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The Effects of State Support on NGO Sustainability in Azerbaijan

MA thesis

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I have written this master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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Abstract

Sustainable NGOs fill the gap left by national governments in society. They address social problems that the state cannot, foster dialogue and cooperation among citizens and of the citizens with the state, and boost bridging social capital necessary for social development. For achieving social mission, NGOs may enjoy either negligible or greater state support. In both cases, however, NGOs get affected by states that seek to reach their constituencies. In this sense, states shape sustainability of civil society organizations through legal environment and financial support. This thesis investigated the effects of state support on local NGOs in Azerbaijan. It hypothesized that local NGOs are prone to be less sustainable since the NGO laws are not enough favorable in this country. The study results supported the hypothesis but further clarified the condition. The research found out that among some other minor NGO operational impediments imposed by the state, the legal environment hinders broader diversification of sources of NGO income and makes state financial support be the main source in town. Therefore, the state financial support itself does not impede sustainability of local NGOs. Although 6 out of 8 studied local NGOs are in good standing, the current legal environment limits NGOs' opportunity to ensure their greater financial sustainability in society. Such a condition leads to deterioration of sustainability of local NGOs in general.

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List of Abbreviations

ADR	Azerbaijani Democratic Republic of 1918
ASSR	Azerbaijan Soviet Socialist Republic
CPSU	Communist Party of Soviet Union
CSI	Civil Society Index
CSO	Civil Society Organization
CSO SI	Civil Society Organization Sustainability Index
CSSN	Council on State Support to NGOs
GONGOs	Governmentally Organized NGOs
LEI	Legal Environment Index
MoJ	Ministry of Justice
NGO	Non-Governmental Organization
NGO SI	Non-Governmental Organization Sustainability Index
NPM	New Public Management
PU _s	Public Unions
SDGs	Sustainable Development Goals
SU	Soviet Union
SWOT	Strengths, Weaknesses, Opportunities, and Threats
USAID	United States Agency for International Development

1. Introduction

Due to comparative advantages of civil society organizations, states started delegating more power and resources to the third sector so it can fill the vacuum left by shrinking national governments. NGOs became playing important role in the areas traditionally occupied by the states (Taylor, 2002). This has started and further developed by the growth of globalization and New Public Management (hereinafter referred to as “NPM”) tendency since 1980s (Marcussen, 1996, pp. 406-408). Since the social value of growing third sector increased for societies, organizational sustainability in the face of survival, continuity and meeting long-term societal needs became highly important (Moldavanova & Goerdel, 2018, p. 56). Nevertheless, third sector organizations started having either negligible or greater state support in their social missions. Usually, NGOs are influenced by the state that seeks to reach its constituencies (Smith & Smyth, 2010, p. 270; Moldavanova & Goerdel, 2018, p. 68). However, consequences of state interaction with growing third sector have got own concerns. That is, state support and its possible negative, rarely positive, effects on NGO sustainability became intensively studied (p. 55). Taking this as the inspiration of current investigation, this thesis aims to study the effects of state support on sustainability of local non-governmental organizations.

In 1980s, technological development, economic tensions, and globalization tendencies intensified and became more frequent in the world. This challenged the traditional model of public administration and led to its operational malfunctioning and subsequent failure. It turned out that the model of maximalist, rigid and hierarchical governments became irrelevant to the needs of rapidly changing societies. To catch up with developments and have greater efficiency and effectiveness, world leaders started minimizing their governments, contracting them out, and co-opting features of private sector (Hughes, 1998, p. 2). Minimization of the scope and scale of governments led to proliferation of NGOs, citizen-based networks, associations, and other autonomous civil society organizations. This in turn created the notion of third sector. In the course of time, this notion represented greater accountability, performance measurement, institutional openness, and citizens orientation.

It is important to bring in the fact that third sector studies are part of literature on NPM (or, “new governance”) that represented the very tendency of shrinking national governments and growing civil society. In major works on this phenomenon, a third sector organization is mainly represented as an NGO or other non-profit agencies (Smith & Smyth, 2010, p. 272; Teegen et al., 2004, p. 464). NPM, in the face of increasing role of civil-society organizations, aimed to achieve higher efficiency and effectiveness in providing variety of public goods. This sector has become a better place for making innovation with lower costs and greater citizen engagement (Smith & Smyth, 2010, p. 270). NPM, together with the third sector that led to improvement of the well-being of societies, has become a part of “good governance” strategy in world’s leading societies. Among such criteria as effectiveness, accountability, and transparency, organization itself as a unit and its capacity to serve the public have become one of the central aspects of good governance practices (Smith & Smyth, 2010; Grindle, 2004, pp. 540-541). This perspective on third sector organizations, their survival, and continuity is central to the current thesis.

Sustainable non-governmental organizations are important for society. This is supported by their capacity to address social problems that the state cannot, foster dialogue and cooperation among citizens and of the citizens with the state, and in turn boost bridging social capital (Walzer, 1991; Putnam, 1995; Chambers, 2001). Despite those aspects that signify important role of NGOs, these organizations face problems in sustaining themselves. The study of states’ impeding NGO sustainability is new in political theory (Worth, 2019, pp. 39-40). Nevertheless, it is argued that the constraints that NGOs face are usually caused by environmental conditions that they operate in (Moldavanova & Goerdel, 2018, p. 59). In such major report as NGO Sustainability Index (hereinafter referred to as “NGO SI”) dedicated to Eastern Europe and Eurasia, the USAID proposed such existing impediments for NGOs as their visibility in society, the problem of registration details, and financial viability (USAID, 2011, p. 2). By analysing the report, one can infer that all three may represent consequences of the state – NGO interaction in the polity.

Since the rise of NPM, the need to maintain an organization for it to address the needs of the general public over the long term has constituted what is now called

organizational sustainability (Appe, 2019; O'Toole & Meier, 2010). It also has become obvious that sustainability of NGOs has important implications for any country since it affects people in societies. Sustainability of "third sector" is directly related to the strength and viability of civil society in general (Hailey, 2014, p. 2). As the thematic scope of NGOs cover variety of fields in which they operate and serve the public, it is believed that sustainable NGOs are there to improve societies (USAID, 2011, p. 1). The matter of sustainability of any type of third sector organization is thought to be a precondition for a positive impact on society that the organization operates in (Moldavanova & Goerdel, 2018, p. 56). Moreover, sustainability is central to the ability of organizations to respond to external changes and assist societies to catch them up (Hailey, 2014, p. 2). Therefore, it is sustainable NGOs that can deliver social value and serve the needs not only current but also future generations.

However, high level of sustainability of NGOs is not always easy to maintain. Levels of NGO sustainability is related to state legal arrangements and financial support in society. Throughout years, it has been observed that East European countries, with exclusion of the Baltic states, have poor standing of civil society development and low levels of NGO sectoral sustainability (USAID, 2011, 2018). Civil Society Organization Sustainability Index's (hereinafter referred to as "CSO SI") evaluation of post-communist South-Caucasian states are not exception to such observation results (USAID, 2018). Malfunctioning structural and socio-cultural arrangements are presented as the remnants of the past (i.e. Soviet legacy) and argued to be one of the main reasons of impeded conditions of civil society in these countries (Gahramanova, 2009; Paturyan & Gevorgyan, 2014; Aliyev, 2014, 2015).

As for almost all post-Soviet countries, CSO SI for Azerbaijan showed that the NGO sector of this country is impeded in terms of sustainability (USAID, 2018, p. 30). Some inferences derived from the literature support these implications (Ismayil & Remezaite, 2016; Aliyev, 2015; Aliyev, 2014; Gahramanova, 2009; Sattarov et al., 2007). However, in order to evaluate the matter of sustainability of local NGOs in Azerbaijan, the author employed different sources of information. They include literature related to the Azerbaijani NGO sector, interviews, public opinion survey, and media screening. It turned out that the argumentation existing in the literature is supported and further explained by Valiyev, the dean of the School of Public and

International Affairs at ADA University. Valiyev explains that it is the state support that makes local NGOs unsustainable in the long run. He argues that the state demotivates local NGOs to find alternative sources of income, and therefore their sustainability start deteriorating in Azerbaijan (A. Valiyev, personal communication, February 27, 2020).

On the other hand, Azerbaijani state official, who is also an NGO sector expert, has counter argumentation stating that Azerbaijani local NGOs are developing in terms of sustainability (G. Safarova, personal communication, March 19, 2020). Safarova claims that the state support doesn't impede financial diversification of the sector since it is in fact an individual decision of every NGO whether to diversify its sources of income and diminish threats to their sustainability or excessively depend on state financial support. Moreover, it is also argued that intensive state support indeed has advantages since it creates competition among local NGOs, increases professionalism, and contributes to their continuity and sustainability in society (Hadzi-Miceva, 2008, pp. 43, 53). Since there are varying opinions on the matter of how NGO sustainability is related to the state support in Azerbaijan, this thesis aims to find out a more plausible standpoint on the dispute. Therefore, the research question guiding the thesis is "what are the effects of state support on local NGO sustainability in Azerbaijan?".

The structure of the thesis is as follows. In first section, the field of study has been analyzed and research question presented. The second section is divided into two stages with the second being divided into additional two subsections. That is, first it theorizes state-NGO relationship in general as well as explains what this phenomenon manifests in practice. Then, it explores what relevant theoretical and practical knowledge is available in literature for two central concepts of the study. The case of the study is presented and analyzed here too. In the hypothesis subsection, it is stipulated that the legal environment is restrictive and impedes local NGO sustainability in Azerbaijan. In the third section, the author explains methods used for conducting this research. It involves selection of assessment frameworks for central concepts and ways of data collection for addressing the research question. In fourth section, the author conducts the main analysis by examining Azerbaijan. In its first stage, the author employs literature and interviews to understand the NGO history, its development, and contemporary dynamics of state-NGO relationship in this country.

Then, the analysis of the interviews with officials and selected NGOs let the author finally assess the effects of state support on local NGO sustainability in Azerbaijan. In final fifth section, the author makes conclusion remarks and presents some suggestions for improving state-NGO relationship in Azerbaijan.

2. Theoretical Framework

2.1 Conceptual Relationship and Literature

The importance of state-NGO relationship lies in the matter of NGOs' role and value creation in society. It was once the case that the focus on development projects and related aid were predominantly state-centric. Local NGOs were generally excluded in social value creation and their role was diminished (Taylor, 2002, p. 312). By tackling this issue, the "basic-needs" approach as an alternative to state-centrism was introduced and developed. It represented a bottom-up approach to address societal needs where states recognized local NGOs as important actors in the polity (p. 315). The role of NGOs as part of third sector further increased due to their comparative advantages compared to the government's public sector. These advantages constituted creation of greater social connectedness with targeted populations, better community building, responsiveness, more efficient service provision with less bureaucratic involvement, as well as corruption and politics free environment which is persistent in the government-led public sector (p. 308; Teegen et al., 2004, p. 468; Marcussen, 1996, p. 408). It has become obvious that in some instances neither public nor private sectors can engage in such value creation for meeting social ends as can be done by local NGOs (p. 467).

States understand that local NGOs have greater potential to become close to citizens and play more important role in society. This drives their interest for intensive interaction with NGOs in the polity. Since the major sectoral comparative advantage of third sector is that local NGOs better reach the necessary publics, states mostly have no other alternative but to direct their funding through them (Teegen et al., 2004, p. 469). This may lead to the "capture" of NGOs by states where national governments try to limit the scope of NGO independent activities in society. As a more visible activity of state support has become the state funding, the relationship between state and NGOs has got a negative connotation. That is, national

governments are usually blamed for their direct funding of local NGOs. It is argued that the purpose of such state support is to enjoy political control over independent civil society organizations (Guat & Sim, 2007, p. 4). Similar arguments explaining negative effects of state support on NGOs are well-spread in literature (Worth, 2019; USAID, 2011; Guat & Sim, 2007; Coston, 1998; Marcussen, 1996).

Despite the fact that state support can make local NGOs dependent in political terms, this study is not about NGO political autonomy. Moreover, although national governments can be a cause of an NGO shut-down for some political reasons in the polity, this thesis does not include political aspects of the state – NGO relationship either. This thesis excludes the issue of NGO political favoring or independence since it only focuses on the effects of state support on sustainability in the sense of organizational survival and continuity of local apolitical NGOs in Azerbaijan. Besides, the reasons that can cause organizational failure are embedded only in sustainability components that don't necessarily include political aspects (Hager et al., 1996). Nevertheless, it is accepted that the models of state-NGO interaction may change the role that NGOs play in society and in turn lead to the condition where the third sector is in a way restrained to enjoy the assumed comparative advantages. This can weaken NGO sustainability and make states remain more important with greater ability of value creation for the society.

In further analysis of the related literature, it is observed that the state – NGO interaction is represented as a taxonomy of three relationship models (Worth, 2019, p. 831). Interestingly, in all three models, it is more about the relation of NGOs to the national government (p. 831). That is, NGOs that are filling the gap left by the government and rely on private resources represent *supplementary* relationship; NGOs that work with the government using both private and state funds – *complementary*; and the *adversarial* relationship where either NGO advocates for policy change, or the government regulates NGOs and imposes penalties when necessary. However, in broader terms, the state-NGO relationship represents the matter of grants availability and other types of state funding to NGOs. This is argued to be a broader principal-agent relationship where the funder holds primary power in society (p. 835). For this approach to state-NGO relationship, a theory proposes that the state support in the face of direct funding is mainly good for bigger, and most

probably older NGOs since they are deemed to be already sustainable with diversified sources of income (p. 842).

Marcussen also discusses NGO relation to national governments and presents a taxonomy of three relationship models. That is, while the filling gaps and service provision represent a *complementing* relationship, lobbying against the government is *opposing*, and working with government for societal well-being and improvement is about a *reforming* relationship (Marcussen, 1996, p. 418). Although NGOs should ideally be in a complementing or opposing relationship with the state, the reforming relation of NGOs to the government is, however, a prerequisite (p. 418). The underlying idea posits that civil society and the state fall and stand together (p. 421). Besides, Coston also provides a relationship typology which, however, is understood by many specific state-NGO relationship aspects (Coston, 1998). These are resistance or acceptance of institutional pluralism by the state (i.e. repression, rivalry, or competition vs. contracting/third-party government, cooperation, complementarity, or collaboration) and no-low-moderate to high levels of linkages (i.e. informal – formal interactions) between the two. Both entail such relationship details as symmetry (i.e. balance, NGO autonomy) or asymmetry (i.e. state control) of power shares that include state influence, support provision (i.e. resource and information sharing), policy making, and one or two-way benefits of state-NGO relationship (i.e. government's full advantage vs. autonomy of and positive consequences for NGOs). Nevertheless, these relationships depend of systemic differences of states, and these relationship types can change by circumstances. Similar to Marcussen (1996), Coston also infers that due to the potential mutual benefits, NGOs and governments should be viewed as partners or allies (p. 377).

