



ANNUAL PROGRESS REPORT

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LIST OF ABBREVIATION

ATC	Amalgamated Territorial Community
CBA Project	Community Based Approach to Local Development Project
EEF	Energy Efficiency Fund
EE	Energy efficiency
EU	European Union
EE4U	Energy Efficiency Support Programme for Ukraine
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
HBC	Housing/Building Cooperative
HOA	Home Owners' Association
HOUSES Project	'Home Owners of Ukraine for Sustainable Energy Solutions' project
IFC	International Finance Corporation
LPAC	Local Project Appraisal Committee
M&E	Monitoring & Evaluation
MoU	Memorandum of Understanding
SDGs	Sustainable Development Goals
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

1. OVERVIEW

1.1. A brief description of the context

The 2017 National Baseline Report 'Sustainable Development Goals: Ukraine', which was prepared and published by the Ministry of Economic Development and Trade of Ukraine, clearly indicated that accruing problems in the housing sector, including those related to energy efficiency, represent one of the major development challenges for sustainable development of cities and communities. The report states that the current situation calls for immediate actions to address complex issues in the areas of housing, electricity, heating, etc. It is emphasized, that people's needs in quality housing are not being met as many households are still living in obsolete, unsafe or unsuitable buildings.

Comprehensive energy efficiency measures are significantly needed for the Ukrainian economy. Especially, the housing and the communal sector needs to become more energy efficient. This sector is three to four times less energy efficient than in the neighbouring European Union (EU) countries with a similar climate and consumes around 45% of the country's energy. Energy-insufficient buildings directly affects the quality of the living conditions of some 34 million people, as almost 70% of flats in multi-apartment buildings are highly energy inefficient.

In 2017, the European Commission adopted a new Energy Efficiency Support Programme for Ukraine (EE4U), aimed at contributing to increased energy efficiency in the Ukrainian residential sector and reducing greenhouse gas emissions. Together with Germany, the EU will support the Government of Ukraine to promote energy-efficient measures in multi-apartment buildings by providing grants for energy efficiency measures through the Energy Efficiency Fund (EEF).

As a part of the EE4U Programme, the United Nations Development Programme in Ukraine (UNDP) started the implementation of a new technical assistance project – 'Home Owners of Ukraine for Sustainable Energy Solutions (HOUSESES)'- with the overall goal of contributing to the energy efficiency by reducing energy consumption and costs in the residential sector.

1.2. Project objective and key deliverables

The HOUSESES project (further - the Project) promotes sustainable socio-economic development at the local level by addressing two interlinked elements: first, the need to further mobilize the community of homeowners in Ukraine to organize themselves within the available legal framework to fully realize their rights and responsibilities in relation to their multi-apartment buildings. This will lead to a de-monopolization and improvement of housing management and to improved quality and consistency of maintenance services. Secondly, the Project aims to reduce the excessive energy consumption, which results from the outdated physical state of the country's housing stock, and that can only be modernized when homeowners are proactive and take the initiative.

The Project's key premise is that homeowners and their associations in Ukraine can play a tangible role in significantly improving the energy efficiency of their housing blocks and thereby reducing both energy consumption and costs. The development challenge is, more broadly, linked

to the general decrease in the population living standards, increased household energy consumption tariffs and economic challenges associated with energy use and utility consumption.

The Project's objective is to mobilize the Ukrainian homeowners to implement energy efficiency measures in their multi-apartment buildings. The project is specifically supporting the creation and capacity development of Home Owners' Associations (HOAs) at the local level throughout the country, and their preparation to apply for funding through the newly established EEF.

The following are the expected results of the Project:

- No less than 4,000 HOAs, both newly established and pre-existing ones, throughout the country in 24 oblasts and Kyiv city will be trained to manage their associations and develop their own micro-projects for improved energy efficiency (EE);
- At least 2,000 of HOAs will apply for further technical assistance through the EEF;
- The Project will directly benefit no less than 480,000 people throughout Ukraine and will help raise energy efficiency awareness of no less than 1,000,000 people.

The Project will be implemented during a period of 24 months (from October 2018 to September 2020). The project is built on UNDP's country-wide network of partnerships with regional and local governments, and UNDP's long-standing experience of bottom-up citizen mobilization for common actions.

The Project applied social mobilization tool to mobilize stakeholders and address, in partnership with local authorities, their social and economic development problems. Built-in partnership, strong relationship with local government authorities and local communities are elements of the bottom-up approach developed through the UNDP Community-Based Approach (CBA) project and applied to mobilize communities of home owners in decision making process and support them in forming the association.

1.3. Management oversight and implementation

The project is managed by UNDP Ukraine under overall guidance of the Deputy Resident Representative. Execution of the project is done by a project implementation team led by a Team Leader with nine staff members in the central office in Kyiv and 24 community development associates in oblasts. Community development associates are supported by a driver and a car, covered by the Project. The premises for the community development associates are provided by regional authorities. Among the 24 UNDP local offices, 17 are located in the premises of the regional councils, three in the premises of the regional state administrations, one in the UNDP project office and three in the UN common premises.

Local offices are provided by a regional (oblast) council or regional (oblast) state administration within a Memorandum of Understanding (MoU) for the period from 2018 till 2021, which set up a new agenda for cooperation in the post-CBA period, in particular to support local governance and territorial reform of Ukraine, enhance energy efficiency at the local level, including by assistance to local communities to form, and in/or improve existing home-owners associations to implement EE measures by mobilizing various form of treatment and to assist in development of community organizations in rural and urban areas and co-owners of multi-apartment buildings for better decision making. Local offices, except of Kyiv, Kramatorsk (Donetsk oblast) and Severodonetsk (Lugansk oblast) are provided rent free as stipulated in the MoU.

1.4. Monitoring and reporting

On 15 November 2018, the first Local Project Advisory Committee (LPAC) meeting endorsed the Project. The objective of the meeting was to inform all the stakeholders, including Ministry of Regional Development, Communal, Construction and Housing of Ukraine (renamed to the Ministry for Communities and Territories Development) and the Energy Efficiency Fund's representatives on the project's desired outcomes, and endorse the project. The agenda of the LPAC meeting is enclosed in Annex 1 - Agenda of the LPAC meeting.

Semi-annual progress report covering the reporting period from 1 October 2018 till 31 March 2019 was submitted on 30 May 2019.

The current annual progress report covers the reporting period from 1 October 2018 till 30 September 2019.

2. RESULTS ACHIEVED BY THE ACTIONS

Executive summary

The following represents an overview of the implementation of the activities under this Project, for the period from 1 October 2018 till 30 September 2019.

Output 1: Mobilized home owners set up their associations. Under this output, the following key results achieved during the reporting period:

- 12,318 of the Project's beneficiaries improved their knowledge on energy efficiency measures through 537 info sessions;
- 4,655 participants took part in the Project (1,326 Initiative Groups (IGs), 3,207 Home Owners Associations (HOAs) and 122 Housing Building Cooperatives (HBC));
- Some 15,135 home owners build new skills on management of their houses as well as the national legal framework on property management during 1,130 training sessions;
- The Project supported 1,556 HOAs, which is 0.73% of housing blocks in locations covered by the Project;
- 825 of new HOAs established in result of Project's implementation;
- Around 450,000 people were informed about HOUSES project.

Key activities, which contributed to these results implemented in line with the Project document without deviation or changes. These are public information campaign at the local level, which includes regional launch of the Project and its information sessions, selection of the potential project beneficiaries; establishment of critical partnership required for successful project implementation in 24 oblasts, baseline assessment of the national home owners on their training needs and development of a training programme for the first development step.

Output 2: Operational, project design and implementation capacities of new or pre-existing HOAs are developed. Key results achieved under this Output are the following:

- Improved capacity of 65 HOAs Council Heads by focusing on legal and normative framework of HOAs operationalization;
- Eighteen HOAs strengthened their capacities in accounting for HOAs as a non-profit organization;
- Some 689 participants from 18 oblasts witnessed benefit of management of the multi-apartment buildings by HOAs during 51 exchange visits.

Key activities, which contributed to these results implemented in line with the Project document without deviation or changes. These are improvement of practical management skills of the HOAs, development of testing training curricula on first steps in energy saving and energy efficiency of the second development step, sharing the best HOAs' practices across Ukraine and production of a feedback report.

Key challenges encountered during first year of the Project's implementation related to the longer inception phase of the Project and insufficient motivation of home owners. The Project informed the EU Delegation about the delayed start as well as informed that some targets directly related to the operationalization of the EEf. Political situation in the country, specifically the elections 2019 affected the density of training sessions, though the political priorities regarding the EE reform in the country remains in high demand.

2.1. Output 1: Mobilized homeowners set up their associations

Progress achieved as per the indicators

1.1. Percentage of people/ home owners aware of emergency efficiency requirements and solutions for their buildings and EE financing facilities (gender disaggregated) in territories covered by the Project	NA Project planned this survey for November 2019 right to the date of reporting mentioned in Project document
1.2. Cumulative number of home owners' functional groups, supported by the Project, who register their associations	825 These are the newly established HOAs in the course of the Project and listed in Annex 4: 80% of them established from the IGs registered at houses.in.ua while 20% by home owners in the far remote areas upon attending the HOUSES training programme
1.3. Percentage of newly set-up functional groups and HOAs, supported by the Project, that are managed by women or with a majority of women in their memberships	Project planned this survey for November 2019 right to the date of reporting mentioned in Project document
1.4. Cumulative number of HOAs (both pre-existing and newly created) supported by the Project	1556
1.5. Percentage of newly set-up HOAs, supported by the Project, who manage housing blocks with at least 25% of low-income homeowners	NA Project planned this survey for November 2019 right to the date of reporting mentioned in Project document.

