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PRELIMINARY TRAINING NEEDS ASSESSMENT

FOR CONDOMINIUMS AND CONDOMINIUM ASSOCIATIONS

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1. Introduction and Background

1.1 Introduction

This preliminary report is a required contract deliverable of the USAID Armenia Residential Heating Project. The contents of this report cover the Project team's preliminary assessment of the basic knowledge and awareness requirements for the multi-apartment building management bodies, referred to in this document as condominiums and condominium associations, an evaluation of the personnel within existing registered condominiums, and a proposed training program for those key personnel. The proposed training will build upon previous experience with condominium capacity building in Armenia (and where applicable from other countries), with a specific focus on the appropriate role for condominiums in provision and management of sustainable and affordable heat energy services for their residents.

1.2 Background

The scope of work for the Residential Heating Project according to the USAID contract included support to the municipalities during the survival period of district heating systems (2002-2005). The district heating systems have fallen out of use for the most part and are being replaced by small boiler systems, both for apartment buildings and for individual apartments. The need to create a competitive and sustainable heat energy market has replaced the concepts of putting the old district heating systems back on their feet.

Such a competitive and sustainable heat energy market based on local boiler systems requires knowledgeable personnel within the condominiums who will be: representing the needs and concerns of residents served by these systems; serving as the intermediaries between the residents and the heat suppliers; coordinating payment collection for services; and informing residents and heat suppliers of issues on either side in a timely and systematic way. In some cases, condominiums may also serve as the owners and/or operators of local boiler systems, and in those cases, more technical and managerial training will be necessary.

2. Counterparts

The counterparts for the Residential Heating Project vary widely across the Armenian economy (heat and equipment suppliers), levels of government, and residential communities. Working with this constellation of counterparts presents a challenging opportunity for the Project. With a limited budget for training, the Project Team must coordinate its activities with other USAID implementers, such as the Academy for Educational Development (AED), and non-USAID donors and their implementers where appropriate in order to provide the basic training needed to develop a functional heat energy market in Armenia.

Focusing on residential communities, the main counterparts will be established condominiums and condominium associations (e.g. in Armenia the main ones are National Association of Condominium Owners ("NACO"), Millennium, Third Nature, and Association of Condominium Chairpersons ("ACC")). Additionally, in communities where we intend to initiate heat projects but where condominiums do not exist, the Residential Heating Project team will work with our condominium association partners to identify

appropriate members – potential leaders – of residential communities that are ready to establish and manage condominiums.

3. Required Skill Sets

Within the framework of the Residential Heating Project, there are certain skills and awareness that residential communities and their leaders will need to have in order to create an enabling environment for sustainable residential heat projects. The priority of training for condominiums, condominium associations and consumers of prospective heat projects is to ensure a baseline awareness and understanding of:

- the benefits and costs of available heat options;
- the risks and responsibilities associated with each option;
- who bears those risks and responsibilities;
- what information is needed to make informed decisions about residential heat; and,
- where to go for information if it is not available.

The baseline skill sets that the training prioritizes are as follows for each subset of trainees (i.e. “counterparts”).

3.1 Condominium Associations

3.1.1 Training of the Trainers in Non-Technical Heat Options Assessments

This training will focus on what advisors to condominiums (and prospective condominiums) need to know about heat systems, heat options, heat projects. Most condominium associations have exposure to residential consumers’ concerns regarding supply and costs of heat and other basic utility services. However, they do not often have the latest information about heat options for Armenian residential buildings, nor are they experienced with assessing those options. Condominium associations do not have to become experts in heat projects, but they do need to be conversant in the major issues and know where to go in Armenia for expertise in this area when needed.