With the emphasis of both strains and positive aspects of state support, older studies accept inevitability of state-NGO relationship (Coston, 1998; Marcussen, 1996). Nevertheless, despite the recent studies explore the responsibility of states in the creation of favorable conditions for NGOs to operate in a sustainable manner (Worth, 2019; USAID, 2018; USAID, 2011; Hadzi-Miceva, 2008; Guat & Sim, 2007), the matter of NGOs' responsibility to adapt to political and legal contexts instead was more emphasized back then. Marcussen even questioned NGO comparative advantages, especially those that are assumed to drive the so-called

democratic development of the states (Marcussen, 1996, p. 406). That is, since states actively support sustainability of local NGOs and view it as an important aspect, NGOs' social value creation gets mainly counted for the state positive reputation (p. 418). By this means, state does not get alienated from the third sector, and instead gets viewed as a prerequisite for vibrant civil society. Surely, this standpoint was plausible and manifested in the main occupational priorities of NGOs driven by poor socio-economic situation in third-world countries. However, the underlying assumption in NGO literature proposes that neither world leading international nor local NGOs can alter the established state institutional arrangements (form of governance) in the polity, and therefore tend to adapt to the system.

A more recent study by Guat and Sim (2007) has a related argumentation of NGOs' playing a symbolic role in political life of a country, and in democratic development particularly. It can generally be inferred that such role might be useless to some extent. Authors argue that, ideally, it should not matter whether a third sector organization is governmentally organized, non-governmental, or internationally non-governmental. That is, although developing states should loosen their control over the third sector, NGOs in their turn should predominantly be occupied with social value creation and serve the wellbeing of broader public because the primary power in town is held by the state in one way or another. Thus, the logic of a well-spread argument that NGOs are there to be used mainly by governments as more efficient implementors of social projects seems to have a value now. This thesis also shares the theoretical viewpoints of the mentioned scholars and doesn't view NGOs as the pivot of democracy and its development in Azerbaijan.

2.2 Central Concepts: Conceptualization and Operationalization

It is now obvious that the state-NGO cooperation is necessary and manifests certain forms and mechanisms for two-way partnership. It should also be noted that for NGO-sector sustainability, state-NGO partnership needs to be institutionalized in polity. This institutionalization represents the establishment of state legal and financial support aimed to promote sustainability of the third sector (Hadzi-Miceva, 2008). To understand better and further operationalize state-NGO relationship, as well

as to theorize its dynamics, such concepts as state support and NGO sustainability are central in this thesis.

2.2.1 NGO Sustainability

With the rise of NPM, the term sustainability increased in importance and became spread among international policy-networks, governments, and NGOs. Key definition of sustainability was proposed by the Brundtland Commission as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Appe, 2019, p. 309). First, it grew into Millennium Goals by the UN in 2000-2015 targeting poverty, vulnerable populations, and disaster-relief in the world. Later, sustainability studies evolved into global sustainable development goals (SDGs) that world countries became committed to and planned to achieve by 2030. Nevertheless, in major online dictionaries, sustainability has been defined as “the quality of being able to continue over a period of time” (Cambridge Dictionary, n.d.; Oxford Learner Dictionaries, n.d.). Besides, “perseverance” and “adaptation” which imply survival and longevity are also considered to be synonymous or related words to the general understanding of sustainability (Appe, 2019, p. 308).

However, in broader understanding, sustainability manifests the economic, environmental, and social thematic aspects (p. 309; Hailey, 2014). While economic sustainability concerns long-term financial wellbeing, and economic growth, the scholars of environmental sustainability have been preoccupied with the study of population growth, resource imbalances, and climate change. With greater relevance to this research, social sustainability is about vibrant civil society that aims at promoting equity and access to justice in the polity (p. 2). However, all three study-types of sustainability constitute thematic scopes of a narrower concept as organizational sustainability. It should be noted that organizations in all manifestations are central in addressing the above-mentioned sustainability concerns. Therefore, the concept of NGO sustainability is integral to sustainability studies in general, and organizational sustainability in particular.

It is defined that organizational sustainability concerns “the capacity of organizational arrangements to continue to deliver services over time” (Lewis, 2003,

p. 213). Moreover, Hailey proposes similar definition and puts it in terms of achieving strategic goals (Hailey, 2014, p. 2). He further relates organizational sustainability to the matter of “having sufficient and positive public profile, network and reputation to attract resources” (p. 2). Nevertheless, in literature, organizational sustainability has also been understood through organizational viability, success, longevity, continuity, and sometimes even growth (Alexander, 2000; Ruff, 2006; Carroll & Stater, 2009; Ahlstrom, 2010; in Moldavanova & Goerdel, 2018, p. 58). Here, sustainability is viewed in the face of organizational survival where several directions are identified. These directions are theoretical approaches to explain organizational survival in particular. Among many, major approaches are based on theories of social capital, organizational ecology, strategic management, and resource-dependency. The NGO literature also explains direct relation of age and size to organizational survival (Bowen et al. 1994; Selle and Oymyr 1992; Bielefeld 1994; Baum and Oliver 1991; in Hager, 1996, p. 4). This framework proposes the assumption that older and bigger NGOs are more likely to be sustainable. Both size and age of NGOs also let researchers analyze state-NGO relationship in historical perspective.

Theories of social capital put emphasis on the roles of individuals, collective actions, partnerships, and networks within and among organizations, and argue that these dynamics primarily contribute to organizational survival. These social capital theories of organizational sustainability are related to the paramount role of NGOs to promote social connectedness and foster bridging social capital in societies (Moldavanova & Goerdel, 2018, p. 63). In the achievement of this vision, however, organization ecology, for example, may cause problems. That is, with rapid environmental changes, NGOs may have limited capacity to respond to contingencies. Therefore, external factors that may or may not influence organizations should be analyzed and future actions strategically planned (p. 58). This is called environmental scanning and is part of SWOT analysis that NGO sector should be preoccupied with (Worth, 2019, p. 369). These strategic management practices in third and public sectors have been adopted from private sector since the rise of NPM. Besides the environmental scanning, they also involve performance measurement, financial diversification, and satisfying key stakeholders

(Moldavanova & Goerdel, 2018, p. 50). Final, and most important, the resource dependency theory explains that organizational behavior should change according to availability of financial resources. That is, to preserve organizational sustainability in conditions of heavy donor-dependence or economic recessions, NGOs are suggested to initiate commercial activities in order to generate alternative revenues.

In the international call for sustainable development promotion in the world, attention has been particularly paid to NGOs as important actors in public service provision. Entrusting public services provision to NGOs prioritized the need of societies for sustainable NGOs and their proliferation. Therefore, the theories that explain sustainable organizations became also relevant for understanding sustainable NGOs. A specific definition in literature states that a sustainable NGO is the “one that continues to fulfil its mission over time and, in so doing, can meet the needs of its key stakeholders” (Hailey, 2014, p. 2). Although it may include organizational, strategic, social and other aspects which are interrelated in theory, financial stability in the face of raising money from variety of sources became fundamental for NGO sustainability in practice (p. 1). Worth (2019), for example, generally views third sector sustainability through financial stability of NGOs and their strategic planning (Worth, 2019, pp. 369, 399, 421). Therefore, despite the fact that social aspects in theoretical approaches to sustainability generally rose in importance in recent years, economic aspects are still central in NGO sustainability discussions.

Nevertheless, conceptual *operationalization* framework is theoretically more all-encompassing than a simple understanding of NGO sustainability in literature. That is, former NGO SI and current CSO SI reports established different thematic components of NGO sustainability through which the concept is assessed in detail, and countries are evaluated (USAID, 2011; USAID, 2018). These components include 1) financial viability; 2) organizational capacity; 3) NGO advocacy; 4) service provision; and 5) public image preservation in society. NGO financial viability is related to permanent availability of donors and NGO sufficient finances. It also includes the NGO ability of getting government support as well as identifying other grant opportunities. Positive correlation between financial stability and NGO sustainability is a well-spread phenomenon in the literature (Worth, 2019; Appe, 2019; Moldavanova & Goerdel, 2018; Hailey, 2014; Sontag-Padilla et al., 2012;

Teegen et al., 2004; Lewis, 2003). Nevertheless, Hailey argues that if an NGO heavily relies on one official aid funding, it is potentially unsustainable, even though financial stability is ensured (Hailey, 2014, p. 11). Moldavanova and Goerdel (2018, p. 59) explain that such scenario diminishes organizational capacity and autonomy. Therefore, it is expected that NGOs usually build networks and coalitions to diversify their resources to avoid such condition.

The general capacity of an NGO is related to its institutionalization in society and ability to deliver social values that it prioritized. The greater organizational capacity, the more sustainable an NGO is expected to be. It involves availability of mission and goals, strategic planning, professional staff, as well as quality management and decision-making (USAID, 2011). NGO capacity also depends on membership dynamics and activeness of participation (Aliyev, 2015, p. 92). Moreover, the availability of SWOT analysis as a part of strategic planning is also an indicator of greater organizational capacity (Worth, 2019, p. 369). NGO advocacy, however, is exposed to interpretations. Mainly, it implies NGOs engaging in social and economic campaigns and raising awareness, NGO access to decision-making processes, proliferation of NGO networks and coalitions, as well as support for NGO infrastructure in polity (USAID, 2011). NGO SI and CSO SI reports expand their focus on political implications on NGO advocacy as part of democratic development. However, the reports don't involve engagement of NGOs with political parties. The other study, defines NGO advocacy as giving voice to the issues of any concern in the polity, not specifying the importance of political advocacy in particular for NGO sustainability (Teegen et al., 2004, p. 467).

As it is obvious, while public goods are expected to be provided by the state and excludable services by the market. However, all the needs of society cannot be met only by these sectors, and therefore, their provision is proposed to third sector organizations. Service provision is primarily what NGOs are expected to engage with and serves as a part of social value creation in society. The relation of NGO service provision to sustainability is assessed through NGO activeness in reflection of societal needs and meeting the expectations of NGO constituents. Teegen et al. (2004, p. 467) name these NGOs *operational* since their occupation is to provide or ensure the provision of "critical goods and services to clients with unmet needs".

Since goods and services provision is part of communication with the public, it also builds an NGO public profile in society. NGOs with good public image and perception are expected to be more sustainable (Hailey, 2014, p. 2). NGO SI report includes the extent of media coverage, appreciation by government officials, as well as public positive perception as main aspects that explain NGO public image (USAID, 2011, p. 14).

Despite that other conceptual frameworks also exist in literature, they are mainly based on the framework established by the NGO SI (now CSO SI). Hailey (2014), in general, relies on the components proposed by the NGO SI report. Appe (2019, p. 311), for example, divides the assessment framework of sustainability into operational and financial sustainability. Here, while operational components include organizational capacity, continuation of NGO activities, NGO socio-political adaptation, and institutional development of the sector, the financial sustainability includes availability of donors and NGOs resource mobilization. She claims that sustainability is mainly assessed and promoted in operational terms by Western world (US, Europe) whereas in other regions, NGO sustainability is mainly associated with resource mobilization. Importantly, she also claims that there is no clear cut between the two, and that scholars mix dimensions to assess the phenomenon (p. 311). Lewis (2003), on the other hand, builds assessment framework around the term institutional sustainability and divides it into financial (ability to generate), organizational (capacity) and benefit (continuation of projects) “sustainabilities”. He prioritizes contextual and organizational culture as decisive factors in sustainability matters.

Nevertheless, for Moldavanova and Goerdel (2018), sustainability is beyond only success and survival of an organization. They operationalize sector sustainability by theorizing the pillars of organizational social connectedness in the society. This connectedness is explained by a) NGO infrastructure that involves good interorganizational relationships and bridging organizational ties, b) greater participation and audience diversification, and c) sub-organizations established by NGOs to increase social connectedness (p. 65). According to this three-pillar framework, it can be argued that the greater organizational connectedness, the more sustainable local NGOs may become. The importance of NGOs’ greater social

engagement and “brand” creation, however, is not new and widely supported in literature (Walzer, 1991; Putnam, 1995; Chambers, 2001; Sontag-Padilla et al., 2012). This is part of a broader sustainability defining framework where reliance on external funding, partnerships, and accountability are also important. This framework explains that insufficient funding diversification, few or no external partnerships, weak accountability and public image and poor community engagement make NGOs unsustainable (Sontag-Padilla et al., 2012; Nyanumba, 2017).

2.2.2 State Support

This research paper assumes that national governments are there to support NGOs in sustaining themselves. In the given field of study, NGO sustainability is conditioned by state support. That is, state support is important for NGO sustainability as this is necessary for their quest to accomplish long-run objectives. Similarly, state support is analyzed through NGO sector sustainability. That is, if an NGO sector is sustainable, the state is expected to be supportive. The matter of support is generally understood in terms of legal and financial assistance of the state to third sector organizations (USAID, 2008, 2011, 2018; Hadzi-Miceva, 2008; Gahramanova, 2009; Worth; 2019). Both represent forms and mechanisms of state-NGO cooperation. While legal support-framework includes favorable NGO laws and regulations, the financial support is about state grants and subsidies. Both state financial and legal conditions should be supportive in society, since a restricted legal environment with relatively greater financial support provided may in fact impede NGO sustainability (Gahramanova, 2009; USAID, 2011; Ismayil & Remezaite, 2016).

State financial support explains the state-NGO relationship both in practice and theory. It is well-spread to consider state-NGO relationship as representing a type of partnership (Hadzi-Miceva, 2008; USAID, 2011). However, since state financial support to NGOs is not about sharing risks and benefits, it does not constitute principal-principal relationship that stands as the basis for the notion of partnership (Worth, 2019, p. 835). Instead, it represents the principal-agent relationship where NGOs should meet state expectations and realize their projects by using the state funding. The state funding is provided in three main ways. These are: 1) direct grants

for project implementation; 2) contract-based payments for specific goods and services provision to citizens; and 3) indirect financial benefits provided, for example, through vouchers (p. 835; Hadzi-Miceva, 2008, p. 51). To institutionalize this support, states usually create separate institutions, offices, or ministry departments that further strengthen this type of relationship (p. 43).