Under Output 1 during the reporting period 12,318 of the Ukrainian home owners and local authorities improved their knowledge on energy efficiency measures through 537 info sessions held in all administrative units at the local level. During these information sessions, UNDP community development associates, in cooperation with IFC regional coordinators raised awareness of local communities, including homeowners, on the new legislation on energy efficiency, specifically, including ones related to the housing sector – Law on Energy Efficiency Fund (dated 8.06.2017) and Law on Energy Efficiency of Buildings (dated 22.06.2017 and entered into force on 23.07.2018), the establishment of the new Energy Efficiency Fund along with its proposed technical assistance packages as well as the European Union's contribution to the Fund.

First intermediate result of this information campaign is the establishment of the critical partnership essential for successful Project's implementation at the oblast and local levels with HOAs Heads' Councils, regional Associations of HOAs, local Associations of HOAs, Resource Centers, regional Energy Efficiency Centers, which willingly assisted in facilitation of communication with HOAs in respective regions throughout the country. Moreover, 326 municipalities applied for partnership and committed themselves to support the implementation of the Project Annex 2 - Local self-governing bodies supported the Project.

Second intermediate result of the Project public information campaign is the number of applications for participation in the Project. During the reporting period, 4,655 participants registered through houses.in.ua platform to participate in the Project, among them 1,326 Initiative Groups (IGs), 3,207 Home Owners Associations (HOAs) and 122 Housing Building Cooperatives (HBC), which are willing to transform into HOAs Annex 3 - Registration of HOA, IG and HBC – projects beneficiaries.

Some 15,135 home owners attended 1,130 training sessions organized by the Project and learnt about property ownership in a multi-apartment building, composition and obligations of co-owners, concept of management of a multi-apartment building, composition of management costs and management by the manager, which cover the first three training sessions according to the developed training curriculum. Out of them 1,954 trainings' participants, who received Certificates of Completion of six topics of training sessions, built new skills on HOA's legal status in Ukraine, technical documentation, relations with utility operators, funds, costs estimate and contributions to HOAs, organization of accounting and financial discipline of the Board and co-owners.

According to the statistics of the Ministry for Communities and Territorial Development of Ukraine, 31,4 thousand HOAs are registered in the country¹. During the reporting period, the Project supported through training sessions 1,556 HOAs, which is 0.73% of housing blocks in locations covered by the Project, whose management and maintenance services are transferred to HOAs. The Project works primarily with those home owners which haven't made their choice on management of their multi-apartment buildings. This sufficiently influences the Project's dynamics and has impact on the Project's results. At the project beginning during the first year of Project implementation, it was planned to establish 1,000 HOAs and provide training to 2,000 HOAs.

825 of new HOAs established in result of Project's implementation, 729 of them are the new HOAs established as a direct result of training sessions provided by the Project; 96 HOAs are established through individual consultations of the community development associates. Those HOAs were already on the way of establishing when the Project begun and received sufficient expert and consultancy support registered themselves as HOAs. (Annex 4 - List of established HOAs (per region) within the Project).

The smaller indicators of number created HOAs is explained by the long inception phase and the beginning of the actual Project implementation in March 2019 as well as the number of barriers to establishing and functioning of HOAs.

First and the foremost important result of the Project is in its positive influence on establishment of HOAs at the local level throughout the country, which now demonstrates tendency to be increasing after a period of drastic decline (Annex 5 - HOUSES Project's impact on the creation of HOAs in the regions²). Some HOAs created with project's support have already conducted energy audits and even prepared project documentation for cooperation with the EEF (for

¹ Announced by the Minister Alyona Babak at the opening ceremony of the EEF First Forum on 18 September 2019

² Annex 5 demonstrates dynamics of the HOAs' establishment in the regions. First column contains data of the regional housing departments for the period January-September 2019; second- demonstrates number of HOAs created by the Project during March-Sept 2019 (the Project started de-facto its training activities). For example, #4 in Donetsk region 132 HOAs created during Jan-Sept 2019, nine out of 132 in the course of the Project.

example Manevychi settlement, Gorokhiv city (Volyn oblast), other become participants of local HOAs support programmes (Rozhysche city, Volyn oblast).

Second important result is that residents of small cities, including home owners with low income, and some distantly located settlements received access to professional and free training. In some localities, having received the knowledge and acquired the new skills, the Ukrainian home owners organized themselves in their first HOAs, for example in Volovets, Irshava cities (Zakarpattia oblast).

Third result is that the Project contributed to decentralization reform by facilitation the dialogue and support from the city authorities to the newly established HOAs. The local self-government bodies demonstrated its strong interest to support and invest in HOAs through adoption of HOAs Support Programmes in six cities Uzhgorod, Mukachevo, Volovets, Khust, Vynogradiv, Beregovo in Zakarpattia oblast. Three Amalgamated Territorial Communities (ATC) and eight cities in Ivano-Frankivsk oblast initiated regular exchange between the city administration and the newly established HOAs during 'Coffee with HOAs' meetings. Additionally, success stories of Ivano-Frankivsk HOAs are weekly published on the website of the Department of Housing, Communal Policy and Public Works of Ivano-Frankivsk City Council.

Fourth, the Project boosted wider social mobilization through creation of home owner's partnership networks in small towns, ATC, settlements. Positive stories demonstrated in Zakarpattia oblast, where eight Ukrainian cities - Volovets, Irshava, Mukachevo, Rakhiv, Tiachiv, Uzhgorod, Khust, Beregovo -created a web-page devoted to HOAs support. The Projects' training participants organized themselves in a wide HOAs regional network upon the Project training in Ivano-Frankivsk oblast. 20 HOAs Heads of Councils regularly participate in 'Coffee Meetings of Home Owners' in Volyn oblast. In Zakarpattia oblast (Uzhgorod, Khust, Mukachevo) the HOAs' heads organized a volunteer's group of responsible home owners to exchange experience on the establishment and development of HOAs.

2.1.1. Activity 1.1: Public information campaign

The Project's public information campaign was initiated after the official launch of the Project on October 30, 2018 with the participation of Hennadiy Zubko, ex-Vice-Prime-Minister, Minister of Regional Development, Construction, Housing and Communal Services, Stefan Schleuning, Head of Cooperation, Delegation of the European Union to Ukraine and Janthomas Hiemstra, ex-UNDP Ukraine Country Director. In the opening speech, the ex-Vice-Prime-Minister reiterated the need to make residential sector more energy efficient: 'Today, in Ukraine, about 165 thousand multi-apartment buildings require modernization, 33 thousand of them are association of home owners. In terms of energy consumption, the residential sector consumes 34%, while industry - 29%. Implementation of the energy-efficient solutions by HOAs will result reducing energy consumption by a half.

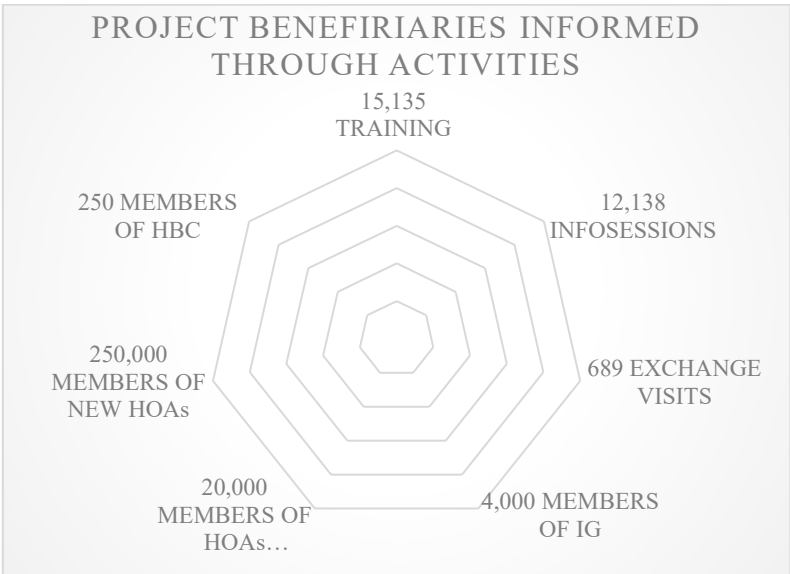
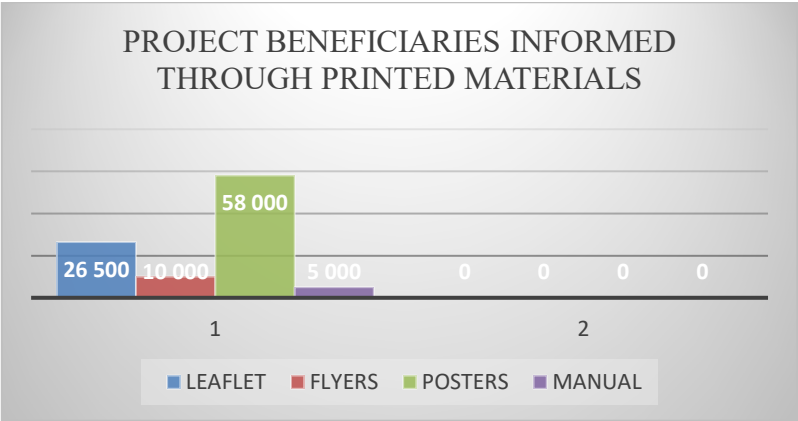
The Project's launch got positive comments from a number of national mass media outlets, including TV channels, print and online media listed in Annex 6 - Press monitoring on the Project implementation.

