

Fundamental and social rights in the green transition - energy efficiency and energy poverty

Belgium

January 2025

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1. EXECUTIVE SUMMARY

The notion and implementation of just transition in the green transition in Belgium

The concept of a "just transition" as the safeguarding of fundamental and social rights in the green transition has only recently entered Belgium's public discourse¹. There is still no overall policy framework to guide its implementation, let alone a framework to evaluate policies. This was the key message of the High Committee on Just Transition which was installed by the federal government in 2023². The absence of an integrated policy approach is also evident and is reflected in the draft Belgian National Energy and Climate Plan (NECP). The European Commission's recommendations emphasize that the draft NECP lacks sufficient information on how to effectively address the needs of the most disadvantaged groups³. This omission underscores the need for a more cohesive and inclusive strategy to ensure that vulnerable populations are not left behind in the transition to a sustainable energy future.

A particular challenge for the implementation of socio-ecological policies in Belgium is the country's complex institutional structure. With multiple levels of government—federal, regional, and local—each with its own competencies and sometimes overlapping responsibilities, coordination and coherence in policy design and implementation is difficult to achieve. Where energy supply, price policy, energy research and the national rail system are federal competences, renewable energy, Greenhouse Gas Emission, distribution of electricity and gas and public transportation except national rail services are regional competences. The social competencies are equally fragmented. Social security and taxation are largely (but not entirely) federal responsibilities, while social housing, education, labour market policy, preventive healthcare, and social security fall largely under the jurisdiction of the federal entities. This fragmentation of competences makes it difficult to deliver a unified, coherent NECP in which the social dimension is also an integral part. This led the European Commission to encourage Belgium to “ensure more coordination and integration of the plans or the federated entities, so as to maximise synergies between the policies and measures” as it currently “falls short of a fully integrated (...) plan”.

¹ Although the Belgian Federal Planning Bureau published its first report on sustainable development in 1998, see Desk Research Report FRANET-SR 27, p.8.

² For more information see the Just Transition website on <https://justtransition.be/en/home>

³ European Commission, Commission Staff Working Document, Assessment of the draft updated National Energy and Climate Plan of Belgium, 23 February 2024, p. 6

Decarbonizing the housing stock: social challenges and policies

All three Belgian federal entities aim to achieve an energy-efficient housing stock by 2050. Residential buildings are responsible for a large part of emissions. In the NECP, the Brussels region noted that 44% of the region's emissions originate from residential buildings. In the draft NECP update, the Walloon region reported that, in 2021, the residential sector accounted for 28% of non-ETS emissions in the region. Similarly, in Flanders, buildings (residential and non-residential) were reported to represent 29% of non-ETS emissions in the Flemish Energy and Climate Plan.

Current policies for decarbonizing Belgium's housing stock are focused on reducing heating demand through energy efficiency measures, mainly by focusing on renovation, insulation and alternative heating methods, and, albeit to a lesser extent, spatial planning and increasing the density of residential areas. The essential goal to increase prices for fossil fuels will be realized through the implementation of ETS2.

Decarbonization of the housing stock will require substantial investments and faces considerable demand- and supply-side challenges. As far as renovations are concerned, on the supply side, there are concerns about a potential shortage of labor needed to carry out the necessary renovations. On the demand side, a significant proportion of households are unable to cope with increases in fossil fuel prices and/or lack sufficient resources to invest in renovations and CO₂-neutral heating systems leading to so called 'lock-in effects', i.e., households becoming trapped in energy-inefficient homes reliant on increasingly expensive fossil fuel-based heating systems, with limited ability to transition to more sustainable alternatives⁴.

Around 20% of households are estimated to be energy poor. These households face a double burden: rising fossil fuel prices make energy increasingly unaffordable, while their limited financial resources prevent them from investing in energy-efficient renovations, insulation, or alternative heating systems. This situation creates 'lock-in effects,' where reliance on inefficient and costly energy sources becomes perpetuated. While the primary concern should be focused on energy poor households, the issue extends beyond this group, affecting a broader range of households. Many middle-income households also face significant challenges in financing energy-efficient renovations or adapting to rising energy costs. The High Committee on Just Transition estimated that about one-third of households in Belgium have little to no financial margin to invest in insulation and carbon free alternatives⁵. Approximately 13% of

⁴ Fransolet, A. & Vanhille, J., Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers, Scientific report on behalf of the High Committee for a Just Transition, Brussels, 7 November 2023.

⁵ Cantillon, B. & Hudon, M. (2024), [Vers une transition juste, Mémorandum Politique](#), p.12

households have incomes below the poverty line (defined as 60% of the national median equivalized disposable income for households) while another 18% of Belgian households have incomes that do not exceed 80% of the median equivalized income.⁶ Previous studies by J. Albrecht & Hamers concluded that 40% of homeowners aged below 65 years old cannot finance the deep energy renovation of their dwellings, a figure that recent increases in renovation costs and interest rates have since contributed to worsen⁷. Hence, the inability, not only of families in poverty but also of the lower middle class, to finance upfront costs is one of the main barriers preventing the decarbonization of the housing stock.

Therefore, various initiatives have been taken at the federal, regional, and local policy levels to make the transition feasible for low and low middle-income households. At the federal level, initiatives to protect low income or vulnerable energy consumers include: the social tariff for electricity and natural gas; the gas and electricity fund and the social heating fund. These measures aim at making energy consumption affordable for low-income households, but they result in the subsidization of fossil fuel energy consumption.

Building on federal measures the regions offer incentives and support for energy-efficient investments through subsidies and loans. One of these measures is Rénopack in Wallonia. Rénopack is part of the Walloon strategy for long term energy renovation. It sets as its objective to aim towards the PEB (certificate of energy performance). A decarbonised label on average for the entire housing stock in 2050, prioritising renovation of the least efficient housing⁸. This project, which focuses on supporting low-income households with renovation works and is considered an example of a 'just transition policy measure', was chosen as a case study for in-depth research on the just transition within the framework of this research project.

Rénopack, the jury is still out

⁶ Cantillon, B. & Hudon, M. (2024), [Vers une transition juste, Mémoire Politique](#), p.12

⁷ For Flanders see: Albrecht J., and Hamels, S. (2020), [De financiële barrière voor klimaat- en comfortrenovaties](#), Brussel, Agoria. For Wallonia see: Albrecht J., S. Hamels, and Van de Water, C. (2022), [Les obstacles financiers aux rénovations climatiques et de confort en Wallonie](#), Brussel, Agoria. For Brussels: Albrecht, J., Hamels, S., and Van de Water, C. (2022), [Les obstacles financiers aux rénovations climatiques et de confort à Bruxelles](#), Brussel, Agoria.

⁸ Belgium, Walloon Strategy for Long-Term Energy Renovation of Buildings (Stratégie Wallonne de Rénovation Énergétique à Long Terme de Bâtiment), p. 4.

Rénopacks are zero interest loans that allow middle low-income homeowners in Wallonia to renovate their house to reduce energy costs, make it safer or adapt it for disabilities. Goals, are threefold: the programme aims to reduce greenhouse gas emissions by improving insulation and reducing energy usage; it aims to improve the health conditions of inhabitants and it aims to reduce financial and information barriers, making renovation projects more accessible for lower income groups. The programme focusses on homeowners of older houses with relatively low and middle-low income. The income cap of homeowners is set at median income level thus sufficiently high for a large group of individuals to benefit.

In 2023, 7950 zero interest loans were granted, an increase of almost 60% compared to the previous year. The total amount loaned was 191.536.041EUR with an average amount per loan was 24.093EUR (see Walloon society for social credit (Société Wallonne du Crédit Social, 2024).

The effectiveness and efficiency of the Rénopack program in relation to the just transition is still uncertain and under evaluation. The impact of Rénopack on the pace of decarbonization of the housing stock, as well as the social distribution effects, remain unknown due to a lack of evaluation studies.

While the Rénopack project was mainly evaluated positively by the interviewees, respondents identified gaps including information accessibility, a lack of available detailed data for a thorough evaluation, especially when considering climate impact, and the fact that the measure does not sufficiently reach the most precarious groups. Thus respondents echoed well-documented Matthew and Windfall effects related to pre-financing mechanisms designed to provide upfront funding for investments⁹. Matthew effects refer to subsidies that tend to be utilized more by higher-income groups. In the case of Rénopack, this happens because renters are excluded by design, while owners with very low incomes might less take on loans—an observation supported by the statistics on the distribution of beneficiaries across income groups (see Table 1 below). Windfall effects refer to the fact that some beneficiaries would have made the investments even without the interest-free loan, thereby limiting the climate impact of the measure.

Additionally, concerns were raised about the long-term viability of Rénopack due to its budgetary cost (although the cost remains relatively limited and interest-free loans are cheaper than subsidies) and shifts in political power dynamics.

⁹ Fransolet, A. & Vanhille, J., Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels, 7 November 2023;

All in all, while Rénopack does not escape the issues of Matthew effects and Windfall effects inherent to subsidies and interest-free loans, the interviews suggest that Rénopack is widely appreciated. Most respondents identified the Rénopacks as a meaningful measure to increase the speed of the energy transition and make renovations and investments more accessible for middle-low-income groups. However, there is a lack of comprehensive evaluation studies to draw definitive conclusions, both regarding its impact on the pace of decarbonization and its social and distributional effects.

Good practices include: first, the integration of loans and premiums - by streamlining processes and integrating application steps, the measure ensures greater accessibility and efficiency for beneficiaries while minimizing bureaucratic complexity-; second, the "solidary landlords" project, which incentivizes landlords to renovate properties without raising rents to the tenant's detriment; and third, the consultations with stakeholders during the design and implementation of the scheme.

2. Reaching climate targets through energy efficiency

2.1. The climate targets and decarbonisation of the housing stock

2.1.1. Objectives regarding climate and energy efficiency

As an introduction to this section, we provide an overview of Belgium's objectives regarding climate and energy efficiency as reported in the draft National Energy and Climate Plan.

Belgium's draft National Energy and Climate Plan (NECP)¹⁰, outlines its commitments and strategies to meet the EU's 2030 climate and energy targets. Submitted in 2023 to the European Commission, the plan details Belgium's pathway for reducing greenhouse gas (GHG) emissions, enhancing energy efficiency, and increasing renewable energy adoption. Given Belgium's unique federal structure, the NECP incorporates strategies from its three regions (Flanders, Wallonia, and the Brussels-Capital Region) as well as the federal government. Here are the main aspects:

1. Greenhouse Gas Emission Reduction

Targets: Belgium aims to cut GHG emissions by 35% by 2030 relative to 2005 levels.

Measures: Each region has specific policies targeting key sectors, including transport, buildings, and industry. For instance, the transport sector is expected to transition towards more electric vehicles, while buildings will focus on enhancing energy efficiency and reducing reliance on fossil fuels.

2. Renewable Energy Expansion

¹⁰ Belgium, [Belgium's Integrated National Energy and Climate Plan 2021–2030](#). Draft version approved by the Consultation Committee on 19 December 2018. Courtesy translation in English provided by the Translation Services of the European Commission.

2020 Target: Belgium fell slightly short of its 2020 renewable energy target of 13%, achieving around 11.7%.

2030 Target: The country now aims for 17.5% renewable energy in final energy consumption by 2030.

Key Areas: Offshore wind energy, solar power, and bioenergy. Belgium plans significant expansion in offshore wind capacity, with Flanders and Wallonia also investing in solar and wind power.

3. Energy Efficiency

Objective: Improve energy efficiency by 32.5% by 2030.

Building Sector: Given that buildings are a significant source of GHG emissions, the NECP emphasizes renovating the existing building stock. There is a focus on achieving nearly zero-energy buildings (NZEB) for new constructions and setting stricter energy performance standards for existing buildings.

Industrial and Residential Measures: Efforts include encouraging the use of energy-efficient appliances and lighting and implementing minimum energy performance standards.

4. Electricity and Grid Integration

Electricity Mix: Belgium aims to gradually phase out nuclear energy by 2025, transitioning towards a mix of renewable sources and flexible backup solutions (e.g., natural gas, grid interconnections).

Grid Modernization: Investments in smart grids are a priority to better integrate renewable sources, manage demand, and increase grid reliability. The plan also emphasizes the importance of cross-border cooperation to stabilize the energy supply.

5. Transportation

Transition to Low-Emission Vehicles: The NECP includes measures to incentivize electric vehicles (EVs) and expand charging infrastructure. There is also an emphasis on improving public transport, cycling, and walking infrastructure to reduce car dependency.

Sustainable Fuels: Belgium is exploring biofuels and other sustainable fuel sources to reduce emissions in the transportation sector.

6. Research and Innovation

The NECP outlines initiatives to fund research and development in green technologies, energy storage, and carbon capture and storage (CCS). Innovation in these areas is considered essential to achieving long-term climate and energy goals.

Competences regarding energy and climate are fragmented¹¹: where energy supply, price policy, energy research and the national rail system are federal competences, renewable energy, GHG emissions, distribution of electricity and gas and public transportation except national tail services are regional competences.¹² This fragmentation of competences makes it difficult to deliver a unified, coherent plan, which led the European Commission to encourage Belgium to “ensure more coordination and integration of the plans or the federated entities, so as to maximise synergies between the policies and measures” as it currently “falls short of a fully integrated (...) plan”¹³. The final NECP for Belgium still has not been submitted, as Flanders did not submit its part waiting for a new regional coalition to be formed. This led to the Commission starting an infringement procedure against Belgium.

