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Renovation of multifamily residential buildings for energy efficiency

# GUIDELINES ON SUCCESSFUL BUSINESS ALLIANCES



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## Annex 2: Deliverable cover page template

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#### SHEERenov\_D5.2\_ Guidelines on successful business alliances

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## List of Acronyms

FG	Financial grant (non-refundable financial support)
EE	Energy efficiency
EER	Energy-efficient renovation
CP	Condominium Property (commonhold of a building)
EU	European Union
ESM	Energy-saving measures
CMA	Condominium Management Act
SPA	Spatial Planning Act
IB	Indicative budget
MFRB	Multifamily residential building
GM	General Meeting
CIW or Works	Construction and installation works
IU	Individual (housing) unit
SM	Specialised Middleman
AAO	Association of Apartment Owners
IUO	Individual (housing) unit owner
TS	Technical specification



## Introduction

The main objective of the SHEERenov project is to develop a sustainable, market-driven model for the **provision of integrated services** for energy-efficient renovation of multifamily residential buildings in Sofia in lieu of the current **process which is entirely funded and managed by public authorities**. **Business** is a driving force and plays an important role in this model.

The creation of a **sustainable, business-driven implementation model in the future** requires **building on the experience** acquired from the implementation of previous projects in Bulgaria, and on the established European practices regarding project managers in their capacity of a ‘Specialised Middleman’, and adjusting them to Bulgarian circumstances. This will be achieved by **involving in the renovation process market actors** in the role of initiators and drivers at a professional level. This will enable the provision of a range of integrated renovation services to homeowners in multifamily buildings — information, motivation, advice on the type of measures and technologies, their suitability and value, etc.

These Guidelines aim to answer the **following questions**:

1. Why is there a need for a Specialised Middleman — a project manager in the process of energy-efficient renovation of buildings in the residential sector?
2. Which businesses are the heart of the necessary alliance and why exactly they?
3. Why are alliances needed — benefits and challenges.
4. Practical guidance on creating alliances, including the role of each partner from the beginning in the process (solicitation of clients) and all the way to the reporting of the results from the renovation project.



## Why is there a need for a Specialised Middleman in the process of energy-efficient renovation of buildings in the residential sector?

Renovating any building for energy efficiency is a complex activity requiring a wide range of expertise. The renovation of multifamily residential buildings poses further challenges insofar as it also requires the mobilization of a large number of owners with different mindsets, social status and financial capacity.

Until now, the EE renovation of multifamily residential buildings has been carried out on the back of financial and administrative resources which are 100% public. But even in this scenario, according to opinion polls among the beneficiaries of the National EER Programme, more than half of the respondents agree that *'building renovation is a complex process and should better be carried out by professional managers'*.

The transition to a co-financing model requires an even more complex organisation, which implies a combination of professional competences (technical, legal, organisational) which the owners in a condominium building typically do not possess. This is exactly why a Specialised Middleman (SM) should step in and perform these functions.

The role of the **Specialised Middleman** in the face of a business alliance is to provide condominium owners with the **specialist expertise required** to:

- *Reach an agreement* among condominium owners to renovate the building.

This is achieved through awareness raising and advisory work among condominium owners: owners need be persuaded by arguments in the advantages of renovating the whole building rather than the going for easier, but inefficient isolated measures for the individual apartments.

An agreement cannot be reached before a number of questions are answered in principle. Examples of these questions are: What set of measures should the renovation project include? What would be the cost of the EER project for the building and for each individual owner? What options are available for co-financing, including for socially vulnerable owners? How to obtain access to loans, etc.? The application process may start only if the majority of owners in a building receive satisfactory answers.



- Provision of administrative and legal services to ensure that the entire application process and the subsequent implementation of the entire project is carried out in a manner compliant with the law.

Facilitation of the establishment of the AAO in accordance with the requirements of the Condominium Management Act (CMA); assisting the AAO with the selection of Contractors for the preparatory activities (in accordance with the terms of the specific program); assisting the AAO with the preparation of the application; supporting the acquisition of the necessary financial resources through loans or other targeted support; facilitating the communication with other actors/contractors in the process in accordance with their roles in the building renovation process — these are generally the services that the Condominium Property (CP) will expect to be rendered to it with high quality and professionalism.

