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BRIEF

Georgia: Amendments to the Law on Grants

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Introduction

On April 7, the Georgian Dream political party initiated draft amendments to the Law of Georgia on Grants (hereinafter – the amendments) in the parliament. Per the explanatory note published on the parliament's website, the initiators are seeking expedited consideration of the amendments due to the *"special importance of ensuring state sovereignty"* and so that there is *"an effective instrument to give proper course to the issue of grants received from foreign sources, within the framework of the authorization to declare consent, within a reasonable timeframe."* Local partners believe that the expedited procedure will allow the parliament to adopt the amendments in a very short timeframe without any public discussion.

Notably, the amendments introduce a requirement for grantors[1] to obtain *"consent"* (prior approval) from the Government of Georgia (GoG), or a designated authorized body, before issuing grants to eligible recipients, including Georgian non-governmental organizations (NGOs) and citizens. Even though this is an obligation of a grantor to obtain a consent from the GOG before issuing a grant, it is a grantee who will bear the penalty for the failure to comply with the requirement. The Anti-Corruption Bureau (ACB) is appointed as the authorized body to enforce the implementation of requirements on *"prohibited"* grants.

The purpose of this brief is to inform interested persons about key provisions in this legislative initiative. We used an unofficial translation of the amendments (attached), so we apologize if there are any mistakes resulting from inaccuracies in translation or misunderstanding.

The key provisions in the amendments include the following:

[1] Per section 1 of Article 3 of the Law of Georgia on Grants, grantors (donors) include *"International charitable, humanitarian or other public organization (including international sports association, federation and committee), financial-credit institution, government of foreign country or its representation, as well as non-entrepreneurial legal person (foundation) of a foreign country."*

1. **Grantors must obtain prior consent from the GoG (or a designated body) for any grant issued to a grantee.**[2]

Since the amendments refer only to "grantees" as defined in Article 4 of the Law on Grants, it appears that the requirements would not apply to entrepreneurial legal entities, including media. Receiving a grant without the GoG's consent is prohibited.

2. **Exception when obtaining consent is not required**

The requirement to obtain GoG's consent does not apply to *"grants issued by an international sports association, federation, or committee; individual scholarships issued for obtaining secondary or higher education and for scientific work outside the borders of Georgia; and grants received by an international organization operating in Georgia.*[3]*"* If a grant is issued to a foreign NGO operating in Georgia, government's consent is not required.

3. **The GoG has 10 days to issue or deny consent for a grant. Neither the amendments, nor the Law on Grants itself, provide for a list of reasons when the GoG may deny the approval of a grant.**

The Law on Grants defines a "grant" as "1. *The targeted funds gratuitously transferred, in cash or in kind, from the grantor (donor) to the grantee, that are used for specific humanitarian, educational, scientific-research, health care, cultural, sporting, ecological and social projects, as well as for implementation of the programs of the state or public importance, shall constitute a grant; 2. The funds transferred in order to achieve entrepreneurial or political goals shall not be deemed to be a grant.*"[4] It remains to be seen, but it is our understanding that the GoG will deny consent when it determines that a proposed grant serves *"entrepreneurial or political goals,"* as such funds transfer would not be considered as grant.

4. **The GoG's decision to deny consent for a grant can be appealed to courts. The appeal does not suspend the effect of GoG's decision.**

To obtain consent from the GoG, the grantor is required to submit the draft grant agreement for review. According to existing law, a grant agreement must meet the following requirements: "*1. A written contract concluded by the grantor (donor) and the grantee, …, shall constitute the legal grounds for a grant. The contract shall include the purpose of the donation of the grant, its amount, specific directions of its use, time periods for its utilization and the principal conditions set by the grantor (donor) to the grantee.*"[5]

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[2] Per Article 4 of the Law on Grants, *"The grantee may be: 1. The state of Georgia as the organ (organization) authorized by the President of Georgia. 2. The organ of state authority of Georgia or the organ of local self-government. 3. A resident or non-resident non-entrepreneurial legal person of Georgia, its representation, branch or division. 4. Citizen of Georgia"*

[3] Section 3 of Article 5^1 of the Law on Grants in the amendments.

