right to represent themselves in the courts and defend their rights. There have not been any negative media campaigns against CSOs or public statements by government officials in the current reporting period.

Legislative requirements relating to fighting extremism, terrorism, money laundering or corruption are burdensome for CSOs and most organisations have no resources to comply with them. For this reason, these laws are in effect not implemented in relation to CSOs in Azerbaijan and the state did not take any real actions in reducing CSOs' burden regarding obligations on money laundering and terrorist financing in the law.

Although the overall score for this area has not changed from 2021, burdensome legal requirements regarding money laundering and terrorism financing have remained unchanged over the years which has led to a decrease in the legislation score for this area.

The overall situation in this area remained the same as it was for 2021 and the recommendations for 2021 are still relevant for 2022. The key recommendations are the revision and reduction of the penalties against CSOs and ensuring that the obligations of CSOs related to the fight against extremism, terrorism, money-laundering or corruption shall be revised and applied to CSOs following the risk-based approach.

**Standard I. The state protects CSOs and individuals associated with CSOs from interference and attacks.**

Everyone may appeal against the actions and inaction of state bodies, political parties, legal entities, municipalities, and their officials through an administrative process or in the courts.

Appeal Councils have been established as collegial bodies acting on a free, public basis for reviewing complaints made by natural and legal persons, including CSOs, against the decisions and actions of state bodies.<sup>106</sup> Thus, an alternative appellate mechanism is available for legal entities and CSOs. The decisions of the Appeal Councils are also subject to further judicial review.

Generally, an appeal period from the decisions of the courts is reasonable and varies from twenty days to two months beginning from the time the parties of the court case officially receive the decision(s). The decisions are not enforceable unless the appeal period has ended.

Like other physical persons, members of CSOs are also protected from hate speech as the Criminal Code of the Republic of Azerbaijan prescribes criminal liability for slander and insult.<sup>107</sup>

As they are not legal entities, informal associations are not eligible for certain rights, despite Azerbaijani legislation allowing their establishment and existence. For example, informal associations cannot be plaintiffs in court, own property, open a bank account or receive a tax identification number. Unless it is registered with the MoJ, the state cannot protect the name of an unregistered CSO.

Compensation for moral injury and property damage for everyone is ensured by the Civil Code and the relevant legislation.

Since 2014, critics of the government within CSOs have been highly reduced in Azerbaijan and the CSO sector largely consists of either pro-government or neutral CSO members as a result of the state monopoly and control over the sector in recent years. For this reason, there is no need for the Government to interfere in CSOs' activities and attack CSOs as was the case prior to 2014. The situation in this standard remains similar to in 2021.

**Standard II. Measures used to fight extremism, terrorism, money laundering or corruption are targeted and proportionate, in line with the risk-based approach, and respect human rights standards on association, assembly, and expression.**

This area is mainly regulated by the 'Law on the fight against the laundering of money or other assets obtained by criminal means and the funding of terrorism' adopted in 2009. This Law: (i) treats CSOs, as well as branches and representative offices of

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<sup>106</sup> The Decree of the President "On the establishment of Appeal Councils in the central and local executive authorities of the Republic of Azerbaijan" dated 3 February 2016.

<sup>107</sup> Articles 147 and 148 of the Criminal Code.



foreign CSOs in Azerbaijan, as ‘participants of monitoring’ (Article 4.0.9); and (ii) obliges them to ‘prepare and enforce internal control systems against laundering of money or other assets obtained by criminal means and the funding of terrorism’ (Articles 5 and 12). CSOs are also required to assign a responsible person, appoint an internal auditor, conduct customer identification and verification, provide information to the Financial Monitoring Service about suspicious transactions and conduct appropriate training. Due to financial difficulties, CSOs are not normally in a position to meet these requirements. Most CSOs are not aware of this law,<sup>108</sup> despite the high penalties for non-compliance which comprise fines from 800 to 15,000 AZN (around 450 to 8,400 EUR).<sup>109</sup> This requirement and the respective penalty also applies to branch offices or representations of foreign CSOs in the Republic of Azerbaijan as well as to religious organisations.

The recommendations of the Financial Action Task Force (FATF) emphasise that ‘actions taken for this purpose should, to the extent reasonably possible, avoid any negative impact on innocent and legitimate beneficiaries of charitable activity.’<sup>110</sup> At present, the legislation of Azerbaijan does not contain any specific guidelines for the establishment of ‘internal control systems’ by CSOs.<sup>111</sup> At the initiative of the MoJ, a working group comprised of independent CSO legal specialists and the former NGO Support Council developed guidelines for CSOs on how to comply with legislation on anti-money laundering and counter-terrorism financing (AML/CTF).

The Government still does not apply a risk-based approach towards CSOs in relation to AML/CTF and has not changed the law in this regard. No new developments have occurred regarding the standard requirements in the current reporting period.

The National Action Plan for 2022-2026<sup>112</sup> to strengthen the fight against corruption was adopted during the current reporting period. According to the Plan, the measures to fight against corruption include the further strengthening of cooperation between civil society institutions and state bodies (institutions) and the implementation of joint projects, the creation of conditions for the participation of representatives of civil society institutions in collegial decision-making procedures in state bodies (institutions), and the implementation of educational projects together with CSOs operating in the fight against corruption. The Plan also stipulates that, in order to assess the quality of the services provided by state bodies (institutions), regular electronic satisfaction surveys will be conducted through official websites and social networks, and civil society institutions and public councils will be involved in this

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<sup>108</sup> Focus Group.

<sup>109</sup> Article 598.2 of the Code on Administrative Offences of the Republic of Azerbaijan.

<sup>110</sup> See p. 95 at <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

<sup>111</sup> ICNL, ‘Overview of obligations of NGOs to fight against terrorism and money-laundering in Azerbaijan’, 17 May 2016.