Although the principal-agent relationship may be used in a negative connotation, positive aspects of state financial support is obvious. Availability of grants and other types of financial support creates competition among local NGOs. This in turn is expected to increase their professionalism and longevity since states are prone to aid better organized sustainable NGOs (Hadzi-Miceva, 2008, p. 53). However, it is also argued that this competition, as the main revenue source in town, diverts NGOs from their social purposes and drags them into a resource-trap (Teegen et al., 2004, p. 472). It is also supported and further elaborated by resource-dependency theory (Moldavanova & Goerdel, 2018, p. 59). Worth (2019, p. 841) also argues that state funding may be inadequate for project implementation or create uncertainty with delays or failure to be delivered on time. Being conditioned by such revenue crisis, NGOs are expected to diversify their financial recourses. It is related to organizational strategic planning which includes “coherent fundraising plan” that every NGO should develop (Sontag-Padilla, 2012, p. 8). It should involve at least four sources of income: 1) state and state agencies; 2) other financial institutions; 3) foundations; and 4) philanthropic organizations (p. 7). However, the expectations addressed to local NGOs are usually limited to existing NGO legal environment in the polity.

Relying exclusively on financial support while theorizing overall influence of the state over NGO sustainability can mislead the understating the real state support. That is, such a selective approach to the assessment of the state support does not involve state regulatory framework that conditions NGO sectoral viability in the polity. Moreover, it should be also noted that it is the legal framework that in fact conditions state financial support to the NGO sector. It involves tax exemptions and bonds for NGOs, loan guarantees, tax deductibility of charitable gifts for donors, and variety of other policies that the state is expected to ensure for the NGO sector sustainability (USAID, 2011; Worth, 2019, p. 831). The Legal Environment Index

(hereinafter referred to as “LEI”) by USAID examines the phenomenon through 1) legal procedures of registration and operation; 2) state harassment in the face of abuses against NGOs and their members; 3) tax policies; 4) access to recourses as opportunities of NGOs to mobilize resources; and 5) local legal capacity in the face of availability of legal experts for NGOs (USAID, 2018, p. 247). Besides, CIVICUS reports have quite similar assessment framework and involve 1) NGO registration; 2) laws on NGO advocacy activities; 3) tax laws that are favorable for NGOs; and 4) tax benefits for philanthropy (Sattarov et al., 2007, p. 45).

As an enhanced version of the USAID’s LEI, an earlier study developed several sections of state legal support (Hadzi-Miceva, 2008). A section on *development of civil society* involves laws governing establishment and operations of NGOs, support for philanthropy and generating own income, and tax exemptions. It is about easy registration process of NGOs regardless of its type and thematic scope; availability of laws that allow NGOs to generate own money (i.e. engagement in commercial activities) and provision of tax exemptions for this income; setting tax benefits for private sector donors and allowing NGOs to attract other than public sector resources; and facilitating citizen engagement and volunteerism in NGO activities by removing mandatory registration of campaign or project participants (p. 45). The section on *state financial support* involves state funding procedures (i.e. application, criteria, objectives, selection, transparency, evaluation, and accountability) and state institutions, agencies and foundations. A third section elaborates on state policies that foster cooperation between state and NGOs (i.e. representation of NGOs in ministries and parliament), and finally, fourth section is about NGO rights of involvement in policy and decision-making processes.

Thus, since the concept of sustainability encompasses concerns of social, economic and environmental importance, the matter of sustainable NGOs can be directly related to the well-being of societies. It has also become obvious that NGOs can benefit from adequate state support in both legal and financial terms. Moreover, since state support is a prerequisite for NGO sustainability, national governments should develop favorable legal and financial frameworks to maintain sustainability of local NGOs in the polity. The necessary conceptual frameworks and their assessment

criteria insignificantly differ in literature and can be easily analyzed. Nevertheless, putting them in practice is not that simple.

2.3 Hypothesis

State support and NGO sustainability relationship should not necessarily be tautological since the underlying assumption in the research proposes that, although there is state support in Azerbaijan, local NGOs still tend to be unsustainable. By inferring from the literature review, the author is prone to stipulate that it is the legal environment that hinders local NGO sustainability in Azerbaijan. Nevertheless, it is important to find out reasons of such or contrary outcomes. It is also possible that this thesis disproves the hypothesis and theorizes a counter argumentation.

It should be clear that the aim of this thesis is not to define whether NGO sustainability is impeded, evolving or developed in Azerbaijan. As it was already mentioned, the major studies on this issue show that NGO sector sustainability in Azerbaijan is impeded and hasn't changed over time (Sattarov et al., 2007; Gahramanova, 2009; USAID, 2011, 2018; Aliyev, 2015; Guluzade et al., 2019). Instead, the author tries to specifically define the role of the state in such a situation. The role of the state in worsening of NGO sustainability has been ambiguous for the author. While it can be inferred that state support hinders NGO sustainability, other inferences make the author doubt such way of thinking (Hadzi-Miceva, 2008; Worth, 2019; G. Safarova, personal communication, March 19, 2020). That is, some people, for example, may think that state support is a channel for NGOs to sustain themselves and that possessing impeded sustainability caused by heavy dependence on the state can be acceptable unless these NGOs provide necessary goods to the public (Guat & Sim, 2007). Along with the research question, this thesis aims to address these concerns too.

2.4 A Case Study

As it has been mentioned, the inferences derived from the literature support the assumption that the NGO sector of Azerbaijan is impeded in terms of sustainability (USAID, 2018, p. 30; Ismayil & Remezaite, 2016; Aliyev, 2015; Aliyev, 2014; Gahramanova, 2009; Sattarov et al., 2007). It has also been presented that there are

varying opinions on the matter of how NGO sustainability is related to the state support in Azerbaijan, and that this thesis aims to find out a more plausible standpoint on the dispute.

The other reason to focus on Azerbaijan is the fact that there is no specific literature written and researched in this country that can directly address the given research question. In post-communist literature, the focus has always been on Eastern European states and Russia (Aliyev, 2015, p. 6). However, some available studies constitute more or less relevant literature on the given topic and the country in particular. In broader context, there are several articles of regional scope with some relation to the field of the current study but with poor relevance to the arisen question of the current thesis. That is, Aliyev's article (2015) on informal networking used in the polity by NGOs is a comparative study where the author tries to find differences between the two South Caucasian countries, Georgia and Azerbaijan. The scholar finds out that instead of official channels, the informality which includes personal favors, contacts, and connections, is of high importance and widespread in the NGO sector of both Azerbaijan and Georgia. He also argues that the reasons for this is the Post-Soviet legacy of informal relations of public officials because of which NGOs feel the need to comply with the general environment (p. 329). This is relevant to understand general nature of NGO establishment in Azerbaijan. Yet, neither state support nor sustainability of Azerbaijani NGOs is discussed in Aliyev's study.

Moreover, another discussion-paper by Aliyev (2014) on the sources of obstacles to civic participation in South Caucasus also drags interest. Aliyev discusses kinship as a widespread type of social networking in this region and disproves it to be the very obstacle to the engagement in organized civil society by populations of three countries. Although kinship is negatively perceived in progressive parts of South Caucasian societies, he argues that this is an important source of prevailing bonding social capital and is actually used as a part of "social support and civic association" in these countries (pp. 263, 277). These aspects are important to the NGO organization and capacity which are the components of NGO sustainability. The other example of the related field is Paturyan and Gevorgyan's (2014) comparative study of trust towards NGOs in South Caucasus. The authors found out that there is no confidence in civil society organizations in three countries, poor membership, and relatively low

levels of volunteerism in Georgia and Azerbaijan (Paturyan & Gevorgyan, 2014, pp. 242, 258). The authors also present important correlation between level of education and trust towards NGOs (p. 257). Since the matter of trust and public image of NGOs is quite relevant to NGO sustainability, this study has a value for the current thesis.

A short study by Gahramanova (2009) on democratization processes in the face of civil society development in Azerbaijan has relevancy. However, since predominant majority of Azerbaijani NGOs are focused on youth, environment, gender, and other socio-economic issues (USAID, 2010, p. 34; Gahramanova, 2009, p. 793; G. Safarova, personal communication, March 19, 2020), it is important to declare that the current thesis doesn't study third sector organizations as the pivot of democracy and its development or failure in the Azerbaijani polity. Gahramanova politicizes the issue of impeded condition of NGO sector by harshly criticizing both the national government and international actors (Gahramanova, 2009). This supports the argumentation made by Valiyev in the interview at ADA University (A. Valiyev, personal communication, February 27, 2020). Nevertheless, short discussions on NGO organizational capacity, financial resources, and legal environment as the components of NGO sustainability and state support in Azerbaijan are important to the current thesis.

Besides, an important analytical report on developments of NGO legislation by Ismayil and Remezaita (2016) also addresses the matter of existing positive and negative aspects of legal environment for NGOs in Azerbaijan. Although this work is also heavily politicized by harsh criticism of national government, the report presents relevant analysis of existing Azerbaijani laws arranged for the NGO sector. For example, the controversial state laws and regulations indicated in this work are turned into questions and directed to the state official in the interview. Yet, this report doesn't address the research question of the current thesis. Moreover, such recent report as CSO Meter also assesses civil society environment in Azerbaijan through legal aspects (Guluzade et al., 2019). It explains how certain laws create problems for local NGOs in Azerbaijan. The report is used to analyze state support implications on NGO sustainability.

Other major scholarly works on civil society in Azerbaijan such as CSO Sustainability Index Report (USAID, 2018), Aliyev's book "Post-Communist Civil Society and the Soviet Legacy" (Aliyev, 2015), and Civil Society Index (CSI) Report by Civicus (Sattarov et al., 2007) discuss more relevant issues such as conceptualization of NGOs in Azerbaijani context, civil society institutionalization processes in Azerbaijan, NGOs and their resources, state and civil society relationship, and legal environment in Azerbaijan. The book by Aliyev (2015) covers these issues in terms of history and political development of Azerbaijan in comparison to other post-communist countries. Although the CSI report is technically outdated, these works provide relevant theoretical and practical knowledge related to the third sector in Azerbaijan. Despite having all the above-mentioned scholarly works that in a way constitute the background knowledge on the selected case of this study, the arisen dispute on state support and its influence on sustainability of NGOs in Azerbaijan has not yet been directly addressed in literature. These works let us derive only assumptions on the guiding question of the thesis. Therefore, the current study is aimed to contribute to the realm of NGO studies in general and enhance the knowledge on the effects of state support on sustainability of Azerbaijani NGOs in particular.

3. Methodology

3.1 Research Design and Data

This research is a case study where the author tries to generate suggestions for improving already existing theories in a broader study field (Odell, 2001, p. 163). It is important to note that this study did not aim to generate broad theoretical assumptions that would apply to other cases with related thematic scope. Instead, the focus here was on exploring the hypothesis related to a particular social phenomenon in one bounded case. A case study strategy is useful for qualitative research since its flexibility and adaptability allow a researcher to use multiple methods of data collection (Cavaye, 1996, in Ponelis, 2015). This in turn lets the author generate a wider range of information to address a research question. Case studies also help to explain social phenomena in a more comprehensive way (Klotz, 2008). It lets the author re-approve existing theoretical assumptions in literature about a particular social phenomenon. The matter of generalizability of study results is also important.

Therefore, one can argue that the study results driven specifically for Azerbaijan are more likely to be applicable to countries with similar political, socio-economic, or historical backgrounds.

This research involved in-depth data collection method that employed different information sources about the case selected (e.g. literature, interviews, opinion survey, and social media screening). The author used statistical information on NGOs and employed the analysis of special state laws and relevant academic articles and journals. Besides, in-depth interviewing played highly important role in this research too. It can be argued that the information acquired from state official, leading civil society activist, a university academician, and eight NGOs let the author address the research question. Interviews were standardized mainly with open-ended questions and based on questions from relevant literature (Coston, 1998; Sattarov et al., 2007; USAID, 2011, 2018; Ismayil & Remezaite, 2016). The author got consents from all interviewees for sharing their names and information provided in study purposes. The recordings and their transcriptions as well as the list of active local NGOs are available upon the request. The information gathered from interviews has greater social value and allows the author to generate more detailed knowledge about the phenomenon and use primary data for the main analysis (Puyvelde, 2018). The main analysis in its turn involved the application of gathered information to the existing theoretical frameworks selected from literature. This let the author assess sustainability of local NGOs and evaluate the effects of state support in Azerbaijan.

The information gathered from the state official and leading civil society activist were used to analyse the present and past of the NGO sector in Azerbaijan, explore state-NGO relationship and its development, as well as to address both the research question and thematic criticism against Azerbaijan in literature. Gulsel Safarova was interviewed as a civil society expert and senior state official in Azerbaijan. Safarova is a former board member of the European Movement Azerbaijan, NGO establisher, a graduate of Political School under the Council of Europe, and current advisor to the presidential administration at the media and communication department. Safarova easily agreed to be interviewed and welcomed the researcher at her personal office in Baku. The interview was recorded and took an hour and half (see Appendix A for a complete list of questions asked). The

interview-data acquired from Safarova included only few personal opinions, and instead represented the official position of the Republic of Azerbaijan on topic-related criticism in general and the research question in particular (G. Safarova, personal communication, March 19, 2020).

The second interview was conducted online (i.e. WhatsApp Call) with Nargiz Khalaf, who is a secretary of the Council on State Support to NGOs under the Auspices of the President of the Republic of Azerbaijan (hereinafter referred to as “CSSN”). Besides being junior state official, Khalaf is a leading civil society activist in the country and former head of NGO. The interview was recorded and took an hour. The data acquired involved mostly personal opinions of the civil society activist but also represented the position of the main state donor foundation on the matter of how NGO sustainability is related to state support in Azerbaijan (N. Khalaf, personal communication, April 7, 2020). Since the CSSN is a state institution, its operations represent the state-NGO relationship in practice. This helped the author compare both past and current principles of state support to local NGOs in Azerbaijan. More importantly, after addressing the interview questions (see Appendix B for a complete list of the questions asked), Khalaf provided statistical data on local NGOs in Azerbaijan which was useful for the NGO selection.

An interview with an academician was necessary for the thesis to have other than official opinions on the given issue and balance the sides. The interview with Anar Valiyev, an associate professor and dean of the school of Public and International Affairs at the leading state university “ADA”, represented personal opinions that addressed the questions on state support and its effects on NGO sustainability in Azerbaijan (see Appendix C for a complete list of the questions asked). The interview was conducted at “ADA” University and half an hour. Valiyev could address the research question and explained why the literature considers the Azerbaijani NGO sector to be impeded in terms of sustainability, and what should be done to improve the current condition (A. Valiyev, personal communication, February 27, 2020).

Interviews with the heads of eight NGOs were conducted online (i.e. WhatsApp Call). The questions were sent to the interviewees beforehand (see

Appendix D for a complete list of the questions asked), and each interview took approximately 30 – 35 minutes. All eight interviewees were very talkative and open to diverse discussions. Therefore, the researcher didn't face any difficulty in getting necessary information. Interviews with NGOs were necessary for addressing the research question since these NGOs possessed perceived knowledge of the effects of both state legal and financial support on NGO sustainability. Eight NGOs became a representative sample of Azerbaijani local NGOs. Since the collected information updated the data on sustainability components, it let the author contribute to Azerbaijan's future NGO SI report.