- Provision to the CP of the necessary technical expertise throughout the process — from the application to the quality assurance phase:

When an EER project is implemented on the basis of co-financing arrangements, the owners have an active role in the decision-making process and accordingly in exercising control in their capacity of investors (Investor Control). In order to successfully take informed decisions and efficiently participate in the supervisory functions, owners need technical support throughout the process — from assessing the eligibility of the building and the selection of contractors to the acceptance of the completed products/activities and the quality assurance of these products/activities.

### **Which businesses are the heart of the necessary alliance and why exactly they?**

The nature of the required professional services, the experience from previous projects implemented in Bulgaria as well as international experience imply that the Specialised Middleman function is best performed by a combination of complementary competencies of a variety of businesses: facility managers/professional managers and EE consultants.

This type of alliance is exactly in the focus of the SHEERenov project and of the developed guidelines and toolkits. The reasons for focusing on exactly these two businesses stem from the nature of the expertise required:



**Energy efficiency consultants** have the necessary knowledge and experience in the technical aspects of building renovation projects. However, it is not easy for them to communicate with owners, especially in condominium buildings. Surveys of attitudes among businesses in this sector demonstrate that they are aware of the opportunities and perspectives of this market, but they lack sufficient motivation to proactively offer their service to multifamily residential buildings, mainly due to the difficulties in communicating with owners in condominium properties (many owners, agreements are hard to reach, etc.)

**Professional building management firms** express unconditional confidence in the potential for development of the Bulgarian market driven by the new EU policies and funding opportunities. At the same time, they recognise that there are bottlenecks in the form of knowledge gaps in various areas and lack of expertise to bridge these gaps, especially in the technical area.

Generally speaking, professional house managers can address the issues related to the human factor, i.e. the owners in multifamily buildings, while EE service providers are competent to manage the process of improving the energy efficiency of these buildings.

Depending on the nature of the future schemes, the principles and rationale of alliances can be applied to other types of business actors.

The majority of respondents (>60%) from the two types of businesses included in the surveys demonstrate a high level of preparedness and willingness to learn more about *‘ways to remove barriers and overcome biases about effective alliances.’*

These Guidelines attempt to provide answers to these questions in theoretical and practical terms.

## Why are alliances needed — benefits and challenges

The main driver of a joint activity between two businesses is most often the penetration of new markets since an alliance can open immediate access to new customers. Businesses include alliances as a tool in their growth strategies.



Alliances are based on each company's area of expertise, including its unique capabilities, knowledge and skills for a certain operation, process or activity. This allows the company to focus on its distinctive competencies while benefiting from the efficiency of other market actors in their areas of expertise. The driver of the process of establishing alliances between organisations is the perceived mutual benefit while the various motivations of the parties are mainly related to the scarcity of resources or to the existence of untapped development opportunities. Through their collaboration, the allied partners can achieve synergies due to the sharing of resources, and obtain better final results compared to the scenario in which each partner acts alone in the silo of a particular process or activity.

Alliances between businesses can have a variety of manifestations, forms and scope, and are, in the broadest terms, agreements between two or more parties to achieve common goals and protect common interests. It is important to note that organisations which participate in alliances, even when their joint activity is of strategic importance to them and their development and the objectives of the participants are highly interrelated, nevertheless **retain their autonomy** within the alliance.

#### Drivers for creating strategic business alliances

Drivers	Expected benefits
Market-based drivers	<ul style="list-style-type: none"> <li>- Access to new markets;</li> <li>- Overcoming barriers to entry;</li> <li>- Maintaining market positions;</li> <li>- Improving market positions.</li> </ul>
Drivers related to services	<ul style="list-style-type: none"> <li>- Expanding the portfolio of services;</li> <li>- Improvement and development of services.</li> </ul>
Drivers related to the time-span of market entry	<ul style="list-style-type: none"> <li>- Faster entry into new markets and market penetration of the service;</li> </ul>
Drivers related to cost efficiency	<ul style="list-style-type: none"> <li>- Reduced (production) costs;</li> <li>- Reduced marketing costs;</li> <li>- Reduced risks associated with high resource maintenance costs, uncertainty of technologies, market uncertainty, etc.</li> </ul>
Drivers related to the knowledge and experience of the organisations	<ul style="list-style-type: none"> <li>- Acquisition by the partners of new knowledge, experience and competences;</li> <li>- Enhancing the partners' own knowledge, experience and competences in the process of collaborative work.</li> </ul>



An important driver for the creation of strategic alliances in modern context is the quest of businesses for new knowledge through access to new competences and information. Another stimulus for cooperation is the exploration of new market opportunities, which is linked to innovation (for the business concerned). Strategic alliances also arise frequently when organisations need complementary resources that they cannot secure alone within a certain time frame at an acceptable level of cost and risk. According to the theory of knowledge management, strategic alliances provide an appropriate environment for creating value by exchanging or combining knowledge.