In its recommendations, the European Commission highlighted further gaps¹⁴: the NECP does not include a thorough assessment of the potential for job creation or upskilling and reskilling, nor does it provide information on how to reach the most disadvantaged groups. This concern was also voiced in the policy memorandum of the High Committee for a Just Transition (see below).

2.1.2. Decarbonizing the housing stock

The current policy for decarbonizing Belgium’s housing stock is focused on reducing heating demand through energy efficiency measures. All three Belgian regions aim to achieve an energy-efficient housing stock by 2050, with a target average EPC (Energy Performance Certificate) rating of 100 kWh/m² per year¹⁵ for the entire housing stock in the Flemish and Brussels-Capital regions and 85 kWh/m² for the Walloon region.

¹¹ International Energy Agency, [Belgium 2022: Energy Policy Review](#), 30 May 2022

¹² Belgium, Karel Pype (Reset.Vlaanderen), Who are we leaving behind? Social climate policy in Belgium: need for a thorough reset (Wie laten we achter? Sociaal klimaatbeleid in België: nood aan grondige reset), 15 December 2023, pp. 21-22.

¹³ European Commission, Commission Staff Working Document, [Assessment of the final national energy and climate plan of Belgium](#), 14 October 2020, p. 13.

¹⁴ European Commission, [Commission Recommendation \(EU\) 2024/1042 of 23 February 2024 on the draft updated integrated national energy and climate plan of Belgium covering the period 2021-2030](#), 5 April 2024

¹⁵ An EPC (Energy Performance Certificate) rating of 100 kWh/m² typically refers to annual energy consumption. This means the building is estimated to consume 100 kilowatt-hours of energy per square meter of floor area per year under standard conditions.

Currently, only the Walloon region specifies that remaining energy needs must be met with carbon-neutral systems.

Recently the new Flemish government has loosened the path of future renovation requirements, from an A energy performance label in 2050 to the current D level, requiring homeowners to renovate their house to a D level within 5 years after the purchase. This aligns with the perspective outlined in the Annual Report of the National Bank of Belgium ¹⁶ and with positions that were, among others, taken by the KVAB (Flemish Academy of Belgium for Sciences)¹⁷ which highlighted the very significant efforts required by this strategy and the need to explore alternatives (see section 2.2).

2.2. Energy efficiency

The necessary acceleration of the decarbonization of the housing stock must be achieved through deep renovations, investment in solar panels, heat pumps, behavioral changes to improve energy efficiency, urban planning and densification. A position paper of the Royal Flemish Academy of Sciences published in 2022 stressed that the approach of deep renovations - referring to extensive and comprehensive upgrades to a building's energy performance, aimed at significantly reducing its energy consumption and carbon emissions- addresses enormous challenges associated with the renovation wave, such as timing, financing, and capacity constraints¹⁸. Therefore, it was suggested that focusing primarily on rapid or incremental improvements, while allowing energy savings through deep building renovations to follow a more extended timeline might be more efficient. Deep renovations can then be scheduled over a longer period, ideally coinciding with key moments in the lifecycle of the buildings, aiming for completion by 2050¹⁹

This was also highlighted in the 2023 Annual Report of the National Bank of Belgium (NBB). The report stressed that comprehensive energy renovation of Belgium's housing stock within a short timeline will require massive investment and faces considerable demand- and supply-side challenges. The majority of existing homes will require energy renovations to meet the regions' energy efficiency targets, averaging around 185,000

¹⁶ Belgium, National Bank of Belgium (2024), [Report 2023 – Economic and Financial Developments](#)

¹⁷ Salet, W. et.al., (2022), Towards climate-neutral residential buildings in 2050 ([Naar klimaatneutrale woongebouwen in 2050](#)), Brussel, KVAB Denkersprogramma 2022

¹⁸ Ibid

¹⁹ Salet, W. et.al., (2022), Towards climate-neutral residential buildings in 2050 ([Naar klimaatneutrale woongebouwen in 2050](#)), Brussel, KVAB Denkersprogramma 2022

homes per year that will need substantial renovations over the next 27 years. Based on previous studies and considering recent increases in material and labor costs, the total investment required to achieve an energy-efficient housing stock by 2050 is estimated at roughly €350 billion for Belgium as a whole, or about €65,000 per household.²⁰ This amount could be even higher if additional costs are included, such as interior finishing, property-specific expenses, government coordination costs, and waste management (for instance, asbestos removal). Furthermore, the NBB points to the fact that energy efficiency renovations are labour intensive and could be hampered by labor shortages in the construction sector, potentially leading to upward price pressures and higher renovation costs²¹.

2.3. Just Transition

In recent years, the Belgian government has launched initiatives emphasizing the importance of a just transition. For example, during the Belgian presidency of the Council of the EU, in March 2024, Belgium organised a conference on just transition²² At the national level, a High Committee for a Just Transition was installed as part of the General Estates for a just transition²³ to provide definitions, rationales and policy implications of a just transition in Belgium.²⁴

The Memorandum from the High Committee for a Just Transition²⁵ highlighted the lack of a comprehensive policy framework on Just Transition and recommended using the existing European building blocks – Green Deal, European Pillar of Social Rights and Aarhus Convention- as a guiding framework for policy-making and assessment. This approach would help ensure that both social and environmental dimensions of the transition are considered and integrated, fostering a more inclusive and effective path toward climate neutrality deemed necessary because “The environmental issue is intrinsically linked to the social issue. At present, however, the transition is clearly unjust. Significant "environmental inequalities" exist: the less fortunate contribute less

²⁰ Belgium, National Bank of Belgium (2024), [Report 2023 – Economic and Financial Developments](#)

²¹ Ibid

²² For more information see the Belgian presidency Council of the European Union’s webpage on <https://belgian-presidency.consilium.europa.eu/en/events/european-conference-for-a-just-transition/>

²³ For more information see the organisation’s webpage on www.justtransition.be/en/general-estates

²⁴ Fransolet, A. & Vanhille, J., [Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels](#), 7 November 2023.

²⁵ Cantillon, B. & Hudon, M. (2024), [Vers une transition juste, Mémoire Politique](#)

to climate change but are more vulnerable to its effects, are more likely to lose their jobs, benefit less from environmental policies, bear heavier burdens, have less access to financial assistance, and are less heard in the decision-making process”²⁶

Hence, the need to develop an eco-social policy around the concept of Just Transition, which according to the High Committee should include the following dimensions:

“

1. *Ensuring the transition towards a society that guarantees the fulfilment of social and environmental rights for all within safe Earth system boundaries;*
2. *Ensuring a fair distribution of the efforts and advantages associated with the sustainability transition;*
3. *Ensuring the resilience to natural and transition risks for all;*
4. *Ensuring a meaningful and continual participation of all in decision-making processes.”²⁷*

The accompanying policy memorandum²⁸, recommended Belgium to implement more democratic participation in climate policy, to integrate social policy and climate policy, to enhance social and welfare provisions and thus work towards building a socio-ecological state as well as to strengthen interdisciplinary research concerning the just transition. In designing just transition policies, the memorandum pointed to the European policy framework consisting of:

- the European Climate Law and the Green Deal;
- the European Pillar of Social Rights; and
- the Aarhus Convention on democratic participation and information.

The memorandum stated that these legal-normative provisions, although not perfect, and still insufficiently integrated and coordinated, taken together, provide a meaningful and partially binding policy framework for accelerating the just transition in Belgium also because concrete goals, instruments, and monitoring systems are associated with these provisions.

Specifically, regarding the social pillar of the just transition, several authors have argued that the European Pillar of Social Rights (EPSR) should serve as an important guideline

²⁶ Fransolet, A. & Vanhille, J., [Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels](#), 7 November 2023.

²⁷ Fransolet, A. & Vanhille, J., [Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels](#), 7 November 2023, p. 18.

²⁸ Bea Cantillon & Marek Hudon, [Naar een rechtvaardige transitie voor België](#), November 2023

for addressing fundamental and social rights²⁹. The EPSR outlines 20 principles organized into three domains: equal opportunities and access to the labor market, fair working conditions, and social protection and inclusion. It is detailed and balanced, with a social scoreboard linked to it for monitoring social rights. Over the past years, it has proven to be a powerful tool, providing impetus for the advancement of social rights across Europe³⁰.

While the various European building blocks for a just transition provide important guiding lines, they remain however insufficiently integrated at both European and national levels, as highlighted in a position paper drafted by Sabato et al. for the Belgian presidency³¹. For instance, while the monitoring of the implementation of the European Pillar of Social Rights is conducted using a robust set of social indicators³², these indicators operate independently of the monitoring of climate policy, missing an opportunity to create a connection between the social and environmental dimensions of the just transition.

Strikingly, during the Belgian Presidency of the Council of the European Union, although the Belgian Federal Public Service (FPS) – Social Security commissioned a background paper on Just Transition, it proved to be difficult to effectively integrate the social and ecological agendas. While a European Conference for a Just Transition was held on March 4–5, 2024, at Egmont Palace in Brussels, it failed to establish a direct connection with the European Pillar of Social Rights, the La Hulpe Declaration³³ on the future of social Europe, or other major social initiatives.

²⁹ See for example Cantillon, B., Ferrera, M., Keune, M. (2023), [Strengthening European Social Rights and Social Citizenship](#), EuSocialCit Policy Brief.

³⁰ Ibid

³¹ Sabato S., Büchs M. and Vanhille J. (2023), [A just transition towards climate neutrality for the EU: debates, key issues and ways forward](#). Background paper commissioned by the Belgian Federal Public Service – Social Security, OSE Paper Series, Research Paper No. 52, Brussels: European Social Observatory.

³² For more information see Eurostat's webpage: <https://ec.europa.eu/eurostat/cache/dashboard/social-scoreboard/>

³³ [La Hulpe Declaration on the Future of the European Pillar of Social Rights](#) (2024), La Hulpe, Belgium (16 April 2024)

2.4. Energy poverty

2.4.1. Energy poverty

There is no official definition of energy poverty in Belgium. According to the EUROSTAT indicator 6% of Belgians are unable to keep their home adequately warm during winter.³⁴ The Belgian NECP and its draft update both refer to the work of the platform to combat energy and water poverty which monitor the evolution of energy poverty in the country. The platform is coordinated by the King Baudouin Foundation and brings together different actors including, among others, energy suppliers and distributors, regulators, anti-poverty associations, academics, administrations, architects, social housing companies and consumer representatives.

Periodically, the platform publishes energy poverty barometers, in which it distinguishes between three types of energy poverty in Belgium:

- Measured energy poverty: households belonging to the lower half of the income distribution that have energy bills that are relatively, compared to their income, too high³⁵. According to this definition the corresponding share of energy poor households in Belgium was 13,5% and 21,7% in Wallonia in 2022. While no disaggregated numbers concerning age, sex, origin, disability, etc. are available, the NECP notes that tenants, and particularly social tenants, are overrepresented in energy poverty rates.³⁶
- Hidden energy poverty: households that report to cut back significantly on their energy consumption to make ends meet (4.5% of Belgian households in 2021).
- Subjective energy poverty: households that report to have financial difficulties in heating their homes adequately (3.2% of Belgian households in 2021)³⁷.

At the federal level, initiatives to protect low income or vulnerable energy consumers against increasing fossil fuel prizes include: the social tariff for electricity and natural

³⁴ Eurostat, [Inability to keep home adequately warm](#), 4 October 2024.

³⁵ In 2022, the threshold was 11,4 of household's disposable income, see Koning Boudewijnstichting (2024), Energy poverty barometer, Analysis and interpretation of the results 2022 ([Barometer energie-armoede, Analyse en interpretatie van de resultaten 2022](#)).

³⁶ Koning Boudewijnstichting (2024), Energy poverty barometer, Analysis and interpretation of the results 2022 ([Barometer energie-armoede, Analyse en interpretatie van de resultaten 2022](#)).

³⁷ Ibid

gas; the gas and electricity fund; the social heating fund; payment by instalment; and the dare to compare campaign.

The social energy tariff (Tarif social pour l'énergie, Sociaal Energietarief) is the primary instrument to protect low-income families from energy poverty. It was also a strong tool during the energy crisis. The tariff offers lower prices than market rates for gas and electricity. It targets the elderly, the sick, and individuals on social assistance who live on a low social benefit.

The gas and electricity fund (Fonds Gaz et Electricité, Gas en elektriciteitsfonds) allows the public social welfare agencies (OCMW) to offer support to the most vulnerable who cannot pay their electricity and gas bills.

The social heating fund (Sociaal Verwarmingsfonds, Fonds Chauffage) pays part of the heating bill for households with financial difficulties.

The payment by instalment system allows consumers to pay their heating oil bills in monthly instalments.

Lastly, energy suppliers are obliged to inform their tariffs to regulators every month, which allows consumers to use online tools to compare prices when choosing a supplier.

Although no impact studies have been conducted on these measures regarding their effectiveness in alleviating poverty in general or energy poverty specifically, they undoubtedly play a crucial role in safeguarding low-income households. However, these measures also entail an implicit subsidy for fossil fuel consumption.