3.2 Addressing the Research Question

3.2.1 NGO Sustainability and State Support Operationalization Frameworks

As it was analyzed, the CSO SI assesses NGO sustainability and state support through certain established dimensions (or, components) (USAID, 2011). It evaluates world countries within the taxonomy of impeded, evolving and developed. Since the assessment method of the CSO SI is more widely used in literature, the author is prone to consider it more relevant for the current study too. All other frameworks mentioned in this study are not exclusive but complementary to the CSO SI.

As it was mentioned, NGO sustainability components include 1) organizational capacity; 2) financial viability; 3) service provision; 4) NGO advocacy; and 5) public image preservation in society (USAID, 2011). The methods of information gathering used for each component are interviews, public opinion survey, and social media screening. The questions provided by USAID for the assessment of each component are addressed by eight NGOs in the interviews (see Appendix D for a complete list of the questions asked). By the analysis of NGO interviews, it is understood whether an NGO possesses poor-developing-developed sustainability.

Regarding the NGO sustainability components, some comments should be made. First, it is important to note that although financial viability is discussed as a part of NGO sustainability, it is also linked to the matter of NGO financial diversity under the state support framework. Moreover, it should be clear that although an NGO can receive state grants and be technically sustainable, the matter of good standing of other components is also important. The CSO SI does not specify which

of the components have greater value for sustainability. Nevertheless, financial viability as a more important component for the other ones to develop is specified in the literature. Therefore, the author considers sustainability components to be inter-dependent but accepts greater importance of financial viability among them.

Second, political advocacy is excluded from a broader NGO advocacy component. It is reasoned by the fact that this thesis focuses on apolitical NGOs. The fact that NGOs should ideally operate in a politics-free environment is one of NGO comparative advantages (Taylor, 2002, p. 308). It can also be observed that political advocacy has not been specified to be vital for NGO sustainability in some literature (Lewis, 2003; Teegen, 2007; Moldavanova & Goerdel, 2018). The USAID reports (NGO SI and CSO SI) don't specify political affiliation of NGOs as part of NGO advocacy either (USAID, 2011, 2018). In Azerbaijan, political advocacy means receiving grants from foreign political circles and affiliation with local opposition parties. The recent literature has argued that NGO political advocacy in Azerbaijan is impeded by the state and hasn't changed over time (Sattarov et al, 2007, p. 37; Aliyev, 2015, p. 91; Ismayil & Remezait, 2016; USAID, 2018; Guluzade et al., 2019). Therefore, this thesis addresses the advocacy component in terms of NGO social awareness raising, participation in decision-making procedures, intensive communication with the public and cooperation with the state, running social campaigns, and formation of social, economic, and cultural networks.

As part of sustainability assessment framework (*cf. Table 1*), the author conducted public opinion survey to evaluate public image of eight NGOs. The survey was based on close-ended questions (see Appendix E for a complete list of the questions asked) and is available upon the request. By conducting the opinion survey, the author aimed to gather electronic responses from as many people as possible. This would let the author evaluate NGO public perception of a greater number of people. The link by SurveyMonkey was shared and 60 responses gathered through Facebook. The target groups were students, workers in private and public sectors, and non-workers of different age.

Table 1: NGO Sustainability Assessment Framework

Sustainability components	Data	Methods
Organizational capacity	NGO documents; NGO strategic plans	NGO interview
Financial viability	NGO budgets	NGO interview
Service provision	Projects and reports	NGO interview
Advocacy, infrastructure	Project/campaign reports; joint activities of networks / coalitions	NGO interview; social media screening
Public image	Opinion/perception analysis	Public opinion survey

As it was previously argued, one should not understand state support as a homogeneous concept. That is, claiming that state support enhances NGO sustainability is a simple tautology of state-NGO relationship and is deemed to be wrong. This thesis avoided such tautology and instead aimed to examine the idea that state support can in fact impede NGO sustainability. For this, the components of state support were assessed separately (*cf. Table 2*). It included legal environment and state financial support. Methods of data collection for components included literature review, state laws, interviews, and the access to CSSN’s database.

The content analysis included theorization of the effects of both state legal and financial support on the components of NGO sustainability. While making content analysis, the author employed “supportive – not supportive” taxonomy. The taxonomy is reasoned by the USAID’s LEI and related literature (Sattarov et al., 2007; USAID, 2008, 2011, 2018; Hadzi-Miceva, 2008; Worth, 2019). The responses of the state official, civil society activist, and heads of NGOs to questions regarding the criticism of the state in legal matters are used to evaluate the legal environment component. Financial support is evaluated by the same responses gathered through interviewing too. The time period chosen for the main analysis of state support is between 1996 – 2018. This is based on the statistical data provided by the CSSN.

Table 2: State Support Assessment Framework

State Support Components	Data	Methods
Legal environment	State NGO laws and related legal documents	Interview with state officials, Literature review; NGO interview
Financial support	Statistics from CSSN, Interview analyses; NGO budgets	Interview with state officials, NGO interview; access to CSSN database

3.2.2 NGO Selection Framework

Selecting appropriate subjects of study is necessary for qualitative research. Appropriateness is represented by subjects' information-richness and greater relevance to the phenomenon studied (Ponelis, 2015, p. 540). Therefore, NGO selection in this thesis was based on discriminant sampling (i.e. "classifying cases into non-overlapping groups"). It is argued to help researchers generate a theory which is true under certain context or conditions (Creswell, 2009, p. 68, 76). The framework of NGO selection is "age and size" (*cf. Table 3*) where organizational size represents membership (i.e. the number of personnel, staff complexity) of an NGO. The rationale behind choosing this framework for case selection is based on NGO literature that explains direct relation of age and size to organizational survival (Bowen et al. 1994; Selle and Oymyr 1992; Bielefeld 1994; Baum and Oliver 1991; in Hager, 1996, p. 4).

Table 3: NGO Selection Framework

big	small	old	new
NGO 1	NGO 3	NGO 5	NGO 7
NGO 2	NGO 4	NGO 6	NGO 8

According to the CSSN database, there are 4350 NGOs in Azerbaijan, 1200 of which are active in getting state support (N. Khalaf, personal communication, April 7, 2020; Guluzade et al., 2019). Although the distribution of NGOs should ideally be even in the country, leading NGOs are predominantly located in the capital city of Azerbaijan (Hasanov, 2009, p. 100; Aliyev, 2015, p. 94; USAID, 2018, p. 38).

Therefore, the NGOs selected out of 1200 are based in Baku. International NGOs are excluded since they are sustained by foreign donors (G. Safarova, personal communication, March 19, 2020) and are not useful for addressing the research question. The selection of NGOs by types of their activities in society is discarded. Instead, selected NGOs are of varying thematic backgrounds. The number of NGOs selected is 8. The rationale behind this number is based on literature that recommend a maximum of 10 sub-subjects of study in qualitative research (Eisenhardt, 1989; Crabtree & Miller, 1992; Curran & Blackburn, 2001; in Ponelis, 2015, p. 540). Therefore, with four categories in the NGO selection framework, such allocation as two NGOs per each category was more plausible.

The “Python” programming language was used for the analysis of the statistical data provided by the CSSN. The statistical data represented a list of 1200 active NGOs. The list also included the data on the year of establishment and number of employees of every NGO. The program read the list and visualized the NGO selection framework (*cf. Figure 1*). For this, the author received assistance from Turkhan Badalov, an IT student of the University of Tartu. Although the assumption of what old and new stand for could be based on common sense (1996 – 2018), it was more important to identify criteria for the size of NGOs. It became clear that the average number of employees among 1200 NGOs is 7, whereas the minimum is 3, and maximum is 12. Such data analysis allowed the author to understand what small and big mean in the given context.

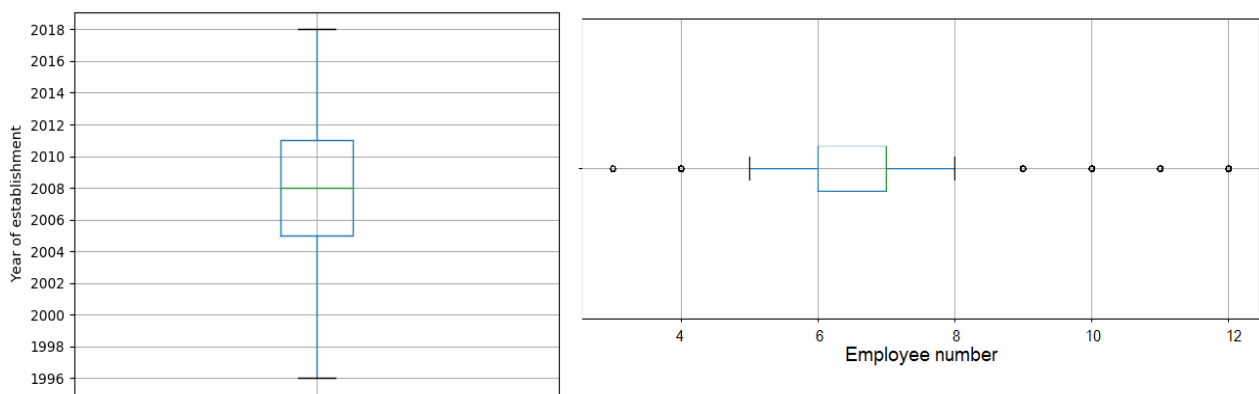


Figure 1: Data on Active NGOs

Since cross-sectoral relationship of NGOs plays a key role in their sustainability (Sattarov et al., 2007; USAID, 2011, 2018), a focus group was

organized in order to select 8 NGOs. The focus group included Safarova as a state official, Khalaf as a leading civil society activist, Rasulov as a television host and journalist, and Alakbarov as an entrepreneur who has had active work experience with local NGOs. All four members of the focus group were reliable sources of information on the NGO cross-sectoral dynamics in the country. Having clear parameters of old-new and small-big, the list of 1200 NGOs was presented to Safarova, Khalaf, Rasulov and Alakbarov. The author asked every of them to select NGOs from each category that would be relevant to the current research. They indicated 10 – 15 NGOs from each category and claimed them to be more recognizable and relevant to the research question. By analyzing the NGOs indicated by the members of the focus group, the author selected two most repeated NGOs from each category (*cf. Table 4*).

Table 4: NGOs Selected by the Focus Group

big	small	old	new
"Clean World" Support for Women PU	“Contribution of Youth” PU	“Promising Future” Social Initiatives PU	Support for Social Development in Barrier-Free Thinking
AGAT	Technical and Legal Support to Independent Journalists PU	NAYORA	Cultural Legacy and Development of Multiculturalism PU

4. Azerbaijan and Its NGO Sector

4.1 NGOs in Azerbaijan: History and Development

The study of NGOs in Azerbaijan is part of the literature on the history of civil society and its development in South Caucasus. History of Azerbaijani civil society can be divided into four periods: 1) traditional; 2) pre-Sovietization; 3) ASSR; and 4) contemporary.

First institution-based charitable activities date back to the assistance provided by religious figures and entities to vulnerable groups of the region (Sattarov et al., 2007). A more traditional way of civic associations among the Azerbaijani people in the Caucasus, however, have been community-based councils called “*mahalla*” (Hasanov, 2009; Aliyev, 2015). “Mahalla” is translated as “neighborhood” and

constituted non-institutionalized civil society unit based in a specific residence with few houses. These communities were rarely connected through clan or kinship principles, and instead represented bridging social capital with people's affiliation to the place of residence (Sattarov et al., 2007; Aliyev, 2014, 2015). Generally, elderly male residents of a "mahalla" had a decisive say on disputes in a neighborhood. The other social value of "mahallas" for society was voluntary assistance of "mahalla" members to their coresidents in many social-life matters. According to personal experience, the author can argue that such non-institutionalized voluntary councils called "mahallas" still remain in regions, rural areas, and even in some parts of capital city Baku and represent cultural virtue of Azerbaijanis as a nation. Nevertheless, "mahalla" members are involved in representative councils of local governments (municipalities) in Azerbaijan nowadays (Hasanov, 2009, p. 108)

Initial stages of civil society institutionalization in Azerbaijan date back to the end of the 19th and early 20th centuries when the workers of Baku oil industries started forming trade unions (e.g. Union of Petro-industrial workers of Baku) and demanding economic and legal benefits from owners of the oil fields. Besides, both local and foreign oil magnates of Azerbaijan established support groups under private philanthropy specializing mainly in the spheres of *education, medicine and culture*. These organizations supported women empowerment in Azerbaijan, sponsored many Azerbaijanis to study abroad, as well as built major schools, hospitals, and theatres. Progressive civil society organizations with the support of oil magnates produced new Azerbaijani socio-political intelligentsia that established democratic parliamentary republic (ADR) and ensured women's suffrage right in 1918. This made Azerbaijan to be first democracy in the Muslim world and one of the first in the world to enfranchise women (Swietochowski, 2004, p. 144; Reynolds, 2019). For almost two years of independence, civil society in Azerbaijan enjoyed democratic environment and flourished (Sattarov et al., 2007; Aliyev, 2015).

In 1920, ADR was eliminated by Bolsheviks, and Azerbaijan became a Soviet Socialist Republic (ASSR). As it is argued, in the 1920s, the number of semi-independent "social organizations" increased in Soviet Union (SU), and their representative branches were established in the Caucasus (Il'ina, 2000; in Aliyev, 2015, p. 59). The reason of becoming semi-independent was because of the

requirement to get registered at the Communist Party of the Soviet Union (CPSU) that propagated and welcomed only Marxist-Leninist ideology. However, since these registrars differed at places of a newly established big country, these social organizations were not exposed to strict standardized supervisions (p. 59). This, however, changed in the 1930s and 1940s, when Stalin's regime eliminated existing civil society by exiling and executing almost all notable intelligentsia of Azerbaijan (Gahramanova, 2009). Although few social organizations in the spheres of education, medicine and culture existed, they were re-registered and now associated only with the CPSU. Later, corporate and agricultural collectivization intensified and *kolkhoz* and *sovkhos* started fully replacing civil society organizations.

After 1960s, the "thaw" period under Khrushchev weakly contributed to re-emergence of civil society in the SU. Gahramanova (2009, p. 780) classifies three types of civil organizations in the ASSR in this period: 1) pseudo-autonomous (official youth, trade, and sport associations); 2) semi-autonomous (religious entities); and 3) illegally autonomous (informal and dissident networks). Nevertheless, while religious figures of Azerbaijan had always been loyal to the government, Azerbaijani underground dynamics became the weakest in the Eastern Europe since previous repressions against Azerbaijani intellectuals had been one the harshest among the SU republics (p. 781). Aliyev (2015, p. 58) also supports the argument that the "thaw" period did not improve civil society conditions in the ASSR. Yet, CPSU-controlled public organizations continued operating. Aliyev names such major associations in the Caucasus as the Society for Conservation of Nature, Octobrists and Pioneers, and Red Cross. Although almost a million of Azerbaijanis were mobilized in these organizations, they are argued to be incapable to embrace social life of any republic in the SU (pp. 63-64).

