Background

In the framework of the local sustainable development programme, the city planned to implement a programme for the complex thermo-modernisation of residential buildings, with the aim of reducing the burden on the city’s energy infrastructure. The city drew up a roadmap and a programme of measures for the coming five years. The necessary plans were approved and changes were made in the energy efficiency budget for the coming three years. The programme received support from international donors. Funding for the programme is divided into two lines: credit, with a preferential interest rate and repayment deferred for three years; and non-repayable technical assistance of 30 percent of the amount of the loan. In order to obtain the loan the city must set tariffs at an economically reasonable level and ensure open conditions for the purchasing of the goods and services necessary to carry out the project. In order to qualify for the non-repayable assistance (grant), the city is required to guarantee the engagement of the residents of each building in which the measurements will be taken, prior to the completion of the project, in the form of a financial or non-financial contribution of at least 20 percent.

It became clear that not all residents supported the taking of measurements to increase the energy efficiency of their buildings. Firstly, this was because of the need to install meters for heat, electricity, gas, and hot and cold water in each building and each apartment. In addition, most residents of apartment buildings do not support the idea of raising tariffs. In an apartment building with multiple owners, people do not want to pay more to cover additional expenses for project implementation.

Discuss the potential conflicts and possible ways to resolve them, as well as the viewpoints of the different parties. Explain your own point of view. How do you think this problem might be solved?

Conflicts of interest

- City residents expect the town hall to implement state programmes that do not involve the raising of tariffs. That is why they demand public hearings on the advisability of loans for carrying out thermo-modernisation projects.
- The city lacks the resources to modernise housing and communal services, thus by obtaining funds for energy efficiency projects in apartment buildings it can address multiple problems related to heating and utilities. However, residents are preventing the city from spending the money as it wishes.
- Entrepreneurs are ready to be involved in these projects, even as co-investors, but they do not believe that the city authorities will act transparently and award subcontracts. They believe that everything has been decided in advance and that their services can be obtained elsewhere.
Positions of the different stakeholders

Local authorities
The municipality believes that it has provided residents with every possibility to participate in project work, since most apartments are privately owned and the owners must be concerned about the technical condition not only of the apartment, but also of the building as a whole. That is why residents are required to complete a thermo-modernisation project according to the approved project timetable.

Local population
According to the residents, the city provides an inefficient district heating and water supply at their expense. It forces the creation of housing cooperatives, because it tries to maintain a corrupt communal system at their expense.

Environmentalists and CSOs
Non-governmental organisations have the resources and are ready to help to set up dialogue between citizens and the municipality. However, activists think that the city wants to use them to obtain grants, while involving the public only formally.

Businesses
Businesses expect that communal management will be passed to private companies, and that the city will undertake general control and manage infrastructural developments.

Regional authorities
Regional authorities are glad to see the city investing money in thermo-modernisation, but are not able to guarantee that funds from state programmes will be allocated and can be used as a community contribution to the project.
Possible solutions

- Provide support to apartment owners (technical; jurisdictional; financial, by identifying bank programmes; help during risk evaluation, trainings).
- Involve only residential buildings with existing housing cooperatives in the implementation of energy efficiency projects.
- Involve non-budgeted/non-governmental sources of funding for energy efficiency projects in the terms of energy service contracts.
- Set up a consultation centre with non-governmental organisations to offer help in the preparation and implementation of energy efficiency projects.
- Develop compensation and incentive mechanisms in order to involve residents in the creation of housing cooperatives or the implementation of energy-efficient technologies (interest payments, discounts on services and equipment, help in landscaping territory).
- Disconnect debtors from communal services, or increase tariffs to those buildings where housing cooperatives have not been created or thermo-modernisation projects have not been implemented.
- Carry out information campaigns targeting city residents and the representatives of housing cooperatives about the advantages of thermo-modernisation, tariff policies and modern energy efficiency technologies.