

Law on Grants:

2025 Restrictions and the March 2026 Expansion

An assessment of Georgia's foreign-grant approval regime, its criminalisation in March 2026, and its place within the wider architecture governing civil society.

KEY MESSAGES

- Since 2023, Georgian Dream has built a layered legal architecture: the foreign-influence law, a FARA-style registration act, and the Law on Grants that now carries criminal penalties of up to **six years' imprisonment** for unauthorised receipt of foreign funding.
- The March 2026 amendments broadened the definition of “grant” to cover virtually any foreign support “capable of influencing government,” institutions, or society, and made unauthorised receipt a **criminal offence for the first time**.
- The amendments echo concrete legal jeopardy that materialised in 2025: NGO bank accounts frozen on sabotage-related theories, criminal investigations opened against named organisations, and national-security charges carrying **seven years to life imprisonment**.
- The State Grants Management Agency, launched as a state-funded “alternative” to foreign support, funded only **17 of 366 applicants** in its first competition and awarded nothing at all in a separate round — illustrating leverage rather than substitution.
- Available cases raise concerns about compliance with statutory approval deadlines and written-notice requirements, including under the special procedure incorporated through Resolution No. 278.

1. Introduction

The Law on Grants is not a standalone regulation. It forms part of a layered legislative framework developed since 2023 that also includes the Law on Transparency of Foreign Influence (2024), the Foreign Agents Registration Act (2025), and accompanying amendments to the Administrative Offences and Criminal Codes.¹ Together, these measures substantially expand state regulation of the registration, funding and activities of independent organisations, media and individuals and raise concerns regarding legal certainty and the “quality of law” requirements.

¹JamNews, “Expert assesses Georgian Dream’s 2024–2026 laws targeting civil society”, 05 March 2026, available at <https://jam-news.net/expert-assesses-georgian-dreams-2024-26-laws-targeting-civil-society/>

These measures create mutually reinforcing regulatory and enforcement mechanisms. Organisations may be subject to registration and disclosure requirements, restrictions on access to foreign funding, administrative or criminal sanctions for non-compliance, and, in certain circumstances, criminal investigation under national-security provisions, including “sabotage,” “assisting a foreign state or organisation in hostile activities,” “treason,” and the recently introduced offence of “extremism against the constitutional order of Georgia.” Some of these offences carry sentences ranging from seven years to life imprisonment.

“The system is already operational ... the absence of arrests should not be mistaken for restraint.”

This framework is no longer merely prospective. Since 2025, the Prosecutor’s Office has frozen the accounts of human rights organisations in investigations relying on sabotage-related allegations and has opened criminal investigations involving named civil-society organisations and their representatives.² The legislative framework has meanwhile expanded the circumstances in which foreign funding and related activities may give rise to administrative or criminal liability.

In DRI’s assessment, these developments substantially restrict the legal and financial space available to independent civil society and create concrete legal risks for organisations and individuals operating within it. Georgia has not experienced the scale of arrests or closures of civil-society organisations observed in some more consolidated authoritarian systems in the wider Eurasian region, including Russia, Belarus and Azerbaijan. That distinction remains important. At the same time, the absence of enforcement on that scale does not diminish the significance of the legal powers already created or of the enforcement measures already undertaken.³

²Prosecution Service of Georgia, 17 March 2025 (initiating the criminal investigation against CSO groups, including Human Rights House Foundation) and 29 April 2025 (freezing bank accounts / initiating house and personal searches) statements, available at <https://pog.gov.ge/news/saqartvelos-prokuraturis-gantskhadeba-4736> and <https://pog.gov.ge/news/saqartvelos-prokuraturis-gantskhadeba-4770>