**The key considerations** for each alliance stem from the answers to the following questions:

1. What will each party gain from the alliance?
2. What does each partner offer in terms of strengths and also in terms of dealing with weaknesses?

**The advantages of strategic alliances** are many. This is the non-exhaustive list of opportunities for:

- Expanding the portfolio of services and improving their quality;
- Business growth/expansion;
- Increasing the revenue from activities;
- Enlarging the client base;
- Providing additional value for customers;
- New developments and recommendations;
- Increasing the value of the company's business proposition;
- Provision of more specialised services;
- Sharing skills.

Creating a successful alliance can be challenging. The strategy for establishing a successful alliance includes understanding of:

- The **benefits** for each partner;
- The **role and functions** of each economic operator;
- The **responsibilities and interactions** of the partners at each stage (in this case the energy-efficient renovation of multifamily residential buildings.)
- **The way in which the costs and profits will be allocated.**



The clear answers to these questions can serve as a basis for the creation of successful **business alliances between businesses with complementary competences** so that they can provide integrated renovation services — information, motivation, advice on the type of measures and technologies, their appropriateness and value, support for taking informed decisions about the renovation process, financing options, quality assurance during and after the renovation project.

### **6 tips for successful strategic alliances:**

1. Establish clear ground rules and lines of communication.
2. Create a common mission.
3. Bring free skills to the table.
4. Develop an information dissemination system.
5. Clarify the role each partner will have in the collaboration and communication with customers.
6. Determine common indicators of success.

**The process of creating a strategic alliance** comprises three main phases at which specific activities are carried out:

#### A) Inception of the alliance by means of:

- analysis and taking a decision for cooperation;
- choosing a specific organisational form for the cooperation;
- choosing the right partner;
- reaching and concluding an agreement between the parties.

#### B) Implementation of the strategic alliance:

- execution of the joint activity;
- relationship management.

#### C) Evaluation of the performance of the alliance:

- analysis and evaluation of results achieved;
- comparing the results achieved against the targets set;
- modification of the alliance;
- winding-up the alliance.



## Choosing a partner

Each partner has something which the other partner needs, in this case — competences, clients. The potential alliance should bring some added value to each partner compared to the value each partner would create alone.

To choose the right partner, it is important to check the reputation of the other company. Although it is a business relationship, the people behind the business will make the alliance work or fail. It is necessary to check whether the prospective partner deals fairly with associates, employees and customers. The expectation is that the counterparty should do the same: the attention demonstrated by potential partners is an indicator of how seriously they perceive the commitment to the relationship.

Suitable potential partners can be identified on the basis of analysis and evaluation of **four groups of factors**:

### 1) Complementary skills of the partners

- The partner should be able to help increase the strengths of the company;
- The partner's skills, knowledge and experience should be relevant to the service provided by the organisation;
- The partner should fulfil a specific need of the counterparty;
- The collaborative activity should lead to the acquisition of new skills;
- Transfer of knowledge and experience between partners is expected.

### 2) Cooperative cultures

- Cultural differences between partners significantly influence the management of strategic alliances;
- Collaboration implies a two-way learning process whereby one needs to both absorb new knowledge and transfer knowledge to their partner;
- The staff of the organisations participating in the strategic alliance needs to be sensitive to cultural differences between the partners.

### 3) Compatible goals

- Any conflicting goals of the partners would lead to unsatisfactory performance of the strategic alliance and may cause premature breakdown of the relationship;



- There is a need for thorough ex-ante analysis of the objectives pursued by the partner;
- Check the partner's past experience — usually it is a clue of how the partner would behave in future;
- Seek feedback from the partner's former counterparties, current/former clients and/or former employees.

#### 4) Commensurate levels of risk

- All risks associated with the joint activity should be assessed;
- Ensure protection of the information which is not covered by the joint activities of the partners.