2.4.2. Ability to pay and lock-in effects

The social issue of the energy transition goes beyond energy poverty and the capacity to the capacity to afford (rising) energy prices. The High Committee on Just Transition estimated that about one-third of households in Belgium have little to no financial margin to invest in carbon free alternatives. Approximately 13% of households have incomes below the poverty line (defined as 60% of the national median equivalized disposable income for households) while another 18% of Belgian households have incomes that do not exceed 80% of the median equivalized income. This implies that roughly one-third of households are unable to finance the necessary climate investments on their own³⁸. Previous studies by J. Albrecht & Hamers concluded that 40% of homeowners aged below 65 years old cannot finance the deep energy renovation of their dwellings, a figure that recent increases in renovation costs and

³⁸ B. Cantillon, B. & Hudon, M. (2024), [Vers une transition juste, Mémoire Politique](#), p.12

interest rates have since contributed to worsen. Clearly, the inability to finance upfront costs is an important barrier that block the wide uptake of deep energy renovations and investments in energy efficiency. This might lead to lock-in effects, where lower-income groups remain trapped in energy-inefficient homes with an increasingly expensive fossil fuel heating system³⁹.

2.5. Fundamental rights impact assessment

In Flanders, the Flemish Energy and Climate Agency (VEKA) annually reports to the Flemish Government about various aspects of energy and climate policy, e.g. GHG emissions, renewable energy production, energy efficiency improvements, etc. However, social impact or fundamental rights implications are not systematically reported on.⁴⁰ In Wallonia, social monitoring is foreseen for the Walloon part of the NECP. Which indicators are reported, however, has not been decided on yet. Brussels has its own monitoring mechanism implemented by the PACE plan.⁴¹

The Belgian Federal Planning Bureau (FPB) monitors sustainable development through a set of indicators that align with Belgium's long-term goals, as well as the United Nations' Sustainable Development Goals (SDGs). The FPB's indicators track progress across economic, environmental, and social dimensions, providing insights into areas such as greenhouse gas emissions, resource efficiency, social inclusion, and economic resilience⁴².

The indicators are updated regularly and aim to support policy evaluation and inform decision-makers on the effectiveness of sustainability efforts. They highlight where Belgium is on track toward its sustainable development objectives and where more

³⁹ Cantillon, B. & Hudon, M. (2024), [Vers une transition juste, Mémoire Politique](#), p.12

For Flanders see: Albrecht J., and Hamels, S. (2020), The financial barrier to climate and comfort renovations ([De financiële barrière voor klimaat- en comfortrenovaties](#)), Brussel, Agoria. For Wallonia see: Albrecht J., S. Hamels, and Van de Water, C. (2022), Financial obstacles to climate and comfort renovations in Wallonia ([Les obstacles financiers aux rénovations climatiques et de confort en Wallonie](#)), Brussel, Agoria. For Brussels: Albrecht, J., Hamels, S., and Van de Water, C. (2022), Financial obstacles to climate and comfort renovations in Brussels ([Les obstacles financiers aux rénovations climatiques et de confort à Bruxelles](#))

⁴⁰ Belgium, Flemish Energy and Climate Agency, [VEKP progress report 2023](#).

⁴¹ Barboza J.Z., (2024) Project: Ensuring environmental protection – the just transition of the EU Green Deal, FRA, p.28-29

⁴² Federal Planbureau and Instituut voor de nationale rekening (2024), [Indicatoren van duurzame ontwikkeling](#)

progress is needed. This approach helps align national and European sustainable development targets with the broader 2030 Agenda for Sustainable Development.

We also mention the annual reporting on the evolution of the social situation and social protection in Belgium, which is based on EU-SILC data⁴³. This reporting takes place within the framework of the European Pillar of Social Rights Action Plan, where social objectives have been defined. These social indicators, especially poverty indicators, play a prominent role in social monitoring in Belgium as well as in the societal and political discourse. However, as explained above although the Federal Planning Bureau makes use of some of these indicators in the monitoring of the SDG's, the connection between the ecological and social monitoring of the European Pillar of Social Rights (EPSR) and the ecological transition has yet to be established.

Apart from these impact analyses, civil society organisations analyse the impacts of climate policies and legislation. In this regard, *Reset.Vlaanderen* produces “just transition scans” about just climate policies in Belgium.⁴⁴ We also refer to the public consultation that was organised in preparation of the 2024 version of the NECP (Stakeholder workshop 4 Nov 2024)⁴⁵.

⁴³ For more information see the organisation's webpage on <https://socialsecurity.belgium.be/sites/default/files/content/docs/en/publications/silc/silc-analysis-social-situation-and-protection-belgium-2022-2-international-comparison-en.pdf>

⁴⁴ Belgium, Reset.Vlaanderen, [Wie laten we achter? Sociaal klimaatbeleid in België: nood aan een grondige reset](#), 2024, and Barboza J.Z., (2024) Project: Ensuring environmental protection – the just transition of the EU Green Deal, FRA, p.23

⁴⁵ European Commission, [Commission consults citizens and stakeholders on evaluation of National Emission Reduction Commitments Directive](#), 3 September 2024

3. Addressing different aspects of energy efficiency and energy poverty: Rénopack - Zero interest loans

Against the backdrop of the importance of accelerating the decarbonization of the housing stock to meet European climate targets and given that a significant portion of households are unable to make the necessary investments on their own, the Walloon Rénopack program serves as an interesting example in practice. The programme was selected since it strongly relates to energy efficiency and poverty. It is also comparable to similar actions that are being analysed in other EU states, making it an interesting case to examine. Since the measure has been in place for many years, it is possible to analyse the impact given that data is available through the annual reports of the Walloon society for social credit. In addition, the Rénopack is in line with the EU Green Transition and has clear fundamental rights implications as it targets low and middle low-income groups.

In 2008, the programme started as the Écoprêts programme and evolved over time. Through the different types of zero interest loans, middle-low-income families who own houses in Wallonia that are at least 15 years old can obtain loans with 0% interest rate to renovate their house to reduce energy costs, make it safer or adapt it for disabilities.

Table 1: Summary - Rénopack Loan Programs

Program	Type of Work Covered	Audit Requirement	Interest Rate	Premium Integration	Eligibility (Income)	Notes
Rénopack	Renovations based on an energy audit	Required	0%	Yes – reduces repayment period	≤ €104,400 (or €114,400 for large families)	Supports energy-efficient improvements
Rénopack SWCS	Roofing or electrical work	Not required	0%	Yes – specific bonus plan	Same as Rénopack	Limited to certain types of renovation

Rénoprêt	Renovations without audit, no premiums or non-eligible work	Not required	0%	No premiums taken	Same as Rénopack	For work not covered by premium system (e.g., photovoltaic panels)
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Rénopacks (granted by the Walloon Society for Social Credit) are divided into:

- Rénopack: Zero-interest loan for renovations carried out based on an energy audit
- Rénopack SWCS: Zero-interest loan for roofing or electrical work without energy audit with a specific bonus plan
- Rénoprêt: Zero-interest loan for renovations without an energy audit and for which the concerned person waives premiums for work that can benefit from it (e.g. exterior joinery) or which does not benefit from it (e.g. photovoltaic panels).

An important aspect is the **integration of loans with premiums**: By taking the amount of premiums into account, the lending institution adjusts the loan duration, effectively reducing the total repayment period. This integration ensures that the financial support provided by both the premiums and the loan work together to lower the burden on the household, making energy-efficient renovations more accessible and manageable. It also ensures that households benefit from a combination of immediate financial relief (via the premiums) and long-term repayment flexibility (via the loan).

In 2023 a total of €191,536,041 was loaned across 7,950 loans with an average loan amount of €24,093, allocated as 17% for sanitation, 23% for roofing, and 25% for renewable energy production.⁴⁶

To benefit from a zero-interest loan, households must have an annual taxable income of less than 104,400EUR and the property to be renovated must be at least 15 years old.⁴⁷ These conditions apply to families with up to two children. Larger families can also benefit from zero interest loans; however, the conditions are slightly different. Mainly,

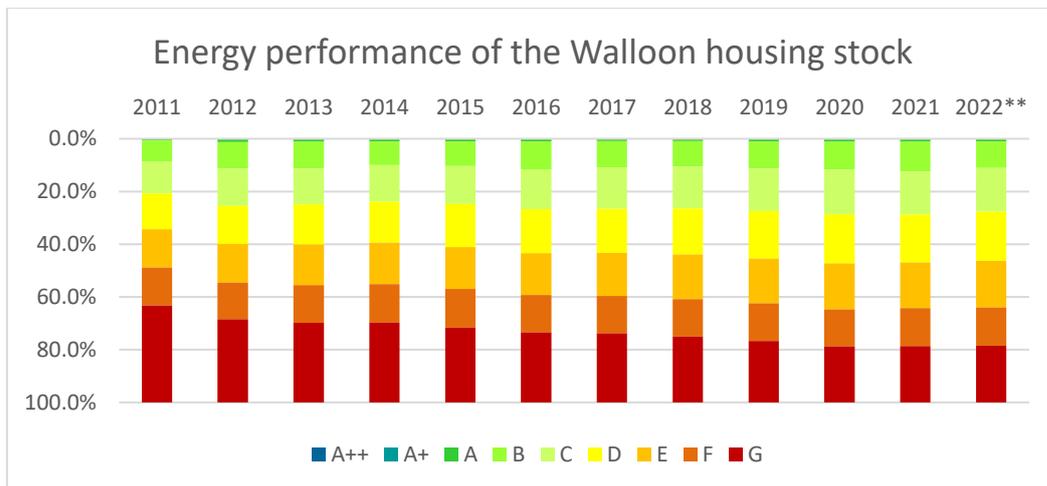
⁴⁶ Société Wallonne du Crédit Social (SWCS), [Rapport Annuel 2023](#)

⁴⁷ See Wallonia, [Bénéficiaire du financement de vos travaux de rénovation](#)

the maximum revenue⁴⁸ to qualify for a zero-interest loan is higher for larger families (114.400EUR, instead of 104.400EUR).⁴⁹

Zero-interest loans have the potential to support the Walloon goal of decarbonizing the housing stock by 2050: the majority of residents in the region are homeowners, most residential buildings are 15 years old or older, and the maximum income threshold for obtaining zero-interest loans is higher than the region’s average income.

Rénopack is part of the broader policy package aimed at the renovation of public and private buildings presented in the NECP and the Walloon Energy and Climate plan. The aim is to renovate all buildings, public and private. As shown by the figure below, a high number of buildings does not reach the energy levels D, C, B and A (EPC label D scheduled for 2026 in Wallonia which is gradually tighten, eventually requiring EPC label A by 2040–2045).



Source: *État de l'environnement wallon*, [Performances énergétiques du parc immobilier résidentiel](#). 24 March 2023

⁴⁸ In Wallonia, the average income per person (not per household) was 19.192 EUR in 2021 (most recent data) (see Statbel,2023).The average size of households in the region on 1 January 2024 was 2,23 (see Statbel (2024)).

⁴⁹ For more information see Fonds du Logement de Wallonie (FLW)’s webpage on <https://www.flw.be/travaux/renopack-et-renopret-pour-les-familles-nombreuses/les-conditions-doctroi/>

3.1. Leaving no one behind – target groups, eligibility, accessibility, equality

An investigation into the renovation needs in Wallonia, as reported by Ruellan et al. (2021)⁵⁰, highlights a strong correlation between household income levels and the energy efficiency of homes. Low-income households, defined as those with an annual net income between €10,000 and €20,000, often reside in poor-quality housing. In Liège and Hainaut, there is a predominance of homes with EPC ratings of F and G, which are frequently occupied by these households. Rénopack aims to address this issue by offering interest-free loans to middle- and low-income landlords who live in low-quality properties.

3.1.1. Target groups and eligibility

- 1) The conditions for applicants under the Rénopack program are as follows:⁵¹
 - Applicants must be at least 18 years old, domiciled in Belgium and have repaid the loan requested before their 86th birthday when applying at the Service Wallon des Crédits Sociaux (SWCS), and before age of 76 at Fonds du Logement (FLW) spel;
 - Applicants must have no more than 2 children to apply at the SWCS (For applicants with more than 2 children, they submit their application at the Fonds du Logement (the reason behind having the SWCS and the FLW has been addressed in the Annex below);
 - Applicants must be the owner-occupier or hold a real right over the home⁵²; or, if the application is to finance the installation of a pellet stove, the applicant may be a tenant under a registered lease agreement;

⁵⁰ Ruellan, G., Cools, M., & Attia, S. (2021). Analysis of the Determining Factors for the Renovation of the Walloon Residential Building Stock. *Sustainability*, 13(4). <https://doi.org/10.3390/su13042221>

⁵¹ SWCS, [Prospectus De La Société Wallonne Du Crédit Social Et Des Guichets Du Crédit Social](#) p. 6 and SWCS, [Rénovation habitation](#)

⁵² The Rénopack program is primarily aimed at supporting homeowners in Wallonia with energy-efficient renovations. However, associations of co-owners (i.e., owners of shared properties or apartment buildings) are currently excluded from the program by the ESWCS (Service Wallon des Crédits Sociaux). Despite this, it is possible that they could be included under different frameworks or through other entities, such as the Fonds du Logement (Housing Fund). In the case of the Fonds du Logement, one of the criteria for eligibility for association of co-owners is that at least half of the co-owners in the association must have a taxable income not exceeding €114,400. This means that if these income

- Applicants must occupy the property for the duration of the loan unless the accommodation is made available:
 - to a social real estate agency, a Public Service Housing Company, or any organization designated by the Minister, by management mandate, for a minimum period of nine years⁵³;
 - to a relative or relative up to the second degree inclusive, in full, free of charge and as a principal residence for a minimum period of one year;
 - rented by a registered lease, in compliance with the indicative rent scale established under Article 89 of the Decree of 15 March 2018 relating to residential leases, for a minimum period of five years; have benefited, during the penultimate year preceding that of the credit application, from taxable

- Applicants must have had a globally taxable income of less than €114,400 annually per household in the penultimate year and have stable income and sufficient financial capacity to repay the loan.