³In December 2025, following the release of a BBC Eye investigation titled “When Water Burns – The Fight for Georgia,” Georgian authorities summoned local experts, witnesses, human rights defenders, and journalists in connection with an investigation into alleged “assistance to a foreign organisation in hostile activities”, the crime envisaged by Criminal Code Article 319. The State Security Service of Georgia launched an investigation following suggestions made in the documentary that the state had used the prohibited chemical CN gas (“Camite”) during the dispersal of protests in Georgia in December 2024. After spending only five days determining that no chemicals had been used, the State Security Service closed the investigation into abuse of official powers (Criminal Code Article 333), while keeping open the investigation under Criminal Code Article 319. See: Amnesty International, “Georgia: Government’s alleged use of toxic chemicals against protestors calls for international investigation and complete embargo on all policing equipment”, 5 December 2025, available at <https://www.amnesty.org/en/latest/news/2025/12/georgia-governments-alleged-use-of-toxic-chemicals-against-protestors-calls-for-international-investigation-and-complete-embargo-on-all-policing-equipment/>; State Security Service, “Briefing in the State Security Service”, 06 December 2025, available at <https://ssg.gov.ge/news/1060/briefingi-saxelmtsifo-usaftrxoebis-samsaxurshi> On 17 March 2026, the State Security Service summoned former Ombudsperson and human rights defender Ucha Nanuashvili over his communications with the OSCE Moscow Mechanism Special Rapporteur, days after she published a critical report on the deteriorating human rights situation in Georgia as part of her mandate. See Civil.ge, “Ex-Ombudsman Summoned to SSSG Over ‘Communication’ With Moscow Mechanism Expert”, 17 March 2026, available at <https://civil.ge/archives/725520>

A State-Run Alternative

The same period has also produced a state-run alternative to the funding streams the Law on Grants restricts.⁴ On 20 February 2025, Parliament adopted legislative amendments establishing the legal basis for a new state-grant mechanism for channelling direct state funding to civil society organisations,⁵ explicitly framed as an alternative to foreign support and tied to activities aligned with “national priorities.”⁶ The State Grants Management Agency was formally established by Government Resolution No. 119 of 15 April 2025.

Considered against the surrounding legal architecture, political environment, and the state of human rights protection in the country, its functions call into question its impartiality: as independent foreign funding becomes progressively harder and more dangerous to access, state grants become one of the few channels still open, giving the government growing leverage over which organisations can operate and on what terms.

The Agency’s own record so far illustrates the asymmetry. Its first nationwide competition, launched in July 2025, drew 366 applications but funded only 17 organisations,⁷ comprising roughly GEL 1.66 million in total by November 2025.⁸ A separate Institutional Development Grant Competition was announced in September 2025 but awarded nothing at all, with no detailed public reasoning given.⁹

366 → 17

grant applications received vs.
funded, first State Grants Agency
July 2025 round

96%

surveyed CSOs reporting acute
financial difficulty, late 2025

Up to 6 yrs

imprisonment for unauthorised
receipt of a foreign grant

7 yrs–life

sentencing range under national
security “sabotage” offences

State funding administered on these terms is not a substitute for an enabling funding environment; it is a substitute *for* one available at the state’s discretion and withdrawable without explanation, which is precisely the dependency the surrounding legal framework appears designed to produce.

And finally, the recent decision, announced on 17 September 2026 by Irakli Kobakhidze, to terminate the Grant Management Agency, ostensibly established to support civil society organisations, further

⁴Legislative Herald of Georgia, “On Approval of the Rules for the Issuance and Monitoring of State Grants”, State Grant Management Agency, a Legal Entity under Public Law, Order No. 1 of the Chairperson, dated 18 July 2025, available at <https://www.matsne.gov.ge/ka/document/view/6575474>

⁵On 20 February 2025, Parliament adopted the legislative amendments enabling the new state-grant mechanism. The Agency itself was formally established on 15 April 2025 by Government Decree No. 119, available at <https://matsne.gov.ge/ka/document/view/6475416>

⁶Explanatory Note to the Draft Law of Georgia “On Amendments to the Law of Georgia on Grants”, available at <https://info.parliament.ge/file/1/BillReviewContent/378918>

⁷RFE/RL, “The Government’s Favourites — Who Received State Grants and for What?”, 18 November 2025, available at <https://www.radiotavisupleba.ge/a/33594784.html>