The outcome of this training is that condominium associations will be prepared to train their members (most likely chairpersons of established condominiums) in how to learn about and examine heat options, how to communicate the options and their ramifications to building residents, and how to guide the residents they serve in making informed decisions. The training will already provide informational materials and brief, easy-to-read overviews of what heat options exist, what experiences have been with each option, what residents need to know to evaluate their options, and how to tailor the materials to their needs. The training will also familiarize condominium associations with the resources available at the housing and heat advisory center so that all trainees are aware of the range of services available for learning more about how to improve residential heating. Ideally, the training materials and skills will be integrated into condominium associations’ existing advisory services to condominiums on the basics, e.g. condominium management, accounting, project development (or working with project developers to prepare and present business plans to financiers), etc.

3.1.2 Contracting with Heat Operators

While some condominiums might prefer and choose to serve both as owner and operators of local heat networks they acquire or invest in, others will opt to outsource the management and operation of these systems to technical experts. In other countries there is experience with contracting energy service companies (ESCOs) and other private sector utility management companies, and this training module will introduce that experience and lessons from it to Armenian condominiums. Once the legal basis for such contracts in Armenia is clarified and the feasibility of this option determined, the Residential Heating Project team will develop an appropriate training session on this topic, starting with condominium associations along with selected condominiums among the first trainees.

3.1.3 Training on Social Issues for Low Income Households and How to Address Those Issues as Part of Building Heat Improvements

The Project team's initial assessment of training needs reveals that condominium associations and condominiums face complex social welfare issues related to the prevalence of vulnerable low income families who struggle to pay for their most basic needs including heat. While the responsibility of addressing the needs of the poor is officially within the government, condominiums must still deal with the realities of their more vulnerable residents on a daily basis, yet they do not have tools or resources to address these issues in a meaningful way. The Residential Heat Project acknowledges the opportunity to address the critically important "poverty dimension" of its mission and will incorporate some approaches for meeting the heat needs of the poor into its training for condominiums.

The training needs identified in this area so far include:

- Improving responsiveness of condominiums to needs of vulnerable residents;
- Identifying and developing options for payment of heat to vulnerable households (e.g. spreading costs throughout the year instead of concentrating payment during the heat season, working with the municipality or heat supplier to negotiate a social tariff using tax revenue generated from heat revenues, devising an in-kind payment scheme whereby vulnerable households would "pay" for their heat through in-kind contributions to the condominium);
- Developing awareness among potential project beneficiaries of the R2E2 fund program for the poor as well as the Global Partnership for Output Based Aid program for the poor;
- Introducing and implementing energy-efficiency programs (such as R2E2, the Alliance to Save Energy's programs, etc.) in heat supply projects and on the demand side as an integral part of social assistance to the poor;
- Micro-financing options for internal piping networks;
- Weatherizing residential buildings including apartments of vulnerable households so that consumption will be more energy-efficient without sacrificing comfort; and,

- Developing partnerships with donors and governments to offer energy-efficiency improvements to vulnerable households.

3.1.4 Other Topics under Assessment

The Residential Heat Project team is conducting interviews with all implementers of previous condominium association and condominium training in Armenia to determine the level of detail covered relevant to residential heat issues. The purpose of these interviews is also to assess the usefulness of the training materials used, the quality and availability of the trainers for further training, the outcomes of training already performed and insights about what worked well and what should be changed from previous training. Based on the findings from these interviews, the project team may determine other training needs of condominium associations that need updating or “refresher courses” due to new laws, new financing options, new personnel at the associations, etc. The results of the interview survey will be available at the end of February and any additional topics elaborated at that time.

3.2 Condominiums

3.2.1 Heat Project Assessments (see above)

3.2.2 Business Planning for Residential Heat Projects

This training module will involve the basics of putting together business plans for grant and loan financing (and completing loan applications for the latter). Condominiums have already asked for this service and expressed interest in learning how to access financing successfully. Most likely the trainees will be condominium managers and any other designated condominium members with a basic interest in developing project concepts and presenting them to a financier. The expected outcome of this training will be a collection of “bankable” business plans that stand a good chance of qualifying for financing from the R2E2 Fund or from local banks.