The success of the cooperation depends on a high level of suitability of each partner, which is determined on the basis of three criteria:

- Existence of complementarity, coherence and compatibility between the parties. Complementarity of the partners implies the availability of complementary resources and unique skills, know-how and experience which are relevant to the services offered.
- The existence of coherence is associated with the setting of clear and compatible goals that do not undermine the individual goals of the participants.
- The cultural and organisational match between the partners determines the extent of their compatibility and depends on their willingness to adapt their management practices, organisational culture, procedures and work processes to those of the other participant.

The choice of a partner is crucial to the success of the collaboration as success can only be achieved between organisations with complementary resources and skills, compatible goals and a certain level of trust between them. A thorough analysis of the potential partners and an assessment of their capabilities is needed. Experience demonstrates that many strategic alliances fail because the wrong partner had been chosen in the first place.

#### **Implementation of the strategic alliance:**

Successful strategic alliances depend on the level of trust, commitment, knowledge sharing, communication and interdependence of the partners. Successful management of relations within the alliance also depends on the presence of a coordination and control system, as well as on understanding and lack of striving for superiority.



**Trust** between the parties is built gradually and maintained throughout all phases of the strategic alliance lifecycle. It implies an agreement on the fundamental values and principles, and depends straightforwardly on the cultural compatibility of the partners. Deep cultural differences result in setting different priorities, in different ways of expressing attitudes and ways of working, and can erect an insurmountable wall which prevents cooperation. At the same time, a high level of trust allows the allied partners to deepen their cooperation knowing that a partner cannot gain an advantage at the expense of the other partner. The commitment of the partners implies that they are closely associated and is a crucial factor for their collaboration, as the partners are willing to invest valuable resources and forgo short-term benefits for the sake of long-term success. The existence of trust and commitment between and by the partners reduces opportunistic behaviour and encourages businesses to work together towards common goals.

**Good communication** is an important condition for a successful strategic alliance. It contributes to maintaining trust and understanding between the parties by facilitating information sharing, knowledge transfer, task coordination, and conflict resolution in the process of collaborative work. Effective communication helps strengthen the bonds between the parties especially in cases where the alliance is implemented through virtual teams. Developments in the area of information technology facilitate communication and therefore the creation and maintenance of viable links within the strategic alliance.

**Control** is essential in the process of implementing collaborative activities because it helps ensure more predictable behaviour by the partners and guide their actions towards the objectives of the collaboration. At the same time, the level of control should be balanced because excessive control makes coordination difficult and has a negative impact on the building and maintenance of trust between the parties. Establishing an appropriate level of control through formal control mechanisms (protocols, periodic reviews, etc.) strengthens cooperation and helps resolve problems in a timely manner. Strategic alliances imply open and dynamic relationships that unfold in the course of business so as to respond to changes in the environment and/or pursue new opportunities. Therefore, the design of the control system should not limit the flexibility of the partners.

### **Evaluation of the collaborative work**



A key activity in the last phase of the strategic alliance lifecycle is the evaluation of the collaborative work. The evaluation provides insight into the extent to which the predetermined objectives of the cooperation have been achieved and informs decisions about the subsequent development of the alliance.

It is appropriate to apply an integrated evaluation approach that encompasses different aspects of the activities of the alliance and gauges its economic, operational and strategic performance. Analysis and evaluation of the activities during the actual operation of the strategic alliance would help identify critical areas and take timely corrective measures. An indicative framework for evaluating the strategic alliance is presented in the table below:

The following types of questions can be used for the ex-ante evaluation of the strategic alliance:

Is there mutual benefit for the partners?
Are the benefits of the strategic alliance visible to consumers?
Does the strategic alliance create a competitive advantage for the company?
Are the competences of the partners complementary?
Is there a balance between the activities, risks and benefits for the partners?
Do the partners always explore new market opportunities together?
Are the objectives of the strategic alliance clearly defined?
Is there a consent about the objectives of the strategic alliance?
Is there clarity about the roles of each partner?
Do the partners have a share a common vision?
Do the parties pursue compatible individual goals?
Do the partners share similar values?
Do the senior managers of companies meet frequently?
Are there good communication channels at all hierarchical levels?
Are the key results quickly achieved and enjoyed immediately?

An impartial evaluation of the performance of the strategic alliance should be based on both quantitative and qualitative metrics. Seeking feedback from a wider range of stakeholders



(e.g. common customers) would provide a more realistic view of whether the collaboration has been successful and whether there is potential for it to continue.