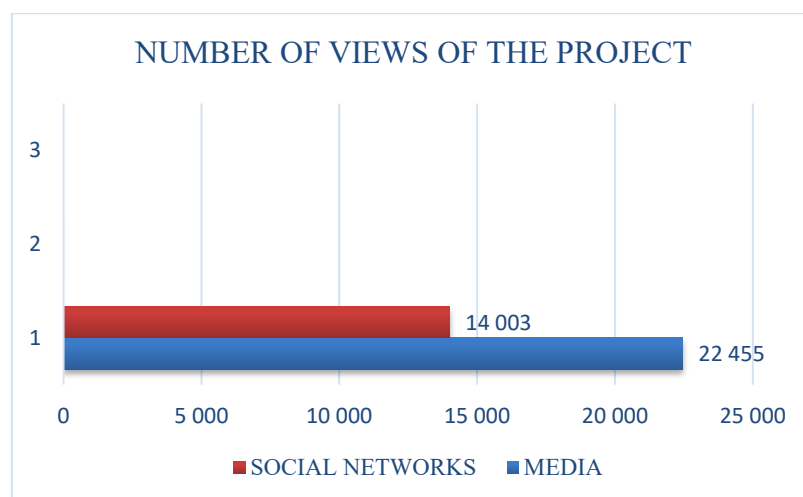
The official start of the HOUSES project, at the national level, was followed by a number of project information sessions at the regional level across Ukraine (listed in Annex 7 – Project's launching at the regional level), which also received good coverage by the local mass media. The purpose

of the information sessions was to introduce the Project to all the stakeholders, including communities and local authorities. These sessions were organized by the community development associates at different administrative-territorial levels – from oblast level and cities to rayon and amalgamated territorial communities, settlements and villages, where multi-apartment buildings are located (Annex 8 - Project information sessions at the local level).

Overall, during the reporting period (October 2018 – September 2019) around 450,000 people were informed about the Project through participation in the Project’s activities, dissemination of the Project’s visibility items, printed materials and through media and social networks monitoring.

39,000 people were informed about the Project through media, almost 100,000 - from the Project’s printing materials and some 300,000 from participation in the Project’s activities. Details provided in section 2.5, page 26.





2.1.2. Activity 1.2: Selection of HOAs/Initiative Groups to be supported

Selection of the HOAs/Initiative Groups to be supported started with capacity building of the Project's regional staff. All 24 community development associates improved knowledge on HOAs-related issues through the UNDP Training for Trainers (ToT) capacity-building programme. A National Consultant was hired to support the capacity-building programme for HOAs. The training programme covers all aspects of establishing and operationalizing HOAs - starting from legal and financial issues to communication with service providers and local authorities. Number of hours for each training step and detailed list of issues covered by a programme is enclosed in Annex 9 - Training Programme.

Training of Trainers for the regional staff (community development associates) ran in 2 cohorts³. Initial assessment of the training needs was done at the UNDP project retreat on 15-16 December 2018. The outline of the capacity building programme was presented and initial feedback was received. These training sessions officially launched the process of homeowners' mobilization throughout 24 oblasts of Ukraine.

Prior to the selection process of IG and HOAs that will be supported, UNDP carried out the assessment of the overall current situation in the housing residential sector of Ukraine for each oblast (Annex 10 - Baseline survey). The analytical analysis covered the following data essential to customize approaches for each oblast:

- total number of multi-apartment buildings;
- number of multi-apartment houses in which HOAs are created;
- number of HOAs created;
- number of HBC;
- growth of the number of HOAs from 2015 till January 2019;
- currently available state, regional and local financial support programmes for HOAs and energy efficiency.

³ On January 22-23, 2019 in Vinnytsia city (Vinnytsia oblast), the capacity building training was held for the first 12 community development associates from Vinnytsia, Volyn, Zhytomyr, Zakarpattia, Ivano-Frankivsk, Kirovograd, Kyiv, Lviv, Poltava, Rivne, Chernivtsi, and Ternopil oblasts. On February 6-8, 2019 the 12 remaining community development associates were trained in Dnipro city (Dnipro oblast) from Dnipro, Donetsk, Zaporizhzhia, Khmelnytsk, Luhansk, Mykolaiv, Odesa, Sumy, Kharkiv, Kherson, Cherkasy, and Chernihiv oblasts.

In the process of the selection of IGs and HOAs, which was organized through on-line tool *houses.in.ua*, three main selection criteria were defined:

- a demonstrated commitment of the local councils to cooperate with UNDP and support the Project implementation;
- a demonstrated commitment of multi-apartment buildings, in which owners can participate in the Project's activities;
- a demonstrated commitment of the existing HOAs interested in the participation in the Project's activities.

At the first stage of the training cycle, UNDP identified the Initiative Groups, i.e. groups of active homeowners representing existing HOAs and those willing to set up a HOA or transform existing HBC into HOAs. In January 2019, UNDP opened an online call for participation in the project through the online tool *houses.in.ua* for all 24 oblasts of Ukraine (Annex 11 - Register of the Project's beneficiaries).

In March 2019, after the first groups of participants were identified, the project started analysis of the HOAs' needs assessment. For this purpose, UNDP developed an on-line questionnaire, allowing each HOA to express its interest to participate in the project's training activities and express their priorities and areas of interest. This data was analyzed and compared with the information obtained through individual meetings, which were held by the project's 24 community development associates. Based on the results of the questionnaire and information collected by the community development associates, the project adapted its capacity building modules.

By the end of September 2019, 1,460 existing HOAs (Annex 12 - HOA registered for capacity building training) expressed their interest to participate in the Project's training sessions aimed at improving HOAs operation (List of basic training topics see Annex 9 - Training Program).

The biggest number of IGs registered in Volyn (114), Cherkasy (111), Zhytomyr (102), Rivne (96), Sumy (88) and Vinnytsia (79) oblasts. The biggest number of HOAs registered for training sessions in Donetsk (452), Dnipro (219), Cherkasy (210), Poltava (154), Zaporizhzhia (151), Luhansk (141), Kherson (139) and Vinnytsia (139) oblasts.

To support the IGs in planning the actual set-up of their associations, the Project carried out a series of group consultations in the form of basic seminar on establishing HOAs and continuous individual consultations with active home owners willing to set up their HOAs.

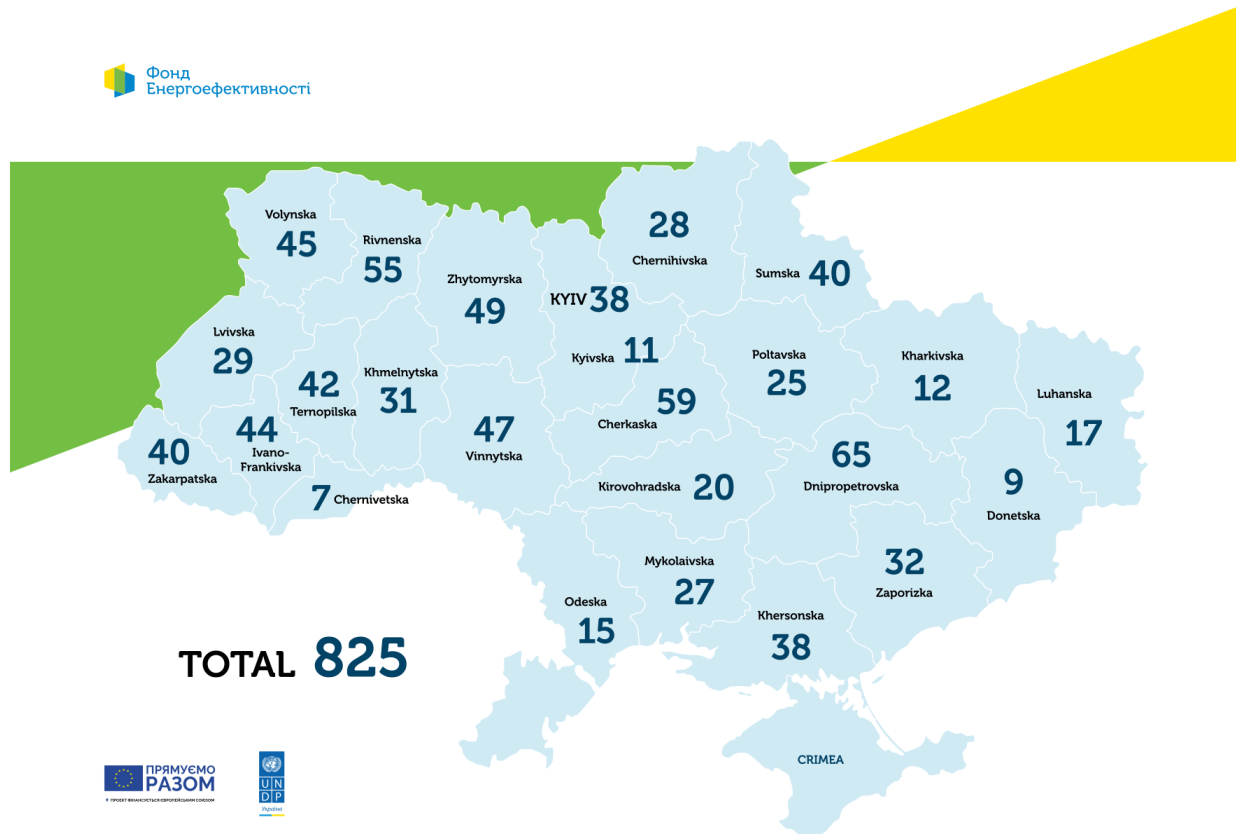
Local authorities were invited for participation and engaged into all Project activities to ensure that they are aware of the need for and principle of leadership and planning in relation to HOA's set-up, as well as support.

2.1.3. Activity 1.3: The first development step of HOAs

At the second stage of the training cycle, the Project organized a series of training sessions on theoretical and practical aspects of the creation of HOAs, including regulatory and legal aspects of HOAs registration and associated issues (see Annex 9 - Training Program). For those HOAs, willing to improve their knowledge, UNDP organized training sessions on HOAs' basic activities, communication with service providers and local authorities. These activities were done through targeted training sessions and individual consultations face-to-face and remotely. Those HOAs,

which attended the six topics of the training programme received a Certificate of Completion, issued by UNDP (Annex 13 - Certificate on completion of training course for HOA).

The map below represents the number of HOAs established in each of 24 oblasts of Ukraine.



The Project boosted the movement of HOAs establishment through provision of professional support, partially systematized knowledge of existed HOAs representatives on their current activities, attracted attention of local authorities to the problems of empowerment of home-owners.