[4] Article 2 of the Law on Grants.

[5] Section 1 of Article 1 of the Law on Grants.

5. **Monitoring of the issuance and receipt of prohibited grants shall be carried out by the ACB.**

Based on the amendments, ACB has broad authorities, which include[6]:

- it may issue the rules for monitoring unlawful issuance and receipt of grants;
- for monitoring purposes, the ACB is authorized to:

  a) Request financial reports[7] from a person, if there is a reasonable belief of a person receiving a grant without obtaining a consent from the government of Georgia.

  b) Question[8] or interrogate a natural person;

  d) Request necessary information from an organization or an individual, including special category personal data, other personal data, and classified information;

  e) Exercise other powers defined by law.

6. **All persons are required to comply with ACB requests for information**

The amendments to the Law on Grants distinguish between questioning a person (sections 1-6 of new Article 6(2)) and interrogating a person before a magistrate judge (section 7 of new Article 6(2)). While a person of interest to the ACB is required to provide truthful information, they are not obligated to respond during questioning. However, if the person of interest to the ACB does not want to provide information, the ACB may summon this person for interrogation.

7. **The ACB may impose new penalties and take other administrative measures in case of non-compliance.**

The ACB has authority[9] to file an administrative offense report, which shall be immediately sent to a district (city) court for consideration. In addition, "*If circumstances exist that may hinder enforcement of the sanction, the ACB may impose a seizure (including on bank accounts) proportionate to the sanction amount. The seizure takes immediate effect and must be submitted to the court for confirmation*."[10]

The court shall[11] consider the matter within 15 days (five days during a pre-election period). The decision of the court may be appealed within ten days (72 hours during a pre-election period) to the Court of Appeals, which shall decide within 15 days (48

[6] Article 6^1 of the Law on Grants in the amendments.

[7] The amendments do not define the types of information to be included in financial reports. A "person" may mean an organization or individual.

[8] Article 6^2 of the Law on Grants in the amendments.

[9] Article 6^3 of the Law on Grants in the amendments.

[10] Section 1 of Article 6^3 of the Law on Grants in the amendments.

[11] Article 6^3 of the Law on Grants in the amendments.

hours during a pre-election period). The decisions of the Court of Appeals are not subject to further appeal. In the case of property seizure, the court shall decide within 48 hours of receiving the materials. Appeals must be filed within 48 hours, but the appeal does not suspend the seizure. The Appeals Court must also decide on property seizures within 48 hours. Its decision is final and must be delivered to the parties within 12 hours. The liability may be imposed within 6 years from the date of the relevant offense.

8. The amendments introduce new liabilities.

If a person receives a prohibited grant, the amendments impose a severe fine, *"equal to twice the amount of the grant."*[12] Other new liabilities include a 2,000 GEL fine (approximately $725) for *"providing false information during questioning by the ACB or during court interrogation based on the ACB's motion,"* while *"repetition"* of either offense results in a fine double the amount initially issued.

Conclusion

The amendments continue a series of restrictive laws targeting Georgian NGOs and independent media, with a special focus on access to foreign funding.[13] The new restrictions target the ability of international donors to issue grants to Georgian NGOs and citizens. Civil society lawyers in Georgia believe that the amendments serve to "*deprive the Georgian people of access to free aid*." If adopted, the amendments would be analogous to foreign funding restrictions existing in Azerbaijan, Uzbekistan, Turkmenistan and Belarus, while exceeding the requirements in Russia.

[12] Article 6[4] of the Law on Grants in the Amendments.
[13] The Law on Transparency of Foreign Influence (2024); the Law of Georgia on Foreign Agents Registration Act (2025), amongst others.