<sup>112</sup> <https://e-qanun.az/framework/49349>.



process. However, no positive or substantial actions have taken place in relation to CSOs to implement the provisions of the National Action Plan. National Action Plans largely remain informal and are rarely implemented positively towards CSOs.

### Specific recommendations under Area 8:

- The National Assembly and the Government should ensure that penalties against CSOs shall be revised, reduced and applied proportionately to the offence; and
- The National Assembly and the Government should ensure that the obligations of CSOs related to the fight against extremism, terrorism, money-laundering or corruption shall be revised and applied to CSOs following the risk-based approach and should only apply to certain CSOs, for example, only those with an annual turnover exceeding 50,000 AZN (around 27,900 EUR).

## 3.9 State Support

Overall score per area: **4.2 / 7**

Legislation: **4.4 / 7**

Practice: **3.9 / 7**

Existing state support is not enough to cover the financial needs of CSOs and the material deficiencies they face due to the restrictive environment in Azerbaijan. There are a number of public financing mechanisms in Azerbaijan (subsidies, public funding, social services, etc.). The most common form is grants and each funder has its own grant rules. Some are more transparent and accessible for CSOs than others. The concerns of CSOs relate to the overall number and amount of grants rather than their procedural aspects.

Due to issues related to the registration of foreign funding with the MoJ, the tax environment for CSOs is not favourable, despite tax exemptions on grants, donations, and membership fees.

Volunteering in Azerbaijan is popular, although there are some difficulties in obtaining residency permits for foreign volunteers and a written contract must be signed with each volunteer, even for minor assistance.

The circumstances did not change in 2022 in this area. The scores have decreased in legislation from 4.6 in 2021 to 4.4 in 2022 and in practice from 4 to 3.9 in 2022. This led to a decrease in the overall score to 4.2, compared to 4.3 in 2021.

Newly introduced tax amendments, the overall unfavourable tax environment for CSOs, reporting obligations in legislation and the distribution of mostly small amounts of finance to CSOs over the years amount to a negative impact on the CSO environment in this area. The Government supports mostly pro-government CSOs and tries to control CSOs under its umbrella. All of these factors have led to the decrease in scores in the current reporting period.

Due to the unchanged environment in state support, the recommendations remain the same as in 2021. The key recommendations are introducing meaningful tax benefits for individual and corporate donors to CSOs, abolishing 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 individual grants issued to CSOs.

**Standard I. There are a number of different and effective mechanisms for financial and in-kind state support to CSOs.**

Despite the Government being able to procure goods and services from any organisation, including CSOs,<sup>113</sup> Azerbaijani law places burdensome financial prerequisites on participation in government procurement that make it essentially impossible for CSOs to bid for government contracts. In particular, it is required that a legal entity or natural person pay both a bid security and performance security in order to participate in procurement bids. A bidding entity must provide the government with up to 0.3 per cent of the total price of the procurement or the equivalent of 1.2 per cent of the costs to cover tender expenses.<sup>114</sup> This makes even large CSOs unable to provide the minimum bid security required.

Various state bodies in Azerbaijan can provide grants to CSOs. The Council for State Support to NGOs was the main mechanism for government grants to CSOs at the national level till 2021 when it was replaced with the NGO Support Agency. The former NGO Support Council supported CSO activities in areas including human rights, refugee rights, assistance to IDPs, children, women, youth, health, science, education, culture, human trafficking, corruption, terrorism, CSO legislation, and the integration of Azerbaijan into the international community.

In June 2021, the NGO Support Agency prepared grant competition rules and submitted them to the Cabinet of Ministers for approval. In December 2021, the President gave powers to the NGO Support Agency to approve its temporary grant-making rules which led to the first grant award by the Agency in December 2021. Following this, in the small grant competition held in 2022, the NGO Agency awarded 400 CSOs a total amount of 3,259,000 AZN (1,844,727 EUR) and, in the special grant competition named 'Year of Shusha' in 2022, the NGO Agency awarded 23 CSOs a total of 619,000 AZN (350,379 EUR).<sup>115</sup>

During 2021-2022 within the framework of the 15th Grant Competition, the Youth Foundation (established under the Ministry of Youth and Sports in 2011) awarded 517,320 AZN (292,000 EUR) for local and foreign projects. Additionally, within the 'Year of Shusha' framework, 465,000 AZN (263,000 EUR) was awarded to 21 organisations by means of competition for both local and foreign projects. From 1

<sup>113</sup> The Law of the Republic of Azerbaijan on State Procurement dd. 27 December 27 2001, N 245-IIQ.

<sup>114</sup> Article 29.1 of the Law on State Procurement.

<sup>115</sup> Letter from NGO Agency.

September 2021 to 30 September 2022, the Youth Foundation awarded 22,850 AZN (13,000 EUR) for creating or updating the websites of three youth organisations. Grant competitions by the Youth Fund are conducted according to the Decision of the Cabinet of Ministers dated 16 October 2018, No. 451 'On the Regulation of Organising Competitions for Grant Financing of Programmes and Projects Related to Youth Policy'.<sup>116</sup>

From 1 September 2021 to 30 September 2022, the MoJ registered 93 local CSOs, one representative office of a foreign CSO, included notices to the registry of non-commercial organisations about termination of two CSOs and issued warnings to two CSOs. No CSO activity was suspended during the reporting period. Between 1 September 2021 and 30 September 2022, the MoJ registered 1,553 grants, 175 service contracts and 847 donations. The amount of registered contracts and donations was approximately 280 million AZN (about 158 million EUR). No CSO was penalised during the reporting period and only one CSO was subject to supervision according to the Law 'On the fight against money laundering and the financing of terrorism'.<sup>117</sup>

Only a few specific CSOs receive direct subsidies from the state budget (for example, the Union of Composers, Union of Writers, and Union of Artists) which evidences that subsidies are a less popular mechanism for public financing of CSOs in Azerbaijan compared to grants.