⁸Council of Europe, Committee of the Parties to the Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention), Reply by Georgia to the Reporting Form on the Implementation of the Recommendations of the Committee of the Parties Adopted on 6 December 2022, IC-CP/Inf(2025)15, received 1 December 2025, published 12 December 2025, p. 28, available at <https://rm.coe.int/reply-by-georgia-to-the-reporting-form/488029c755>

⁹BM.ge, “Why did the Government-announced GEL 700,000 grant competition fail? Civil society organisations demand an explanation”, 26 June 2026, available at <https://bm.ge/news/ratom-chavarda-mtavrobis-mier-gamotskhadebuli-gel700-000-iani-sagranto-konkursi-sazogadoebrivi-organizatsiebi-ganmartebas-itkhoven>

calls into question the rationale behind its creation.¹⁰ The decision reinforces concerns that the Agency was never intended to operate as an independent mechanism for supporting civil society, but rather as an instrument of control over the CSO sector. Its termination also exposes a more fundamental contradiction: state control is inherently difficult to reconcile with the independent character of the non-governmental sector.

2. Law on Grants of Georgia

The analysis in this section should be read against the backdrop established above: a law that functions not in isolation but as the financial enforcement arm of a legal system already reaching into registration, operation, free speech and assembly restrictions, and national-security-based prosecution.¹¹

Between 20 February 2025 and June 2026, the Law on Grants was amended eight times, with the most significant amendments adopted in April 2025 and March–April 2026.

DATE	LEGISLATIVE DEVELOPMENT
7 April 2025	Georgian Dream initiates the first substantive amendments to the Law on Grants, seeking expedited parliamentary consideration on the stated grounds of “ensuring state sovereignty.”
16 April 2025	Parliament adopts the amendments. For the first time, foreign donors are required to obtain prior “consent” (approval) from the Government of Georgia, or a body it designates, before issuing any grant to a recipient in Georgia. Recipients of unauthorised grants face an administrative fine equal to double the grant’s value. The amendments enter into force on publication. Enforcement sits with the Anti-Corruption Bureau. ¹² At this stage, sanctions remain purely administrative and no criminal liability attaches.
12 June 2025	The prior-consent requirement is extended to cover technical assistance and knowledge-sharing arrangements, not just direct financial grants — closing an early gap in the April 2025 framework.

¹⁰ Publika, “Kobakhidze: The Grant Management Agency is being phased out and will close by the end of the year”, 17 September 2026, available at <https://publika.ge/kobakhidze-grantebis-martvis-saagento-milevad-redjimshia-da-wlis-bolomde-daikhureba/>

¹¹ Legislative Herald of Georgia, “Law of Georgia on Grants”, No. 331, adopted 28 June 1996, amended as of 25 June 2026, available at <https://www.matsne.gov.ge/ka/document/view/31510?publication=39> [GEO]

¹² On 17 November 2025, Parliamentary Speaker Shalva Papuashvili announced the abolition of the Anti-Corruption Bureau and the transfer of its functions to the State Audit Office. The transfer was subsequently provided for by legislative amendments adopted in December 2025, with the relevant functions concerning the Law on Grants and the Foreign Agents Registration Act transferring to the State Audit Office with effect from 2 March 2026. The March 2026 legislative package further amended the Organic Law on the State Audit Office, including Article 6(1), in connection with the Office’s functions concerning grant-legality and political-finance monitoring. See: Civil Georgia, “Anti-Corruption Bureau to Be Abolished in 2026, Audit Office to Absorb Its Functions,” 17 November 2025; Georgia Today, “Georgia to Abolish Anti-Corruption Bureau in 2026,” 17 November 2025; OC Media, “Georgia Confirms Dissolution of Anti-Corruption Bureau,” 17 November 2025; Legislative Herald of Georgia (Matsne), relevant amendments to the Organic Law of Georgia on the State Audit Office.

