

*Please apply for the professional advice prior to relying on the information given in this Newsletter.  
BLC and its team shall be ready and pleased to provide any information, legal advice and specific recommendations regarding the subject matters covered by this issue of the Newsletter.*

## CONCEPT DESIGN FOR GEORGIAN ELECTRICITY MARKET FINALLY APPROVED

The Ministry of Economy approved long-awaited Concept Design for Georgian Electricity Market. Due to harmonization with the Energy Charter, fundamental changes are to be made to the Georgian energy sector and the Concept Design sheds some light on how the Government views the new, and hopefully, more competitive and transparent energy market. The Concept Design aims to regulate the Transitory Period lasting from 1 January 2019 until 31 December 2022, the latter being considered as the deadline for transition to a new model. The document calls for establishing the Organized Electricity Markets, which encompasses the competitive markets for electricity with respect to a Day-Ahead Market (DAM), Intraday Market (IDM) and Balancing Market. Significantly, deregulation strategy on all customers level shall be completed by 2021, while IDM Platform is to be launched by 2022 accompanied with continuous deregulation of the energy market. The Concept Design also details out rights and responsibilities of various market players (including but not limited to Transmission System Operator, Power Exchange, Market Operator and Wholesale Public Entity) and calls from unbundling of energy distribution from power supply. All being implemented well, the document has the potential of reviving somewhat stagnated energy market and development of new projects, which is highly necessary for the country's energy independence.

### For more information and advise please contact us:

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## REGULATIONS IMPOSING OBLIGATION OF RESPONSIBLE CREDITING TO LENDERS

On 25 December 2018, the President of the National Bank of Georgia has finally approved the Statute on Crediting of Individuals. The Statute defines criteria for issuing loans and aims to improve lending standards and quality of credit portfolios. The document promotes socially responsible crediting to protect rights of borrowers from risks caused by excessive debts. The Statute establishes criteria and rules for performing solvency checks, including rules for verifying the factual income of the debtor. The Statute further sets maximum maturity terms for mortgage, property backed, auto and other consumer loans. The Statute is binding for all lending organizations supervised by NBG that issue loans to individuals (including individual entrepreneurs).

## PROSPECTIVE REGULATIONS ENCOURAGING SOCIAL ENTREPRENEURSHIP

Following the footsteps of EU countries, the package of legislative bills encouraging social entrepreneurship was lodged to the Parliament of Georgia. The package envisages adoption of a new Law of Georgia on Social Entrepreneurship. It is proposed to introduce a notion of "social entity". The status of social entity may be obtained by an enterprise which i) is established with the aim of supporting social equality, employment of vulnerable groups, achievement of social objectives in the fields of education, culture, health, sport and environment, ii) conducts entrepreneurial activities, iii) reinvests at least 70% of its profit towards the activities for achievement of its social purposes, v) is not directly or indirectly related/subordinated to any state authority and vi) key decisions in the company are rendered by majority of 80% of votes. To encourage involvement in development of the targeted fields, the social entity shall be granted several incentives, such as preference in public procurements of goods and services and certain tax benefits. Stay tuned to hear more about how the bill develops in the Parliament.