3.2.3 Management of Building Heat Accounts and Payment Collection

This training module will address the need for systematic yet simple record-keeping and accounting of building heat consumption, and dividing the heat costs for the building fairly among the residents. The training will aim to establish a more uniform method for heat and energy accounting within condominiums, including an effective and acceptable payment collection system, transparency and access to records, and use of modern (yet affordable) technologies for making accounting and billing more efficient and accurate.

3.2.4 Building Energy Management and Monitoring

Residents need to have a better understanding of how they use energy in their buildings, where the energy goes and why costs are what they are, and what they can do to optimize comfort, affordability, and reliability of heat they receive. This training module will introduce the concepts of building energy management and monitoring – what residents can do themselves, and what a designated specialist can do to improve the overall performance of the building and the residents’ satisfaction with the comfort levels and corresponding costs. This module would be used in tandem with the complementary module on business planning so that trainees will better understand the relationship

among appropriate energy-efficiency measures, ongoing management of energy use in a building, and the concept of payback periods.

3.2.5 Conflict Resolution Related to Heat Issues

There is a need for condominiums to address heat-related conflicts before they escalate, typically conflicts related to payment or lack of payment for heat. Training for condominiums will include a session on practical approaches to handling such conflicts, and raise awareness about what resources are available to mitigate or prevent conflicts – such as technological solutions (heat cost allocation methods), systematic monitoring and inspection of meters, frequent and clear communication of residents rights and responsibilities regarding billing and heat services, establishment of customer service contacts or liaisons so that there is ongoing communication between customers and heat suppliers (or operators). Orientation with legal channels for filing complaints in residential heat conflicts will also be part of this training, and where possible case studies will be presented to provide some insights into the actual practice of conflict resolution in Armenia.

3.2.6 Communication and Outreach to Residents Regarding Heat Services

Building on points raised in the description of conflict resolution training, this component of training will build condominiums' capacity and skills in communicating all heat-related issues to residents in a clear, timely, effective, and respectable manner.

3.2.7 Potential Heat Energy Project Consumers

3.2.8 Creation and Management of Condominiums

The Residential Heat Project specializes in the heat aspects of condominium management, but it is already apparent that more condominiums need to be formed and strengthened as institutions as a basic part of enabling the viability of residential heat projects. The Team will refer residential communities that are prospective beneficiaries of heat projects and that demonstrate need for basic condominium training to condominium associations that already offer advisory services and training the fundamentals of condominium creation. The Residential Heat Project team will review existing condominium training materials and update or supplement them with heat-related information as appropriate. The existing materials to be reviewed include materials from previous USAID projects on: management of condominiums, accounting of condominiums, preparation of competitive bids for grant and loan projects to financing building improvements, implementing heat (or other municipal service) systems into multifamily buildings.

3.2.9 Informational Seminars

This type of training corresponds with the communications strategy of the Residential Heat Project. Residents need to have some basic understanding of their heat services and options, what options they have and how to assess those options without needing to have substantial background in engineering or finance. The purpose of informational seminars for residents will be to have an interactive and educational exchange where residents can ask questions directly to heat operators and suppliers, their condominium managers, and local technical experts and legal specialists and related partners so that

the information they receive is not only in written form but also communicated through human interaction. Prospective topics will be developed jointly with condominiums based on questions they receive from residents, but we anticipate that some of the “hot topics” will include: heat safety, heat costs and pricing, energy efficiency and weatherization.

4. Assessment of Counterparts

This aspect of the Training Needs Assessment is underway and will be completed by the end of February 2006. The Residential Heat Project team is conducting semi-structured interviews with condominium associations, selected condominium personnel, as well as former implementers of condominium support programs in Armenia to determine where skills are strong. The Team is fully engaged with several condominiums and potential condominiums as the Team works with these entities in the development of potential USAID-financed projects and potential bankable projects to be funded by R2E2 or other sources of funding. Through this engagement with condominiums or potential condominiums, the Team will have a better assessment of the counterparts' capabilities and knowledge. The Residential Heating Project will provide a full training needs assessment report for all counterparts in February 2006 and will update the training assessment of condominiums and condominium associations in that report.