The Law on Social Service allows state bodies to use state budget funds to purchase social services from CSOs.<sup>118</sup> Two decisions of the Cabinet of Ministers (the Rules on the Provision of Social Services at Homes and State Social Service and the Rules on Approving Rules of Providing State Orders in the Area of Social Services) regulate issues, including budgeting for social orders, the procedure for tender commissions, membership in such commissions, the participation of CSOs in tenders, and designation of responsibility and supervision over the process. The value of social contracts is usually under 20,000 AZN (around 11,200 EUR) per project and they cover care centre operation and the provision of various social services to vulnerable groups, etc.

There are 13 government bodies that can provide grants to CSOs. In spite of this, the funding provided by various government mechanisms has never replaced the amount provided by foreign donors and therefore has not met the demands of the CSO sector in Azerbaijan.

In practice, a limited number of CSOs receive free office space (for example, sports associations and organisations working with the disabled). Some CSOs occasionally

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<sup>116</sup> <https://e-qanun.az/framework/40320>.

<sup>117</sup> Official letter from MoJ.

<sup>118</sup> Article 26 of the Social Service Law.

receive other in-kind support from the Government, including free transportation, use of venues, and assistance in reaching out to communities.<sup>119</sup>

With the support of the National Council of Youth Organisations of the Republic of Azerbaijan, from 1 September 2021 to 30 September 2022, four training courses were organised for CSOs. Alongside these, the Youth Foundation has conducted round tables and conferences. During these events, discussion regarding amendments to the laws and defining the operational strategy of organisations for upcoming years, and other meetings and discussions about youth policies were conducted.<sup>120</sup>

Despite the abovementioned developments, over the years the state has not created the legislative or practical framework for CSOs to benefit from a favourable tax environment and diversify their finance sources by utilising different funding mechanisms such as crowdfunding, cash-boxes, and less limited cash donations, etc. The static environment in this regard has hindered CSOs' ability to create financial sustainability for themselves.

## **Standard II. State support for CSOs is governed by clear and objective criteria and allocated through a transparent and competitive procedure.**

The participants of focus groups consider that the individual amount of awarded grants is not enough to implement and fulfil the goals of CSOs.

Not all government bodies have clear and transparent grant issuance rules and the situation has not been changed in 2022 either positively or negatively.

According to the Presidential Decree of 21 October 2015 (No. 654),<sup>121</sup> a total of thirteen state bodies can issue grants to CSOs. Each of these bodies develops its own monitoring and evaluation mechanisms. According to the Rules on Coordination with the NGO Support Council of Grant Giving to CSOs by the State Bodies,<sup>122</sup> they require that state bodies seek the NGO Support Agency's opinion about the topics of their grant competitions, as well as on the project proposals submitted by CSOs in response to these competitions. The related documents are publicly available on the 'e-qanun.az' website and on the websites of grant-providing government bodies. Grant rules are publicly available in the grant competition advertisements every time grant competitions are declared.

On 15 September 2022, the 'Rules on conducting grant competitions on tourism' were approved<sup>123</sup> (no such rules existed previously) and these offer transparency to the

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<sup>119</sup> Focus Group.

<sup>120</sup> Official letter from the Youth Foundation.

<sup>121</sup> <https://e-qanun.az/framework/31056>.

<sup>122</sup> Presidential Decree, No. 652, 21 October 2015, <http://www.e-qanun.az/framework/31055>.

<sup>123</sup> <https://e-qanun.az/framework/52441>.

grant issuance proceedings by the government in the relevant competitions where all types of legal entities can apply as grant competitors.

### Standard III. CSOs enjoy a favourable tax environment.

The tax environment for CSOs is not favourable in Azerbaijan. CSOs are subject to different taxes with high rates, such as a profit tax (at 20 per cent), income tax on employees (at 14 per cent), property tax, land tax, value added tax (VAT), etc. According to the 2019 changes to the Tax Code, salaries up to 8,000 AZN (around 4,470 EUR) are free of income tax within seven years, if there is no government funding to the CSO.

When grants are duly registered, they are exempt from profit tax. Revenues received by CSOs from gratuitous transfers, membership fees, and donations are also exempt from profit tax.<sup>124</sup> Charities are not required to pay tax on the donations they collect, despite there being no legal procedure for obtaining the status of a charitable organisation.

CSOs, including charitable organisations, have to pay tax on income from entrepreneurial activities. This does not apply to social enterprises producing agricultural products as these have exemption from income tax until 2023. At the same time, CSOs are required to have separate accounting for revenues and costs for entrepreneurial activities. CSOs are also required to register grant agreements, donations and service contracts with foreign stakeholders.

Following the Decree of the President of the Republic of Azerbaijan dated 21 March 2020,<sup>125</sup> 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.).

From 1 January 2022, a lot of new changes<sup>126</sup> to the Tax Code entered into force in Azerbaijan. Some of these changes affect CSOs negatively and create additional obligations for them. For example, CSOs are now required to provide more information on bank payment orders, experts hired by CSOs need to have accounting in place (otherwise they will not be eligible for discount on profit tax and would pay 20

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<sup>124</sup> Article 106.1.2 of the Tax Code.

<sup>125</sup> President of the Republic of Azerbaijan, <https://president.az/articles/36239>.

<sup>126</sup> [https://static.president.az/upload/Files/2021/12/29/1z1b02gfc5\\_QANUN\\_VERG\\_M\\_C\\_LL\\_YENI.pdf](https://static.president.az/upload/Files/2021/12/29/1z1b02gfc5_QANUN_VERG_M_C_LL_YENI.pdf).

per cent tax instead of 5 per cent tax) and, if there is no hotel receipt for business travel, then only 50 per cent of the cost is accepted as expense deducted from income. Tax exemption is introduced on donations to foundations for eight years from 1 January 2021 if these foundations are established for public and social purposes by the relevant body of the executive power.