### **Practical guidance on the role of each partner from the beginning in the process (solicitation of clients) and all the way to the reporting of the results from the renovation project**

1. Be proactive and answer the questions for ex-ante evaluation. If positive answers prevail, we recommend moving to the next stage.
2. Familiarization with useful information to obtain assurance that efforts in this direction would not be futile:
  - Potential for the development of this market in Bulgaria arising from new EU policies and funding opportunities - [links](#)
  - National Recovery Plan 2021—2024 and EU budget 2021—2027, including financial support for the renovation of housing stock - [link](#)
  - The benefits which the energy renovation of buildings brings to the end-user. The [Long-term national strategy for supporting the renovation of the national stock of residential and non-residential buildings \(europa.eu\)](#) provides information which businesses will need in order to acquire customers and explain the impact of the service.
  - Information and toolkits for the various phases and aspects of the process: technical, financial and organizational guidance is presented in separate manuals ([link](#)) and the Bulgarian Facility Management Association (BGFMA) will conduct trainings;
  - Technical, financial and organizational bottlenecks and ways to address them — the manuals created by this project can be used as sources of information — [link](#)
  - Regulatory framework in the area of energy efficiency and management of condominium properties — [links](#)
  - Good European practices — information on such practices is available in the compendium created by this project — [link](#)
3. Allocation of roles in the alliance

The next table presents the possible roles, tasks and activities of each participant in the alliance (referred to as Specialised Middleman/Project Manager) in the process of EE renovation of residential buildings.



*The Specialised Middleman/Project Manager possesses the expertise (technical, legal, financial, administrative) needed to effectively and efficiently provide an integrated service which can guide the owners of residential buildings throughout the process (from start to finish) in a professional manner.*

*The required set of competences (pursuant to the Bulgarian legislation in force) is optimally combined by the figure of Professional House Manager (in the meaning of the Condominium Management Act) and the EE Consultant (in the meaning of the Energy Efficiency Act).*

*The scope and content of the integrated service will depend on the scale (type and size of the building, number of owners, EE ambition, etc.) and respectively on the requirements of the funding programme. This guidance is not suitable for single-family or two-family buildings insofar as the complexity of the management process is limited and the project can be implemented by the owners themselves without professional intervention.*

The sequence of the step outlined below follows the steps of the EER process as described in the Engagement and Management Toolkits.



<b>STAGES OF THE EER PROCESS</b>	<b>PARTNER 1: Professional House Manager</b>	<b>PARTNER 2: EE Consultant</b>
<i>STEP 1: Expression of interest by the Condominium Owners for EE renovation</i>	<ul style="list-style-type: none"> <li>- Present to its customers the available EER options in order to generate interest. If the CP is interested, the SM will organize a General Meeting and invite technical experts to provide initial information about the EER process.</li> <li>- Offer the service to condominium properties which do not have professional managers by initiating contacts with the house administrator and proactive owners.</li> </ul>	<ul style="list-style-type: none"> <li>- Send experts to the meetings organised for providing initial information. The initiative can come from a professional house manager, the house administrator or a proactive owner. Competently provided information and expertise works to build trust.</li> <li>- Must be capable to independently search for clients and initiate contacts.</li> </ul>
<i>STEP 2: Selection by the Condominium Owners of the Specialised Middleman (SM) — professional house manager and energy efficiency consultant in the residential sector</i>	<p>Selecting a CP Specialised Middleman on market terms is based on an informed decision which can only be reached when the condominium owners have obtained the required information and confidence. This is where businesses have an important role to demonstrate a proactive approach, knowledge and competence in order to attract potential customers. The one who has generated initial interest will continue to work in collaboration with their informal partner with complementary competencies.</p> <p><b>IMPORTANT!</b> Businesses operate not only on their own initiative but also at their own risk and responsibility. Competently conveyed information and expertise can be a reliable basis for reaching genuine contractual relationships with potential customers.</p> <p>When applying for a Financial Grant scheme, the conditions of the financing programme should be respected.</p>	