2.2. Output 2: Operational, project design and implementation capacities of new or pre-existing HOAs are developed

Progress achieved as per the indicators

2.1. Percentage of trained HOAs representatives, who confirm use of new skills and competence in running their Associations	Project planned this survey for November 2019 right to the date of reporting mentioned in Project document.
2.2. Number of renovation projects designed by HOAs trained by the Project	Project planned this survey for November 2019 right to the date of reporting mentioned in Project document.
2.3. Number of financing application packages prepared by HOAs trained by the Project	Project planned this survey for November 2019 right to the date of reporting mentioned in Project document.
2.4. Percentage of home-owners, in territories covered by the Project, satisfied with HOAs management (including plans for renovations and EE retrofitting) (gender disaggregated)	Project planned this survey for November 2019 right to the date of reporting mentioned in Project document.
2.5. Cumulative number of positive media coverage of the Project and HOAs energy efficiency solutions/energy savings	227 All publications about the project are either neutral or positive. Most of the publications are rather informative than analytic. The Project team conducts media monitoring regularly

Under this Output, 65 HOAs Council Heads, including newly established and pre-existing HOAs in Mykolaiv oblast (from Uzhnoukrainsk, Pervomaysk and Voznesensk) improved its operational capacities by focusing on legal and normative framework of HOAs operationalization, during the specialized training in Uzhnoukrainsk, Mykolaiv oblast on 19 July, 2019. (Annex 14 - Workshop on legal and normative framework for establishing and launching HOA). This training was organized as part of the *third stage* of the training cycle during which the Project's efforts focused on building knowledge and skills of the newly established HOAs on the Ukrainian legislation regulating energy efficiency measures and management of multi-apartments buildings. The training was planned as a joint activity with the project's beneficiary - Ministry for Community and Territories Development of Ukraine. The Ministry provided its input by providing answers to Frequently Asked Questions, which later were disseminated among all regions and serve as reference for HOAs (Annex 15 - FAQ from HOAs on HOAs activities and management).

Eighteen HOAs from Kyiv city, Kyiv, Zhytomyr, Chernihiv, Cherkasy and Khmelnytskyi oblasts strengthened their capacities in accounting for HOAs as a non-profit organization during the first training session held on 10 September 2019 as a part of the *fourth stage* of the training cycle (Annex 16 - Workshop 'Accounting for HOAs'). At this stage, Project focused on the development of HOAs practical management skills. The newly set up HOAs as well as pre-existed received training on bookkeeping (accounting, budget, tax issues, oversight, etc.). A series of cluster training of trainers on accounting issues for accountants of HOAs was held in September and will be continued in October 2019.

Some 689 participants from 18 oblasts realized benefits of managing own multi-apartment buildings by HOAs during 51 exchange visits organized during third quarter of 2019. The biggest qualitative result is that exchange visits triggered a discussion about being a responsible home owner in the less proactive municipalities and also encouraged the local authorities to introduce positive changes in the residential sector by adopting the HOAs support programmes. It also showcased the real benefit of EE activities implemented in multi-apartment buildings. Two HOAs in Volyn oblast, motivated by the examples demonstrated during exchange visit from Manevychi settlement and town Gorokhiv expressed their will to apply for EEF's loan.

The real impact of exchange visits lies in setting up cross-regional horizontal links between homeowners and Home Owners Associations from one side and the local authorities from other side. Neglected houses with outdated infrastructure that had not been repaired for 20-30 years demotivate people to take responsibility and create a HOA. To motivate people, a number of support programmes for the HOAs should be proposed at the level of local authorities. In order to increase engagement of the local authorities, the Project involved representatives of municipalities into various activities and events organized, including information sessions, regional Project's launch campaign and experience exchange visits. The Project actively advocated for establishing the local support programmes similar to those mentioned in Annex 19 - Regional and municipal HOAs and EE support programmes, aimed to support the creations of the new HOAs and supporting the existing HOAs in its partner municipalities. This approach will be continued during the next Project's implementation period and, in particular, the Project will explore possibilities of local co-funding for the projects submitted for grants under the 'ENERGODIM' programme (in agreement and coordination with the Energy Efficiency Fund), as for example already initiated by the Rivne city council. So far, Novograd-Volynsky and Zhytomyr cities (Zhytomyr oblast) demonstrated strong interest in establishing such programmes.

2.2.1. Activity 2.1: Operationalization of the newly set up HOAs

Following the first basic training cycle for the IG and the newly established HOAs, the Project started the second development step for pre-existing and newly set up HOAs to provide them with new knowledge and skills on how to identify energy saving and energy efficiency initiatives, possible sources of financing of these initiatives, as well as EE initiatives that can receive financing from EEF.

To meet the community development associates' training needs, the series of second development step trainings were organized, specifically to improve their expertise in first steps to energy savings and EE in HOAs, Fundraising for EE needs, and Conflicts Resolution, etc. (Annex 17- Training on communication /Conflicts resolution).

Aiming at better and more comprehensive understanding of the EEF's activities and legislative regulations, a specialized training for the community development associates was organized with assistance from experts of EEF and IFC to improve their expertise on technical, financial and legal aspects of operationalization of the Energy Efficiency Fund on 25 September 2019. (Annex 18 - Training for UNDP regional coordinators).

2.2.2. Activity 2.2: Raising HOAs' capacities to initiate viable energy efficiency solutions and attract funding to their implementation

During the reporting period, the Project made its first steps towards implementation this activity and focused on developing two testing training curricula on first steps on energy saving and energy efficiency and on fundraising for energy efficiency. The training materials for both modules were agreed with UNDP's partner IFC and will be implemented in the next implementation period. First training curricula titled 'Awareness about energy saving and energy efficiency is the way to improve comfort and quality of life', which focuses on the practices for energy savings and energy efficiency. For example, if minimize use of an existing boiler in an individual house it is energy saving but replacing an old boiler with a new boiler with a higher efficiency is energy efficiency. The developed training programme will provide the home owners of Ukraine with understanding of the situation about energy efficiency and energy saving in Ukraine, losses in multi-apartment buildings in Ukraine face through inefficient energy use and that more than 80% of the national residential housing stock require immediate energy efficient measures to reduce energy costs and ensure quality of services. It will also provide an overview about reasons of such inefficiency such as outdated construction standards and outdated heat and power supply systems and will focus on main ways towards energy saving in multi-apartment buildings. These are energy savings through LED lighting, main losses of the heat in multi-apartment buildings such as roofs and doors emphasizing that the energy audit will help to identify more precisely such places; and will make an introduction to retrofitting measures.

In the next implementation period, the Project will contract a National Expert to deliver four Trainings for Trainers (ToT), in the first run, for the Project's community development associates and the HOAs' Council Heads in spring 2020. Afterwards, these professional knowledges will be disseminated among all Project's beneficiaries in 24 oblasts through regular training activities.

2.2.3. Activity 2.3: Dissemination of HOAs gained experience, best practices and lessons learnt all over Ukraine

Exchange visits organized during the last quarter of the reporting period- specifically they started in June 2019- aimed at supporting knowledge sharing of best practices and lesson learned among HOAs with the purpose of further motivating IGs to form homeowners' associations and to raise awareness of local authorities on the needs of HOAs. The first wave of the experience exchange visits covered the following cities and regions: Voznesensk, Mykolaiv, Pervomaisk, Uzhnoukrainsk (Mykolaiv oblast), Kherson, Kakhovka (Kherson oblast), Markivka-Sever, Milove, Severodonetsk (Luhansk oblast), Rivne (Rivne oblast), Nadvirna (Ivano-Frankivsk oblast), Uzhgorod, Mukachevo (Zhakarpattia oblast), Zolochiv, Drogobych (Lviv oblast), Zhytomyr (Zhytomyr oblast), Dnopro, Pavlograd (Dnipropetrovsk oblast), Zaporizhzhia (Zaporizhzhia oblast), Uzhnuyi (Odesa oblast). Experience exchanged visits directly involving partner municipalities into the Project's activities will be continued and even intensified in the next Project implementation period as they brought required positive effect in support to the HOAs at the local level.

Face-to-face communication with those, who already successfully implemented or under implementation of projects on improvement of their multi apartment buildings, visit to the houses, speaking to the people who passed the way, is the best and the most effective and sustainable way of communication.

2.2.4. Activity 2.4: Feedback from supported HOAs: lessons learnt, problems encountered within the Project implementation

Key challenges to establish homeowners' associations at all administrative levels (oblast, rayon, city, town, ATC) and common for all 24 oblasts can be structured into the following categories.

Challenges at the level of home-owners'

- Homeowners demonstrate little or no interest in introducing changes in their houses. During the first training cycle it was discovered that homeowners lack awareness about understanding the issue of property of the multi-apartment buildings and responsibilities relating to maintenance of own property. Despite the fact that Ukraine's housing stock is privatized at the level of 93.7%, the responsibility for the management and maintenance of common parts of the multi-apartment buildings has been, so far, shared between old-style and often ineffective municipal housing services organizations (ZHEK), housing/building cooperatives (HBC), and private home owners. Under this management system, major repairs, including those focused on energy efficiency, are traditionally not foreseen/planned. Moreover, co-owners have generally had limited awareness of their responsibilities, and are often not willing and/or capable to deal with and contribute to the financing of complex technical interventions. Attitudes and expectations often lag behind the legal and policy framework. The HOUSES project key task is to motivate home owners to take responsibility over an entire building maintenance and the challenges to pursue are serious, deep in mind and goes to traditions set up in the Soviet time;
- Homeowners do not have regular and accessible information about homeowners' obligations and responsibilities regarding the apartments they live in;
- Homeowners face difficulties in receiving understandable information about the housing reform, positive experience of HOAs functioning and successful stories about HOAs.