This condition prevailed until Gorbachev's *glasnost* and subsequent processes of state collapse in the SU in the end of 1980s. Liberal-democratic and national sentiments pushed citizens of the ASSR to openly challenge legitimacy of the Soviet rule and engage in socio-political activities. These were supported by trade unions and social organizations linked to the National Academy of Sciences of ASSR (Gahramanova, 2009, p. 781). However, due to Gorbachev's military intervention and massacre of almost 700 civilians in the capital city Baku, as well as an ongoing

civil war for political power, the process of civil society development in the ASSR broke down (Sattarov et al., 2007). The Azerbaijan Republic ended up with problems of state building, absence of economy, and 20% of its internationally recognized territories became occupied by Armenia. This influenced the future development and thematic direction of NGOs created in independent Azerbaijan (Gahramanova, 2009, pp. 782-783). The Sovietization period left a legacy of informal networking embedded in new civil society with organizational culture based on kinship in Azerbaijan (Aliyev, 2015, p. 84).

In the second half of 1990s and early 2000s, the Azerbaijani third sector started developing and secure greater legitimacy in society. In 2000, the parliament passed a law on NGOs that aligned NGO legal status with public and business agencies in the country (Sattarov et al., 2007, p. 18). However, the NGO sector was still impeded in terms of sustainability and institutional capacity and could not influence the lives of the people in society (Gahramanova, 2009; Sattarov et al., 2007; Aliyev, 2015). Azerbaijan joined the CSI reports in 2003, and several independent scholars started exploring the NGO sector of this country. The author can generally classify three main problems of the NGO sector of 2000s. The main problem for Azerbaijan was state institutional unreadiness and lack of adequate legal provisions for NGO operations. This hindered broader proliferation of NGOs in the country. Secondly, due to tragic events of the near past, the socio-psychological condition deteriorated in the polity. That is, society had economic tensions and prioritized individual survival over group interests (Hasanov, 2009, p. 95). Almost two million Azerbaijanis left the country for businesses. The third problem was a consequence of the previous two. Poor institutionalization led to weak organizational capacity of NGOs. Therefore, charities and other social activeness were at a private philanthropy level that was popular in the pre-Sovietization period (p. 100).

Nevertheless, currently impeded condition of the NGO sector in Azerbaijan has been reasoned by some other contemporary aspects in society. Aliyev (2014) wrote an entire article on informal networking and kinship relationship factors that hinder NGO development in Azerbaijan. Paturyan and Gevorgyan (2014) found out that the level of trust towards NGOs in all three South Caucasian countries is more likely to be adequate, while the level of volunteerism is low. The authors reason it by the level

of education in these countries where more educated people express less trust towards NGOs and tend to volunteer instead (Paturyan & Gevorgyan, 2014, p. 257). Hasanov (2009, p. 97) views the delay of the sector in cultural development levels by referring to Inglehart-Welzel. That is, he infers that the dominance of traditional and survival values over rational self-expression in society has negative effects on NGO sustainability. Aliyev (2015) narrowed down all these aspects to the Soviet Legacy with what all other scholars directly or indirectly agree (Paturyan & Gevorgyan, 2014; Gahramanova, 2009; Hasanov, 2009; Sattarov et al., 2007). Although the NGO sector might seem to change in years, this all serves as a prerequisite for current NGO sectoral dynamics.

Civil society hasn't changed much throughout years in Azerbaijan. Nevertheless, if NGOs were perceived as private ownerships at the initial stages of development of capitalism in post-Communist Azerbaijan, now these organizations are regarded as *Public Unions* (hereinafter referred to as "PU") led by socially active citizens (Sattarov et al., 2007, p. 20). The Azerbaijani government started receiving greater revenues from oil and gas exports after 2003, and state financial support to NGOs highly increased. Key events in the period of state support to local NGOs in Azerbaijan are 1994 and 2007. Both dates are associated with state initiatives to support local NGOs institutionally. Both have led to the creation of new state institutions that later became the sources of NGO operational continuity in society. Creation of the Ministry of Youth and Sport in 1994 was the first move of newly independent country towards sustaining local NGOs. Establishing the State Council on Support to NGOs (CSSN) in 2007 was the second move but already of a newly elected government.

According to Safarova, thematic tendencies of NGO activities change every five years (G. Safarova, personal communication, March 19, 2020). In the 1990s, thematic interest was patriotism (1995 – 2000); in 2000 – 2005, ecology and gender issues; in 2005 – 2015, youth development and involvement in decision-making; in 2015 – 2020, global security. From now on, one can assume that medicine and health issues will start being very important in society. The focus of the state NGO policy has changed from NGO proliferation and capacity building to the importance of the skilled staff and volunteers. By the decree of the president of the Republic of

Azerbaijan, 2020 is declared the year of volunteers (Order on the Year of Volunteers of 2019). Youth development (especially sponsoring abroad); information technologies awareness raising; and Armenia-Azerbaijan Nagorno-Karabakh conflict awareness raising have become internal strategy of the government throughout years. These are also central directions that state tries to drag attention of NGOs to. Nevertheless, the types of NGOs dominating in the society haven't changed much (*cf. Table 5*).

The attitude towards thematic scopes of NGOs changes from state to state. The state thematic preferences affect development of NGOs in society. In Azerbaijan, those who benefit state support have greater exposition to transformation from being an independent organization to a state-allied NGO. However, that is not to argue that state-allied NGOs are not sustainable. It should mainly be the responsibility of NGOs whether to use state financial support in a sustainable way or not.

Table 5: Main Thematic Directions of local NGOs in Azerbaijan

1. Youth PUs	6. Health – Environmental PUs
2. Gender – Women Issues PUs	7. Agricultural Associations
3. Other Social Awareness Raising PUs	8. Charitable Funds
4. Educational PUs	9. Professional Organizations
5. Information Technology Awareness Raising PUs	10. Other

According to Valiyev, the Azerbaijani NGO sector is not as active as it was 15 years ago (A. Valiyev, personal communication, February 27, 2020). One reason for this is because of the state monopoly of market. That is, Azerbaijan does not have enough corporations and businesses that could become alternative sources of income for local NGOs. Even those who can donate now are sometimes afraid to work with NGOs because if they happen to go political, it may entail problems with the state. Moreover, the NGO sector started booming in early 2000s when the government didn't have huge oil revenues. As the state started generating money from oil exports, it flooded resources to the NGO sector to win its support. Valiyev thinks that this

didn't allow NGOs to further develop alternative sources of income, and therefore made the NGO sector shrink.

4.2 Description of Selected NGOs

The systematic interview analysis summarizes sustainability of the selected NGOs (*cf. Table 6*). The legal environment is assumed to have negative effects on NGO sustainability. Although some older NGOs have access to some specific ("state approved") foreign donors, the CSSN and other state funds have become the main, if not only, sources of NGO income in society.

Table 6: Systematic Interview Analysis

	organizational capacity	financial viability	service provision	advocacy and infrastructure	public image
	<i>charter, mission, permanent staff, org. structure, office</i>	<i>resource channels, fundraising</i>	<i>goods and services, fees, state contracts</i>	<i>cross-sectoral cooperation, networks, campaigns, influence</i>	<i>connections, reports, media, webpages, recognizability</i>
"Clean World" Support for Women PU	developed	viable	no	developed	developed
AGAT	developed	viable	successful	developed	developed
NAYORA	developed	viable	no	developed	developed
"Promising Future" Social Initiatives PU	developed	viable	no	developed	developed
"Contribution of Youth" PU	developed	viable	successful	developed	developed
Technical and Legal Support to Indep. Journalists PU	poor	poor	no	poor	poor
Support for Social Development in Barrier-Free Thinking PU	developing	viable	no	developing	poor
Cultural Legacy and Development of Multiculturalism PU	poor	poor	no	poor	poor

Regarding the public image of the selected NGOs, some summarizing comments should be made too. It turned out that 40 out of 60 respondents of the public opinion survey represented the youth (18-24 y/o). 30 respondents never participated in NGO activities, and 31 respondents think that local NGOs play insignificant role for society in Azerbaijan. 20 out of 60 respondents didn't know any of the NGOs presented (*cf. Figure 2*). Although this not a big population sample, it still shows that the NGO sector has poor public image among the youth. This, for example, is supported by Valiyev too. He referred to local statistics and agreed with Paturyan and Gevorgyan (2014) on the matter of low trust of the public towards NGOs in Azerbaijan (A. Valiyev, personal communication, February 27, 2020). Nevertheless, old (NAYORA) and big (AGAT) NGOs lead the figure with 25 and 22 responses respectively. The number of responses that others received is insignificant. Considering AGAT and NAYORA to be both old and big, this survey assumes that public image of older and bigger NGOs is greater than small and new ones. Therefore, the relationship of these NGOs with the state draws greater attention.

Answered: 60 Skipped: 0

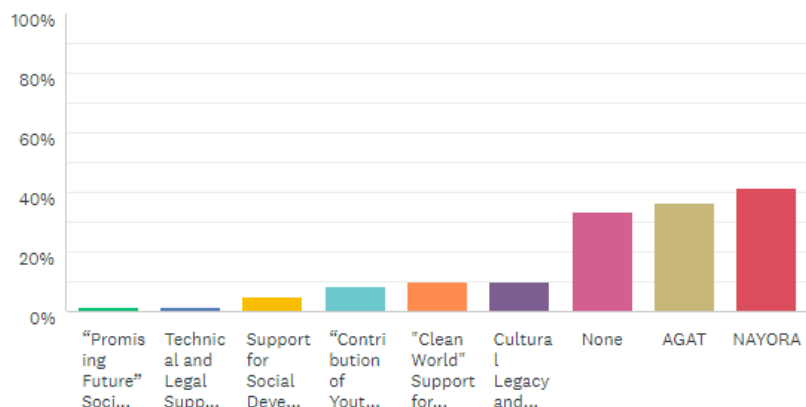


Figure 2: NGO Recognizability in the Public Opinion Survey

4.2.1 "Clean World" Support for Women Public Union

"*Təmiz Dünya*" *Qadınlara Yardım İctimai Birliyi* was registered at the MoJ in 2006. The thematic scope is prevention of violence and discrimination against women. There is a specific strategic plan that changes upon social development every three years. It involves domestic violence, human trafficking, and women's rights. Nowadays, the NGO works on increasing awareness of these issues in state

institutions. There is also a rehabilitation shelter created by the NGO for victims of violence. It provides medical and psychological assistance and legal trainings that help the affected self-defend in courts and avoid future possible experience of violence. The NGO contributes to decreasing number of cases of any type of violence against women in Azerbaijan.

The NGO is big. It has 9 employees and 500 other members working on projects implementation on voluntary basis. The NGO employees and volunteers are professionals since the NGO works in such fields that require educated staff. The NGO usually invites social workers, students of medical university, and lawyers to its projects. This NGO plays an important role in their careers as preliminary work experience since volunteers usually leave for career building after having practice in NGO-based centers. The NGO has Rehabilitation and Reintegration Center for Victims of Human Trafficking; Intervention Center for Victims of Domestic Violence; Psychological Center; Training and Methodical Center; International Relations and Information Center; Legal Clinic for Victims of Violence; and Hotline service.

The NGO has good standing in organizational and financial matters. Although the NGO has an office in a residential space, it now builds an additional private office in Baku for future sustainable operation. The NGO has an organizational structure with several departments. Nevertheless, collegial decision-making is used for all operation-related activities. USAID, local private sector actors and the state (CSSN, ministries of Health and Social Protection) are main sources of NGO income. Since USAID funds the NGO on monthly basis, it remains sustainable and keeps the rehabilitation shelter active. Except USAID, other sources of income are given for short-term projects. The CSSN, for example, provides temporary grants for certain projects that lasts 2 – 4 months. Policy on continuous funding of this type of NGOs hasn't been specified by the state. Since the rehabilitation shelter is always active, state continuous financial support is necessary. Instead, this NGO is regarded as other typical NGOs that compete for grants or other sources of state funding. The Social Protection Fund of Azerbaijan has, however, recently tried to launch sustainable aid for NGOs operating in this and similar thematic scopes, but due to the pandemic stopped it.

This NGO used to get more foreign funding. It has become difficult to pass through legal procedures for getting foreign grants since 2015. Moreover, because of a narrow thematic scope of this NGO, it cannot apply for other grant opportunities. It won't be able to justify the wrong thematic use of received grants. The NGO also does not want to change the course of their social activities as many other local NGOs do. Therefore, available channels are few. Although an electronic account was created for fundraising, the law impedes this process. Since the state must clearly know the source of donation, it requires detailed personal data of a legal or physical person that sends (as a sender) or receives (as a receiver) even when the value of donation is 1 AZN (0.54 EUR). Not many people want to share their personal data while donating money. Since people were still donating but without sharing the state-required personal information, the head of the NGO could not withdraw raised money (appr. 1000 euro) from the account. The NGO would have been in crisis if there was no help received from society in face of donations and voluntary professional assistance.

Although the NGO plans to establish trainings on sewing for affected women and later sell the sewing products, it hasn't yet engaged in any alternative revenue generating activities. However, the availability of the shelter may also create opportunity to set fees for certain services (e.g. psychiatrists, lawyers, social workers, medicaments, and educational courses) that the NGO provides. The financial records (or journal of costs) of rehabilitation of affected people are sometimes presented to local courts upon the request and used against offenders. The offender can be charged with the cost of rehabilitation of the victim in the shelter only if a court decides so. If the state enacts the Istanbul Convention, this NGO will have a right to present financial charges directly to the offender. It will facilitate covering the operational costs of the NGO. Due to the thematic seriousness, the state should ideally sign any service provision contract with this NGO but hasn't yet done so.

The NGO successfully uses the NGO infrastructure and advocacy environment. Zeynalova, the head of the NGO, gets constantly invited to National Assembly panel discussions and participates in law drafting. She also actively participates in other thematic (e.g. migration, human trafficking, domestic violence, social protection etc.) conferences organized by the state. Since the work of the NGO

covers crime and administrative offense issues where courts are involved, Zeynalova has good relationship with law enforcement and judicial institutions. Besides, the NGO also participates in NGO platforms (e.g. Network of Leaders on the Pandemic, Headquarter of NGOs, Human Trafficking Group etc.). Moreover, the NGO had quite important role in enactment of the state law on human trafficking since it provided some investigation reports to the state. The NGO widely promotes related issues on Tv channels. It has also recently given its opinion on the social demand to recognize Istanbul Convention on Women’s Rights at the state – NGO platform. In the same platform, the NGO participated in drafting the law on migration and combatting corruption.