<p><i>STEP 3: Provision of the Specialised Middleman integrated service to the CP for the purpose of preparing a Financial Support Application (AFS)</i></p>	<p>For the purpose of preparing the CP to apply for financial support, the Specialised Middleman integrated service aims to address the following issues: eligibility of the building; reaching an agreement for EE renovation among condominium owners based on awareness of total investment costs and their allocation among IUOs; support on case-to-case basis to address insolvency issues, access to loans, etc.</p> <p>By its nature, the integrated service is closest to the functions of the professionals who supervise on behalf of the Investor the construction works (Investor Control) and to the functions of professional process administrators.</p> <p><b>Professionally exercised Investor Control and administration of the process on behalf and at the expense of the condominium property</b> is fundamental and crucial for the implementation of this step and until the end of the MFRB EER project. <b>The core purpose of the Investor Control function</b> is to ensure that the investor(client)/the owner obtains the best value for the money invested.</p> <p><b>The Investor Control function is interwoven in all phases of the investment process:</b></p> <p><b>(1) Investment intent</b> — completion of surveys of the building (energy audit and technical survey) to identify the needs, define the objectives and estimate the required financial resources;</p> <p><b>(2) Investment Project</b> — development of construction and costing documentation to achieve the objectives and more precise estimation of the required financial resources;</p> <p><b>(3) Implementation of EER construction and installation works</b> — execution of the designed energy renovation works.</p> <p><b>Administration of the process</b> is part of the integrated service and in particular of the Investor Control function (document management, accountability and record keeping services). This activity is equally important as it serves to verify the proper use of the financial resources.</p> <p>Only <b>good interaction</b> between the experts of the two partners in the Specialised Intermediary entity can guarantee reliable audit trail and verification.</p>	
<p><i>1) Assessment of the eligibility of the building (can the building apply for financial support) Inspection of the building and assessment of the visible features</i></p>	<p>Responsibilities include maintaining communication, organisation of inspections and technical assessments (where necessary), safekeeping of AAO correspondence and documentation, etc.</p>	<p>Provide technical expertise and advice in order to decide whether it makes sense to continue the process:</p> <ul style="list-style-type: none"> <li>- Inspection of the visible features of the building;</li> <li>- Identification of any unlawful construction.</li> </ul>



<p>2) <i>Awareness-raising meetings and consultations on the need for EE renovation</i></p>	<ul style="list-style-type: none"> <li>- Provide meeting organisation and consultancy services;</li> <li>- Gather initial information for analysis - owner attitudes, stumbling blocks, challenges such as reluctant and/or socially vulnerable owners, vacant/unoccupied flats.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide experts for the meetings organized by the partner so they can <b>answer questions related to the key aspects of the renovation project</b> (benefits of building renovation; improved comfort of living and higher value of the property); the necessary steps of the process; technical difficulties for the implementation of the project such as: the building is in an extremely poor condition, which implies the need to implement a number of ancillary activities not directly related to energy efficiency.</li> </ul>
	<ul style="list-style-type: none"> <li>- Risk assessment and clarification of the scale of problems encountered — relative weight and time required to resolve the problems.</li> </ul> <p>Indicators: Not so many vacant/uninhabited apartments (whose owners are difficult to reach), presence of a critical mass of unwilling owners, lack of solidarity and cooperation on the part of the majority.</p> <ul style="list-style-type: none"> <li>- Either develop a strategy to continue working with the condominium property or take a decision to quit the relationship.</li> </ul>	
<p>3) <i>Search and find (where possible) the original plans of the building in the relevant municipal administration</i></p>	<p>For buildings constructed on a commercial basis (privately), the required documentation is likely to be kept on file by one of the owners in the building.</p> <p>For buildings constructed by municipalities or other public bodies, check with the municipal administration whether the plans are available there. The plans should be requested on behalf of the condominium property.</p>	



<p>4) <i>Drawing up an indicative budget (cost estimation and budgeting)</i></p>	<p>Responsibilities include communication, organization and safekeeping of the documentation of the AAO.</p>	<ul style="list-style-type: none"> <li>- Provide technical expertise and advice for the <b>preliminary assessment of the building</b> in terms of type and gross floor area;</li> <li>- Provide technical expertise and advice to determine the <b>optimum package</b> of ESM, preparatory and ancillary activities in accordance with the requirements of the announced scheme/programme and for the purpose of achieving alignment between the preferences of the individual owners and the requirements of the scheme.</li> <li>- Provide technical expertise to <b>estimate the costs</b> of the EER project as whole and thereby <b>allocate these costs</b> among the owners.</li> <li>- <b>Calculate the financial contribution of each owner</b> as a proportion of the total budget.</li> </ul>
<p>5) <i>Identification of the extent to which each IUO will need a loan Identification of any socially vulnerable owners and of measures to resolve the problems</i></p>	<ul style="list-style-type: none"> <li>- Collect information on the attitudes and capabilities of IUOs to provide their contributions to the EEO project;</li> <li>- Identify the sources of the necessary funds (these can be personal savings, loans or targeted assistance for socially vulnerable owners);</li> <li>- Identify the number of IUOs who are unable to pay their contribution and the number of vacant/uninhabited apartments;</li> <li>- Assess the risks related to securing the financial contributions and formulate options for resolving the issues of insolvent owners;</li> <li>- Keep the CC documentation related to this activity.</li> </ul>	