In response to these challenges, the Project developed a training programme, mentioned in Annex 9 - Training Programme based on the home owners' training needs assessment and enhanced it with exchange visits to raise motivation of the home-owners and demonstrate benefits of HOAs multi-apartment management and EE savings. Direct outcome is the positive dynamics in the establishment of HOAs across Ukraine, increased support from the partner municipalities and the number of the newly established HOAs in particular.

Challenges at the level of local authorities

- Private/municipal management companies owned by the local government representatives is a serious challenge on the path of establishment of a HOA. These companies are not interested in changing the management of multi-apartment buildings and try to prevent home owners from establishing HOAs by using arguments of high communal bills and low quality of services provided;
- Lack of interest/initiative from the side of the local authorities to establish HOAs and adopt the HOAs support programmes;
- So-called privatized 'abandoned' apartments especially in the eastern regions. The problem demands legal solution from the state;

- Problematic issues of managing a multi-apartment building by a manager, certification of such managers, and withdrawal from the communal balance of multi-apartment buildings;
- Violations in the process of HOAs registration: mistakes in their charters and in the list of non-profit institutions.

According to its mandate, the Project records challenges and provides support in finding solution whereas possible according to the Project document. For example, the city of Uzhnoukrainsk (Mykolaiv oblast) addressed the Project with a problem common for small cities where private or municipal management companies are owned by the local government representatives, who are not interested in changing the management form of a multi-apartment building into a HOA due to financial disbenefits. HOAs reach the Project with initiative to organize seminar on legal issues of HOAs management and submitted FAQ, which were addressed jointly with the Ministry for Communities and Territories Development on 19 July 2019. The Project supported HOAs in receiving official answers to their questions from the Ministry and provided additional explanations by the Project's legal expert to all parties involved: HOAs, the municipal management companies and the local authorities. This helped to solve the issue after four months of tensions and resulted in withdrawing 19 HOAs from the balance of municipal communal services and giving them the right to make own decision on management of their multi-apartment building as it envisaged by the national legislation.

Challenges at the level of existing though not functioning HOAs

- Lack of necessary knowledge about HOA's activity and management at the level of a Head of HOAs;
- The establishment of some HOAs are not in line with legislative requirements⁴.

The mentioned above challenges identified in the end of the first Project's year. The Project will address the first challenge in next implementation period by collecting information about the need in each specific oblast and informing the IFC partner at the regular Coordination meeting or bilaterally. Regarding the second challenge, the Project explains to HOAs the legal framework for setting up a HOA and proposes to de-register those HOAs in line with the national legislation. In such cases, the Project can address the challenge by providing information support and advice to withdraw the HOAs registered for 50 multi-apartment buildings and establish an Association of 50 HOAs instead.

Challenges during registration of newly established HOAs

- Different districts in Kyiv have different requirements for registration of the newly established HOAs. In particular, Solomiansky and Obolonsky districts require notarization of the minutes of the HOAs' general meeting or a notarial power of attorney from each co-owner to proceed with registration of a newly established HOA;
- Solomiansky center on administrative services requires that minutes of the general meeting to be formalized only in the form approved by the Ministry for Communal and Territories Development. However, adherence to this form is only mandatory for the co-owners meeting and decision-making in accordance with the Law №417-VIII 'On the peculiarities of exercising the property right in a multi- apartment building'. The respective letter was issued by the Ministry for Communities and Territories Development;
- Despite the extraterritoriality of registration in Kiev, the registration offices refuse to register HOAs from other districts;
- Serious pressure noticed from the side of the state control bodies (State Labor Service, State Service of Emergency Situation) in terms of imposing additional fines on HOAs during their inspections as business entities.

These challenges cannot be addressed by the Project; the Project will continue to record the cases and will inform on them the Project's beneficiary – the Ministry for Communities and Territories Development. These challenges captured in the end of the first year of the Project's implementation. Some of these challenges mentioned during the first Project Board Meeting. The Project will organize a working meeting with the Ministry to seek joint solutions and address the challenges.

⁴ Violations noticed in Kharkiv oblast: one HOA consisting of 50 apartment buildings registered in Merefya, one HOA consisting of 17 apartment buildings registered in Volchansk, one HOA consisting of 49 multi-family buildings registered in settlement Vodolaga, two condominiums 5.9 houses in each registered in Malynivka.

Location-specific challenges

The last category of challenges relates to issues identified in specific locations. For example, in the big cities like Kyiv, the following constraints exist:

- The Center of Administrative services refuses to provide information on co-owners of a multi-apartment building on free of charge basis although this is stipulated in Clause 4 of Article 6. of the Law of Ukraine 'On peculiarities of exercising the right of ownership in a multi-apartment building'. The reason for refusal (according to Center's) is adoption by the CMU Resolution of 26.06.2019. №599 on amendments to the Resolution of the CMU of 25.12.2015 №1127, which approved the 'Procedure for providing information from the state register of rights to real estate'. This Procedure does not foresee receipt of information on free of charge basis. Therefore, the Center requires administrative fee for the update of information from the state register of rights to real estate. In the process of preparing and holding the general meeting the HOAs Board is obliged to apply to Centers for such information;
- The change in the management of DTEK Kyiv Electricity Networks - Kyiv led to an increase of electricity bills in apartment buildings. Responsibility for non-balance in terms of general household meters (NBM) and obligations for settlement accounts on NBM as for private property objects (apartments and non-residential premises, which according to the current legislation must be subject to individual contracts) was transferred to a HOA as a legal entity. The difference that they require to pay from a HOA's account (at risk of disconnection from the power supply elevators, pumps, lighting of common places, etc.) increased from UAH 1,000 to UAH 80,000 per month. Under the previous management, such general-purpose meters (if any) were transferred into so-called 'technical accounting' and were not used as a means of commercial accounting. Currently, about 25 active HOAs are involved in analyzing and identifying the causes of the differences. Joint actions with DTEK's employees will take place during October-December 2019. At the same time, it was decided that a working group will proceed on harmonization of legal norms and elaboration of necessary changes to the current legislation. The working group which consists of the DTEK specialists and 20 HOAs verifies the data each first day of the month and plan to discuss figures in December 2019. In the meantime, the situation remains the same, and the buildings continue to receive bills for losses with amounts for all other premises and flats, which either didn't pay or didn't transfer to the DTEK metering data.

These challenges addressed by the Project providing professional knowledge about setting up a HOA; the Project will continue to record the cases and will inform on them the Project's beneficiary – the Ministry for Communities and Territories Development.

Upon the first feedback report, the Project continues to register challenges and will inform about them the representatives of the EU Delegation and the Project's beneficiary during regular Project's meeting.

2.3. Establishing partnership and stakeholders' engagement

In order to effectively implement the project, the following key partnerships were established. At the national level, the project works with the Ministry for Communities and Territories Development as the main project beneficiary⁵.

The Ministry provided its regular support for successful project implementation from the beginning of the Project, specifically by posting online project registration and information about the project launch on the Ministry's website, along with the contact information of UNDP community development associates to provide quick access to information about the project (<http://www.minregion.gov.ua/napryamki-diyalnosti/fond-energoefektivnosti/proekt-yes-proon-ob-yednannya-spivvlasnikiv-budinkiv-dlya-vprovadzhennya-stalih-energoefektivnih-rishen-undp-houses/proekt-yes-proon-ob-yednannya-spivvlasnikiv-budinkiv-dlya-vprovadzhennya-stalih-energoefektivnih-rishen-undp-houses/>)

Additionally, representatives of the Ministry extended their support to UNDP by offering contribution to provision of explanation on the specific issues on the new legislation to the target groups.

Lastly, the Ministry provided support to UNDP by sending information on the Project to the local authorities through official communication, thus ensuring that all stakeholders are involved, and no one is left behind.

During the reporting period, the established regular exchange with the Ministry was mainly of informative nature and focused on information about the Project's activities such as regional launch and information campaign and the Project's registration. The Project provided the Ministry with the schedule of its events and invited the Ministry to participate in the seminar in Uzhnoukrainsk city (Mykolaiv oblast). The Ministry provided 60% responses in writing to the questions asked by the Project's beneficiaries. The situation with Khakiv city was mentioned during the Project Board and the Ministry informed that cannot influence it.

Since the start of the Project, UNDP has actively cooperated with the Energy Efficiency Fund, in particular during the reporting period through ensuring participation of the EEF in UNDP project events at the national level, e.g. LPAC meeting, project launch, project retreat meetings and to improve capacity and expertise of the community development associates on EEF's specific issues. The Project established excellent working relations with the EEF on regular weekly basis. The EEF positively reacted to the request of the Project to present the 'ENERGODIM' programme to the Project's regional staff in order to convey correct messages about it in the regions and ensure wider access to HOAs. The meeting held on 25 September 2019 helped to receive clear and understandable messages about the EEF's and its granting policy. The Project supported the roll-out of the 'ENERGODIM' programme in the regions through administrative support provided to the EEF and by bringing the target audience, namely the IGs and HOAs, to the event. The Project also facilitates signing of the Partnership Agreements for Cooperation between the partner municipalities and the EEF using its partnership network established across Ukraine.

⁵ The Project's registration card is #4167 of 09.09.2019.

As defined by the project document, UNDP cooperates with its implementing partner of the EE4U programme, the International Finance Corporation (IFC), on the issue of interlinking regional activities of the UNDP and IFC coordinators. It was agreed that in the regions both UNDP and IFC coordinators participated in information sessions at the regional level and covered the aspects related to their mandates. Representatives of UNDP and IFC, invited to the Project's events, had the opportunity to present their respective projects to the final beneficiaries. In this context, professional cooperation was noted between all coordinators, but excellent collaboration was observed in Zhytomyr, Kyiv, Kherson, Kharkiv, Rivne oblasts.