Additionally, according to the changes, all individual tax payers (i.e. experts, consultants, etc.) will have to pay a higher monthly pension contribution (an increase from 62 AZN (36 EUR) to 75 AZN (44 EUR) in Baku) and higher compulsory medical insurance (an increase from 10 AZN (6 EUR) to 12 AZN (7 EUR)).

According to the Law of the Republic of Azerbaijan 'On Medical Insurance',<sup>127</sup> starting from 1 January 2022, compulsory medical insurance premiums for employees who are not operating in the oil and gas sector and conducting activities in the private sector will be increased from 1 per cent to 2 per cent. This applies to those working on labour contracts and the staff will receive approximately 1 per cent less on their net salary.

The changes to the Tax Code do not translate to any positive changes in regards to a favourable tax environment for CSOs and, overall, the tax environment for CSOs has not changed compared to 2021.

#### Standard IV. Businesses and individuals enjoy tax benefits for their donations to CSOs.

The system of tax benefits for businesses and individuals who want to donate to a CSO is underdeveloped in Azerbaijan.

According to the new article 106.1.18 of the Tax Code,<sup>128</sup> a part of a legal entity's profit that does not exceed 10 per cent of the profit of the reporting year is free of taxation from 1 January 2019 for a period of ten years if it is transferred to enterprises, institutions and organisations involved in science, education, health, sports or culture. This rule applies to non-cash payments and the mechanism for it has yet to be adopted by the Cabinet of Ministers of Azerbaijan. There are no other tax benefits for businesses and individuals that donate to CSOs. On 12 March 2020, the Cabinet of Ministers adopted Decision No. 88 to introduce a mechanism for corporate social responsibility (CSR) for businesses to distribute the aforementioned ten per cent of profits. The Cabinet of Ministers adopted this decision without consultation with CSOs and other stakeholders and, as a result, only CSOs in the sphere of culture will be able to receive funds from businesses, as the criteria for CSOs in the social, science, education, and sports fields are impossible for such CSOs to comply with.<sup>129</sup>

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<sup>127</sup> <https://e-qanun.az/framework/80>.

<sup>128</sup> Adopted on 30 November 2018 and entered into force on 1 January 2019.

<sup>129</sup> ECNL, CSO Meter Azerbaijan Country Report 2020, <https://csometer.info/sites/default/files/2020-11/CSO-Meter-Country-Update-Azerbaijan-2020-English.pdf>.



The tax discount mechanism from businesses to CSOs in the Tax Code described above largely does not affect CSOs and donations to CSOs are not a widespread practice due to the restrictive legal environment.

#### Standard V. Legislation and policies stimulate volunteering.

The legal status of volunteers and the protection of their rights with both host organisations and the state are regulated by the Law on Voluntary Activity.<sup>130</sup> A volunteer can carry out voluntary works/services in state bodies, organisations financed from the state budget, local self-governing bodies and CSOs. Also, the Law allows voluntary activity in the following areas: the giving of assistance to persons with disabilities, lonely people, elderly persons, low-income families, refugees and IDPs; legal and cultural education; the education and upbringing of children and youth, and their physical and mental development; the development of sports; the provision of assistance to persons released from penitentiary institutions, drug addicts, and victims of domestic violence; and other areas of activities which are not in contradiction of the requirements of the legislation of the Republic of Azerbaijan.

The volunteer and the host organisation are required to have a written contract.<sup>131</sup> Unfortunately, there is no exception to this for a minor or short-term volunteer assignment. Article 579 of the Code of Administrative Offences imposes penalties for legal entities from 2,500 to 3,000 AZN (approximately 1,400 to 1,700 EUR) for using volunteer assistance without signing a contract with the volunteer.

Volunteers have a broad list of rights, including the right to: demand provision of a safe and healthy work environment; to obtain information about the conditions and nature of the voluntary activity; to demand compensation for daily travel expenses; to receive compensation for damages caused to his/her life and health while carrying out voluntary activity; and to receive compensation for usage of his/her own property, among others.

CSOs can theoretically have foreign volunteers. In practice, however, since the Migration Code does not grant residence permits merely on the grounds of having a voluntary activity contract, it is not easy for CSOs to obtain a residency permit for foreign volunteers.

Currently, the State Agency for Public Service and Social Innovations (ASAN) and some other state bodies benefit from volunteers in their day-to-day activities.

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<sup>130</sup> Law on Voluntary Activity dated 9 June 2009.

<sup>131</sup> Article 9.1 of the Law on Voluntary Activity, 9 June 2009.



Due to the restrictive legal and financial environment, CSOs' abilities to involve volunteers in their activities is highly diminished and the situation in 2022 is unchanged from the previous reporting period.

### Specific recommendations under Area 9:

- The Government and the National Assembly should introduce meaningful tax benefits for individual and corporate donors to CSOs;
- The National Assembly should abolish the requirement to have a written contract with a volunteer for ad hoc works that do not exceed one day;
- The Government should increase the amount of individual grants issued to CSOs so that they build their institutional capacity (for example, 10,000 AZN, about 5,300 EUR); and
- The Government should take measures to increase practices on renting out government-owned venues to CSOs for free or at a symbolic fee for events organised by CSOs

## 3.10 State-CSO Cooperation

Overall score per area: **4.1 / 7**

Legislation: **4.3 / 7**

Practice: **3.9 / 7**

State-CSO cooperation mainly occurs via the NGO Support Agency, but this is limited and does not involve CSOs in decision-making processes at the level of the Cabinet of Ministers. Although the Government showed a willingness to cooperate with CSOs by organising large discussions with their participation, the results of those meetings are not evident and did not lead to any substantial results in lifting the obstacles CSOs face in Azerbaijan.