- The '**Solidary Landlords**' project (bailleur solidaire) aims to incentivize landlords to renovate the houses they rent to their tenants without negatively impacting the tenants, for example, by raising the rent. In this case, landlords receive a zero-interest loan to renovate the property they rent and, in return, commit to placing the property under the management of a social real estate agency. This is potentially an important measure to address the split incentive problem⁵⁴ and ensure that the benefits of the interest-free loans do not come at the expense of vulnerable tenants.

- 2) Rénopack's conditions regarding the property and the renovation are as follows:
 - The property must have a valid certificate of conformity for electrical and/or gas installations and to have a healthy home or one that will be healthy after the work is completed. In this aspect, the salubrity condition is a prerequisite; If additional work is required to meet these standards, the applicant will have the option to use the Rénopack loan to finance these works. However, no premiums will be granted solely for this aspect. The applicant can still benefit from a 0% interest loan to address the salubrity requirements, but these works are not eligible for any premiums within the Rénopack measure;
 - The work must be carried out by companies registered with the Central Bank of Enterprises.
 - The property must be located in Wallonia or the German-speaking Community;

criteria are met, co-owner associations may have access to funding for renovations aimed at improving energy efficiency and meeting sustainability goals.

⁵⁴ Thollander, P., Palm, J., & Rohdin, P. (2010), Categorizing barriers to energy efficiency: an interdisciplinary perspective. *Energy efficiency*, 49-63.

- The property must comply with the minimum safety, watertightness and health criteria set out in Article 6 of the “arrêté prime”, as well as the town planning requirements and standards in force relating to the conformity of electrical, gas and heating installations, where applicable after the intervention of the lending company in the context of the financing; (salubrity requirement as mentioned above)
- The property must have been built more than 15 years ago, except for work to adapt the home to disability;
- The property must be used mainly for private purposes. Professional use of the home may only be authorised if it does not exceed 50% of the habitable surface area, where applicable after completion of the work financed using the credit;
- The property must be the subject of an audit report beforehand as referred to in Article 6 of the Prime Decree. This report is, in this context, drawn up by an auditor approved by Wallonia.
- In addition to these points, one condition related to roof isolation has been added as for March 2024, namely that the roof is insulated in accordance with the Walloon strategy for the energy renovation of buildings at the end of the work. In this aspect, the roofs covering the living areas of the house must be insulated when applying to the Rénopack.⁵⁵ According to the SWCS, an uninsulated roof can cause up to 30% of the home's energy loss, leading to higher energy bills, drafts, humidity, and mold; therefore, this condition was adopted to encourage citizens to renovate their homes, making it more sustainable, comfortable, and cost-effective.⁵⁶

⁵⁵ For more information see Société Wallonne du Crédit Social (SWCS), webpage on : [‘Une toiture isolée, le prérequis pour l'obtention d'un prêt’](#)

⁵⁶ Ibid

3.1.2. Number of beneficiaries

The maximum income threshold to be eligible for the zero-interest loans has been set to target the lower half of the income distribution (see footnote 48). As shown in table 1, while the programme focusses on owners with middle-low incomes (see above), within these income groups, usage of the loans is skewed towards the higher income groups. Moreover, renters, individuals over 75 and people who are not in the ability to repay the loan are excluded, which means the most vulnerable people cannot participate in the programme.

Table 2: Number of loans according to the income categories R1-R4 refer to the applicable categories for the allocation of premiums.⁵⁷

Income category	Number of loans	Number %	Amount of loans	Amount %
R1	1.277	18,40%	€ 33.957.224,00	19,80%
R2	1.162	16,70%	€ 28.457.475,00	16,60%
R3	1.392	20,00%	€ 33.177.047,00	19,40%

⁵⁷ For more information on the different income categories, see: Belgium, Walloon Region, '[Catégories de revenus Montants des primes - Wallonie](#)' (Income categories Premium amounts – Wallonia), accessed on 24 September 2024. These categories determine the multiplier applied to the base amount of the premium, thereby adjusting the financial support according to the household's financial capacity.

The income categories and corresponding premium multipliers are as follows:

Income Category	Reference Income Range	Premium Multiplier
R1	≤ €26,900	×6
R2	€26,900.01 – €38,300	×4
R3	€38,300.01 – €50,600	×3
R4	€50,600.01 – €114,400	×2
R5	€114,400	×1 (base amount only)

R4	3.124	44,90%	€ 75.752.233,00	44,20%
Total	6.955	100,00%	€ 171.343.979,00	100,00%

Source: Société Wallonne du Crédit Social (SWCS), [Rapport annuel complet 2023](#), p. 23.

3.1.3. Accessibility and Matthew effects

Matthew effects refer to the fact that advantages tend to accumulate for those who are already in a more privileged position, while those with fewer resources are less likely to benefit, leading to greater inequality over time. They have been extensively documented in social policy literature and more recently, also in climate policy⁵⁸. In the case of Rénopack, this happens because renters and elderly owners are excluded by design, while owners with very low incomes might less take on loans—an observation supported by the statistics presented in Table 1.

Matthew effects were also mentioned in relation to Rénopack by some respondents:

« Rénopacks. (...) Ce projet, à la base, quand il a été créé, c'est pour toucher les revenus R1, R2. En fait, on constate que ça touche les revenus qui ont déjà peut être les moyens de contracter dans le privé.

(When this project was originally set up, it was intended to reach R1 and R2 income earners. In fact, we're seeing that it's reaching incomes that perhaps already have the means to take out a private contract.)

To better assist the lowest-income households, several interviewees mentioned the so-called 'projet passoire énergétique' ("energy sieve project", see box), aimed on renovating the worst insulated houses. This project would support the most vulnerable households by providing direct financial support (see below):

« ...celui-là n'a pas encore tout à fait atterri à ce stade-ci et on ne sait pas quelle sera la volonté du prochain gouvernement de supporter cette action ou pas. Et de toute façon, c'était une action pilote, donc c'était ... il y avait un budget fermé, une enveloppe fermée. C'est les premiers arrivés qui en bénéficiaient. C'est

⁵⁸ For an overview, see: Fransolet & Van Hille, 2023 and Jenkins, J. D., et al. (2018), 'The Challenge of Policymaking for a Low-Carbon Economy: Evaluating the Effectiveness of Policies and Measures', *Environmental Science & Policy*, No. 87, pp.100-107.

vraiment une action pilote donc voilà, je dirais oui et pour le reste, ça touche quand même un public très très large...

(...this one hasn't quite landed yet at this stage and we don't know what the next government's willingness will be to support this action or not. And in any case, it was a pilot action, so it was... there was a closed budget, a closed envelope. It was the first to arrive who benefited. It's really a pilot action so there you go, I would say yes and for the rest, it still reaches a very very wide audience...)

Box : Energy Siège Project (Projet Passoire Énergétique)

The "projet passoire énergétique" is designed to complement the Rénopack program by offering additional financial aid to very low-income households that cannot afford the costs of renovation.

1. Target Audience

This pilot measure (which ends on July 31, 2027) is aimed at low-income individuals who are homeowners of "energy-inefficient homes" (passoires énergétiques): buildings that have physical and energy-related characteristics requiring intervention for the well-being of their occupants (energy performance index G).

The applicant's income must fall within the C1 and C2 income categories as defined by the general credit allocation regulation by a social credit organization (global taxable income < 23,000 €, or global taxable income).

2. Principle

The "energy-inefficient homes" measure involves providing financial assistance through a social credit organization to eligible households, enabling them to qualify for the Rénopack program.

The amount of financial aid for energy-inefficient homes is determined by the social credit organization, ensuring that the applicant has a minimum net monthly income of 1,000 euros if living alone, or at least 1,200 euros if part of a household with multiple people.

The total amount of aid for energy-inefficient homes, combined with the grants provided, cannot exceed 90% of the cost of the renovation work.

This pilot scheme is planned to be implemented by social credit organizations (SWCS, FLW), with support from local entities responsible for assisting the beneficiaries. The measure includes financial support for both the credit organizations and local entities participating in the scheme (covering operational costs and necessary human resources).

3. This scheme is not yet in effect.

The interviewee mentioned however that the "projet passoire énergétique" is currently on hold, as the government is reconsidering its priorities and funding allocations. Initially, this initiative was part of the Walloon Recovery Plan launched in 2021, but the new government is now evaluating whether to maintain or modify this policy. At present, the "projet passoire énergétique" exists only on paper and has not yet been put into practice.

3.2. Impact

Although we showed in Table 1 that loans are relatively more taken up by higher income groups within the eligible income limits - which, as indicated above, tend to align with

the median household income in Wallonia- according to our respondents, the impact aligns with expectations: the process for obtaining a loan is considered to be relatively short, while respondents considered that a large proportion of the beneficiaries belong to lower income categories. Other positive effects reported in the interviews include energy savings, increased property value, and compliance with future regulations. Further empirical evaluation research is however needed to understand the distributional and ecological effects.

Some interviewees reported that in some cases the investments would have taken place even without subsidies pointing to windfall effect. Windfall effects refer to unintended benefits or gains that arise due to the implementation of incentivising policies, often accruing to certain groups or entities without additional effort on their part. They are a well-documented mechanism in the literature on the functioning of subsidies and tax incentives.⁵⁹ One of the respondents identified such perverse effect, the impact of which can, however, not be factually confirmed due to a lack of ex ante audits (see below):

« On essaie toujours d'éviter un petit peu l'effet d'aubaine. On est parfois victime, je dirais, de notre bonne réputation et les dossiers sont traités de manière relativement rapide, notamment par rapport à l'obtention des primes et donc certaines personnes qui n'ont absolument pas besoin du prêt vont quand même venir souscrire le prêt pour pouvoir bénéficier et toucher plus rapidement de leur prime.

(...We always try to avoid the windfall effect a little bit. We are sometimes victims, I would say, of our good reputation and the files are processed relatively quickly, particularly in relation to obtaining the bonuses and therefore some people who absolutely do not need the loan will still come and take out the loan to be able to benefit and receive their bonuses more quickly.)”

Some respondents also reported potential issues with the implementation, echoing concerns highlighted in the previously mentioned report by the National Bank of Belgium (NBB). A respondent said is not always easy to find a company in time to handle the renovations, since there is a lot of demand for renovations and supply cannot follow

⁵⁹ Jenkins, J. D., et al. (2018), 'The Challenge of Policymaking for a Low-Carbon Economy: Evaluating the Effectiveness of Policies and Measures', *Environmental Science & Policy*, No.87, pp.100-107. See also: Markkanen, S., & Anger-Kraavi, A. (2019), 'Social impacts of climate change mitigation policies and their implications for inequality', *Climate Policy*, Vol.19, No.7, pp. 827-844. See also: Lamb, W. F., Antal, M., Bohnenberger, K., Brand-Correa, L. I., Müller-Hansen, F., Jakob, M. & Sovacool, B. K. (2020), 'What are the social outcomes of climate policies?', *Environmental Research Letters*, Vol.15, No.11, 113006.

as of now, according to one respondent. This creates a bottleneck in the handling of requests.

Another concern is the fact that companies that handle renovations not always follow the requirements necessary to be able to apply for all premiums and aid: since managing and following up on renovations is a complex task, this might lead to some people missing out on premiums or bonuses.

The combination of the factors mentioned above can, according to multiple interviewees, lead to a so-called Matthew effect, because people with more financial resources (such as R3 and R4 income earners who can benefit from the Rénopack) are often better informed and get access to the funds easier, while for less well-off people, it is sometimes hard to follow up on the project and therefore they could miss out on funding:

« Ce que nous on constate c'est qu'il y a un peu un effet Matthieu par rapport au Rénopacks. (...) Ce projet, à la base, quand il a été créé, c'est pour toucher les revenus R1, R2. En fait, on constate que ça touche les revenus qui ont déjà peut être les moyens de contracter dans le privée.

(What we're seeing is that there's a bit of a Matthew effect in relation to Rénopacks (...) When this project was originally set up, it was intended to reach R1 and R2 income earners (see Table 1). In fact, we're seeing that it's reaching incomes that perhaps already have the means to take out a private contract.)”

3.3. Information, communication and social acceptability

Since much of the information about zero-interest loans is primarily available online, accessing accurate information may be more difficult for people who are less digitally literate, as well as for older people, individuals with disabilities, and those who are illiterate. The accessibility of these websites was questioned by one interviewee:

« ... y a rien du tout sur l'accessibilité du site web. Donc en fait, c'est une obligation légale pour les organismes publics et les services publics d'avoir des infos sur l'accessibilité de leur site web là. Alors si y a je le vois pas facilement mais en tout cas j'ai rien vu sur l'accessibilité. On peut supposer que sans doute il n'est pas accessible.

(... there is nothing at all on the accessibility of the website. So in fact, it is a legal obligation for public bodies and public services to have information on the accessibility of their website there. So if there is, I do not see it easily but in any case I have not seen anything on accessibility. We can assume that it is probably not accessible.)”

Even within our group of respondents, there were some who were not familiar with Rénopack and were surprised by the amount of the entitlements, possibly indicating a lack of information. Others mentioned that they had not heard of it and may have missed out on premiums they would have been entitled to, despite communication efforts aimed at raising awareness of the measure. It should be stressed, however, that the demand for Rénopack loans increased significantly⁶⁰ indicating that more eligible persons were aware of the program.