Local NGOs consider training centers, networks or coalitions as NGO sectoral connectors and sources of information. As NGO networks have greater influence in society, they may serve as shapers of the directions of state funding too. Since educational courses for the affected women are provided in the rehabilitation shelter, this NGO itself serves as a training center. Zeynalova, for example, does the sector screening, notes all thematically relevant NGOs in her “resources journal”, and cooperates with them when needed. Since this NGO assisted many people to establish civil society organizations in the past, it has good connections with various NGOs. Every year in December, the NGO sends its annual report to the state bodies and presents it to media. The report includes information about the work done, NGO income and expenses. Although the NGO can be easily found in websites and social media, it is not very active in its Facebook page since 2015.

4.2.2 “AGAT” - Integration of Azerbaijani Youth to Europe

Azərbaycan Gənclərin Avropaya İntegrasiyası Təşkilatı (AGAT) was registered at the MoJ in 2007. It is one of the well-established and big NGOs among youth organizations. The vision of the NGO is to develop cultural and scientific relations of young Azerbaijanis with the youth in Europe and the world. AGAT maintains bilateral cooperation with international and local organizations and actively attracts Azerbaijani youth to civil society building. The NGO has also worked on woman empowerment and promoted state sponsorship of youth participation in international projects. The NGO also engages in as many diverse

socially sensitive topics as possible. Recently, it conducted an educational event dedicated to “Importance of Volunteering” as a tribute to the youth day in Azerbaijan, as well as the “Art Therapy Session” for physically disabled youth. Depending on thematic scope of projects, the NGO partners change. For example, in the project “Art Therapy Session”, AGAT invited the chairwoman of the “Union of Disabled People” who participated and assisted in promotion of the project. The NGO involved many other people from different fields of occupation to increase social awareness and facilitate social activeness of physically disabled youth in society.

AGAT has well-established organizational structure with supreme organ (general board) and several departments (financial, legal and operational affairs). The organization has 10 employees (specialists) and 100 volunteers. AGAT has special office equipped with modern technical stuff. It has diversified its sources of income and does not depend on state funding. It has income coming from NGO’s private activities as well as from business, international and state grants. Grants given by private companies are usually much bigger than state ones. The NGO has a designated officer that screens funding opportunities in public and private sectors. The officer gathers the organizational team that gets together and decides on how to attract specific donors to specific NGO projects. The NGO is able to cover rising organizational expenses. There is a special officer that manages financial records and budget as well as takes financial precautions when needed. However, business donations and state grants are not sustainable. Since the NGO applies for international grants when available, the share of foreign sources of income is also very small. Therefore, it is the NGO private activities that sustain the organization.

The state rarely makes broad tendering of public services. Usually ministry related NGOs are involved in certain public service provisions. This NGO works with the state only when it wins state grants. Since the law allows NGOs to do business with the purpose of sustaining NGO operation in society, AGAT engages in provision of private educational courses. These vocational and language courses are based in AGAT’s “Center for Self-Development and Ethics Academy”. The fees conform to market prices and depend on the courses taught. They are usually set by private partners that lead the courses. There is a financial specialist who works on balancing the revenues and expenses of the NGO.

The size and thematic scope of grants are important for the NGO when participating in state decision-making platforms. This NGO makes thematic advice and tries to achieve agreement with the state on the mentioned matters. The forums are mainly organized by ministries and state funds (e.g. CSSN, Youth Fund) to test the ground and screen NGO opinions. AGAT also participates in the youth NGO network NAYORA that usually gathers civil society organizations to shape directions of state grants. For AGAT, NAYORA is a coalition which is specifically designed to bring NGOs together. This coalition is useful and effective in cooperation matters since it facilitates access to other NGOs. AGAT also participates in other NGO forums dedicated to gender discrimination, vocational education, and social integration of people with disabilities. Besides the participation in local networks (e.g. Council of Ethnic and Religious Minorities, NAYORA), the NGO members pass international trainings too. Trained professional staff is important for sustainability since they do important analytical work that keeps the NGO alive. AGAT has own training center that educates its volunteers free of charge.

AGAT keeps all connections with the youth that participated in its projects and is open to all their requests. Volunteers are main beneficiaries of the NGO activities. Their role for AGAT manifests in two ways: a) co-implementors of projects, and b) priority representatives of AGAT in international projects. The NGO is completely transparent and gets audited every year. The NGO publishes its projects and campaigns on the website (www.agat-ngo.az) and social media accounts; journalists actively cover all NGO activities. AGAT has an active Facebook page with 3500 subscribers.

4.2.3 National Assembly of Youth Organizations of Azerbaijan (NAYORA)

Gənclər Təşkilatları Milli Şurası (NAYORA) was registered at the MoJ in 1996, and therefore is known as one of the few oldest NGOs in Azerbaijan. It is an umbrella organization that engages in coordination and advocacy of local NGOs and other NGO related support activities. The NGO charter also specifies principles of active citizenship based on the promotion of youth engagement in society. The organization has board of directors and secretariat. These departments employ 9 specialists in strategic planning, administrative work, and consultation-oversight (financial

matters). NAYORA has recently enlarged its office by creating a special resource center which provides technical assistance for local NGOs. This includes computers, internet, printing machines, stationary and free space (offices) for working on projects and their presentations. Although the main source of income of this network organization is the State Youth Fund, it also gets grants from UNICEF Azerbaijan, European Commission, and Visegrad Fund. Diversification of sources of income requires NAYORA to screen the availability of grants in and outside the country, prepare good projects and apply for funding.

Since state grants don't cover some organizational expenses (e.g. advertisement and publicity), it happens that the NGO needs to reallocate a share of grants received for one project to another project. Sometimes the organization's team decides to remove some members from the employee list registered for project implementation, and their wages cover rising expenses. Some other times, members cover these expenses by themselves. NAYORA does not engage in any business-type activities even if the matter of resource diversification is at stake. This is reasoned by the fact that NAYORA is an example of network supported by the state and ministries. If this network starts engaging in business-type activities for generating extra money, the whole concept of state support can get damaged in society.

NAYORA participates in all youth platforms. The NGO is a member of the supervisory board of the State Youth Fund. It represents youth NGOs and promotes their thematic interests in setting grant directions. Moreover, it's a member of the Public Council at the Ministry of Ecology. Since the NGO realizes many youth projects in regions, local executive governments are necessary for their promotion and smooth implementation. By the initiatives of UNICEF Azerbaijan, NAYORA promotes active citizen engagement in five Azerbaijani regions Bilasuvar, Gazakh, Shamkir, Tovuz, and Khazar. This network created local youth councils to attract citizens in regional executive governments. NAYORA uses the platform of Public Councils in ministries and attracts the youth to decision making processes, elections, and even to the procedures of law drafting. Besides, last year, NAYORA conducted a survey dedicated to the awareness of Sustainable Development Goals among the youth in Azerbaijan. The survey included 9 thousand respondents. It was later formed into a report on "what the youth wants" and presented to the State Youth Fund and

Ministry of Youth and Sport. NAYORA also engaged in promotion campaigns on combating violence against women in 2018. This was an action of joining the UN's global "Women's Rights" campaign.

NAYORA is a member of many coalitions. It has been a consultant and full member of the European Youth Forum (YFJ) and the Turkic World Youth Union since 1997. In 2002, it joined the UN Economic and Social Council; in 2004, it joined the Islamic Cooperation Youth Forum (ICYF). NAYORA passed Consultative Status Accreditation by UN in 2001, and therefore can participate in UN-organized NGO forums. NAYORA also participates in Azerbaijani NGO Forum and World Assembly of Youth (WAY). The value of this NGO is that it institutionalizes youth opinions and suggestions and advocates them at national and international levels. Since the organization continues the state policy, it has not developed NGO-donor relationship with the private sector in the country. Nevertheless, NAYORA attracts business actors to projects and trainings as speakers and mentors. The NGO has built good relationship with media and Tv channels.

Since NAYORA is a Baku-based NGO, its priority is to maintain continuous relationship with the youth in regions of Azerbaijan. There is a website of the NGO (<https://nayora.org/az/>) and active Facebook page with 25 thousand subscribers. While every month there is news report and agenda set for future 10 days, the bigger reports are published every two years. NAYORA's public image does not necessarily depend on the number of employees or volunteers it attracts. Since NAYORA is a network organization, its public image mostly depends on how many NGOs it can attract for implementation of projects. This strengthens organizational capacity, influence, and public image of any network. This also increases willingness of other NGO members to compete for vacancies in NAYORA (e.g. Ms. Majidova, the current chairwoman, is a former member of an ordinary NGO). Nevertheless, it received highest level of recognizability among survey respondents (25 out of 60).

4.2.4 "Promising Future" Social Initiatives Public Union

"Ümidli Gələcək" Sosial Təşəbbüslər İctimai Birliyi was registered at the MoJ in 1999. It focuses on promotion of support for social initiatives of children and youth as well as increases social awareness about children's role in civil society building.

These and other goals of the NGO are provided in its specific charter on mission and priorities. The number of permanent team members has changed throughout years ending up with 7 official members and approximately 10 permanent volunteers. The structure of NGO involves the board of directors, chair, operation specialists, and consultative committee. A new office has been created in the building of the Ministry of Social Protection in Baku. Besides the capital city, offices are created in Sheki and Guba regions of Azerbaijan.

In recent years, the private sector has become the main source of NGO income; international grants (e.g. UNICEF, UN) the second, and state grants (e.g. CSSN and Youth Fund) the third. Since the NGO is old, there is no specific need for searching new grant sources or donors. The NGO has already established stable partnerships, and therefore mainly engages in project proposal writing. Continuous projects realization on topics specified in the charter is important. Therefore, stable agenda of activities has been established throughout years. Stable financial system has been established for sustainable operation of the NGO too. Therefore, no problems arise with covering any organizational or project-based expenses. The NGO is not engaged in alternative resource generation. However, NGO provides its specialists for legal and other consultation matters to other NGOs. The state used to contract out some public services back in 2013-2014 through Ministry of Social Protection. Now it generally supports with grants and technical assistance.

This NGO is considered to be a policy developing organization. It operates in the state children and youth policy fields. It cooperates with ministries of Ecology and Health, Youth and Sport, Social Protection, and the Ombudsman Office. Moreover, Baku and regional local executive bodies assist the NGO with projects implementation. The NGO conducted campaigns related to combatting domestic violence against children, family sustainability and reproductive health, as well as rehabilitation and psychological assistance for former child prisoners. A set of training manuals and policy reports by UNICEF and EU on combatting gender discrimination has been translated by the NGO into Azerbaijani and widely promoted in social media, secondary schools and universities. The NGO also participates in international conferences and presents alternative reports on youth policy development to UN and European Council. The NGO participates in such platforms

as NAYORA, Children’s Rights Alliance of Azerbaijani NGOs, UNICEF Regional NGO Network, Black Sea and South Caucasus Countries Children’s Rights Network, Child Helpline International (the Netherlands), and Regional Child Protection Network (Romania).

The NGO uses Resource Centers of Support to NGOs in regions (e.g. Guba, Mingachevir) for realization of regional projects, trainings, seminars and conferences. Existing networks are useful for all types of NGOs since they provide access opportunities. However, they need to be enlarged in regions. The NGO constantly shares news in both local and international news outlets. Local Tv channels often invite the chair to talk-shows. Since the process of support to the affected youth may sometimes take more than a year, the continuation of relationship with targeted groups (e.g. children rehabilitated from prison, children experienced domestic or other type of violence etc.) is central for this NGO. All reports are presented annually. These include reports given to Ministry of Finances, Ministry of Taxes, and Ministry of Social Protection. These reports are available on the websites of these ministries. Moreover, 3 Facebook pages (Hotline for Children, Rehabilitation Center, and “Promising Future”) were created for sharing NGO-related news and reports. The main Facebook page has 1300 subscribers.

4.2.5 “Contribution of Youth” Public Union

Gənclərin Təhfəsi İctimai Birliyi was registered at the MoJ in 2010. It specializes in three directions: 1) healthy lifestyle (food security); 2) promotion of national values; and 3) trainings on the topic of patriotism among the youth. These principles are specified in the NGO charter. Although the NGO does not have permanently paid staff, it has a small office with a team of 3 people. For realization of projects, the chair hires an accountant, project manager and PR officer. At initial stages of operation, the NGO conducted 10 trainings on the topic of patriotism in the military camps of the country. The NGO tried to show that the society supports its soldiers and appreciates their service. Later, the thematic scope was directed to raising social awareness about the people suffering blood diseases (e.g. trainings on “hemophilia”). The NGO dedicated several campaigns to this issue and called the society to actively donate blood. It also produced a detailed manual that is used in

trainings. Currently, the NGO works on healthy nutrition, healthy lifestyles and food security. It brings food producers and consumers together and sets an agenda of consumer concerns for private producers. As part of the project, it established Volunteers of Healthy Nutrition social movement.

Main sources of income are personal funds of the founder, State Youth Fund, CSSN, and private businesses. Since the NGO could establish good partners in 10 years, it has stable financial resources. Moreover, as risk analysis is done before any project is realized, the NGO doesn't face any financial problems. Nevertheless, it has become difficult to get foreign grants since 2015. Therefore, the NGO budget is based on local sources only. The NGO also assists people who want to establish an NGO. If legal support is free of charge, the NGO charges others for technical support. The NGO didn't use the opportunity to win any tender of public services conducted by the Social Protection Fund and Ministry of Education long time ago. However, the NGO wishes to compete in tenders if the state engages in contracting out public services. The NGO gets invited to public councils of ministries. It happens that the NGO proposes law amendments in the thematic scope it operates.

National NGO Forum and NAYORA are main platforms where the NGO participates. The NGO uses these platforms to further develop its cross-sectoral cooperation. The NGO cooperates with several NGOs in the sphere of health and ecology. There is a memorandum signed with the Association of Blood Donors for voluntary support to the people suffering blood diseases. Nevertheless, since the NGO is self-sustained, it does not use any other training centers and support services. NGO platforms used to be more effective, and their value was greater for NGOs. They became weaker since some individual NGOs got more powerful. Moreover, actors who newly became heading these platforms turned out to be inexperienced and now cannot raise importance of these platforms.

Voluntarism is vital for NGO sustainability. Role of volunteers is high both in implementation of projects and promotion of the NGO. Projects implementation also needs organizational support by local governments. Private sector actors also provide both organizational and financial support. Moreover, there are almost 15 news outlets that the NGO has built friendly relationship with. They actively report the NGO

projects on voluntary basis. Continuity of relationship with project beneficiaries depends on the willingness of those who worked with the NGO. The NGO itself tries to sustain any type of connections with everyone. All revenues received from all sectors as well as all project reports are posted on media and websites. The NGO has an active Facebook page with almost 3 thousand subscribers.