CSOs' involvement in public discussions and in the government decision-making process continues to be formal and restricted. The restricted legal framework for CSOs to engage in the decision-making process has remained the same over recent years, mostly via the Law on Public Participation which has inactive norms and is poorly-implemented in practice. This partly explains why the overall score in this area has decreased in 2022. Added to this is the low level of implementation of legislation in decision-making processes regarding CSOs and the Government's suspicious attitude towards CSOs.

This is the area which has registered the most significant decrease compared to the scores for 2021. This is a result of both the noted trends and the re-evaluation comparatively with the other five EaP countries. The score in legislation for this area decreased from 4.7 in 2021 to 4.3 in 2022. The score for practice decreased from 4.3 in 2021 to 3.9 in 2022. The overall score of the area decreased from 4.5 in 2021 to 4.1 in 2022.

There is no evidence that the Government has considered the CSO Meter report recommendations stated in the previous reporting year. The key recommendations are increasing efficiency in enforcing the public participation mechanisms envisaged in the Law on Public Participation and organising training for public officials on CSO-state cooperation.

### **Standard I. State policies facilitate cooperation with CSOs and promote their development.**

Policy documents on CSO development and cooperation between the state and CSOs are adopted and incorporated into legislation.

One of the key documents in this sphere is the Decree of the President on Approving a Concept on State Support to NGOs (2007). The concept envisages the following types of state support to CSOs, among others: information, consultation, methodical, organisational-technical and financial. Another important policy is the Open Government Partnership (OGP) Action Plan for 2020-2022. According to a monitoring report, as of December 2021 some 73 per cent of the Plan has been implemented.<sup>132</sup>

Policy documents including action plans and programmes (for instance, the National Action Plan to Combat Human Trafficking in the Republic of Azerbaijan for 2020-2024) in various spheres also envisage government cooperation with CSOs.

Despite the fact that the state stipulates CSO-state cooperation in the abovementioned documents, there is still not enough willingness from the state to implement the provisions of those documents. Over the years, CSO-state cooperation has not substantially improved.<sup>133</sup>

### **Standard II. The state has special mechanisms in place for supporting cooperation with CSOs.**

There are various mechanisms to support cooperation with CSOs. In 2022, the Government showed more willingness to cooperate with CSOs compared to previous years.

Public councils, public hearings and discussions, public discussion on draft legislation, the provision of written comments on draft legal acts and the study of public opinion are examples of the mechanisms for cooperation with CSOs as provided for by the Law on Public Participation of 2015.

According to the website 'ictimaishura.az' which is the only website presenting centralised information on public councils, there are 39 public councils in Azerbaijan under central and local executive authorities both in the regions and in Baku as of

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<sup>132</sup> Monitoring report on implementation of OGP National Action Plan, prepared under ECSOFT. Held by the Authors.

<sup>133</sup> AB meeting.

2022.<sup>134</sup> Detailed procedures for operation and transparency of public councils were further elaborated in the Rules on Elections of CSOs to Public Councils approved by Order of the Cabinet of Ministers No. 171,<sup>135</sup> and the Rules on Organisation of Public Hearings and Discussions approved by Order of the Cabinet of Ministers.<sup>136</sup> However, CSOs report that the election of CSOs to consultative bodies of certain state agencies is not transparent and therefore the activity of public councils is not effective.

On 7 September 2022, a conference entitled 'Government-NGO-business partnership: international experience' was held within the framework of the Civil Society for Transparency (ECSOFT) project of the United States Agency for International Development (USAID) in cooperation with the Open Government Platform. The purpose of the conference was to study the advanced cooperation experience of the state authorities of various foreign countries with citizens, public organisations and business institutions. Representatives of state bodies, businesses, and Azerbaijani CSOs participated in the event.

Within the framework of the National Action Plan for the Promotion of Open Government and USAID's ECSOFT project, seminars were held for a number of government agencies and CSOs on the topics of 'Obligations of NGOs in the fight against money laundering and the financing of terrorism'<sup>137</sup> and 'Corruption offences and rules of ethical behaviour'.

On 18 July 2022, a public discussion was held at the NGO Support Agency regarding the improvement of the legislation regulating CSO activities.<sup>138</sup>

On 1 November 2022, a meeting of the Public Unions and Religious Institutions Committee of the National Assembly was held. At the meeting, discussions were held on 'Strengthening of Parliament-NGO cooperation'.

In July 2022, the opening ceremony of the first Development and Exchange Programme of NGOs organised by the NGO Support Agency was held in the city of Mingachevir. The Exchange Program envisages further improvement of NGOs' skills in the field of writing and management of projects, strengthening the activities of NGOs, ensuring their sustainability and increasing their initiatives.<sup>139</sup>

In 2022, a positive trend was observed in the Government's cooperation with CSOs, and extensive meetings were held in the regions with the participation of

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<sup>134</sup> <https://ictimaishura.az/councils/az>.

<sup>135</sup> Decision of the Cabinet of Ministers of the Republic of Azerbaijan on approval of the 'Regulations on the election of the Public Council by civil society institutions', 30 May 2014, <http://e-qanun.az/framework/27803>.

<sup>136</sup> Decision of the Cabinet of Ministers of the Republic of Azerbaijan about approval of 'Rules of carrying out public hearings and public discussions on drafts of legal acts prepared by central and local executive authorities and local self-government bodies', 30 May 2014, <http://e-qanun.az/framework/27804>.

<sup>137</sup> <http://www.fiu.az/news/133>.

<sup>138</sup> [https://azertag.az/xeber/QHT\\_fealiyyetini\\_tenzimleyen\\_qanunvericiliyin\\_tekmillesdirilmesi\\_ile\\_bagli\\_ictimai\\_muzakire\\_kechirilib-2219609](https://azertag.az/xeber/QHT_fealiyyetini_tenzimleyen_qanunvericiliyin_tekmillesdirilmesi_ile_bagli_ictimai_muzakire_kechirilib-2219609).