Cooperation with the IFC, a strong Project's partner is always an advantage and leads to achievement of the planned overall result under the Project document - support to the EEF and its activities. The work is well planned and distributed: the Project covers activities related to the identification of IGs, establishment of the new HOAs and support to the existing HOAs, improvement of their capacity through professional knowledge developed within the Project's training programmes and hand over them to the partner IFC for further their involvement into technical details of the EEF grants. To ensure smooth process of hand over the prepared HOAs for financial programmes of the EEF, the Project together with the IFC partner developed a specific procedure – the last training lecture Project's community development associates deliver together with the IFC consultants to demonstrate the HOAs one continuity of the process.

Cooperation at the regional level faced some challenges at the beginning of the roll-out of the Project's training programme related to overlapping in the thematic issues like the EEF's granting packages. This was discussed with the IFC partner and transformed into an agreed symbiosis of cooperation when both the IFC consultants and the Project's regional staff jointly attend all regional events and partake in the training sessions. The IFC partner understands the advantage of the Project's regional staff, specifically their mobility and established partnership at all levels, including regional, local, villages and ATC which help the IFC consultants to reach wider audience and potential clients and inform about the EEF and its activities. At the present moment, the Project actively support the EEF's road shows, a series of events in the cities to present the EEF's granting packages and the IFC consultants are fully engage into this activity by delivering presentation about the EEF.

Finally, the Donors' Coordination Meeting, held on a biweekly basis at the premises of the IFC, serves as a coordination mechanism between all partners of the EE4U programme, including the EU Delegation to Ukraine, the Ministry of Communities and Territories Development, EEF, UNDP, IFC as well as other stakeholders such as German Ministry of Environment, GIZ and the World Bank.

At the regional level, UNDP works on the basis of its pre-established partnerships with all oblast administrations/councils, based on the recently signed Memorandum of Understandings on Cooperation for Sustainable Development, which is relevant to the proposed interventions and expected results of the Project. UNDP community development associates ensure that oblast authorities are properly informed about the Project, advocate for its support as stipulated by the MoUs and regularly invite authorities to participate in key project events.

At oblast level, cooperation between the Project and the regional authorities includes participation of the representatives of the regional authorities in the Project's events, support with the regional launch of the Project at oblast level, dissemination information about the Project, provision of data about the HOAs established in each region.

At the local level, the Project closely cooperates and coordinates with municipality councils and rayon/ATC councils to ensure the successful mobilization of homeowners and their institutionalization in associations. Coordination is sustained through ongoing consultations with local authorities and their involvement to the capacity building events. Representatives of local authorities are always invited to trainings and at least one representative participated in each training session and 80% participated in the exchange visits organized at the local level.

A significant number of municipalities and rayon/ATC councils—326—expressed their interest and support to the Project (Annex 2 - Local self-governing bodies supported the Project). Some of them have local budget support programmes for HOAs/EE (Annex 19 - Regional and municipal HOAs and EE support programmes), which will be of great support to the mobilization of IG/HOAs in the respective regions and can be used for the EE measures not covered by EEF, such as small repairs, etc. All municipalities interested to be engaged to the Project, cooperate willingly and demonstrate support to the Project, no difficult municipalities among those 326 observed during the reporting year.

2.4. Developments in major risks and assumptions

Since the Project start in October 2018, two big electoral campaigns took place in Ukraine, which indirectly impacted the Project implementation, namely the Project launch in some regions was postponed. The Presidential elections held in March-April 2019 in two-round system were followed by the Parliamentary elections held in July 2019. Despite the neutral nature of the project, effects from the political uncertainty in the country associated with upcoming local elections scheduled for 2020, will be thoroughly monitored at national and the local levels by the Project Team, Programme Analyst and the community development associates. These effects will be re-evaluated and reported in a timely manner. UNDP management is re-establishing its partnership with the new Cabinet of Ministers and the new leadership at the oblast level to reconfirm mutual commitment to contribute to the national energy reform agenda.

It is of crucial importance for UNDP that the Energy Efficiency Fund remains fully operationalized. To address this risk during the reporting period, UNDP ensured dialogue between the EEF and the Project's team to be duly informed on the Fund's operationalization and granting technical assistance to the clients. Up to date, the Energy Efficiency Fund has the Supervisory and Management Boards elected and appointed, while linear personnel is still being recruited. First 15 EEF's pilot projects called "First Movers" launched early 2019 are testing the grant policy, the whole project cycle and procedures of the EEF. By the end of June 2019, the core team of EEF was in place and started working. Agreement was signed with Ukgazbank, which became the EEF's partner in implementation of its programme. In September 2019, the EEF's grant programme for the residential sector 'ENERGODIM' was officially launched. By the end of September 2019, first application from HOAs received through the EEF's partner bank. Success and pace of implementation of the EEF's grant programme in the upcoming months will have significant impact on the number of HOAs willing to apply for EEF grants.

To advocate for the EEF's grants, the Project will focus on successful stories, including the best EU practices, the quality of services and improved well-being in result of the EE measures introduced in their multi-apartment buildings along with intensified communication and information campaign and experience exchange activities. The project will work closely with the partner municipalities to advocate for the adoption of the city support programme to the EEF

'ENERGODIM' programme. Jointly with the EEF, the Project will develop clear messages about the 'ENERGODIM' programme. The Project within its mandate will contribute to the development of the Communication Strategy of the Ministry for Community and Territories Development specifically in terms of promotion of HOAs house management and thus contribute to housing reform at large. The Project will monitor the situation in close cooperation with IFC and re-evaluate risks on a regular basis. In case, if the 'ENERGODIM' programme has not sufficient applications, the Project in consultation with IFC will provide the HOAs with information about available alternative funding opportunities to keep the motivation of HOAs and reach the Project's targets.

Another risk is that low income homeowners would consider EE grants to be too financial risky or not feasible. Moreover, housing and utilities subsidies may desensitize the population to sign up for energy efficiency measures. The grant policy approved by the Coordination Council⁶ foresees that that the EEF will provide additional top-up for subsidy recipients. To address the risk, the Project from its side will initiate a dialogue with local authorities in target communities aimed to find joint solutions for these groups of beneficiaries. The Project will ensure that the information that it will provide is fully relevant and sufficient for this target group. In addition, throughout its duration, the Project will maintain socio-economic and gender disaggregated records of participation in project activities, thus identifying areas where greater attention is required to assure equitable participation.

The new identified risk during the first year of the Project's implementation is that that the local government may owe private/municipal management companies, which are not interested in changing management of multi-apartment buildings and use different types of pressure to prevent the creation of HOAs. The Project will work primarily with the 326 municipalities, which expressed their interests in supporting to the Project. The Project will regularly invite the local governments to the project events, like training sessions, exchange visits to see the real benefits for the city from the HOAs management of multi-apartment buildings. The Project will seek support of its beneficiary where the political will be required to interfere and facilitate the dialogue and the Project's regional staff will closely monitor the situation and report to the beneficiary immediately when the issues arise.

On the risk of the insufficient motivation of the homeowners to organize and establish home owners' associations. Notably, home owners of Ukraine residing in the multi-apartment buildings do not feel responsibility for their houses considering the city communal service (ZHEK) as the only responsible for maintenance of the entire multi-apartment building. To address the risk, the Project will provide residents of the multi-apartment buildings with clear and understandable knowledge about house management. The Project will strengthen communication campaign and continue exchange visits, success stories and will explore international practices from the neighbouring countries applicable to the national context. Moreover, the Project will continuously monitor and assess the training needs of IGs and HOAs. Based on the results of training needs assessment, the Project will enhance the training curriculum and deliver additional and specialized training sessions (e.g. on accounting, residential building's lifecycle, etc.).

During the reporting period, the Project registered the total number of 122 Housing/Building Cooperatives (HBC) willing to transform themselves into HOAs. Among them are 23 HBCs from

⁶ Coordination Council is a political dialogue, a strategic cooperation on the EE4U programme between the Government of Ukraine and the donors and a coordination mechanism between the MDTF of donors and the EEF.

Kyiv city, four HBCs from Kharkiv city, five HBCs from Odesa city and four HBCs from Zaporizhzhia city. These are the cities in Ukraine with the biggest number of HBCs registered: Kyiv (864), Kharkiv (more than 400), Odesa (more than 500) and Zaporizhzhia (118).

Obviously, the demonstrated interest is insufficient. During the reporting period, the Project focused primarily on IGs and HOAs. However, to intensify its work with the HBC as well, the Project will organize a practical seminar for HBCs 'Ways of transformation from HBC to HOA: options, challenges and advantages', which will take place for the first time on 22 November 2019 in Zaporizhzhia city and is aimed at collecting information about main challenges HBCs encounter on the way of transformation, which will be analyzed and solutions explored.

All 118 HBCs registered in Zaporizhzhia city invited to participate in the seminar by Zaporizhzhia City Council, which is the Project's partner in organization of this event. To cover bigger audience, the Project extended invitation to ten representatives of HBCs from Berdyansk and Melitopol cities. The Project will continue this activity in the next Project implementation period, as a priority to target cities with the largest number of HBCs registered.

2.5. Communication strategy and communication implementation plan

Understanding the high importance of communication mechanisms and tools in reaching project goals and objectives, the Project's Communication Strategy and Communication Implementation Plan were developed.

The Project Communication Strategy (Annex 0) sets the following objectives:

- To raise awareness of target groups and other interested parties about the rights of co-owners of multi-apartment buildings and the ways of implementation of the rights of co-owners according to the Ukrainian legislation;
- To provide HOAs and Initiative Groups with information on the Energy Efficiency Fund's programmes and funding mechanisms;
- To establish effective communication between the Project, the Energy Efficiency Fund, the partner projects, national and local authorities, local self-government bodies and other stakeholders to increase the number of HOAs and their involvement in the energy efficiency programmes.

During the reporting period, the annual Communication Workplan Plan was drafted with envisaged key activities, some of them are completed, others will be implemented in the next Project's period and one replaced by another activity (Annex 20 - Annual Communication Work Plan). Specifically, during the reporting period, the following activities implemented.