4.2.6 Technical and Legal Support to Independent Journalists Public Union

The NGO was registered at the MoJ in 2005 when institutionalization of the professional school of independent journalists was at initial stages of development in Azerbaijan. The NGO charter specified three main directions: 1) contributing to formation of an independent school of local journalists; 2) increasing their professional skills; and 3) providing technical, legal and financial support. Legal support was particularly important since the law on “rights of citizens to access information in state bodies” was not yet enacted in the beginning of 2000s. The current thematic scope, however, is about development of journalism in the matter of occupation of Azerbaijani internationally recognized territories (i.e. Nagorno-Karabakh and 7 adjacent territories). The aim is to proliferate information from the front line. However, the state has a sensitive approach to the work of independent journalists in the occupied territories because anyone who visits the occupied territories of Azerbaijan should get permission from the Ministry of Foreign Affairs. Otherwise a person may get into the blacklist of the country. Other state bodies have their own journalists who get intensive financial support and receive access to variety of information sources in the occupied territories.

The work of a permanent staff of the NGO depends on availability of projects. Since the chairman makes all the job almost alone, there is no specific organizational structure within the NGO. Initially, there was a separate office open for journalists who wanted to write news and conduct research. Currently, it is based in residential house. The projects are organized by a team less than 3 people and mainly work from home. Although the NGO tries to attract young journalists for permanent work, there is no NGO volunteer base. Generally, journalists don't want to work for free. Some journalists that actively engaged in the projects of this NGO, however, represent the

NGO in such platforms as Union of Azerbaijani Journalists and Journalists of the National Assembly.

Because of the thematic scope, the NGO doesn't participate in youth networks. Nevertheless, with the help of the Azerbaijani Center for Social Research and several local organizations, the NGO created a coalition on the topic of IDPs. Later, Georgian NGOs joined the coalition and conducted bilateral conferences. The coalition could not survive because of limited financial resources. It can also be argued that since the state wanted to monopolize this thematic scope, it tried to impede any organizational cooperation independent from the state to lead the issue that is very important for the nation. However, since any detailed information about the front line is very important for Azerbaijanis, the NGO is now working on creation of a website "front-line.az" where different bloggers and reporters would come together and start writing news from the front line.

The Eurasian Cooperation Fund used to be one of the main sources of the NGO income. The NGO suffered because of state preventive measures directed to impede the flow of foreign aid into the country. Therefore, the team stopped searching for international funding, and the main source of revenues has become the CSSN. The NGO gradually loses motivation to continue its operation since it doesn't wish to depend on the CSSN's grant announcements. The NGO does not have any business activities that would create alternative sources of income. The NGO has no serious cooperation with state bodies and private sector either. Although this NGO has already been operating 15 years, it could not develop cross-sectoral cooperation. Since it realizes only one project in a year, there is no specific Facebook page. This is such a field where members prefer to work independently and don't want to institutionalize the concept of a journalist-based NGO. This NGO is a good example of a civil society organization that used to be successful but then could not adapt to the changing legal environment in the country.

4.2.7 Support for Social Development in Barrier-Free Thinking

"Əngəlsiz Düşüncə" Sosial İnkişafa Yardım İctimai Birliyi was registered at the MoJ in 2018. The aim of the NGO is to realize and promote special educational projects and trainings for disabled persons and low-income families. Social

inclusiveness is a priority principle specified in the charter. Therefore, the NGO does not aim to benefit marginalized groups only but also tries to connect as many people with various backgrounds as possible. Strengthening bridging social capital with inclusion of disabled people is important. Since the organization is small and new, it has a founder, one deputy and accountant who work from home. Besides a team of permanent 3 employees, the NGO has 50 volunteers.

The NGO does not have multiple channels of revenue. The chairwoman accepts that it is her own fault, and that local NGOs in Azerbaijan are “lazy” to diversify their sources of income (M. Gudsi, personal communication, April 28, 2020). The main source of income is non-institutionalized organizational and financial aid. Majority of projects are realized on a voluntary basis. The NGO is not prone to institutionalized grant issuing since it aims to promote philanthropy and voluntarism. The other source is the CSSN that supports 1-2 NGO projects in a year. Since the projects are usually well-planned before, the grants or other financial assistance always cover all organizational expenses. The NGO hasn't yet received grants from any other ministry or state agency.

The service provided to the affected people are free of charge, and the NGO does not plan to generate any money from services related to the thematic scope that it operates in. It would have a great value for society if the state makes a tender of some related public services for this type of NGOs. There is also no direct cooperation between this NGO and state bodies in terms of involvement in decision-making processes. The state, however, started attracting young people with autism to some workplaces so they can also give to society. Due to the thematic scope, representatives of the Ministry of Social Protection have also participated in NGO projects recently. For short period of time, the NGO has made several topic-related conferences and literature competition. They aimed to promote scientific-practical knowledge among the youth. By bringing together both disabled and abled people, the NGO wanted to explain the youth that everyone has talent, and it does not matter whether a person is handicapped or not. The upcoming project is a barrier-free thinking online platform where psychological courses and other trainings in disability studies will be provided for both disabled and abled youth. Usually, such trainings involve almost 100 people.

There is a union of NGOs with disability as a central topic. They hold forums on the issue where field-based NGOs can come together and share their concerns. This is useful since this type of NGOs needs greater social attention. The NGO projects usually involve the heads of five other NGOs. The intra-sectoral cooperation in this thematic scope is necessary for achieving a collective action. When the NGO cannot find proper place for project implementation, local executive bodies usually provide organizational assistance. The private sector may help upon request, but it has rarely happened. Big social-media portals sometimes set high prices for sharing NGO projects. The state funded Tv channels do the best in this issue. Sustainability of relationship between this NGO and its focus groups is important since disabled people need the presence of society in their lives. The social inclusion cannot be achieved without continued relationship among all beneficiaries of the NGO.

Volunteers are essential for operation of this NGO. Since NGO thematic scope is very sensitive, it took only several months to attract almost 100 volunteers in the early period of NGO establishment. With their help, the NGO realized 6 projects within one month. Volunteers provide technical, legal and financial support without which this NGO would not survive. The charwoman thinks that this NGO is successful since it is almost completely voluntary based and positively affects people's lives. The more people are involved in trainings, projects and other educational courses, the more useful the NGO becomes. Since it is a new organization, there hasn't been any annual reporting yet. However, there are two not much active Facebook pages with more than a thousand followers, where news about NGO operation gets posted.

4.2.8 Cultural Legacy and Development of Multiculturalism Public Union

"Mədəni İrs və Multikultural İnkişaf" Maarifləndirmə İctimai Birliyi was registered at the MoJ in 2018. The NGO is deemed to engage in promotion of values of national minorities and organize conferences on culture and history of Azerbaijan. This NGO has a special relevance for the study since it is a vivid example of many newly established NGOs in the country. That is, organizational purpose and philosophy of such NGOs represent the idea that NGOs are there to serve the state when they are needed. As Safarova mentions, the uneasiness of NGO registration in

the country is indeed directed against proliferation of such NGOs (G. Safarova, personal communication, March 19, 2020).

This NGO has a charter with specifically set priorities and mission. The organizational structure and number of workers are not clearly set, and the working team is project-based. The office is based in residential house of the founder. The NGO does not engage in any fundraising activity and does not seek for other available sources of income. Since the NGO realizes one project in a year, there are no organizational or other expenses that would require financial management. The NGO also does not seem to participate in any NGO platforms or training centers and does not cooperate with any other NGOs. No plausible relationship with private sector or media is established. The NGO hasn't built organizational relationship with project beneficiaries. There is no attempt to build adequate public image too. The work with volunteers is not defined. Whether the NGO really implemented any project is also doubtful. For example, although the CSSN reported the NGO to organize conferences on "Different Values - One Motherland" in northern regions of Azerbaijan (CSSN, 2020), the chairwoman could not mention any NGO social campaigns that it has realized so far (or will realize).

Thus, this organization is not sustainable in any aspect. It exists because of the availability of state grants.

4.3 State-NGO relationship: Contemporary Dynamics of State Legal and Financial Support

4.3.1 Legal Impediments

Sustainability of any NGO is directly related to its seriousness, deep comprehension of its mission, and complete readiness to deliver social value. The period of NGO operation is decided by its own (2 – 4 years). The idea that social value creation is the main, if not only, reason of NGO operation in society is not new in literature (Teegen et al., 2004). Generally, this is what the Azerbaijani government requires from local NGOs too. It is international practice that states' insufficient awareness about NGOs create problems in state-NGO relationship (Hasmath & Hsu, 2014). Therefore, every year, Azerbaijani government sets social priorities to be addressed by NGOs. These are mainly field-based issues that the state feels unable

to address by its own. In 2013, the state enacted “Law on Public Participation” where it ensured NGO participation in all state decision-making processes (i.e. national policy making processes, legislation drafting, public councils etc.) (Guluzade et al., 2019, p. 38). Generally, the state is present in all matters of NGO sustainability.

As it is argued in the literature, there are legal impediments in the NGO registration process (e.g. requirement of reference letters written by any private or public actor who would characterize the establisher; one month spent on registration) (Guluzade et al., 2019; USAID, 2018; Ismayil & Remezaite, 2016). However, the bureaucratic uneasiness of NGO registration has an explanation. For the state, the purpose of any NGO that gets registered is very important. State recognition of any civil society organization depends only on its clearly established mission and complete readiness to contribute to the society. The state should be sure that the accountable people are ready to carry on their ideology or social mission. Therefore, Safarova argues that the state’s filters and systemic uneasiness to get registered are aimed to detect who is serious enough (G. Safarova, personal communication, March 19, 2020). It also helps an NGO establisher better comprehend the seriousness of NGO mission that he/she wants to pursue.

State security and transparency of NGOs are main reasons of state legal control of NGOs’ operation. All local NGOs that want to get any type of finance should get registered at the MoJ. Moreover, since 2014, registered NGOs cannot give sub-grants to non-registered NGOs in country (Ismayil & Remezaite, 2016, p. 16). This is mainly done to be able to check the foreign grants flow in the country. Nowadays, NGOs have gone political by hiding political affiliation under NGO name. Political parties in turn try to realize their plans through NGOs. This is not acceptable for the state. As Safarova reminds, once it happened that a registered NGO received a huge international grant under “human rights development and trainings” category. Later the state found out that this NGO channeled sub-grants to some non-registered religious organizations. Considering the neighboring Islamic state of Iran is a threat to Azerbaijan’s secularism, the preventive measures should have been taken. There have also been cases when foreign grants were used beyond the given purpose. It once happened that an NGO distributed its huge foreign grant to 6 other NGOs which started buying out the youth and pushing them to the protests in the regions of

Azerbaijan. This could lead to a huge social unrest in the country. Geographical proximity of the country to the middle east makes Azerbaijan as a Muslim majority secular country go strict on combatting the threats of extremism, terrorism, and money laundering.

Therefore, the state imposed preventive measures requiring all NGOs that receive a foreign grant to register both itself and the grant. Although this makes state funds be the main, if not only, source of NGO income, the state wants to ensure transparency of NGOs in the country (why would an NGO want to hide from the state the information on where it spends its grants?). Azerbaijani geopolitical condition is complex, and state security is important in the matter of money in/outflows. Such legal restrictions in the name of state security has become a global tendency (Rutzen, 2015). Nevertheless, the laws “On registration of contracts on provision of services and works at the expense of foreign financial sources” and “Procedure on obtaining the right to give a grant by foreign donors in the territory of Azerbaijan” of 2015 allow local NGOs to receive and use foreign grants (Ismayil & Remezaite, 2016, p. 14). Besides, even if the state imposed some legal impediments, the number of active NGOs in the country increased by 20% (N. Khalaf, personal communication, April 7, 2020). Therefore, it can be argued that the changes in legal environment didn’t limit proliferation of NGOs in society.

As it is argued, a new law of 2013 posited that “numbers of physical and legal persons participating in NGO projects should be registered”, and that this impedes active citizen participation in society (Ismayil & Remezaite, 2016, p. 17). However, one should know that this law applies only to those who receive a portion of grant as a salary, and therefore doesn’t hinder volunteering opportunity of citizens (G. Safarova, personal communication, March 19, 2020). The new law requires transparency from NGOs. The grant issuer (the state) wants an NGO to approach an issue seriously so that while writing a project, an NGO clearly establishes its team members that will receive the grant as a salary. It used to happen that NGOs were changing their working staff in the process of the project, or deliberately indicating larger working staff in the beginning, but later it was getting revealed that the project had been implemented by only few persons. The state should have prevented such cheating. The grants are given for maximum 4-month long projects, and surely, some

changes might occur. For this, an official procedure exists; it requires an NGO to submit the changes to the grant issuer. Besides, the existing legislation and policies highly stimulate volunteering in the country (Guluzade et al., 2019; USAID, 2018).

The arguments by Sattarov et al.(2007) and Gahramanova (2009) that the tax laws are not favorable to local NGOs are disputable. Guluzade et al., for example, are not so critical on this matter (Guluzade et al., 2019, p. 35). Although the time gap between the scholarly works is significant, the tax laws remained basically the same. According to the Tax Code of Azerbaijan, grants, corporate and individual donations and membership fees are exempt from taxation. Moreover, unlike businesses, local NGOs are not obliged to pay any organization operation tax when there is no project. All registered employees of local NGOs pay income tax with lesser percentage than any employee of private sector. If private sector employers are imposed with 29% of income tax, the NGO sector employers are taxed with 14%. The 14% tax is paid only when a portion of grant is allocated to an employer as his/her salary. If other employees also receive a portion from the grant as a salary, their tax is 4% in Baku and Sumgait cities, 2% in other regions. Yet, some NGOs complain about high taxes. It is true that all employees pay social protection tax at 22%. However, as Safarova mentions, Ministry of Social Protection usually makes exceptional agreements with donors, and NGOs don't pay the social protection tax (G. Safarova, personal communication, March 19, 2020).

In 2012, the state adopted the law "On Social Service" that allowed NGOs to provide services and charge the state bodies (or other entities) that purchase this service (Guluzade et al., 2019, p. 34). The law of 2014 posited that NGOs that provide social services without registered contracts will be held liable with administrative offense (Ismayil & Remezaite, 2016, p. 15). Nevertheless, as the selected NGOs argued, the state used to initiate broad tenders of public services, and that NGOs don't have this opportunity nowadays. Safarova argues that ministries that have public councils still engage in contracting out their field-related services; "it is natural that every ministry wants to work with an NGO that it's well acquainted with" she claims (G. Safarova, personal communication, March 19, 2020). However, Guluzade et al. (2019, p. 33) argue that bidding for state contracts for government

procurement is difficult since the state requires burdensome bid securities that local NGOs cannot provide.