<sup>139</sup> <https://report.az/daxili-siyaset/mingecevirde-qht-lerin-1-ci-inkisaf-ve-mubadile-proqrami-kecirilir/>.

representatives of CSOs and state bodies. For instance, Vusal Guliyev, head of the Department for Work and Communication with CSOs of the Presidential Administration, met with civil society representatives in the regions from mid-May to mid-June 2022. He also reviewed the projects implemented by CSO representatives and their outcomes, and listened to their problems within the project 'CSO Visits'. The meetings were planned to cover all organisations operating in the regions.<sup>140</sup>

On 26 May 2022, with the support of the Ganja City Executive, a republican zonal conference 'New Challenges in CSO-State Cooperation: Strengthening Public Control Mechanisms' organised by the NGO Support Agency was held in Ganja. The conference covered Ganja, Mingachevir and Naftalan, as well as the Kalbajar, Goygol, Samukh, Dashkasan and Goranboy districts. At the conference, a senior representative from the Presidential Administration said that a basis for a more wide-ranging network of all CSOs should be created to further improve this area.

The Parliamentary Committee on Human Rights decided to set-up a Working Group of CSOs dealing with human rights in January 2022.<sup>141</sup> However, information about the composition, number, and specific activities of the working group was not disclosed to the public.

Overall, however, positive results from all of the above meetings are not evident and did not lead any substantial and positive consequences for CSOs in lifting the obstacles they face in Azerbaijan. CSOs' involvement in public discussions and in the government decision-making process continues to be formal and restricted. The Government only trusts CSOs that are loyal to it

### Specific recommendations under Area 10:

- The Government should 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;
- The Government should increase efficiency in enforcing the public participation mechanisms envisaged in the Law on Public Participation; and
- The Government should organise training for public officials on CSO-state cooperation.

<sup>140</sup> [https://www.aznews.az/news/take\\_a\\_look/292372.html](https://www.aznews.az/news/take_a_look/292372.html).

<sup>141</sup> <https://apa.az/az/daxili-siyaset/mm-de-insan-huquqlari-ile-bagli-cevik-grup-yaradilacaq-723267>.

## 3.11 Digital Rights

Overall score per area: **4.6 / 7**

Legislation: **4.8 / 7**

Practice: **4.3 / 7**

The relevant legislation does not provide a wide scope of protection of the digital and human rights of CSOs such as, for instance, a basic legal environment in the area of artificial intelligence (AI). However, the digital rights of CSOs are mainly protected. Cybercrime laws or other criminal laws relating to the digital sphere are mostly limited to illegal acts that are clearly prescribed.

Despite the fact that by introducing the 'individual e-window' (FEP) system the Government slightly improved the environment for CSOs to enjoy their digital rights, the remaining digital restrictions on media outlets known as 'oppositional critical voices' and the limiting of digital rights of some opposition CSO members, in parallel with the requirements of the new Media Law for online media, outweigh any improvements in this area. As a result, the score decreased in both legislation (from 4.9 in 2021 to 4.8 in 2022) and practice (from 4.4 in 2021 to 4.3 in 2022) which led to a decreased overall score from 4.7 in 2021 to 4.6 in 2022.

The Government has not taken any real action taking into account the recommendations of the previous report for this area and the recommendations for the current reporting period remain the same as in the previous report. The key recommendations are the adoption of a policy or regulations to encourage and enable digital tools and e-democracy and the adoption of laws or regulations on conducting human rights due diligence.

### **Standard I. Digital rights are protected, and digital technologies are compliant with human rights standards.**

The legislation of the Republic of Azerbaijan provides certain guarantees for the existence of a safe and enabling online environment and the protection and exercise of digital rights. However, it does not cover all aspects of digital rights; for example, it does not cover laws that regulate AI, nor are there separate laws dedicated to AI. No relevant laws were enacted in 2022 in this area and, therefore, the situation relating to this standard remains the same as in the previous reporting period.

Cybercrime laws or other criminal laws related to the digital sphere are mostly limited to illegal acts that are clearly prescribed. Illegal access to a computer system,<sup>142</sup> illegal seizure of computer data,<sup>143</sup> illegal intrusion into a computer system or computer

<sup>142</sup> Article 271 of the Criminal Code of the Republic of Azerbaijan.

<sup>143</sup> Article 272 of the Criminal Code of the Republic of Azerbaijan.

data,<sup>144</sup> the circulation of means designed to commit cybercrime,<sup>145</sup> and the falsification of computer data<sup>146</sup> are all criminal acts under the Criminal Code of the Republic of Azerbaijan.

The main law concerning digital rights of citizens is the Data Protection Law (the Law of the Republic of Azerbaijan ‘On information, informatization and information protection’).<sup>147</sup> The Data Protection Law defines the basis of state policy in the legal regime of information resources, the fields of the creation and registration of internet information resources, the dissemination of information in internet information resources or information-telecommunication networks, the prevention of placement of information prohibited in internet information resources and responsibility for their dissemination.

There are no restrictions on the operation of social networks in the Republic of Azerbaijan and citizens do not need the consent of the authorities in advance for posting anything on social media.

Although in different laws of the Republic of Azerbaijan there are defined principles of information use and modes of access of both government bodies and citizens to that information, in practice citizens face violations of these laws and their digital rights.<sup>148</sup>

According to Article 13-2 of the Data Protection Law, 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 the placement of information: on the promotion of violence and religious extremism; on forcible seizure or retention of power; on organisation of mass riots; on propaganda and the financing of terrorism; on anything constituting a state secret; on pornography; information of an insulting or defamatory nature; information that violates the inviolability of private life; information that infringes intellectual property rights; and other information prohibited by the laws of the Republic of Azerbaijan.