DATE	LEGISLATIVE DEVELOPMENT
28 January 2026	Georgian Dream introduces a new legislative package before Parliament, proposing coordinated amendments to the Law on Grants, the Criminal Code, the Administrative Procedure Code, the Code of Administrative Offences, the Organic Law “On Political Unions of Citizens,” and the Law “On the State Audit Office.”
16 February 2026	The Legal Affairs Committee approves the package in its second reading. The definition of “grant” is expanded to cover funds or in-kind contributions provided in exchange for technical assistance, where the state determines they are intended to influence Georgia’s domestic or foreign policy — closing what had been a gap around non-financial and technical-assistance support.
2 March 2026	Enforcement authority for both the Law on Grants and the Foreign Agents Registration Act is transferred from the Anti-Corruption Bureau to the State Audit Office, consolidating financial and political oversight of the sector within a single institution.
4 March 2026	Parliament adopts the full package; the President signs it the same day and it is published, entering into force immediately.
15 April 2026	Parliament adopts further amendments to the Law on Grants (Law No. 1508), introducing limited exceptions to the March 2026 framework. The amendments exclude accredited diplomatic, consular and international-organisation representations from the expanded definition of a grant and exempt grants by financial and credit institutions and grants to or by the Georgian Red Cross Society from the Government’s prior-consent requirement.
25 June 2026	Parliament adopts further amendments to the Law on Grants (Law No. 1827), modifying several provisions concerning the scope and operation of the grant-regulation framework.

How do these amendments change civil society’s operational environment?

- **The meaning of “grant” redefined and broadened.** Foreign monetary or in-kind support now counts as a grant where it is used, or may be used, to influence the government, state institutions, or any segment of society on matters of domestic or foreign policy. The definition also explicitly reaches technical assistance, expertise, services, and support provided free of charge, and separately covers funds transferred by a foreign legal entity to its own branch or representative office registered in Georgia (with a carve-out for ordinary business/entrepreneurial transfers).

- **Criminalisation.** Receiving or using covered foreign funding without the required consent becomes a criminal offence for individuals and CSOs: a fine, 300–500 hours of community service, or up to six years’ imprisonment, replacing the purely administrative fine that had applied since April 2025. Foreign entities operating through local branches remain subject to the separate administrative fine equal to double the grant’s value. Public conduct of “political activity” (broadly and vaguely defined) by a commercial legal entity unrelated to its principal business is punishable by a fine, 120–200 hours’ community service, or up to three years’ imprisonment (up to four years for repeat offences); legal entities face a fine or liquidation plus a fine.
- **Money laundering aggravated.** Offences connected to political activity now carry 9–12 years, up from the standard range.
- **Retroactive reach.** The package includes elements affecting funding already received before the amendments took effect, not only grants issued going forward.

These changes give the executive a direct gatekeeping role over the resources independent organisations depend on to operate, and the breadth of the underlying terms makes that gate wide rather than narrow. Because the law can reach any foreign support capable of influencing “any segment of society” on matters of domestic or foreign policy, it potentially covers not just political funding in any conventional sense but ordinary advocacy, public-awareness campaigns, policy analysis, community mobilisation, and watchdog activity, the routine operational core of most human rights and good-governance monitoring organisations.

The uncertainty this creates does independent harm on its own: donors facing an unclear approval process and the risk of a refusal with no stated reasoning may simply withdraw or redirect funding preemptively, rather than expose a Georgian partner to legal risk, so the law’s chilling effect is not confined to the applications it actually denies. Small and regional organisations, which typically have the thinnest financial reserves and the fewest alternative funding channels, are the least able to absorb either a formal rejection or this kind of anticipatory donor withdrawal. And because unauthorised receipt of a grant is now a criminal offence rather than only an organisational compliance matter, the exposure extends past the organisation itself to the individuals who work for it: staff, retained experts, and partner organisations, turning what was once an institutional fine into personal criminal risk for identifiable people.