Respondents also mentioned that the applications involve a lot of technical jargon, which can be confusing for people who might be eligible for the program. Moreover, some reported that it is not always easy to navigate through the wide range of formulas. This applies, for example, to Rénoprêt pack which has other modalities than Rénopack (see above). One respondent put it like this:

« C'est vraiment tout un réseau, une galaxie, et par exemple, voilà : c'est quoi la différence entre le fond du logement et la société de crédit social ? Je sais qu'ils font un Rénopack simple mais il y a aussi un Renopack spécifique SWC et aussi le Renoprêt (...) il y a plein de plein de prêts différents, plein de démarches différentes, plein de conditions différentes. Et je crois que ça demanderait d'être simplifié.

(It's really a whole network, a galaxy, and for example, here it is: what is the difference between the housing fund and the social credit society? I know that they make a simple Renopack but there is also a specific SWC [Société wallonne du crédit social] Renopack and also the Renoprêt (...) there are lots of different loans, lots of different procedures, lots of different conditions. And I think that would need to be simplified.)”

An often-mentioned good practice is the **Energy Counters** (Guichets Énergie). These provide information to visiting people about renovations, the loans and the procedures. There are currently 16 energy counters distributed across the Walloon region and a team of 40 consultants ready to assist citizens with energy-related

⁶⁰ www.swcs.be/uploads/documents/Rapport-annuel/RA-2023-complet.pdf

matters for their homes.⁶¹ They offer free, personalized advice on home energy matters, including the Rénopack. They also provide guidance on sustainable practices, renovation projects, regulations, and energy aid. Some respondents mentioned however that these Energy Counters are often located near cities, lowering their accessibility.

To fill in these gaps, further initiatives were taken. For example, the executive agency for Rénopack SWCS (Société Wallonne Sociale de Crédit Social) has developed various support mechanisms. The Walloon region also has provided a toll-free hotline allowing people to call in and ask their questions concerning the loans. Also, Local energy renovation platforms (such as Liège Énergie and the CPAS of Charleroi) have been established to assist citizens and provide administrative, technical and financial support alongside other initiatives like the energy counters, which provide more general support. In Wallonia, the Local energy renovation platforms are structured to assist individuals with renovation projects, such as the Rénopack. Their primary objective is to help homeowners carry out energy-efficient renovations and upgrades, providing technical, financial, and administrative support. These platforms operate alongside the energy counters, which offer more general technical advice to citizens, such as energy-saving tips or guidance on materials for renovation. The key difference lies in the depth of support provided by each: energy counters offer first-line assistance, while the renovation platforms handle larger-scale projects, including coordinating audits and securing financing.

Since January 2022, Wallonia has been subsidizing six local energy renovation platforms. Their role is to support citizens in all their procedures from carrying out a housing audit, including requests for premiums.⁶² The service is offered to all types of private homeowners (owner-occupiers and landlords) with particular attention to low-income household.⁶³ The buildings concerned must be located in the partner municipalities⁶⁴ and be intended for housing up to at least 50%.

⁶¹ For more information see Wallonia énergie SPW's webpage on : <https://energie.wallonie.be/fr/guichets-energie-wallonie.html?IDC=6946>

⁶² Belgium, Wallonie énergie SPW, Plateformes locales de rénovation énergétique <https://energie.wallonie.be/fr/plateformes-locales-de-renovation-energetique.html?IDC=10389>

⁶³ Ibid.

⁶⁴ For more information on the List of partner municipalities see Wallonie énergie SPW's webpage on: <https://energie.wallonie.be/fr/plateformes-locales-de-renovation-energetique.html?IDC=10389>

The SPW (Walloon Public Service) has listed the mission of these platforms as follows:⁶⁵

- inform citizens of the various steps prior to energy renovation;
- provide citizens with an initial diagnosis;
- help citizens carry out a housing audit;
- assist citizens in identifying competent professionals;
- allow citizens to analyze the adequacy of the offers received with the Housing Audit;
- communicate to citizens the available financing solutions;
- allow citizens to check that the work follows the requirements of the Housing Audit;
- assist citizens in the process of obtaining bonuses;
- possibly offer citizens follow-up after the work; etc.

While these local platforms have been identified as a good practice by some interviewees and crucial for citizen support, some interviewees acknowledged the limitations of the local energy renovation platform initiative, stating that:

“Je pense qu'on couvre aujourd'hui 25% du territoire avec les plateformes actuelles à 6 plateformes qui coûte 25% du territoire. Mais en termes de volume qu'elles sont capables de couvrir ce territoire, 25%, c'est vraiment très très faible. Je dis, c'est quelques ETP qui travaillent et donc ce n'est pas avec ces quelques ETP (équivalent temps plein) qu'on va pouvoir répondre à tous les problèmes et toutes les difficultés que rencontrent les publics précarisés sur ce territoire. Mais c'est déjà une première action de nouveau pilote qui existe et mérite d'exister.

(I think that we cover 25% of the territory today with the current platforms with 6 platforms that cost 25% of the territory. But in terms of the volume that they are able to cover this territory, 25% is really very very low. I say, it is a few FTEs ((full-time equivalents) who work and therefore it is not with these few FTEs that we will be able to respond to all the problems and all the difficulties that the disadvantaged populations encounter in this territory. But it is already a first action of a new pilot that exists and deserves to exist)”

3.4. Stakeholder engagement and participation

As reported above, various stakeholders were consulted during the design and implementation phases of Réнопack. The measure was initiated by the Alliance Emploi

⁶⁵ Belgium, Wallonie énergie SPW, Plateformes locales de rénovation énergétique

<https://energie.wallonie.be/fr/plateformes-locales-de-renovation-energetique.html?!DC=10389>

Environnement (Work and Environment Alliance),⁶⁶ a collective focused on the synergies between climate-related initiatives and the creation of employment opportunities, under the leadership of former minister Jean-Marc Nollet. As a part of this, consultations were held with the socio-economic council, consumer associations, unions and business syndicates, etc. While in this starting phase, the process was more a process of co-creation, this evolved to giving feedback on pre-drafted texts in later phases.

There has also been collaboration with other organisations to ensure accessibility for people with a disability, and a paper process has been put in place to ensure that digitally illiterate people are able to benefit as well. Phone assistance and face-to-face support is available too.

However, respondents also identified gaps in the participation of stakeholders. Regarding the inclusion and participation of vulnerable groups, several respondents noted that, while consultations were held with various organizations, including anti-poverty groups and social housing agencies, these efforts did not sufficiently extend to policy evaluations.

Additionally, regarding inclusion and participation of vulnerable groups, several respondents note that they find that, while consultations with a lot of organisations were held, such as anti-poverty organisations and social housing agencies, they did not engage enough with policy evaluations. Also, there is a fear that a new political majority might not respect this consultation culture:

« Mais ce sont des concertations qui avaient le mérite de vraiment être ouvertes, de réunir énormément parties prenantes et d'avoir un dialogue entre des associations de consommateurs, de lutte contre la pauvreté, des agences immobilières, sociales, tout le secteur du logement social aussi parce qu'on n'en a pas parlé, mais c'est une un gros enjeu aussi de la rénovation pour les publics précarisés.

Je dirais à mon sens, voilà et alors là, on a clairement des craintes fortes sur la manière dont on va être concerté. Ici, on sait que c'est quand même un peu moins la culture des parties qui sont dans la majorité...

(But these are consultations which had the merit of being truly open, of bringing together a huge number of stakeholders and of having a dialogue between consumer associations, anti-poverty associations, real estate agencies, social

⁶⁶ For more information on the Alliance Emploi-Environnement, see : Scourneau V., Lefèvre M., and Vanderkelen, F., [La 1re Alliance emploi-environnement : Analyse des effets socio-économiques](#), Belgium, Institut Wallon de l'évaluation de la Prospective et de la Statistique (IWEPS)

agencies, the entire social housing sector too because we have not talked about it, but it is also a big issue in renovation for disadvantaged groups.

I would say in my opinion, there you go, we clearly have strong fears about the way in which we will be consulted. Here, we know that it is still a little less the culture of the parties that are in the majority...”

3.5. Governance and accountability, data and monitoring

As all public programmes, the organisations using the public funds for Rénopack (i.e. SWCS and FLW) have reporting obligations to the Walloon government. This consists of financial information, as well as information on how much loans were granted. Annual reports are also published on the websites of aforementioned organisations.⁶⁷ Data are collected on a local level, then aggregated on the level of the organisations responsible for the Rénopack and finally reported in a statistical report to the Walloon government. However, assessments of the combined ecological and social impact have not yet been made.

In addition, there are complaints procedures required for organisations working with public funds, such as the FLW and the SWCS:

- 1) For the FLW (Fonds du Logement Wallon), the complaint mechanism is communicated to applicants from the outset and clearly outlined on the FLW website.⁶⁸ The process begins by contacting the applicant’s usual FLW representative or requesting assistance from another FLW contact via an online declaration form to seek a resolution. If the applicant remains dissatisfied, they can submit a written complaint to the General Directorate of the Housing Fund or use the online reporting form, specifying that their issue has already been addressed within the department. If the response from the General Management is

⁶⁷ See for example The SWCS latest annual report (2023) on www.swcs.be/uploads/documents/Rapport-annuel/RA-2023-complet.pdf and the FLW latest annual report (2023) on <https://fonds.brussels/sites/default/files/2024-04/RAPPORT%20ANNUEL%202023%20-%20FR-INTERACTIF.pdf>

⁶⁸ Indeed, on the FLW’s website, there is a dedicated page to contact them or raise a complaint “introduire une réclamation”. For more information, see FLW’s webpage on: <https://www.flw.be/accueil-2/contactez-nous/>. In addition, on the dedicated page related to introducing a complaint “introduire une réclamation” there is a detailed explanation on the complaint mechanism and process. For more information, see FLW’s webpage on <https://www.flw.be/accueil-2/contactez-nous/reclamation/>

unsatisfactory, the applicant can escalate the matter to either Ombudsfm (Financial Disputes Ombudsman) or the Insurance Ombudsman.⁶⁹

- 2) For the SWCS (Société Wallonne du Crédit Social), customers can file complaints via mail, email, or the call center.⁷⁰ The call center or other departments will direct the complaint to the appropriate division for handling. As mentioned by some respondents, internally, the SWCS has a dedicated process for managing these complaints, assigning each to a specific agent responsible to address the issue. The SWCS will then process the claim within 30 days of receiving the claim.⁷¹ If the customer is not satisfied with the SWCS's response, they can contact the Regional Mediator of Wallonia and the Wallonia-Brussels Federation. As a final step, customers can escalate unresolved disputes to Ombudsfm for mediation.

Complaint procedures required for organisations working with public funds are mostly evaluated positively as most issues do not result in legal proceedings. However, some respondents found them overly complicated requiring knowledge of a lot of legal vocabulary:

« Alors je pense qu'il y a sûrement des voies de recours - souvent, les administrations ont des voies de recours, mais ces voies de recours sont souvent encore plus obscurs que l'action pour laquelle on va recourir, quoi - contre laquelle on veut recourir. Donc ouais, je pense que c'est... les voix de recours, c'est souvent écrit dans un langage ultra juridique qui met une distance encore plus énorme avec les gens... »

(So I think there is certainly a right of appeal - often, administrations have appeal mechanisms, but these mechanisms are often even more obscure than the action for which we are going to appeal, that is - against which we want to appeal. So yeah, I think it is... the appeal mechanisms, they are often written in an ultra-legal language that puts an even greater distance with people...)"

⁶⁹ Belgium, Fonds du Logement de Wallonie (FLW), Introduire un Réclamation (Introduce a complaint) on <https://www.flw.be/accueil-2/contactez-nous/reclamation/> accessed 20 January 2025

⁷⁰ For more information see SWCS's webpage on: <https://www.swcs.be/reclamations>

⁷¹ Ibid.

4. Conclusions and key recommendations

Rénopack is a measure designed to support increasing energy efficiency of older properties for owners with low to middle-low incomes, aligning closely with the policy framework of a just transition. The programme was largely evaluated positively by our respondents; however, gaps were identified, some of which are structural (by design), while others relate to implementation challenges. Key issues raised by interviewees include windfall and Matthew effects, difficulties with information accessibility, and the programme's limited reach to the most precarious groups.

The effectiveness and efficiency of the Rénopack program in relation to the just transition remain, however, uncertain and under evaluation due to a lack of data and quantitative assessments.

To properly evaluate the measure more empirical research is required. Such research should focus on the program's impact on the scale and speed of decarbonization of the housing stock, as well as the actual participation of lower-income groups.

In the following sections, we discuss the main effects of the policies, identify gaps and challenges, and highlight best practices.

4.1. Main effects

Although the number of users has increased significantly, the figures for the uptake remain relatively limited, as do the average loan amounts taken out. While the number of beneficiaries grew significantly from 4,260 households in 2022 to 6,955 in 2023, the total amount loaned during this period was €191,536,041, with an average loan amount of €24,093.⁷²

Most respondents identified the Rénopacks as a meaningful measure to increase the speed of renovation and make renovations more accessible for middle-low-income groups. The **integration of loans and premiums** was seen as positive, reducing administrative burden on entitled people while the **'solidary landlords'-project** - which aim is to provide an incentive to landlords to renovate the houses for their tenants without negatively affecting the tenant by e.g. increasing the rent - was also seen as

⁷² Société Wallonne du Crédit Social (SWCS), [Rapport Annuel 2023](#), p.38

good practice. The latter project can be seen as a meaningful lever in addressing the issue of 'split incentives' between tenants and landlords, while also increasing opportunities for social housing, which is in high demand.