According to Article 13-3 of the Data Protection Law, the relevant executive authority shall notify the owner of the internet information resource and its domain name and the host provider in writing if it directly discovers cases of placement of prohibited information in the internet information resource or identifies it on the basis of

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<sup>144</sup> Article 273 of the Criminal Code of the Republic of Azerbaijan.

<sup>145</sup> Article 273-1 of the Criminal Code of the Republic of Azerbaijan.

<sup>146</sup> Article 273-2 of the Criminal Code of the Republic of Azerbaijan.

<sup>147</sup> Dated April 3, 1998, see <http://www.e-qanun.az/framework/3525>.

<sup>148</sup> See for example, <https://freedomhouse.org/country/azerbaijan/freedom-net/2021>.

substantiated information received from individuals, legal entities or government agencies. If the prohibited information is not removed from the internet information resource within eight hours from the date of notification, the relevant executive authority shall apply to the district or city court at the location of the body to restrict access to the internet information resource. In urgent cases when the legally-protected interests of the state and society are threatened, or there is a real threat to the life and health of people, access to the internet information resource is temporarily restricted on the basis of the decision of the relevant executive authority.

If the relevant executive authority determines that the placement of information on the internet information resource, the dissemination of which is prohibited in accordance with the Data Protection Law, it applies to the court to restrict access to the internet information resource.

According to Article 60 of the new Media Law that entered into force on 8 February 2022, online media outlets are considered ‘sustainable’ if they publish at least twenty media items per day. Such a requirement can be a burden for online media outlets and the rationale behind measuring sustainability of online media is unclear. Thus, the law introduces new limitations in regards to the digital rights of CSOs.

## **Standard II. The state creates conditions for the enjoyment of digital rights.**

The internet is free for everyone to use. However, the state does not provide a specific guarantee in law. Citizens have the right to take court action if internet providers discriminatorily refuse to provide services to a particular person or entity. In terms of other violations of different aspects of digital rights, people can remedy the violations with the relevant state body in an administrative manner or through the courts.

When it comes to digital rights related to state policies and strategic documents, the state has still not developed an inclusive process of formulation and adoption that includes all stakeholders, including civil society.

The state uses digital technology to engage with its citizens. The main e-government portal<sup>149</sup> is where most government agencies provide numerous services electronically using an ASAN signature or electronic signature systems. For example, CSOs also use this system for various purposes, including for some online reports.

In 2022, the Government showed its willingness to increase internet access and its quality in rural areas by promising to provide broadband internet access to 150,000 households<sup>150</sup> and, at the end of 2021, starting to build Gigabyte Passive Optical

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<sup>149</sup> Decree of the President of the Republic of Azerbaijan dated 5 February 2013 on the approval of the ‘Regulations on the e-government portal’ and measures to expand e-services.

<sup>150</sup> <https://sputnik.az/20220127/aztelecom-ve-baktelecom-birlesdirilir-438554743.html>



Network (GPON) technology in several villages.<sup>151</sup> However, opposition political figures and activists have reported experiencing connectivity issues in the hours before both formally- and informally-held opposition rallies.<sup>152</sup>

The Government still neither lifts restrictions on, nor does it publicly provide the full list of, media outlets blocked in Azerbaijan such as ‘Azadliq.info’, Azadliq Radio (Radio Free Europe/Radio Liberty’s Azerbaijani language service) and Meydan TV. There are reports that some internet users and media outlets have been fined for ‘disseminating forbidden information on the internet’.<sup>153</sup>

Although the Government did not involve or consult with, or take into account CSOs’ concerns regarding the privacy issues and unintended consequences of the algorithms, the MoJ officially announced on its webpage that it had started testing of its ‘individual e-window system’ for CSOs in July 2021.<sup>154</sup> CSOs can use this system to apply online for grant registration and make changes to the registry data (i.e. change of board, change of legal address, etc.). On 1 March 2022, two webinars dedicated to the use of the MoJ ‘individual e-window system’ were held for CSO representatives as part of USAID’s ECSOFT project. Forty-two representatives of CSOs operating in Baku, Ganja, Mingachevir, Shirvan, Guba, Gusar, Saatli, Sabirabad, Neftchala, Lankaran and Zagatala participated in the webinars (21 participants in each). The webinars presented a detailed explanation of the functionality of the ‘individual e-window system’ to the attending CSO representatives.

Additionally, in November 2021, the Government launched for public use the ‘rih.gov.az’ portal which is a ‘Digital ExCom’, i.e. a unified platform for digital services of executive bodies in the regions. Citizens can use this portal for a number of services provided by ExComs, which include, among others, registration of citizens who have no fixed abode, obtaining an opinion on patronage over minors, permission to change a child’s name or surname, appeals from farmers to obtain subsidies, and obtaining construction permits. The portal also has an option of e-participation for citizens in the decision-making processes of ExComs. The efficiency of this platform will require further assessment once it is more widely used.

However, overall, the legal restrictions on media outlets deemed ‘oppositional critical voices’ and the limits placed on the digital rights of some opposition CSO members, in

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<sup>151</sup> [https://developingtelecoms.com/telecom-technology/optical-fixed-networks/11183-aztelekom-introduces-gpon-technology-in-villages-of-azerbaijan.html?utm\\_source=related\\_articles&utm\\_medium=website&utm\\_campaign=related\\_articles\\_click](https://developingtelecoms.com/telecom-technology/optical-fixed-networks/11183-aztelekom-introduces-gpon-technology-in-villages-of-azerbaijan.html?utm_source=related_articles&utm_medium=website&utm_campaign=related_articles_click).

<sup>152</sup> <https://freedomhouse.org/country/azerbaijan/freedom-net/2022>.