The available evidence suggests this is already playing out. A late-2025 Social Justice Center study of 100 civil society organisations found 96 percent facing acute financial difficulty and 94 percent reduced activities, with some ceasing operations entirely. Human Rights Watch also reported that only 37 of 114 community organisations active in 2024 were still operating in 2025, and that the Georgian Young Lawyers’ Association was forced to suspend its free legal aid programme after the 2026 restrictions drove major staff and resource cuts.¹³

The government’s figures show that, between April 2025 and June 2026, it received 222 grant approval applications, of which 177 (worth more than GEL 60 million) were approved, 10 were rejected, and 35 remained pending, without detailed reasons being provided for the individual refusals.¹⁴ Among the reported denials was a UK Embassy-funded project supporting four Georgian organisations in

¹³Human Rights Watch, “Georgia: New Laws Devastate Independent Civic Groups”, 9 July 2026, available at <https://www.hrw.org/news/2026/07/09/georgia-new-laws-devastate-independent-civic-groups>

¹⁴Ibid.

monitoring the 2025 municipal elections,¹⁵ a case that illustrates how the approval mechanism can reach election-monitoring and democratic-oversight work as readily as any other category of civil society activity.¹⁶

Resolution of the Government of Georgia on the Approval of Foreign Grants

On 7 July 2025, the Government of Georgia adopted Resolution No. 250 approving the *Procedure and Conditions for Agreeing with the Government of Georgia on the Issuance of a Grant by a Foreign Grantor (Donor)*.¹⁷ The Resolution was substantially amended on 18 June 2026 by Government Resolution No. 278, which replaced the procedure established under Resolution No. 250 with a new edition.¹⁸

Resolution No. 278 considerably expands the scope of the foreign-grant approval regime. Among other changes, it extends the definition of grants covered by the procedure to additional forms of foreign funding and assistance, including certain funds that are used or may be used for activities intended to influence Georgian authorities, state institutions, or any part of society in relation to the formation, implementation, or alteration of Georgia's domestic or foreign policy; funding connected with certain foreign political or public interests; technical assistance, expertise and services; and certain transfers by foreign legal entities to their representative offices, branches or divisions registered in Georgia. It also establishes exemptions for specified categories of grants and donors.¹⁹

Under the general procedure established by Articles 10–11, the Administration of the Government assesses the purpose, amount and intended use of a proposed grant and its compatibility with the Government Programme, the Government's principal strategic documents and Georgia's state interests. It may also request additional documentation from the donor. Following substantive review, a draft government decision is initiated through the Electronic Government system. If the required positive positions are not obtained from the relevant ministries and offices of State Ministers, the grant is treated as refused. A failure to adopt a decision within the period prescribed by Article 10(1) likewise constitutes refusal, and in either case the donor must be informed of the decision in writing.²⁰

However, this general approval procedure does not govern all foreign-funded activities connected with Georgia's occupied territories. Article 5(2) of the procedure, as amended by Resolution No. 278, expressly provides that consent in relation to activities to be implemented within the framework of the State Strategy on Occupied Territories – Engagement through Cooperation and the Engagement Strategy Action Plan is granted in accordance with Government Resolution No. 320 of 15 October

¹⁵UK Government / FCDO, “Georgian municipal elections support”, 4 April 2025, available at <https://www.gov.uk/international-development-funding/georgian-municipal-elections-support>

¹⁶Civil.ge, “British Embassy Cancels Planned Grants Citing ‘Uncertainty’ Over New Law”, 11 June 2026, available at <https://civil.ge/archives/686282>

¹⁷Legislative Herald of Georgia, “On Approval of the Procedure and Conditions for Agreeing with the Government of Georgia on the Issuance of a Grant by a Foreign Grantor (Donor)”, Resolution No. 250, 7 July 2025, available at <https://matsne.gov.ge/ka/document/view/6563350?publication=0>

¹⁸Legislative Herald of Georgia, “On Amending Resolution No. 250 of the Government of Georgia of 7 July 2025 ‘On Approval of the Procedure and Conditions for Agreeing with the Government of Georgia on the Issuance of a Grant by a Foreign Grantor (Donor)’”, Resolution No. 278, 18 June 2026, available at <https://matsne.gov.ge/ka/document/view/6899509?publication=0>

¹⁹ Resolution No. 278, Arts. 2–5. Article 5(1) identifies categories to which the Government's consent power does not apply, including specified international programmes, international and bilateral financial-credit institutions, the International Committee of the Red Cross and the Georgian Red Cross Society.