4.2. Challenges and gaps

The main challenges lie in the fact that, first, interest-free loans for renovations inherently have adverse redistributive effects (so-called Matthew effects), and second, that such loans might be taken up by individuals who would have made the investments even without government subsidies (so-called windfall effects). These factors refer to well-known and well-documented adverse effects of subsidies in the literature (for an overview, see Bertoldi et al., 2019). Additionally, concerns were raised regarding the cost and the political sustainability of the measure.

4.2.1. Challenges regarding the reduction of emissions.

Energy efficiency renovations are labour-intensive and could be hampered by labor shortages in the construction sector, potentially leading to upward price pressures and higher renovation costs. From this perspective, for example, the NBB advocates broadening the focus to include not only renovations but also smaller investments in heat pumps, solar panels, energy-efficient household appliances, etc. (see supra). The relatively low amounts of the granted loans suggest that Rénopack primarily provides support to that segment.

When evaluating pre-financing mechanisms such as Rénopack, account must be taken of the so called “windfall effects”: beneficiaries that would have implemented their projects even without access to.⁷³ Also, households might increase their comfort level instead of reducing their heating costs. Regarding this effect, one respondent shared a striking experience, highlighting that energy-poor households currently do not or only minimally heat their homes during winter. As a result, if the energy efficiency of their housing improves, they might not save much energy, as they may prioritize increased comfort over energy conservation. Some circumstances appear, indeed, to be very precarious:

⁷³ Bertoldi, P., & Rezessy, S. (2010), [Financing energy efficiency: Forging the link between financing and project implementation](#), Joint Research Centre of the European Commission.

« ... nous, on a vraiment interviewé des gens qui nous racontent que, l'hiver, ils reçoivent personne, ils ne cuisinent pas, ils sont avec 4 plaids sur eux parce qu'ils ont froid, ils sont tous dans une seule pièce. Enfin, il y a vraiment des réalités de vie qui sont très très difficiles donc...

(...we have actually interviewed people who tell us that in winter, they don't have anyone over, they don't cook, they have 4 blankets on them because they are cold, they are all in one room. Finally, there are realities of life that are really very difficult so...)"

(BE_INT9_OTHER23; 20:16; p 13)

Data needed for the empirical evaluation of Rénopack is not detailed enough to assess the impact on energy efficiency and consumption, let alone to study the costs and benefits of alternative measures such as loans specifically targeted at "turning points" of a property, such as at the moment of sale, for example. This is partly related to the repeal of the obligation to conduct an energy assessment before and after renovations, which had introduced additional costs and created uncertainty about the premium amount, as it was previously based on the assessment rather than the current fixed rate for a specific area. What is certainly lacking are holistic evaluation studies taking also into account health advantages of compliant housing, which might reduce healthcare spending in the long run.

4.2.2. Challenges regarding the redistributive effects

Another issue related to pre-financing mechanisms are the so-called Matthew effects. Scientific literature points out that the risk of regressive environmental policies can be substantial (for a review of international research see Markkanen & Anger-Kraavi, 2019; Lamb et al., 2020⁷⁴). This is, in part, because energy expenditures (and thus many taxes aimed at reducing energy consumption) weigh relatively more heavily on low-income households than on high-income households and, in part, because high-income households have a greater capacity to invest in green energy and thus take advantage of subsidy schemes provided by the government to that end. Additionally, despite their larger carbon footprint in absolute terms, wealthier households have on average a lower

⁷⁴ For a review of international research, please see: Markkanen, S., & Anger-Kraavi, A. (2019), '[Social impacts of climate change mitigation policies and their implications for inequality](#)', *Climate Policy*, 19(7), 827-844; see also: Lamb, W. F., Antal, M., Bohnenberger, K., Brand-Correa, L. I., Müller-Hansen, F., Jakob, M. & Sovacool, B. K. (2020), '[What are the social outcomes of climate policies?](#)', *Environmental Research Letters*, 15(11), 113006.

emission intensity because emission-intensive categories (e.g. food and energy for housing) make up a smaller share of their total budget⁷⁵.

Although Rénopack is targeted at middle-low-income households, it does not escape these adverse effects for various reasons: lower-income groups are underrepresented in the group of property owners; low-income owners might not be able to pay off a monthly loan, their age might be too high to be considered for a loan, or they might be tenants, which results in another constellation where the landlord is responsible for renovations, which might lead to rent increases. Even when people are eligible, they might not have the necessary information, as most information is published online and initiatives to provide assistance are mostly located near cities. Another barrier may be the difficulty of initiating and completing the application procedures. Some respondents also reported that the procedure is not sufficiently accessible, further limiting the effectiveness of the program for those in need.

While the information is often available online, and energy houses have been put in place, this may not be enough for some individuals such as the precarious public. The need for social and administrative support might be underestimated. This is because the process can be challenging as it has multiple steps and may involve different institutions. For these more precarious groups, administrative procedures can be very confusing, and they often need more hands-on assistance. For example, an application may require that an audit be conducted as well as the presentation of quotes for the specific renovation work, which must correspond to the type of work that can be financed by the action. As mentioned by several interviewees, it is also challenging to fill out the necessary paperwork on the ground by some individuals. One interviewee pointed out for example the problem of illiteracy among potential recipients. This is vividly illustrated in the following quote:

« Moi, je peux vous dire qu'il y a des gens qui ont signé X sur des contrats parce qu'ils ne savaient pas faire autre chose.

(Me, I can tell you that there are people who signed an X on contracts because they could not do anything else)''

⁷⁵ Fransolet, A. & Vanhille, J., Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels, 7 November 2023.

4.2.3. Challenges regarding the cost and the political sustainability of the measure

While it is fiscally more advantageous to grant loans instead of premiums, as loans are repaid and can be granted again afterward, the current Walloon budgetary imbalance may pressure governments to reconsider loans in the future. Apart from the budgetary challenges political shifts⁷⁶ might also pose a challenge to the sustainability of Rénopack.

4.3. Lessons learned and good practices

The effectiveness and efficiency of the Rénopack program in contributing to a just transition remain uncertain and are still under evaluation. Although interviewees generally evaluated the Rénopack project positively, the lack of detailed data limits the ability to conduct thorough evaluation studies. As a result, definitive conclusions about its impact on decarbonization, as well as its social and distributional effects, cannot yet be drawn. Consequently, it is currently not possible to provide informed recommendations on the program's design compared to alternative models.

To address these gaps, baseline measurements, precise tracking of loan usage and user profiles, and comprehensive evaluation studies are essential.

4.4. Recommendations

The following lessons and good practices have emerged regarding the implementation of Rénopack:

- Take into account the Matthew effects and windfall effects of pre-financing schemes and aim to mitigate these as much as possible in the design of the measure and its financing. This includes ensuring that the benefits of such schemes are equitably distributed and that they primarily target those who would otherwise be unable to invest in energy-efficient renovations. Additionally, safeguards should be implemented to prevent the support from disproportionately benefiting higher-income households or funding investments that would have been made without assistance. Careful monitoring and

⁷⁶ In the Belgian elections of June 2024, the French-speaking Green Party (Ecolo) experienced significant losses, with many of its seats shifting to right-leaning and center-right parties.

adjustments should be integrated to enhance the inclusivity and efficiency of the program.

- One-stop shops are necessary to provide all relevant information, with energy houses serving as a good example. Accessible locations and outreach events can help reach precarious groups, making them feel supported rather than facing challenges alone.
- Attention is needed to support individuals after renovations, helping them improve the energy efficiency of their living habits and avoid the rebound effect, i.e., the tendency to increase energy consumption as a result of perceived improvements in efficiency.
- More vulnerable groups should be involved in the co-creation of the implementation process to ensure the initiative is as inclusive as possible.
- The processing length should be as short as possible.
- Integrate the measure with other forms of social policy and assistance. Several respondents suggested that the programme should be aligned with other forms of financial support and include a social follow-up that addresses issues beyond housing
- Raise awareness about the programme, as vulnerable groups are often difficult to reach and not easily influenced by information available on the internet.
- Evaluate and potentially strengthen the "Social Landlord" project.
- Consider implementing, possibly on an experimental basis, the introduction of the Energy inefficient housing project (Project Passoire Énergétique) to enhance effectiveness in ensuring affordable and inclusive renovations for those most in need.

Annexes

Annex I. Design of the action

Information about the action	
Objective	<p>Rénopacks allow low-income families who own houses in Wallonia that are at least 15 years old to obtain loans with 0% interest rate to renovate their house to reduce energy costs, make it safer or adapt it for disabilities.</p> <p>The action thus focuses on energy efficiency and targets low-income households.</p> <p>The Rénopack was developed as a 0% interest loan to encourage Walloon homeowners to carry out energy-saving renovations, in response to growing European directives and government initiatives aimed at improving energy efficiency. The product was introduced to ensure that renovations were more affordable for households, particularly those that would otherwise struggle to finance energy-efficient upgrades on their own.</p> <p>The Rénopack plays an important role in achieving Wallonia's energy and climate goals by helping reduce greenhouse gas emissions. This is primarily done through actions such as improving building insulation and promoting the efficient use of energy across various sectors. As part of Wallonia's broader climate plan (such as the PWEC and the PACE explained below), Rénopack contributes to a series of planned reductions in emissions. These efforts align with both national and European objectives, where each action, like the Rénopack, adds to the collective progress needed at different levels—regional, national, and EU-wide.</p>

By providing financial support through zero-interest loans, Rénopack enables more residents to renovate their homes. This approach helps broaden the scope of renovations beyond those who could typically afford such changes, thereby encouraging greater participation in energy efficiency improvements. By this, the action directly supports regional, national, and European climate objectives by promoting sustainable living environments as renovating homes to meet energy efficiency standards contributes to reducing overall energy consumption, aligning with broader efforts to combat climate change. They add that the primary goal of Rénopack is to transform the housing stock in Wallonia to become more environmentally friendly. This transformation is crucial in achieving the region's and country's targets for carbon reduction and energy efficiency. Therefore, the efforts made through Rénopack are part of Belgium's commitment to the European Union's climate policies, which aim to significantly lower carbon emissions and enhance energy efficiency across member states.

The Rénopack is one measure among many within the broader strategy for the green transition in Belgium. The Rénopack plays a vital role by helping to insulate homes, which directly supports the green transition. It is just one measure within a much larger ecosystem of policies and initiatives aimed at making the green transition a reality in Belgium such as the PNEC (National Energy-Climate Plan)⁷⁷ and

⁷⁷ For more information on PNEC see the organisation's webpage on <https://www.regiedesbatiments.be/fr/projects/plan-national-energie-climat-belge-pnec#:~:text=Concr%C3%A8tement%2C%20le%20PNEC%20belge%20pr%C3%A9voit,40%25%20par%20rapport%20%C3%A0%202015.>

the PWEC (Plan Wallon Énergie-Climat)⁷⁸, which is specific to Wallonia. These plans set out energy-saving targets and are submitted to the European Commission. Additionally, Wallonia has its own PACE (Plan Air Climat Énergie), a regional initiative that predates the European requirements for the PNEC. Behind those, there are a whole series of actions that contribute to this green transition. Ecopacks are an important tool for citizens, but they don't just target citizens. The aim is to renovate all buildings: public buildings, private tertiary buildings, etc. Therefore, the Rénopack is an important part of the policy for citizens, but it's just one of many actions that aim to accelerate the energy transition. For buildings specifically, renovation is crucial, but the energy transition doesn't only involve building renovation. It includes acting on various levers: transportation, industry, buildings in general, and others. This comprehensive system also includes strategies to raise awareness, provide support, and ensure citizens have access to the available tools, contributing to a broader shift toward energy efficiency and sustainability across multiple sectors.

Rénopack and zero-interest loans are the cornerstones of Wallonia's energy renovation strategy. These two mechanisms form the backbone of the region's approach to energy efficiency in housing. The Rénopack, which offer financial support to homeowners for renovation work aimed at improving energy efficiency, play a critical role in helping Wallonia achieve its climate goals by reducing energy consumption in buildings. Indeed, the connection between the Rénopack and the

⁷⁸ For more information, see the organisation's webpage on <https://energie.wallonie.be/fr/la-contribution-wallonne-au-plan-national-energie-climat-2030.html?IDC=10374>

	<p>national and European climate objectives is clear in terms of reducing energy consumption, particularly in the housing sector. This is consistent with Belgium's and the EU's overarching targets for energy efficiency and carbon reduction.</p> <p>While the Rénopack is valuable, it must be complemented by other initiatives to address broader issues. For example, she pointed out that certain social and structural problems could undermine the full potential of Rénopack in contributing to a just energy transition. However, concerns were raised about potential challenges, such as the rebound effect which does not apply here (where energy savings from renovations may lead to increased consumption elsewhere), thus undermining the impact of Rénopack in contributing to Belgium's and Europe's climate goals.</p>
<p>Background</p>	<p>Zero interest loans were created in Wallonia ten years ago and continue to exist at the moment.</p> <p>Origin and development:</p> <p>The first zero-interest loans were introduced in 2008 under the Écoprêts program. However, in the political landscape, each minister typically aims to leave their mark on such initiatives. As a result, with each change of legislature and leadership, minor rule adjustments were made, often accompanied by a rebranding of the product. The Écoprêts initiative saw significant boosts in 2012 and again in 2015. In 2012, the Walloon Region launched the Ecopack, a 0% interest loan that combined both a loan and a premium to support investments in housing, targeting issues of salubrity and energy-saving renovations. The Region had historically provided premiums to incentivize these</p>

improvements. However, a significant challenge was the delay between applying for a premium and receiving funds, as premiums were only disbursed after the work was completed and administrative processes finalized. This delay created issues for contractors, who could not wait long periods for payment.