Trainings

Based on analysis undertaken by the Project, information on communication and the media environment related to these topics is chaotic and unverified. Main sources of information in this area comes from interpersonal communication, communal enterprises and local councils and often deliver confusing messages.

Considering this analysis and demand for local/regional journalists to provide deep, reliable, verified information and improvement of their knowledge on HOAs and EE issues, the Project started a series of inter-regional seminars.

During the reporting period, one inter-regional seminar for journalists aimed at improvement of their writing skills on EE issues and HOAs house management initiated. It will be followed by a regional contest for journalists to increase the number of publications about EE and HOAs in the media in the next implementation period. The first inter-regional training for journalists took place on 9 July 2019 in Mykolaiv (Annex 21 - Interregional workshop for journalists). The training was dedicated to the topic: *'Where to look for information and how to write on HOAs and EE issues in an interesting and correct way'*. 15 journalists from Mykolaiv, Kherson, Odesa and Zaporizhzhia oblasts improved their writing skills on EE and HOAs issues, which resulted in preparation of one radio programme, two journalists expressed their interest to deepen their knowledge about HOAs and participated in the Project's exchange visit, and one article was prepared for publication, both to be released in the next implementation period. The main challenge noticed during the first seminar for journalists characterized by insufficient interest of the media towards HOAs activities, which is not of high public interest in the country at the moment. Another difficulty faced is that the topic is heavy to understand for the regional media hence require explanations and translation into understandable language with human-centered focus. In view of this, the biggest outcome of the regional trainings for media is that the Project stimulates interest and actualize importance of HOA topic for the home owners of multi-apartment buildings at regional level.

The Project discovered that a combination of several approaches can bring sufficient results. Notably, when the Project's community development associates through their regular work by providing a large number of info sessions, delivering trainings and other related activities, prepare society and provoke interest among population, then mass media more actively react to the emerging interest of the population and demonstrate more involvement into the subject.

Given the absence of the target audience during the summer period, it was decided to reschedule the next trainings for media in Lviv, Kyiv and Sumy to November 2019. In total, it is planned that 30 regional media will increase their awareness about HOAs and their direct attachment to the national energy reform.

In result of its training activities conducted during the reporting year, around 300,000 Project's beneficiaries were informed about the Project. 15,135 people participated in the Project's trainings activities and 12,318 people participated in information sessions in the regions. 689 people participated in exchange tours. 4,655 participants registered at houses.in.ua. 1326 representatives of IGs registered at the webpage and given that one IG consists of at least three members, the number of people informed about the Project in this way is almost 4,000. In addition, 3,207 HOAs Council Heads registered at the houses.in.ua and taking into consideration that one Council consists from five to seven members, in total 20,000 people learned about the Project. This number also includes 825 the newly established HOAs which covers 250,000 people and 122 HBCs, which represent 250 people.

Video products and TV programmes

On 25 September 2019 a specialized training on the EEF's operationalization was organized for the Project's community development associates aimed at improvement of their expertise on technical, financial and legal aspects of the Fund. At this training EEF's legal, financial and technical experts together with the IFC's experts provided information and answered numerous theoretical and practical questions. By agreement of all sides involved – the Project, IFC and EEF - this training was recorded and will be used in a format of video lectures during training for HOAs in the regions starting November 2019. Copies of lectures will be provided to the Project's partners.

Online webinars for HOAs initially planned to be organized as live sessions between the Project's experts and the HOAs and HOAs Council's Heads with questions and answers related to a HOA, replaced by the exchange visits which bring more value and have bigger impact on the Project's objective.

Namely, during the reporting period, the biggest and the most sustainable impact on raising awareness of home owners about HOAs demonstrated by trainings and the experience exchange visits. This is the best approach to target the audience who, made their choice regarding management of their property, their energy savings and energy consumption and require professional knowledge.

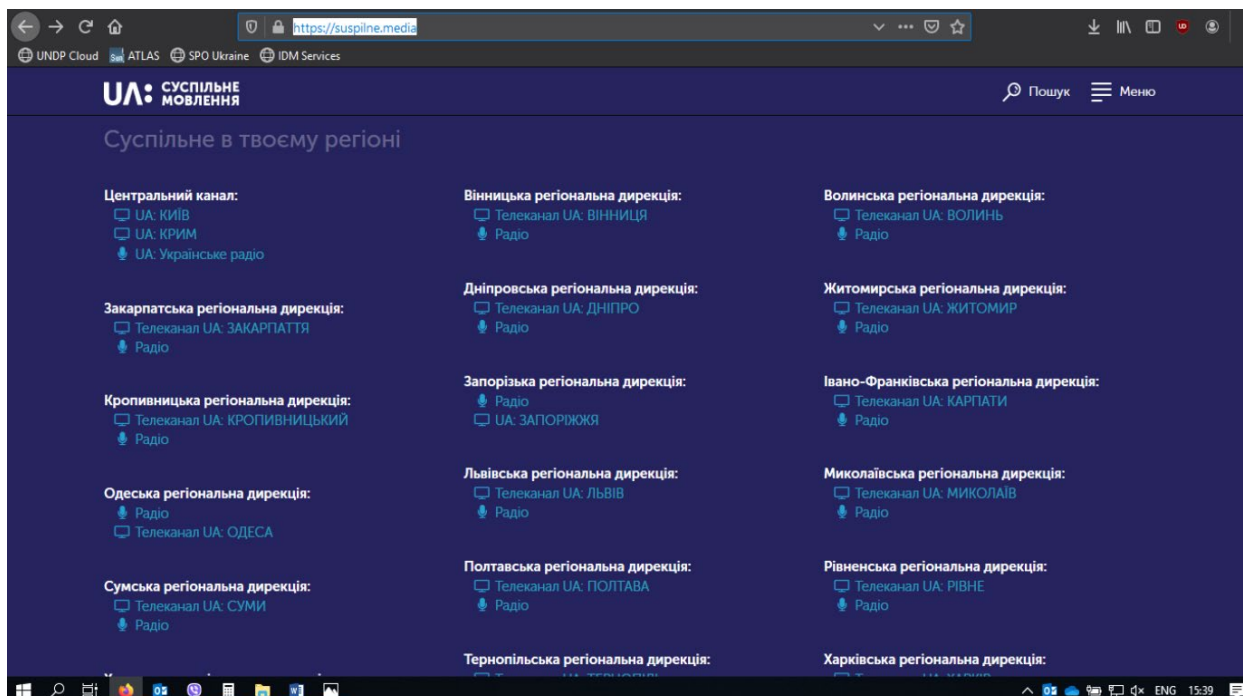
To motivate the population and explain the advantages of HOAs, the motivation videos have been recorded on various topics, including history of HOAs in small and medium-sized buildings (Zhytomyr, Cherkasy oblast, Kyiv city), HOAs' success stories, which implemented energy-efficient solutions, benefits for local authorities in cooperation with HOAs, stories of HOAs in district centers and villages, full list of topics is enclosed as Annex 22 - Topics of motivation videos. These videos will be broadcasted during eight weeks on the UA: Suspilne TV Channel with later dissemination through regional channels network of 19 TV channels, full list of them attached as Annex 23 - List of channels for broadcasting of motivation video. First broadcasting scheduled for 20 October 2019. Two videos are available at the links:

Video 1 <https://www.youtube.com/watch?v=7oESNTjmfa4>

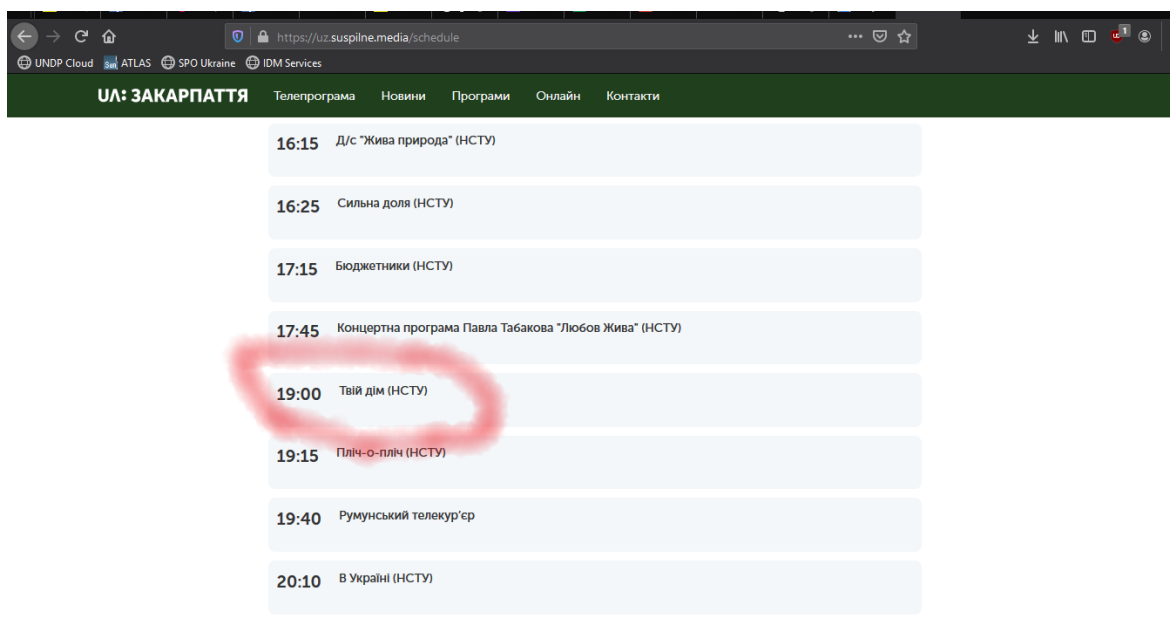
Video 2 <https://www.youtube.com/watch?v=rmxNQQWdstQ&feature=youtu.be>

Eight TV videos are developed and scheduled in TV programmes of the regional channels. UA: Suspilne placed the videos into the programme timing of its 24 regional channels and 20 other regional channels signed contracts with 'Tviy Dim Praktyka', a company-producer of the videos for the placement of these videos.