²⁰ Resolution No. 278, Arts. 10–11. Article 11(3) provides that insufficient positive positions in the Electronic Government procedure constitute refusal; Article 11(4) provides that failure to decide within the period prescribed by Article 10(1) constitutes refusal; and Article 11(5) requires written notification to the donor in both circumstances.

2010, *On Approval of the Rules for Conducting Activities in the Occupied Territories of Georgia*.²¹ Accordingly, where a foreign-funded project falls within this framework, the applicable approval procedure and deadlines must be determined under Resolution No. 320 rather than the general grant-approval mechanism of the Resolution No. 250/278.

Resolution No. 320 establishes a distinct procedure for projects involving activities in the occupied territories. A project-implementing partner must submit the prescribed notification form, project description and relevant registration information to the Office of the state minister responsible for reconciliation and civic equality; the project description may also be submitted jointly with the donor.²² Under Article 4(2) of Resolution No. 320, the Office of the State Minister of Georgia for Reintegration has 21 working days to provide comments on the submitted project. If no comments are made, consent to implementation of the project is formalised by an order of the State Minister of Georgia for Reintegration. Article 4(3) further provides that if the project applicant does not receive written comments within that 21-working-day period, consent to implementation of the project is deemed to have been granted.²³

Where the submitted project does not comply with the requirements of the Rules, the State Minister's Office may give the interested person a period of no more than 10 working days to remedy the deficiency, during which the proceedings are suspended. Where additional information is required because of the complexity of the project, that period may be extended by a further 10 working days, but the interested person must be notified of the extension in writing.²⁴ If the State Minister's Office raises comments concerning a project, the Rules envisage consultation with the donor organisation with a view to resolving the issue. A refusal to permit implementation of a project may be challenged before a court.²⁵

Overall, the Law on Grants forms part of a broader legislative and enforcement system that, as it currently stands in Georgia, not only significantly restricts the conditions for the funding and operation of independent civil society, but whose further development also significantly reduces the legal and financial space available for organisations to operate independently.²⁶

²¹ Resolution No. 278, Art. 5(2): consent concerning activities to be implemented within the State Strategy on Occupied Territories – Engagement through Cooperation and the Engagement Strategy Action Plan is granted in accordance with Government Resolution No. 320 of 15 October 2010, *On Approval of the Rules for Conducting Activities in the Occupied Territories of Georgia*.

²² Legislative Herald of Georgia, Government of Georgia, Resolution No. 320 of 15 October 2010, *On Approval of the Rules for Conducting Activities in the Occupied Territories of Georgia*, Art. 4(1)(b)–(c), available at <https://matsne.gov.ge/ka/document/view/1057456?publication=0>

²³ Ibid., Art. 4(2)–(3). Article 4(2) establishes the 21-working-day period for comments. Article 4(3) provides that where the applicant does not receive comments in writing within that period, consent to implementation of the project is deemed to have been granted.

²⁴ Ibid., Art. 4(4)–(5). The period for remedying deficiencies may not exceed 10 working days and proceedings are suspended during that period. Where additional information is required because of the project's complexity, the period may be extended by 10 working days, with written notification to the interested person.

²⁵ Ibid., Art. 4(7)–(8).

²⁶ On 30 September 2026, the Konrad-Adenauer-Stiftung (KAS) closed its Tbilisi office. According to KAS, “the closure of our office in Tbilisi is a direct consequence of the political and legal framework conditions created by the Georgian government, under which the KAS can no longer fulfil its core mandate as a political foundation on the ground.” Konrad-Adenauer-Stiftung (KAS), ‘Die Konrad-Adenauer-Stiftung schließt ihr Auslandsbüro in Tiflis’ [‘The Konrad-Adenauer-Stiftung Closes Its Office in Tbilisi’], 1 October 2026, official statement is available at <https://www.kas.de/en/pressemitteilungen/detail/-/content/die-konrad-adenauer-stiftung-schliesst-ihr-auslandsbuero-in-tiflis>