To resolve this, policymakers introduced a 0% loan that covered the full cost of the works, allowing contractors to be paid immediately upon completion. Meanwhile, the premium application process continued, and once approved, the premium was applied as an early repayment of the loan, either reducing the loan term or lowering monthly payments. This system, initially set up under the Ecopack, continues today with the Rénopack, simplifying the process for applicants by managing both loans and premiums under one administrative umbrella, either through the Fonds du Logement or the Société Wallonne du Crédit Social (SWCS).

However, in 2015, the Walloon Region imposed a moratorium on subsidies due to financial concerns, temporarily reducing public interest in these programs. During this period, the Ecopack and Rénopack programs coexisted, with the Ecopack focusing on energy efficiency and the Rénopack on housing salubrity. By 2019, the programs were merged into the Rénopack, which now covers both energy efficiency and salubrity-related renovations.

The Rénopack was officially launched in 2016. Its development was shaped by several key players, including the Belgian government and European policy frameworks. They explained that as new ministers took office and energy regulations became more stringent, programs

like the Rénopack became necessary to address these challenges

On the other hand, the second interviewee gave a much-detailed information on how the Rénopack came to exist:

The Ecoprêt was introduced in 2009 as a loan with zero-interest rate but with a smaller amount and limited to just a loan. However, the evolution of the Ecoprêt was followed different legislative terms. Indeed, they explain that the Ecoprêt was launched under André Antoine of the CDH (now the Engagés), and during the next term, Jean-Marc Nollet of Ecolo pushed to go beyond a simple loan to encourage energy renovation. This led to the creation of the Ecopack in 2012, which combined a loan with premiums. They explain that with the Ecopack, if someone took out a loan for €25,000, but was eligible for a €10,000 grant, the monthly payment would be calculated based on €15,000 instead of €25,000. In their opinion, this innovative system made it easier for people to afford renovations, enabling some to either take on projects they otherwise couldn't or expand their renovation scope. It also streamlined administrative procedures since applying for the loan and the grants was done simultaneously, eliminating uncertainty about eligibility for grants.

In 2016, Paul Furlan, a socialist, saw room for improvement. The Ecoprêt and Ecopack were strictly limited to energy-saving renovations, but many houses also required basic safety upgrades (e.g., electrical compliance or installing a handrail). Thus, the Rénopack was created to cover these essential health and safety renovations (salubrity conditions), often alongside energy renovations, so that

homeowners could apply for both an Ecopack for energy savings and a Rénopack for safety and habitability improvements. Later, under the next socialist minister, the Rénopack was further simplified to merge energy-saving and habitability renovations (salubrity) into one comprehensive package. This was to address the issue of having two separate products, which added unnecessary complexity for homeowners. They noted that the new generation Rénopack now covers all renovation needs, both in terms of energy efficiency and essential home safety.

Following the reintroduction of subsidies, the two most recent ministers responsible for energy and housing worked to revitalize the initiative. In 2023, a major reform increased the maximum subsidization rate from 70% to 90%, significantly boosting demand by making the subsidies more attractive. The timing and scope of these changes have been closely tied to the political agendas of the various ministers and governments in power, shaping the direction of these housing renovation policies.

Rationale:

Regarding the rationale behind the development of the Rénopack, the primary and essential motivation for the Rénopack program stems from environmental concerns, particularly the need to address climate change. The program is designed to contribute to the reduction of greenhouse gas emissions by focusing on a major sector responsible for these emissions: the construction and housing sectors. This environmental focus forms the core of the initiative. Beyond environmental considerations, there are financial and social factors that drive the policy. Many individuals

do not have the financial capacity to fund necessary renovation work independently. One of the main challenges identified was the issue of pre-financing premiums. This was a significant barrier for many households, as they had to complete and pay for the work upfront before receiving any premiums. The Rénopack addresses this by directly injecting the premiums into the 0% loan – thus either reducing the amount of the monthly payments or shortening the reimbursement period. Doing so, it provides a much-needed financial support for those unable to cover the costs on their own.

Stakeholders involved:

The Ecopack initiative was originally launched by Jean-Marc Nollet, the Minister of the Walloon Region at the time. It was developed in partnership with the Fonds du Logement and the Société Wallonne du Crédit Social, along with the Minister's cabinet.

The program was part of the broader Alliance emploi environnement (The employment environment alliance), a strategic framework designed to promote environmental, economic, and employment objectives. The goal was to stimulate energy-saving investments, which would not only help achieve environmental targets but also support local businesses and create jobs, particularly in the Walloon region. This collaboration sought to have a significant economic and employment impact.

From a social perspective, the program was designed to support the most vulnerable populations. Households with lower taxable incomes and larger families were eligible for increased premiums, with a multiplier effect

that could raise their premium by up to six times the base amount. This system of positive discrimination ensured that low-income families received the highest level of financial support.

The project also aimed to support the social economy by involving organizations like Village Reine Fabiola, which employed people with disabilities. These individuals played a key role in the project, staffing call centers and helping provide information to the public about the program.

The Walloon Region continues to promote energy-efficient renovations through initiatives like the employment environment alliance, where numerous stakeholders, including social and environmental organizations (such as stakeholders from various sectors were consulted through committees like the Conseil Économique et Social composed of consumer associations, construction section representatives including the Confédération de la Construction, Federations promoting sustainable building materials, syndicats, representatives from social housing agencies, organisations such as RWADÉ, and others), participate in working groups to further advance these objectives.

RWADÉ has been particularly involved in discussions around energy renovation programs, such as the Rénopack and Ecopack initiatives. For example, when the Ecopack was launched, they participated in the accompanying committee that oversaw all measures under the Alliance for Employment and Environment, including subsidies and financial aids like the Ecopack. During their involvement, they analyzed the impact of these

tools on different income categories, and they noticed that although these initiatives were useful, they were not sufficiently reaching the most vulnerable populations. An internal study conducted by IWEPS (Walloon Institute for Evaluation, Forecasting, and Statistics) in relation to the reform of 2015-2016 further confirmed that while some progress was made, inequalities persisted⁷⁹. Based on this study, it was concluded that the latest reforms the effect of the reform of the premiums and loan system implemented respectively in April 2015 and January 2016 on energy renovations, have not, overall, improved access to quality housing for all Walloons any more than previous systems. One of the main reasons is the reduction in the amounts of the bonuses granted, which no longer provide sufficient incentive for households to carry out work. The reduction in the amounts of the bonuses is, however, less for households with lower incomes, but the reduction is sufficient for the total scale of the work to decrease.⁸⁰

Furthermore, whenever there are new legislative texts, they are submitted to the Economic, Social and Environmental Council of Wallonia for review.

In 2012, when the Ecopack was introduced, Jean-Marc Nollet launched the Alliance Emploi-Environnement, which brought together various stakeholders. He understood that energy renovation projects required more than just financial products like the Ecopack. This

⁷⁹ IWEPS (Walloon Institute for Evaluation, Forecasting, and Statistics) (2019),, [Evaluation des impacts des récentes réformes de l'octroi des primes et des prêts « Energie & Logement » en Wallonie Rapport final](#)

⁸⁰ IWEPS (Walloon Institute for Evaluation, Forecasting, and Statistics) (2019),, [Evaluation des impacts des récentes réformes de l'octroi des primes et des prêts « Energie & Logement » en Wallonie Rapport final](#), p.142

	<p>initiative included private sector construction companies, training institutions, and actors like the Conseil Wallon de l'Environnement pour un Développement Durable to ensure a systemic approach. These sectors were involved to help create competent employment in renovation technologies. So, they note that while civil society and environmental organizations were not involved during the introduction of the Ecoprêt in 2009, they became part of the discussions with the Alliance Emploi-Environnement during the Ecopack phase.</p>
<p>Timeline</p>	<p>The duration of the action is not defined, that is, for the moment, an end date is not foreseen.</p> <p>Achievements: in 2023, 7950 zero interest loans were granted. The total amount loaned was 191.536.041EUR and the average amount per loan was 24.093EUR.</p> <p>In 2023, a major reform increased the maximum subsidization rate from 70% to 90%, significantly boosting demand by making the subsidies more attractive.</p> <p>At the moment, there is no set end date for the action, implying that the renovations completed through the Rénopack have a long-term impact, given the lifespan of the improvements made. The renovations are intended to yield sustained reductions in energy consumption, but the interviewee expressed concern that the current rate of renovation is not sufficient to meet the overall objectives. There is therefore the need for the program to continue and even expand, particularly for low-income households and rental properties, where the residents are unlikely to ever have the means to finance renovations themselves.</p>

	<p>As the first interviewee explained, changes often occur with shifts in political leadership or government priorities. For instance, specific regulations, such as those related to roof conditions (See Section C.1 for more details), were introduced unexpectedly in March, almost overnight. They added that these rapid adjustments reflect the influence of political decisions and legislative agendas. This can create a somewhat unpredictable environment, where changes might be imposed based on new policies or parliamentary questions.</p> <p>They further explain that the Rénopack system continues to be a highly successful tool for home renovation in Wallonia, and there is no indication that it will be phased out. The program has gained traction and, in recent years, the SWCS has seen a significant shift towards granting more renovation loans than home purchase loans, showing a clear response to evolving needs. In their opinion, that this shift is philosophical for SWCS, as it challenges the organization's traditional mission of aiding property access, with a growing focus on supporting renovations for a broader public, including middle- and upper-middle-income groups. This is based on the fact that the SWCS primarily focused on providing access to home ownership for individuals and families, especially the young adults and those in precarious situations and that over time, as housing needs evolved, the SWCS began to shift its focus towards renovation loans.</p>
<p>Scope and development</p>	<p>As noted above, an end date for the measure is not foreseen.</p> <p>The Renopack program, which provides financial aid for energy-saving renovations, is currently still in effect, but its future remains</p>

uncertain under the new regional government. While there are no current plans to end the Rénopack, the future of the associated financial premiums is less clear. The previous government introduced a reform in 2023, with the intention of not binding the incoming government too tightly.

The official order (arrêté) regarding these premiums was enacted on 1 July 2023, and is set to last until 30 June 2026. However, this timeframe is subject to the new government's budgetary decisions and potential policy changes. It is important to note that once a Rénopack contract is signed, beneficiaries have two years to complete their renovation work. Even if they sign the contract in early 2026, they can still access the premiums for work done in 2027, provided the contract was signed before any changes to the program come into effect.

In this context, the new government's decisions will determine whether the premiums will continue, be reduced, or be discontinued entirely after the current expiration date. Given the financial situation of the Walloon Region, the risk is not so much a cessation of premiums, but rather a reduction, either in the rate of subsidy, or in the public who could have access to them.

While there may be review points or amendments along the way, it is clear that the government has the power to adjust the program as needed. In one of the interviewee's opinion, with a new political majority, it is likely that they will make further changes to align with their agenda, which includes a strong emphasis on third-party investors and the assumption that energy renovations automatically lead to

	<p>energy savings—an assumption that is often contested.</p> <p>Furthermore, whenever there are new legislative texts, they are submitted to the Economic, Social and Environmental Council of Wallonia for review.</p> <p>Activities included:</p> <p>The Rénopack program primarily provides loans and potential premiums for renovation projects but also includes a crucial advisory component. This includes offering technical support to vulnerable households, helping them prioritize renovation tasks based on their financial situation, and ensuring their projects meet the criteria to qualify for premiums. The program involves a preliminary analysis of contractors' estimates to maximize energy savings and eligibility for premiums, preventing households from funding renovations that do not meet technical standards. The level of support is tailored to the specific needs of each household, ensuring flexibility and effectiveness.</p> <p>Future developments:</p> <p>The situation is somewhat uncertain due to the recent change in political leadership at the regional level⁸¹. There has been a shift in the political landscape with a new minister (Cécile Neven) now overseeing both housing and energy portfolios. This consolidation could lead to a more streamlined approach to policymaking and program implementation, as there will be a single point of contact instead of</p>
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⁸¹ For context: Belgium had federal and regional elections in June 2024. The new Walloon government, announced on 14 July 2024, is composed of a coalition formed by the right-wing party Mouvement Reformateur and the centre-right party Les Engagés (the reformed Christian democrat party).

two⁸². However, the new minister will need time to familiarize herself with the sector and its complexities. It may take six months to a year before any concrete changes or new initiatives are visibly implemented. In addition, the government has just returned from a break, and it will likely take time for the new minister to establish her direction and priorities. Furthermore, while immediate changes may not be expected, the new minister's fresh perspective could potentially bring about a shift in policy direction or introduce innovative approaches to address some of the program's current challenges.

The change of government has prompted discussions within SWCS regarding tightening access to Rénopack. Currently, the program benefits a broad section of the population, including people who do not necessarily need this financial support. In this sense, the "windfall effect" ("effet d'aubaine") has been mentioned by many interviewees, as there's a growing concern that the resources are being diverted from vulnerable populations who are the real target of this initiative. The goal would be to restrict access to the Rénopack to those who genuinely lack access to bank credit, focusing more on the precarious public. In this sense, the SWCS board is advocating for a shift to narrow the scope of beneficiaries. Currently, some beneficiaries, who could otherwise access bank loans, apply for Rénopack due to their attractive conditions (low interest rates, eligibility for grants, etc.). This creates a scenario where the program may not be as focused on lower-income households as originally intended. There are also concerns

⁸² For more information, see Maïthé Chini, [At a crossroads': Wallonia swears in new regional government](#), The Brussels times, 15 July 2024

over the increasing generosity of renovation grants, which could be burdening the Walloon regional budget. Although no official signal has been given, the financial sustainability of such generous schemes is being questioned. Rationalization of the available subsidies may be on the horizon.