<sup>153</sup> <https://freedomhouse.org/country/azerbaijan/freedom-net/2022#B>.

<sup>154</sup> <https://justice.gov.az/news/2472>.

parallel with the requirements of the new Media Law for online media, amount to a negative environment for CSOs in this area.

#### Specific recommendations under Area 11:

- The Government and the National Assembly should adopt a policy or regulations to encourage and enable digital tools and e-democracy; and
- The National Assembly and the Government should adopt laws or regulations on conducting human rights due diligence, including impact assessments and providing transparency into the design, development and deployment of digital technologies and engaging in meaningful consultation with CSOs and potentially-affected groups before and after deploying digital technologies.

## IV. KEY PRIORITIES

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CSOs still operate in a difficult environment in Azerbaijan and the main challenges are funding, reporting, penalties, freedom of expression and freedom of peaceful assemblies stemming from both legislation and practice. These issues shape the key priorities which include improving the legislation on registration and operation of CSOs, increasing the capacity of CSOs by simplifying taxation, improving their access to funding, as well as ensuring their efficient participation in the decision-making process.

Almost all of the previously-identified issues from the previous reporting period remain relevant in 2022. Although the Government has not directly referred to the recommendations of the CSO Meter report, in 2022 the Government showed its interest in expanding state-CSO cooperation by holding some large meetings in the regions with the participation of CSOs. Despite the fact that this was not directly an implementation of a recommendation in the report, it can be evaluated as a positive step towards the implementation of the recommendations identified in the report regarding state-CSO cooperation.

CSOs have the potential to contribute to the process of democratisation, legal and economic reforms, social welfare, as well as to the protection of the human rights of minorities, women, children, the disabled, IDPs and refugees in Azerbaijan.

This report identifies a total of 39 recommendations across 11 areas. The priority recommendations are listed below. They all target the government or National Assembly (in cases in which legislative amendments are needed):

1. The MoJ, the Cabinet of Ministers and the National Assembly should simplify the registration procedure for CSOs by reducing timelines and eliminating subjective treatment by the MoJ;
2. The MoJ and the National Assembly should ensure equal treatment of CSOs compared to businesses during their registration process and operation;
3. The National Assembly should simplify reporting obligations on CSOs according to their size and turnover;
4. The Presidential Administration should abolish the requirement for CSOs to obtain permission to hold events in the regions;
5. The MoJ and the Cabinet of Ministers should simplify the registration of grants and donations (for example, eliminate subjectivity on decisions for

registration and digitalize the process so it can be easily accessible and swift, etc);

6. The National Assembly and the Cabinet of Ministers should abolish the requirement for CSOs to register service contracts; and
7. The National Assembly and the Cabinet of Ministers should eliminate the need for CSOs to report on small donations (for example, the 200 AZN/110 EUR per donor, per year requirement).

# V. METHODOLOGY

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The CSO Meter supports regular and consistent monitoring of the environment in which CSOs operate in the Eastern Partnership (EaP) countries. It consists of a set of standards and indicators in 11 different areas to measure both law and practice. It is based on international standards and best practices. The CSO Meter was developed by a core group of experts from ECNL and local partners from the six EaP countries.

ECNL has worked with the methodology experts RESIS since 2020 on adapting the CSO Meter methodology package to enable both qualitative and quantitative comparison of the different areas of the enabling environment across the EaP countries and years. The proposal for the model was consulted on and tested with the extended regional CSO Meter Hub via email and online events. With the updated comparison model, we aim to: (i) assess the environment for civil society in each of the 11 areas; (ii) enable tracking of developments/progress throughout the years per country; and (iii) compare the environments regionally.

The country partners, together with other CSOs part of the CSO Meter Hub, conducted the monitoring process and drafted the narrative country report. They also established Advisory Boards in each country, composed of expert representatives of key local stakeholders. The members of the boards have two main tasks: to review the narrative reports and assign scores for every standard based on the narrative reports.

The current report covers the period from 1 January to 30 November 2022.

## Monitoring process

The monitoring process was implemented by conducting focus groups, interviews and following the media, social networks, and analysing laws and draft laws.

The report has been prepared by the country partner of the project in Azerbaijan – MG Consulting, following a joint methodology for all six EaP countries. The authors conducted seven interviews and two focus groups (one for Baku-based CSOs and one for regional CSOs). Footnotes referring to the focus groups are coded as ‘Focus Group’.

Important developments for civil society that occurred between the period of data collection and finalisation of the report were included in the executive summary of the report. However, these developments were not considered when assigning scores.

The draft country narrative report was reviewed by the Advisory Board members in Azerbaijan on 15 December 2022.

## Scoring process

The decrease in the overall country score in Azerbaijan in this reporting period was a result in large part to the process of review of all country scores at the wider regional level. After an assessment of the situation of all scores provided in all countries in 2021, researchers were asked to re-evaluate the scores in some of the areas because the situation in Azerbaijan was not considered to be better than the situation in other EaP countries. The areas which are most affected by such re-evaluation are Area 6 (Freedom of Expression), Area 9 (State Support) and Area 10 (CSO-State cooperation).

The country researcher and the 9 Advisory Board members in Azerbaijan assessed each standard where changes occurred both in Legislation and Practice during the reporting period. The final score for each standard was then calculated according to a formula in which the researchers' score participates with 50 per cent, and the Advisory Board members' average score with 50 per cent. The score of each area is then calculated as the average value of the final scores of each standard and calculated and rounded with one decimal for presentation purposes.

For the scoring procedure, a 7-point scale is used. The extreme values of the scale are conceived as the extreme/ideal situations or environment. For example, (1) is an extremely unfavourable (authoritarian) environment, while (7) is an extremely favourable (ideal democratic) environment for CSOs. For more information on the CSO Meter tool, the scoring process and calculation please visit <https://csometer.info/>.

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