<p>6) <i>Intermediation facilitate access to loans</i> to</p>	<ul style="list-style-type: none"> <li>- Assess whether to engage a credit intermediary;</li> <li>- Facilitate the communication of the condominium property with financing institutions, including by arranging <b>meetings between experts of financing institutions and condominium owners</b> (if necessary);</li> <li>- Mediate for reaching a (preliminary) agreement on the terms of the future loan/guarantee;</li> <li>- Keep the AAO documentation related to this activity.</li> </ul>	
<p>Although the Specialised Middleman may have been working at its own risk and responsibility until this stage, from this point on the consultancy services should be provided if there is assurance that a critical mass of agreement has been reached among condominium owners to proceed with the EER process. This would be the case if the following <b>conditions</b> are met:</p> <ul style="list-style-type: none"> <li>- The IUOs have agreed with their individual budgets;</li> <li>- The owners have agreed to establish an Association of Apartment Owners (AAO);</li> <li>- There is clarity as to whether the IUOs' individual financial contributions have been secured;</li> <li>- There is clarity on how funding for condominium property as a whole and for individual IUOs will be provided, e.g. from own resources, through a loan for the CP, in the form of additional targeted financial support for socially vulnerable owners.</li> </ul> <p>As a general rule, the commitments of both parties — the service provider and the service recipient — should be formalised in a <b>contractual agreement</b> before proceeding further with the process. The Specialised Intermediary should have an expert (or otherwise contact an appropriate professional) who will undertake the role of <b>project manager</b>.</p>		



<p>7) <i>Facilitating the establishment of an Association of Apartment Owners (AAO)</i></p>	<p>Provide services for the establishment and registration of the AAO in accordance with the provisions of the Condominium Management Act (CMA), including:</p> <ul style="list-style-type: none"> <li>- <b>Identify</b> ‘problematic’ IUOs and endeavour to address potential problems related to lack of interest, prevention of access, financing issues, etc.</li> <li>- Organize the <b>lawful conduct of</b> the constituent meeting in accordance with the requirements of the CMA (time-limits, quorum for holding the meeting and adoption of decisions, drawing up minutes of the meeting, etc.).</li> <li>- Undertakes the necessary actions for the <b>registration of</b> the AAO with the municipal administration and for <b>listing</b> the AAO in the statistical register BULSTAT register;</li> <li>- If the AAO does not include all individual unit owners (IUOs), organize a <b>General Meeting of the Condominium Property</b>;</li> <li>- <b>Keep</b> the AAO <b>documentation</b> related to this activity.</li> </ul>	<p>Work in partnership with the professional house manager (by providing expertise as possible and necessary) for the purpose of resolving problems of specific to certain IUOs and maximizing participation in the AAO.</p>
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8) *Carrying out the preparatory technical activities*

Provide organizational and communication services for the implementation of preparatory activities, namely:

- Organise **General Meetings** for the adoption of informed decisions on: carrying out audits, technical surveys, design (according to the requirements of the funding programme), and **selection of contractors** for the relevant activities;
- Arrange for the **collection of the money** from the IUOs (if paid in cash);
- Ensure the necessary **communication** of the AAO with local authorities, external contractors, etc.;
- For the purposes of the Energy Efficiency Audit (EEA), collect the necessary **information from the utility companies** on the energy demand of the building;
- Arrange for the necessary **inspections of** the building and of the individual units;
- Exercise (administrative) **control on the works** and on the acceptance of the deliverables, remand/return the deliverables for modifications and/or improvements (as necessary);
- Organise a General Meeting for the acceptance of the prepared documents (until the CMA is amended);
- Register the **technical passport (TP)** with the municipal administration;
- **Keep** the AAO documentation related to this activity.