4.3.2 Other NGO Operational Impediments

NGO individualism is bad for organizational sustainability and NGO infrastructure in general. It has always been propagated by the state that NGOs need to cooperate and work closely for better action. However, one of the problems of the Azerbaijani NGO sector is the absence of any serious coalition of local NGOs. According to Khalaf, local NGOs are not prone to work collectively, and individualism is on its peak (N. Khalaf, personal communication, April 7, 2020). Local NGOs are not prone to share the burden of social problems with each other either. NAYORA, for example, despite being a network organization, focuses more on realizing own projects. Some NGOs try to keep their ideas of future projects in secret so that NAYORA does not steal them. Social problems, however, require a complex approach (i.e. a developed NGO infrastructure). The work of those few NGOs that sometimes come together to implement projects ends up being ineffective in the long run. Hasanov explains this individualism as a tenet of Azerbaijani culture (Hasanov, 2009).

Nevertheless, to bring NGOs together for better action, strengthen state-NGO cooperation, and ensure citizens' oversight in society, the government institutionalized NGO advocacy in state decision-making bodies. That is, *public councils* as representatives of field-based NGOs were created at ministries. Transparency of these councils and election criteria were specified in a separate law (Rules on Elections of CSOs to Public Councils of 2014). The National Assembly and other state agencies established departments on the work with civil society organizations. According to the interviews, 6 out of 8 NGOs participate in these public councils. Moreover, NGO participation in state policy making has increased, and state-NGO cooperation strengthened (Guluzade et al., p. 38, 2019). The CSO SI report also mentions positive effects of the "Law on Public Participation" on NGO advocacy and infrastructure in the country (USAID, 2018). Nevertheless, the state should further support proliferation of NGOs in the regions since most of the NGO sectoral work is done by Baku-based NGOs.

Financial sustainability of NGOs depends both on NGO behavior and the state. First, NGOs are not businesses; therefore, they should build a chain of volunteers for continuous operation in society. This is also part of their organizational capacity. A good example is “Support for Social Development in Barrier-Free Thinking” that realizes majority of its activities on voluntary basis. Nevertheless, according to the “Law on Grants” more than 15 state institutions provide financial support to NGOs in Azerbaijan (Law on Grants of 1998). Four major ones are *Ministry of Youth and Sport, Youth Fund, CSSN and IT Development Fund*. Other ministries and state agencies also got the right to aid local NGOs in specific matters of project realization (Presidential Decree № 652 of 2015). Since 2007, the CSSN has spent over 18 million EUR for over 2500 NGO projects in Azerbaijan (Guluzade et al., p. 33, 2019). In 2018, it supported almost 463 projects with a value 1.8 million euros (CSSN, 2018). Generally, the state allocates approximately 40 million AZN (approximately 21 million euros) to the NGO sector every year (G. Safarova, personal communication, March 19, 2020). Experienced NGOs can get up to 10 thousand AZN (approximately 5 thousand EUR) for a project whereas newly established ones up to 3000 AZN (approximately 1500 EUR). Considering the state budget expenditure of approximately 21 billion AZN per year (Brebán & Mukhtarov, 2017), 40 million AZN allocated to the NGO sector isn't a significant number. The state financial support to NGOs is usually in the form of grants. Subsidies are usually given to the unions (e.g. writers, composers, artists etc.) (Guluzade et al., p. 34, 2019).

Diversification of the sources of NGO income depends on NGOs themselves since the right to engage in commercial activities to sustain the organization is provided (On Social Service of 2011). The willingness to provide any extra-thematic commercial activity (e.g. investments, training courses, printing points, shops etc.) should be provided in the NGO charters. Nevertheless, as it was mentioned in the case of “Clean World” Support for Women PU, local NGOs still face difficulties in fundraising. The MoJ requires personal data of a sender and receiver even when donation is 1 AZN (0.54 EUR). Not everyone who donates would prefer such transparency.

Heads of NGOs are public figures and should maintain good relationship with media to be promoted in society. To address weak public image of the NGO sector,

the state assisted NGOs in creating online platforms (i.e. www.qht.az; www.qhtxeber.az; www.qhtfilm.az; www.qhttv.az) so they could post news about their projects, share their movies, and broadcast these all online. The websites include approximately 45 thousand news with almost 340 views annually. Analogous webpage is created on Facebook that has more than 2800 subscribers. The CSSN conducts statistics on information posted and read on these social media platforms (CSSN, 2018).

5. Conclusion

The state has great responsibility in developing state-NGO relationship in society. It is obvious that NGOs operate within the state the same way as organizations of other sectors do. Therefore, the state's presence in operation of all organizations in the country through legal or other means is natural. However, NGOs are usually put against the state or presented as mutually exclusive with it. The case of Azerbaijan showed that if the purpose of an NGO is a social mission, then it should be complementary to state policies that concern the public. The state is present in NGO sustainable operation in society through state funds, local governments, ministries and other state agencies. Local NGOs in their turn serve as advisory organizations to the state in terms of shaping state funding directions and policy making. This increases the role of local NGOs in public oversight over the state. Moreover, it has also become obvious that local governments are necessary for realization of NGOs' projects with greater success. Effects of these projects better reach their constituencies with organizational assistance of the state.

Nevertheless, the state should reconsider NGO laws that create impediments for NGO development in Azerbaijan. That is, the state needs to facilitate the opportunity of local NGOs to bid contracts for public services. Initiation of public tenders would be a positive move in this direction. Moreover, despite legitimate state security concerns, uneasiness of legal and bureaucratic procedures of getting foreign grants needs to be facilitated. The law impeding NGO fundraising should be lifted. The average amount of grant according to which personal data will be required should be discussed and agreed between the state and local NGOs. Furthermore, the availability of state grants does not necessarily support some NGOs because they are

usually given for temporary projects. For thematic scopes of some local NGOs, state financial support should be continuous. Therefore, the state should reconsider its policy of support to NGOs working, for example, with vulnerable groups in society. The state should also work on regional NGO proliferation and cooperation development since the concentration of all sustainable NGOs in Baku is not adequate.

However, local NGOs are also guilty for their potential organizational crisis and other financial difficulties. They don't diversify sources of income even with opportunities existing locally. This might be because the local fundraising has higher competition and requires great NGO organizational capacity to convince private actors for sponsorship. Besides, the share of state financial support for an average NGO is not big. If this is the only thing that an NGO has for its operation, this NGO has no value for society. NGOs should look at state funds as an alternative channel of support.

Unfortunately, many local NGOs in Azerbaijan live on temporary grants given for 2 – 4 months. Local NGOs cannot develop the NGO sector with such behavior. They cannot lead a dialogue with the state and influence its decision-making if their operation is based on temporary projects. Some NGOs, on the other hand, get financial support from the state but have diversified sources of income. Usually, older and bigger local NGOs could reach such capacity so far. Therefore, the state financial support itself does not necessarily impede NGO sustainability. Besides, as it was mentioned, individualism as a cultural tenet hinders NGO infrastructure. NGOs should engage more in intra-sectoral cooperation and enhance the capacity of NGO networks in society.

Among varying opinions on the matter of how local NGO sustainability is related to state support in Azerbaijan, this thesis aimed to find out a more plausible standpoint on the dispute. It was hypothesized that local NGOs are prone to be less sustainable since the NGO laws are not enough favorable in this country. It can be argued that the hypothesis was accurate, but some clarifying additions were found. The research showed that the NGO income diversification is the main aspect that creates potential threats to sustainability of local NGO in Azerbaijan. However, the state financial support on itself does not impede their sustainability as some argued.

Among some other minor NGO operational impediments imposed by the state, legal environment hinders broader diversification of NGO income and makes state financial support be the main source in town. This creates a condition where the access to state funds is much easier than to any other alternative sources of revenue. Therefore, the author can conclude that the state should reconsider its NGO laws so the NGO sector can further develop. It should lift the bureaucratic impediments in legal procedures that limit the opportunity of local NGOs to ensure their greater financial sustainability in society. Such a condition leads to deterioration of sustainability of local NGOs in general.

6. References

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7. Appendices

Appendix A. A List of Interview Questions Asked from G. Safarova

1. What are the differences between the past and present of the NGO sector in Azerbaijan?
2. Why does sustainability of NGOs matter?
3. How do you understand NGOs?
4. What are the main directions of NGO operations in the country?
5. What is the relationship of local NGOs with other sectors' representatives in the country (state, business, other public figures)? How state affects NGOs in country?
6. Should the state develop and propagate NGO proliferation laws in the polity?
7. Are the laws on NGO registration and operation favorable for local NGOs?
8. Local NGOs can have bank accounts only if they get registered at the Ministry of Justice. Why the regulations are so strict, and the state imposes huge administrative fines on NGOs when they breach these laws?
9. Why registered NGOs cannot give sub-grants to non-registered NGOs since 2014?
10. What is the rationale behind the strict oversight and regulation of NGO foreign grants?
11. Does the state allow NGOs engage in state-dominated spheres of activity?
12. In 2013, a new law posited that only members that are registered as full staff or volunteers can participate in NGO projects. Doesn't it impede citizen participation?
13. What is the time-period limit of NGO operation?
14. Can NGOs easily address and freely express their opinion on social issues?
15. Are there local NGO lawyers?
16. Are there legal advisory agencies in capital and regions?
17. What are the tax benefits that NGOs may enjoy?
18. As a support for diversification of the sources of NGO budget, does the state make tax benefits for corporate donations?
19. Does the law allow NGOs to provide other public goods and services?
20. Does the state promote competition by initiating tenders for social work?
21. When financial support started?
22. Which funding institutions exist in Azerbaijan?
23. What is a priority order of these institutions according to financial support provided?
24. Is the current number of local NGOs in Azerbaijan enough for the country's 10 million population? Can this number of NGOs effectively address social problems in the country?

Appendix B. A List of Interview Questions Aksed from N. Khalaf

1. How do you understand NGOs?
2. What are the main directions of NGO operations in the country?
3. What is the relationship of local NGOs with other sectors' representatives in the country (state, business, other public figures)? How state affects NGOs in country?
4. Local NGOs can have bank accounts only if they get registered at the Ministry of Justice. Why the regulations are so strict, and the state imposes huge administrative fines on NGOs when they breach these laws?
5. Why registered NGOs cannot give sub-grants to non-registered NGOs since 2014?
6. Does the state allow NGOs engage in state-dominated spheres of activity?
7. In 2013, a new law posited that only members that are registered as full staff or volunteers can participate in NGO projects. Doesn't it impede citizen participation?
8. How many NGOs are there, which ones are big-small, old-new?
9. What are the major state funds in Azerbaijan?
10. Can you put in priority order the donor funds?
11. What is the limit of state financial support to an average NGO?
12. How much money does the state allocate to the NGO sector every year?
13. What are the differences between the past and present of the NGO sector in Azerbaijan?
14. How do you understand sustainability of NGOs?
15. Do Azerbaijani NGOs possess developed sustainability?
16. What is the standing of public image of local NGOs?
17. Does the state support in any way impede NGO sustainability in Azerbaijan?

Appendix C. A List of Interview Questions Asked from Dr. Valiyev

1. How do you generally define NGOs, and Azerbaijani NGOs in particular?
2. What did NGO sector look like in Azerbaijan, and how is it now? How the current is different from the past?
3. How does cross-sectoral relationship of NGOs look like in Azerbaijan?
4. How do you understand sustainability of NGOs? Is this a new idea, or the concept manifested itself in varieties throughout history? Taking Azerbaijan as an example.
5. Is this aspect important? (i.e. sustainability), or one NGO died, and a new one established is quite adequate?
6. As part of sustainability, do you think Azerbaijani NGOs possess high level of organizational capacity? (i.e. professional staff, offices, organizational mission, strategic planning, management). Why?
7. Talking on financial viability, do our NGOs have good financial conditions? Why?
8. What do you think about NGO advocacy in Azerbaijan (i.e. active social engagement, campaigns)?
9. What about infrastructure? (i.e. equipped centers for NGOs; networks of NGOs; partnerships (state, business), education in the field, availability of professionals).
10. Service provision is also important. Do you think our NGOs are effective in that filling the gap left by government?
11. What is the public image, media coverage, perceptions of NGOs in Azerbaijan? What should NGOs do?
12. USAID ranges sustainability by the scale - impeded, evolving and enhanced. What do you think, are Azerbaijani NGOs sustainable? To what extent? Why?
13. By understanding the state support, is the state – NGO relationship important? If yes, how this looks like in Azerbaijan?
14. In legal and financial perspectives, what is the state's role in sustainability of local NGOs?
15. In Azerbaijan, how supportive was the state? Do you think the state is supportive now? If yes - how, if no - why?
16. What are the effects of state support on sustainability of local NGOs?

Appendix D. A List of Interview Questions Asked from NGOs

1. When was your NGO established, and what is the main thematic scope of your organization?
2. Do you have clearly set organizational goals and priorities for a set timeframe? What is your mission?
3. Do you have a permanent, paid staff? How many? How many volunteers do you have?
4. Do you have a clearly defined management structure within NGO (e.g. division of responsibilities: HR, Financial Management, PR, social demand analysis etc.)?
5. Can you afford modernized basic office equipment and use of technologies?
6. What are your main financial resource channels?
7. Do you have access to multiple sources of funding? What is the share of domestic and foreign resources in your budget?
8. Do you actively engage in fundraising, and what it involves?
9. While managing your finances, are you generally able to cover all your expenses?
10. Do you engage in provision of any goods and services? Does this provision address the existing social need for those goods/services?
11. How do you set the fees for services provided? Can you recover the costs of this provision?
12. Does the state support you in this? How? (e.g. does the state provide grants or contracts specifically for service provision?)
13. How do you cooperate with local and central government bodies? Do you participate in any state decision-making processes? How do you influence these processes?
14. What kind of social awareness campaigns have you led? Have these campaigns been effective?
15. Do you try to influence opinions in any social, economic, or cultural NGO networks or coalitions? Do you find it effective?
16. Do you engage in any NGO training centers, support services, networks or platforms in the country?
17. Are these networks, or coalitions, effective?
18. Do you cooperate with other NGOs (e.g. do you share information with each other, have any joint activities / projects?)
19. Do you have good relationship with any bodies, business actors, or media (or, how would you evaluate your public image)?
20. Do you build and continue any relationships with individuals or groups affected by or interested in issues on which your CSO works?

Appendix D (Continued)

21. What do you do to increase organizational image, or reputation? Do you publicize by sharing news or posting annual reports? Are you transparent in this matter?
22. What is the role of your volunteers in your public image matters?
23. Is the state supportive in legal and financial terms (in what aspect it is less supportive)?
24. Can this support (or, non-support) in some ways impede NGO sustainability?

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