List of 24 regional channels of the UA: Suspilne TV Channel (<https://suspilne.media/>)



Example of the TV program at UA: Zakarpattya at <https://uz.suspilne.media/schedule>.



After each video is broadcasted at the UA:Suspilne TV Channel, it is posted at the facebook page and youtube channel of the company-producer. A sample of the videos will be circulated through UNDP facebook page. Coverage of the audience will be calculated via number of views.

Moreover, each of eight full -fledged TV format videos will be divided into short videos (up to three minutes) and will be used during information sessions, training and seminars in the regions.

Using social media and videos is the best way to reach young and active Ukrainians and engage them into the national reform agenda, namely energy security of Ukraine. They don't have any knowledge about HOAs and the Project through this communication activity build a generation of a responsible home owner across Ukraine by increasing their awareness and calling for responsible actions.

Au contrary, traditional TV programmes reach the aged population and the remote localities. The selected channel has a wide network of its regional branches and cover the entire country.

Printed materials

Manual on establishing and running effective HOAs developed in Ukrainian language and printed in 5000 copies. The manual was developed as a helpful tool for the Project's beneficiaries, and sufficiently supports nine topics of training agenda of the first development step for HOAs, including issues of property ownership in a multi-apartment building, relationship of ownership in an apartment building, concept of management of a multi-apartment building and its forms, legal status of HOAs in Ukraine, setting up the newly established HOA, HOAs current activity, market communal services for HOAs, association of HOAs, interaction of HOA with state authorities and local self-government. Moreover, it includes important annexes with sample of the Minutes of General Meeting of HOAs, Notification about HOAs meeting, Budget Sample, chain of establishment of a HOA, etc. (Annex 24- Manual on establishing and running effective HOAs (cover)). It is being disseminated at the HOAs trainings and other Project's regional events.

The manual is a helpful tool for those Project's beneficiaries, who decided to establish a HOA or demonstrate strong interest towards it. It provides an algorithm of establishment a HOA in a legislative way making this process easy and clear.

The cover page of the manual presented below.



2.5.1. Visibility

Visibility actions of HOUSES Project incorporate information and communication activities that raise awareness of its target and general audiences in all regions and reflect impact of the HOUSES project on the life of the target population.

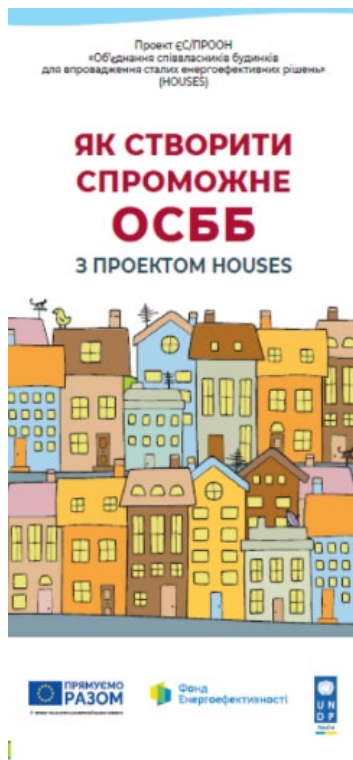
At this stage, the main objective of the HOUSES project visibility activities is the communication of the project's goals and tasks, and involvement of target groups into the project's training activities.

To attract interest of Initiative groups and pre-established HOAs the project developed a poster (Annex 25 -Visibility item 1: Leaflet on Project's activity leaflet (Annex 26 - Visibility item 2: Flyer to attract Initiative groups and HOAs) and a flyer (Annex 27 - Visibility item 3: Poster to attract Initiative groups and HOAs) with aims to maximize the level of involvement both wide public and media at all levels to inform stakeholders about the of Project's goals and tasks.

In total, through disseminated visibility items around 100,000 were informed about the Project. Specifically, 26,500 leaflets printed and disseminated in the regions; 10,000 flyers printed and placed in multi apartment buildings, where HOAs are not established yet and 14,500 copies of posters printed and informed 58,000 of the Ukrainian people about the Project.

EU visibility

The Project ensures presence of the EU, UNDP and EEF logos at all its visibility items. The first items notably a leaflet and a poster approved by the Delegation of the European Union on 10 April 2019. Next visibility items were developed in line with the approved template and use of the logo as demonstrates pictures below.



On 16 October 2019 a Brand guide for Energy Efficiency Fund was received by the Project. In accordance with these guidelines, all visibility items of the Project were redesigned and approved by the Delegation of the European Union on 30 October 2019. A tool kit of the updated visibility items is attached as Annex 29 – Visibility toolkit. Since then all visibility items of the Project are used in line with the received guidelines.

In October 2019, 25 roll ups with EU banner ‘Moving Together’ prepared and delivered to the Project’s regional staff to be used during the Project’s activities next to the UNDP banner at all public events organized under the Project.

Additionally, all presentations used by the Project’s regional staff are put on a template with use of the ‘Moving forward together’ logo. During each training, seminar or any other event, three small flags – the EU, Ukraine and the UN – are used to ensure visibility of all partners.

Taking into consideration that HOUSES project is a part of the wider – the EE4U Programme – which includes the Energy Efficiency Fund and the IFC as implementing partners, communication and visibility is critically important issue. The Project will strongly benefit common communication and visibility guidelines for all three partners: UNDP, EEF and IFC are developed and applied.

2.5.2. Media outlets

Main media activities, which have taken place during the reporting period related to the launch of the HOUSES project. Specifically, 9 national media coverage and 218 regional media coverage registered during October 2018 – September 2019 (Annex 6 - Press monitoring on the Project implementation).

Overall, media monitoring reveals 278 mentioning about the Project in the electronic media and one article in a printed newspaper (with circulation of 2000 copies per issue). Minimum number of views was 16 and maximum reached 1,208 views per publication. Information about the project launch was published in nine national wide electronic resources. Only one of them has views' counter and demonstrates 928 views. Overall, during the reporting period, information about the Project reached 22,455 views. Lastly, 14,003 people viewed posts about the Project at the UNDP Facebook page.

3. FINANCIAL REPORTING

3.1. Comments to financial overview

Project delivery for the reporting period 1 October 2018 –30 September 2019 is Euro 1,060,713.00 which is 51,6 % of first year budget utilization and 26.5 % the total Project's budget. Deviation within headings doesn't exceed the established 25% tolerances. During the reported period most expenses were related to organizational and training activities. Detailed expenses presented in the Financial report.

4. PLANS FOR THE NEXT PERIOD

The Project is implemented in accordance with the agreed project document, and the elaborated annual work plan for 2019 (AWP) in accordance with the UNDP corporate template. In accordance to these, the key activities planned for the first year are fully implemented.

The second wave of project's awareness-raising activities is scheduled for October 2019 (synchronized with stages of the training cycle during the Project's implementation period) and aimed to involve the public at large, including regional and local authorities, and local communities in all 24 oblasts of Ukraine and city of Kyiv.

It includes motivation videos and articles, trainings for journalists, contest for journalists for the best article on HOAs, specialized informational materials to support both existed and newly established HOAs.

The project will also continue the trainings of the *forth development stage*, specifically three more cluster trainings on accounting planned for October 2019. The total number of trained accountants after this cycle of trainings will reach 75 people.

The Project will also focus more intensively on at *the fifth stage of the training* cycle the Project plans to provide support to the engaged new and pre-existing HOAs in identifying their buildings energy efficiency priorities.

The sixth stage of the training cycle will be focused on a) providing information to HOAs on the network of the partner banks participating in the 'ENERGODIM' programme of the Energy Efficiency Fund in unconditional coordination with the IFC, the type of incentive schemes attached to the EEF 'ENERGODIM' programme, the grants conditions of the EEF 'ENERGODIM' programme and b) on developing/strengthening their knowledge and understanding of the financing application process for this programme together with the IFC partner.

At this stage, the Project plans to prepare a number of specialized trainings, which will follow by targeted consultancy support. As the content of training will depend on the legislation in place and on the financial institution guidelines the Project plans to develop and implement training module on the basics of financial literacy and fundraising.

The training module on financial literacy is planned for the next Project's implementation period.

It is expected that a total of three full training cycles (from 1 to 6) will be carried out over the Project life which will last on average 8 months per training cycle.

ANNEXES

Annex 1 - Agenda of the LPAC meeting

Annex 2 - Local self-governing bodies supported the Project

Annex 3 - Registration of HOA, IG and HBC – projects beneficiaries

Annex 4 - List of established HOAs (per region) within the Project

Annex 5 - HOUSES Project's impact on the creation of HOAs in the regions

Annex 6 - Press monitoring on the Project implementation

Annex 7 – Project's launching at the regional level

Annex 8 - Project information sessions at the local level

Annex 9 - Training Programme

Annex 10 - Baseline survey

Annex 11 - Register of the Project's beneficiaries

Annex 12 - HOA registered for capacity building training

Annex 13 - Certificate on completion of training course for HOA

Annex 14 - Workshop on legal and normative framework for establishing and launching HOAs

Annex 15 - FAQ from HOAs on HOAs activities and management

Annex 16 - Workshop 'Accounting for HOAs'

Annex 17- Training on communication /Conflicts resolution

Annex 18 - Training for UNDP regional coordinators

Annex 19 - Regional and municipal HOAs and EE support programmes

Annex 20 - Annual Communication Work Plan

Annex 21 - Interregional workshop for journalists

Annex 22 - Topics of motivation videos

Annex 23 - List of channels for broadcasting of motivation video

Annex 24- Manual on establishing and running effective HOAs (cover)

Annex 25 -Visibility item 1: Leaflet on Project's activity

Annex 26 - Visibility item 2: Flyer to attract Initiative groups and HOAs

Annex 27 - Visibility item 3: Poster to attract Initiative groups and HOAs

Annex 28 -Communication Strategy

Annex 29 – Visibility toolkit

Financial report