

BRIEF

Amendments to Georgia's Law on Grants and Related Legislation¹

MARCH 20, 2026

On March 4, 2026, Georgia's parliament adopted a package of amendments to the Law on Grants, the Criminal Code, the Code on Administrative Offenses, the Law on Political Associations of Citizens, and the Law on the State Audit Office (the amendments). The adopted amendments were published and entered into force on the date of their adoption.

Our brief focuses primarily on amendments affecting the regulation of foreign funding and grants for Georgian civil society. For analysis covering the full package of legislative amendments, including changes affecting political parties, please see the analysis prepared by the Georgian expert organization Social Justice Center.

Compared to foreign grant restrictions adopted in 2025, these amendments introduce an even more restrictive and punitive regulatory framework governing foreign-funded activities in Georgia, including severe criminal penalties for violations. Further, new legal definitions, such as “*activity on a political issue related to Georgia*,” extend to a broad range of issues affecting Georgian society. While implementation intent remains unclear, the expanded scope, broad definitions, and introduction of criminal liability create meaningful legal uncertainty for donors and their partners.

Key changes include:

Expanding the scope of the Law on Grants

Under the Law on Grants, grants are subject to the pre-existing requirement to obtain consent (approval) from the Government of Georgia (GoG). Grantees are prohibited from using funds if they fail to request such consent or their request is rejected by the GoG.

The amendments broaden the definition of a “*grant*.”

- Funds and in-kind contributions may qualify as grants not only when provided free of charge, but also where they are provided in exchange for technical assistance,

¹ Interpretations and definitions are based on unofficial English translations of the Georgian text.

including technology transfer, specialized knowledge, skills, expertise, services, or other assistance.

- Technical assistance itself (including services, expertise, or technology transfer), whether provided for compensation or free of charge, may constitute a grant.
- Funds or in-kind contributions that are structured as other types of transactions (e.g., service agreements), but are deemed by authorities to constitute grants in substance, may trigger criminal liability if determined to be sham or fraudulent transactions under the Law on Grants. For example, it is our understanding that a formal contract (service agreement) with a legal entity or individual may still be considered a grant and fall under the Law on Grants if the underlying activity meets the criteria set out in the Law on Grants (e.g., activities aimed at influencing state authorities, public institutions, or society).
- Funds received by offices of foreign organizations registered in Georgia from their parent entities are treated as grants, unless they are used for entrepreneurial activity.

The amendments expand the categories of grant recipients, including:

- “a legal entity of another state, whose activities essentially include activities on issues related to Georgia” (which may include foreign organizations operating in Georgia);
- any legal entity (including entrepreneurial entities), not only non-entrepreneurial legal entities; and
- individuals holding a residence permit in Georgia (in addition to Georgian citizens).

The amendments broaden the scope of qualified activities for which grants may be used:

- the definition now includes activities carried out or intended to exert influence on state authorities, public institutions, or any part of society in Georgia, including activities related to shaping or influencing domestic or foreign policy, as well as activities linked to the political or public interests of foreign states or political parties; and
- funds may qualify as grants not only when used for such activities, but also where they *may potentially be used* for such purposes, which may capture non-earmarked or institutional funding.

The procedure for obtaining government consent is further specified and, in some cases, expanded:

- As a general rule, the grantor (donor) is required to submit an application and the draft grant agreement to the GoG to obtain consent.
- The law requires a municipality to act as a co-applicant in the consent process.
- The GoG retains sole authority to grant or refuse consent.

- The GoG may request additional documentation from the applicant as it deems necessary to make a decision on granting consent.

The amendments escalate penalties for violations:

- violations of the Law on Grants may now directly result in criminal liability (without prior administrative sanctions); and
- acceptance of a grant by a branch or representative office of a foreign legal entity without consent may result in the imposition of a fine equal to double the amount of the grant.

The amendments apply to previously issued grants:

- recipients that received grants prior to the new law coming to effect must apply for government consent to use any unused funds within one month after the amendments enter into force (i.e., by April 4, 2026).

Criminalization of violations of the Law on Grants and “unlawful cooperation with a foreign organization or a foreigner”

The amendments introduce criminal liability for violations of the Law on Grants, punishable by a fine, community service, or imprisonment of up to six years, and for legal entities, a fine or liquidation and a fine.

Criminal liability applies to:

- direct or indirect receipt or use of a foreign grant without government consent;
- use of a grant for “activity on a political issue related to Georgia” (see definition below) for a purpose different from that specified in the grant documentation and without such consent;
- provision or receipt of technical assistance without government consent;
- receipt or use of a grant by a foreign legal entity without government consent;
- use of funds or in-kind contributions that constitute grants but are structured through sham or fraudulent transactions (as defined under Georgia’s Civil Code);
- transfer of money, property, or other benefits to a foreign citizen or legal entity in exchange for carrying out “activity on a political issue related to Georgia”; and
- money laundering (legalization of illegal income) or other concealment of the origin, nature, or movement of funds committed for the purpose of carrying out “activity on a political issue related to Georgia.”

The term “activity on a political issue related to Georgia” is broadly defined in the amendments as “any activity carried out or to be carried out with the aim of exerting any influence on the government of Georgia, state institutions or any part of society, which is aimed at the formation, implementation or change of the domestic or foreign policy of Georgia, as well as any activity that derives from the political

or public interests, approaches or relations of the government of a foreign country or a foreign political party.”

Introducing a new criminal offense of “*extremism against the constitutional order*”

The amendments introduce a new offense defined as systematic public calls or actions for mass violation of Georgian legislation, mass disobedience to state authorities, the creation of alternative authorities, or other actions intended to establish a perception of the illegitimacy of Georgia’s constitutional order or constitutional bodies and that harm, or create a real threat of harm to, the interests of Georgia. The offense is punishable by a fine, community service, or imprisonment of up to three years, and legal entities may be subject to a fine or liquidation and a fine. The amendments also introduce non-recognition of the constitutional order or constitutional bodies as an aggravating motive for certain offenses.

Adding new administrative offenses related to political activity

- The amendments introduce administrative liability for entrepreneurial legal entities that publicly carry out “*activities on a political issue related to Georgia*” that are not connected to their principal economic activity, punishable by a GEL 20,000 fine. Repeated violations after an administrative sanction may trigger liability under the Criminal Code, punishable by a fine, community service, or imprisonment of up to three years.
- Non-recognition of Georgia’s constitutional order or constitutional bodies is established as an aggravating circumstance for administrative offenses.

Together, these amendments significantly constrain foreign-funded activities and establish a broad regulatory framework for political and social activity and expression in Georgia.

For further analysis of the amendments and their potential implications for political freedoms and constitutional rights, please see the [analyses](#) published by the [Social Justice Center](#), as well as the March 2026 [report](#) of the OSCE Office for Democratic Institutions and Human Rights (ODIHR) prepared under the OSCE Moscow Mechanism regarding developments affecting human rights and fundamental freedoms in Georgia.