- Provide advice on the formulation of **contractual clauses** by which the owners agree to bear their respective share of the total investment costs to ensure successful implementation of the project;
- Provide technical expertise for monitoring and **Investor Control during the implementation of the preparatory technical activities** and on the deliverables from these activities, which includes:
  - Technical support for drawing-up **technical specifications** for: Energy Efficiency Audit (to ensure **consistency of the EER with the optimal package of measures and preliminary cost estimate** as agreed between the condominium owners); survey to establish the technical characteristics and issuance of a technical passport of the building; Investment Project and supervision by the designer; assessment of the conformity of the investment project with the essential requirements to construction works; supervision on the construction works;
  - Check and **control the deliverables from the surveys/audits** prior to their acceptance by the condominium property in terms of their compliance with:
    - the terms of the contract;
    - the applicable legislation;
    - the characteristics of the surveyed/audited properties;
  - **Check the issued technical passport** against formal criteria, verify whether the relevant templates have been used and whether the passport satisfies the regulatory requirements;
  - Conduct an **Energy Efficiency Audit** if the service is provided on a commercial basis or if the project participates in a financing program and an EEA is an eligible activity under that programme.



9) <i>Adoption of a decision to apply for financing from a specific scheme</i>	<ul style="list-style-type: none"> <li>- Initiate, organize and document the lawful conduct of the GM of the AAO for the purposes of the application process;</li> <li>- Keep the AAO documentation related to this activity.</li> </ul>	
<i>STEP 4: Submission of an Application for Financial Support (AFS)</i>	<ul style="list-style-type: none"> <li>- Prepare the necessary documentation, i.e. the AFS and the accompanying set of documents;</li> <li>- Keep the CC documentation related to this activity.</li> </ul>	Contribute to the preparation of documentation.
<i>STEP 5: Signing a Partnership Agreement with the municipal administration</i>	<ul style="list-style-type: none"> <li>- Assist and support the AAO in providing additional information and/or documents to rectify deficiencies;</li> <li>- Keep the AAO documentation related to this step;</li> </ul>	Assist and support the AAO in providing additional information and/or documents to rectify deficiencies.
<i>STEP 6: Selection of CIW Contractors</i>	<ul style="list-style-type: none"> <li>- If the rules do not require a tendering procedure as per the Public Procurement Act, provide logistic and organizational services for the selection of CIW Contractors and of the Supervisor (Engineer).</li> <li>- Keep the AAO documentation related to this step;</li> </ul>	- Provide technical expertise and advice for the preparation of a technical specification/term sheet for the purpose of selecting the CIW Contractor and the Supervisor (Engineer).



*STEP 7: AAO involvement in the execution of the construction and installation works. Investor Control*

- Coordinate with the IUOs (in accordance with the Contractor's CIW schedule);
- Maintain communication between the Contractors, the competent institutions and the IUOs;
- Assist the Works Contractor to ensure accurate compliance with the requirements for safety at work, with the sanitary standards and with the fire regulations during the execution of the project;
- Provide assistance in organizing all procedures related to the delivery of the project to the Client/AAO and its commissioning;
- Organise and bear responsibility for the accountability of the project.

Provide technical expertise for **monitoring and control** on behalf of and at the expense of the AAO, in its capacity of Investor, during the execution of the construction and installation works, which includes:

- Facilitate the **exercising of control on the execution** of the individual contracts concluded with the Contractor, the Designer (for supervision by the Designer) and the Supervisor (Engineer).
- Provide support for the **assurance of the quality of the materials used and their conformity** with the design requirements, and for verifying compliance with the technological requirements;
- Provide an opinion/consent for the acceptance of completed construction and installation works;
- Assist the Contractor in resolving issues that may arise during the execution process;
- Coordinate the rectification of hidden defects that may have emerged;
- Verify requests for additional or unforeseen activities;
- If the project includes measures relating to the internal systems of the building, organize training for the individual unit owners or their representative on how to properly operate and maintain the plant and equipment;
- Take part, on behalf of the owners, in the work of the Pre-acceptance Commission (a commission which confirms that the project is ready for official acceptance by issuing Act/Form 15), and provide reasoned opinions (if necessary);
- Ensure that the full set of construction papers related to the completed construction and installation works is duly submitted to the AAO;
- Monitor and control the results (audit to verify the savings achieved) — one year after the implementation of EE measures;
- Provide assistance in case that defects emerge during the defect liability period.



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<i>STEP 8: Monitoring after the completion of EER activities</i>		- Conduct an audit to verify the savings achieved — one year after the implementation of EE measures.
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