5. Summary of Proposed Training Program

The Residential Heating Project is initiating several potential USAID-financial projects in late January/early February and valuable, updated information on the capabilities of the condominium and condominium association personnel will be examined and evaluated. Meanwhile, based on this preliminary assessment of training needs for condominiums and condominium associations, the Residential Heating Project team has developed the following training program outline. The team will work with the National Association of Condominium Owners (NACO) and the Association of Condominium Chairpersons (“ACC”) in educating above-mentioned counterparts about the benefits of improved heat supply options and energy efficiency in terms of improved comfort and financial savings.

5.1 Training Approach

The training program will consist of the following components¹:

- 1) A brief introductory component where USAID and the Residential Heating Project management greets and briefs the audience about the goals and objectives of the Project and possibilities created for dwellers of residential buildings in Armenian urban areas.
- 2) Technical and institutional overview of available residential heating options, keys to their success and potential bottlenecks.
- 3) Presentations from potential private operators (e.g. energy service companies) and communal service department officers (in cases where they have been responsible for heat supply and maintenance), implementers and beneficiaries of projects already implemented in

¹ This approach has been applied in all of the condominium and municipality trainings conducted by the USAID MUNEE Program during 2001-2005 and proved very effective.

other residential buildings. The costs, outcomes and effectiveness of heat supply options will be discussed, illustrated through case studies where possible. The range of issues to be covered in these presentations include: technical and economic issues, financial and organizational arrangements, project management and building management, client billing and payment collection, accounting, demand-side management and energy efficiency measures, ownership structure, etc.

- 4) If appropriate, presentations by heat sector businesses such as service and equipment providers, distributors and representatives of state-of-the-art heat supply and measurement equipment producers. Topics discussed may include prices, how to select appropriate technologies, insights from previous residential heat projects, where their products and services were provided, range of engineering and installation and maintenance services provided, etc.
- 5) Presentations by project financiers, such as the R2E2 fund, USAID/Urban Heat Project, UNDP/GEF Heating project, other donors, lenders, micro-finance institutions, etc. where the funding mechanisms, their terms and conditions shall be presented and questions taken to elucidate the potential borrowers and beneficiaries of the aforementioned funds.
- 6) Panel discussion, where the issues of heat project financing and technical, economic, and institutional issues will be discussed in a question-and-answer format. For some training sessions, special guests may be invited to participate in the panels and/or provide keynote addresses; such guests would include partners from local and national banks (e.g. to provide constructive comment on presentations of trainees' draft business plans), international financial institutions and international organizations, and international experts with experience and demonstrated track record in residential heat issues.
- 7) Site visits might also be arranged to show trainees real-life examples of projects – both projects that worked well and those that did not work as planned.
- 8) An optional networking session will also be available during some training courses, e.g. where vendors can demonstrate their technologies and answer practical, direct questions from the trainees. Such networking would not be a formal part of the educational modules because of its commercial aspects, but would be a valuable opportunity to connect Armenia's heat market players with their potential clients.
- 9) Feedback: at the end of each training course, all trainees will be asked to complete a brief questionnaire providing comments and feedback about their opinions of the value of the training.

5.2 Training Materials

The counterparts (trainees) will be provided with presentation hand-outs; brief background materials on presented programs, equipment and service providers; financing mechanisms available in Armenia and how they work, who is eligible, etc.; condominium management and residential energy-efficiency advice booklets [and residential heating guides, if available in local languages]. Each of the training sessions may include an audience of 20-100 participants, depending on the topic and level of interaction desired. Invitations and registration will be conducted by NACO staff and a database of trainees will be maintained for longer-term monitoring of training results. Training reports will be submitted with brief overviews of each presentation, list of participants including the number of female participants, the key topics presented, general overview of questions and discussions and conclusions reached during the discussion sessions.