An initiative to be mentioned is the the "projet passoire énergétique," which aims to support energy-inefficient homes. This measure is no longer just a proposal; a text has already been adopted and published in the Belgian Official Gazette on the 22nd of August 2024². The "projet passoire énergétique" complements the Rénopack program by providing additional financial support to low-income households whose income may be too low to cover renovation costs. However, the combined public support, including the premium and the "projet passoire énergétique," cannot exceed 90% of the total renovation costs, leaving a 10% gap that must still be financed, typically requiring a loan due to the target audience's limited financial resources. the "projet passoire énergétique" is currently somewhat on hold, as the government plans to reassess its priorities and funding decisions. This initiative was part of the Walloon Recovery Plan launched in 2021, but the new government is reviewing whether to continue or revise this policy. For now, the "projet passoire énergétique" exists on paper but is not yet being implemented in practice. Indeed, the "projet passoire énergétique" has been discussed but have not been implemented. They add that a government decree was indeed adopted, but the way it was drafted has caused significant issues. As a result, the credits have not been made available, which has delayed the project's implementation. At this point, it remains to be seen what the new

government will decide regarding this measure and whether they will support it or not.

The “projet passeoire énergétique” is aimed at people who are not entirely unable to repay loans but still fall short of the financial means necessary to carry out significant renovations. However, one of the concerns is the requirement for significant improvements in the home's energy performance. To qualify for the aid, there is often an expectation to upgrade the or PEB label from a G rating (very poor) to an A, B, or C rating (highly efficient). These are major renovations, which are not only expensive but also challenging for low-income households to undertake. There are concerns that setting such high standards might result in missing the target because the most vulnerable households may not be able to afford the large-scale renovations required to meet these criteria. Furthermore, it has been also noted a perceived inequity between the requirements of the “Projet Passeoire Énergétique” and other aid programs, such as the Rénopack. While the projet passeoire places a strong emphasis on energy performance improvement, Rénopack do not have such strict energy-related conditions. This could make the aide passeoire harder to access for the very people it is intended to help.

In addition to the project passeoire, as of March 2024, an additional condition has been introduced: homes must have properly insulated roofs upon completion of the renovations. This requirement ensures energy efficiency, aligning with the principle that home insulation should begin with the roof before addressing other areas. This step is part of a

broader strategy aimed at ensuring homes retain heat, reducing energy loss.

In relation to the continuation of the action (Rénopack) and any foreseen future development, the Rénopack is tied to the completion of an energy audit, called a housing audit, which not only assesses energy efficiency but also addresses issues related to building safety and health. The audit is valid for seven years, and homeowners can undertake renovation work and apply for a Rénopack loan within this time frame. As long as the audit process remains unchanged, individuals will continue to conduct audits and apply for Rénopack loans for their renovations. However, if the government was to abolish the Rénopack program or change the audit or grant systems, this would directly impact the Rénopack. The program is closely linked to the Walloon regulations, so any changes to the audit process or housing grants would have a cascading effect. This might require adjustments to the Rénopack mechanism or possibly its replacement with another funding program that aligns with new regulations. Therefore, changes in government policy could require a review and potential restructuring of the system to maintain support for energy-efficient housing renovations.

Furthermore, if the government decided to abolish the Rénopack or alter its associated grants, it would likely need a legal review to assess the feasibility and risks, potentially leading to legal disputes similar to past cases, like the reduction of green certificates. Moreover, the Energy Performance of Building Directive of 2024 has introduced renovation obligations and by April 2026, the Walloon region will need to have transposed these

	<p>European requirements, setting mandatory renovation standards for buildings. This will likely lead to a shift towards more regulatory obligations and less reliance on financial incentives like grants.</p> <p>From the SWCS side, the end of the Rénopack is not currently foreseen and despite the SWCS not engaging in active promotion or advertisement of the program, the SWCS has consistently operated at full capacity for years, even seeing an increase in loan approvals. In fact, the number of approved loans exceeded 10,000 this year, highlighting the program’s popularity and growing demand. In addition, to streamline operations, SWCS has developed internal mechanisms to automate approvals, particularly for simpler renovations, without needing to pass through the traditional credit committee process. This enables SWCS staff to focus more on complex cases rather than routine tasks.</p>
<p>Internal governance</p>	<p>Rénopacks are managed by the Walloon society for social credit (Société wallonne du crédit social), a public service of the region. Loans to larger families (with two children or more), however, are managed by the Walloon Housing Fund (Fonds du Logement de Wallonie).</p> <p>Three legal bases exist for this action:</p> <ul style="list-style-type: none"> - General Decree: The Walloon Government's decree dated May 16, 2019, which approves the general regulations for granting loans through the Housing Fund⁸³.

⁸³ [Arrêté du Gouvernement wallon du 16 Mai 2019 portant approbation du règlement général définissant les principes généraux d'octroi des crédits en fonds B2 par le Fonds du Logement des Familles nombreuses de Wallonie](#)

- Specific Decree: The Ministerial Decree of May 27, 2019, which specifies the regulations for granting these loans⁸⁴.
- Decree on Housing Grants: The Walloon Government's decree from April 4, 2019, specifically concerning housing grants (primes d'habitations)⁸⁵.

The Decree of 4 April 2019 is the regulatory framework that establishes the Rénopack as it outlines the rules governing the associated premiums and the requirement for an energy audit (known as the "audit logement"), which serves as a prerequisite for obtaining the Rénopack loan. In addition, the specific rules and management of the loans are handled by separate entities, such as the SWCS and the FLW. These entities have their own internal regulations for granting loans under the Rénopack scheme. In essence the regulations of the SWCS and the FLW, in addition to the Decree of 4 April 2019 form the legal basis of the Rénopack program.

Bodies/units responsible for management, implementation:

The internal governance structure of the Rénopack program is directly linked to the Walloon government, which allocates an annual budget to the initiative to the SWCS and the FLW. The SWCS operates under the oversight of the Walloon government, which provides the necessary funding for both the Access Pack (mortgage loans) and the Rénopack (home renovation loans). Specifically, while the Access

⁸⁴ [Arrêté ministériel du 27 Mai 2019 portant exécution de l'arrêté du Gouvernement wallon du 4 avril 2019 instaurant un régime de primes pour la réalisation d'un audit, de ses rapports de suivi des travaux et des investissements économiseurs d'énergie et de rénovation d'un logement](#)

⁸⁵ - [Arrêté du Gouvernement wallon du 4 Avril 2019 instaurant un régime de primes pour la réalisation d'un audit, de ses rapports de suivi des travaux et des investissements économiseurs d'énergie et de rénovation d'un logement](#)

Pack operates on a closed-envelope system, meaning the funding is capped, the Rénopack operates without such limitations, allowing the program to meet growing demand as it increases year by year. The SWCS and the FLW remains under the supervision of the Walloon government, which monitors and audits the use of funds. Each year, the SWCS submits an annual report to the government, detailing the program's performance and financials. This report is also available on the SWCS's official website, offering transparency to the public and the government⁸⁶.

In terms of implementation, the SWCS works in partnership with other key stakeholders such as the FLW and various local entities like CPAS.

The reason why the Rénopack is managed by two different organisations (namely the SWCS and the FLW) is linked to historical reasons. The first institution, the FLW, was established in 1929 by the Ligue des Familles Nombreuses as a private cooperative, originally funded through private means. It later gained recognition and collaboration with public authorities, yet maintained its focus on supporting large families.

Meanwhile, other credit institutions developed, such as CGER (La caisse générale d'épargne et de retraite), which was the predecessor of the bank Fortis, and were primarily public or government-recognized credit providers. In 2001, the Walloon government consolidated many of these institutions into the SWCS, creating a public entity aimed at offering social credit services. While both institutions now work together under the Rénopack scheme,

⁸⁶ For more information, see SWCS's webpage on the latest annual report of 2023 <https://www.swcs.be/uploads/documents/Rapport-annuel/RA-2023-complet.pdf>

offering similar products, the distinction between the two lies in their origins and target audiences—FLW remains a private entity, whereas SWCS is a public body.

The FLW and the SWCS follow slightly different procedures in managing these loans and premiums, with some variations in their systems, but the overall framework remains consistent across both entities.

These two organizations aim to serve slightly different target audiences, despite having similar rules. The Social Credit Society handles a much larger volume of cases compared to the Housing Fund. This distinction is due to the different public they cater to. Historically, the Housing Fund dealt primarily with larger families (families of 3 children or more), while the Social Credit Society took on a broader range of applicants (families with less than 3 children). Interviewee 2 further elaborated that initially, the Housing Fund exclusively managed co-ownership associations, but now both organizations serve that demographic. However, the volume of applications remains higher for the Social Credit Society due to its broader target group and because large families, the primary demographic of the Housing Fund, are fewer in number.

There is currently a future policy shift, as the current regional policy declaration includes a desire to merge the Social Credit Society with the Housing Fund. The intention is to streamline these two services, which originally had distinct roles but now overlap considerably.

In practice, the two organizations are often situated next to each other at events or in public offices, leading to situations where one refers

individuals to the other based on specific eligibility criteria like family size. However, the division is considered largely historical, but it is also politically motivated. Different government policies over time led to the creation of these two bodies, even though they now provide very similar services. Both entities have grown independently, and despite previous discussions about merging them to streamline services, this hasn't yet materialized. However, recent government proposals have aimed at unifying these services to simplify the process for citizens, particularly since the complexity of having two actors often confuses the public.

Monitoring body/unit:

In Belgium, the authority responsible for overseeing and regulating credit providers is the Financial Services and Markets Authority⁸⁷ (FSMA). This body grants what is called the "traiteur license," which is the authorization to operate as a credit provider within the legal framework of the country.

At the FLW, for instance, decisions regarding the granting of loans are made by the organization's Board of Directors. Loan applications are prepared by the services department and then submitted to the Board, which functions similarly to a credit committee. Based on the analyses conducted by the services team, the Board either approves or rejects the credit applications.

Additionally, the Walloon government oversees the process through the presence of two government commissioners on the Board of Directors. These commissioners ensure that the

⁸⁷ For more information see the Financial Services and Market Authority (FSMA) on <https://www.fsma.be/en>

interests of the Walloon Region are respected in the decision-making processes.

The Walloon government provides the funding for the action and the SWCS and the FLW implement the action. Within each of the SWCS and the FLW there is a board of directors. In terms of supervision and monitoring, there is the government commissioner who is assigned to monitor and verify the financial operations of both the SWCS and the FLW, ensuring that they comply with government policies. Indeed, a key part of this process involves the submission of declarations of claims by the SWCS and FLW to the SPW, which allow them to deduct funds related to the loans from the overall budget allocated for the Rénopack.

Supervision of the Rénopack is primarily carried out by the Walloon government. The government, which allocates the funding for the program, also plays a role in monitoring its operation and ensuring accountability. The SWCS must submit an annual report to the government, detailing the program's activities and financial status (which is also available to the public on their site). This report allows the government to track the use of funds and the progress of the Rénopack initiative. Additionally, during important political negotiations, the SWCS's Director-General regularly meets with government officials to discuss the program's medium- and long-term objectives and any potential improvements.

The governance of this program involves various levels of oversight and execution by regional and national authorities, as well as specific institutions tasked with administering and monitoring the program. The Rénopack is primarily funded by the Walloon Region, with

the SWCS serving as the main institution responsible for managing loans under the program. The SWCS functions as the lender, and its activities are overseen by Belgium's financial regulatory bodies:

- The Federal Public Service for Economy (SPF Économie) and the Financial Services and Markets Authority (FSMA) oversee the SWCS's activities as a social lender. The loans provided under the Rénopack program are considered "consumer loans" and must comply with the general rules governing instalments loans in Belgium.
- However, as a recognized social lender, the SWCS has been granted specific derogations, including the ability to offer loans with terms longer than the standard legal duration.

The second interviewee continues to explain that the Walloon Government also plays a crucial role in monitoring the Rénopack program. They noted that this oversight is implemented through government commissioners who sit on the SWCS Board of Directors. Their primary responsibility is to ensure that the SWCS complies with Walloon legislation, particularly the government decree that governs the Rénopack loans. For transparency and accountability, the SWCS submits monthly reports to the Board of Directors. These reports include:

- The number of loan applications processed, including approvals, rejections, and any granted derogations (these are available in the SWCS annual reports as mentioned by the second interviewee)
- Compliance with the established regulations.

The government retains the right to audit the SWCS at any time to ensure full compliance with the rules set forth in the Rénopack framework. Then, the SWCS has multiple reporting obligations to both national and industry bodies. These include:

- SPF Économie: Every six months, the SWCS reports detailed information about the number of loans granted, their amounts, durations, and any loans in dispute.
- Union Professionnelle du Crédit (UPC): As a member of this professional credit union, the SWCS is required to provide monthly reports that track loan activities, particularly whether at least 50% of the financed work is related to energy-saving renovations. These reports contribute to industry-wide statistics on loan trends.

Primary Authority and Loan Implementation:
The Rénopacks program is primarily funded and controlled by the Walloon Region. The actual implementation of loans is the responsibility of the Société Wallonne du Crédit Social (SWCS), which acts as a lender. The SWCS is subject to oversight from national banking authorities. In this aspect, the Rénopack is primarily funded by the Walloon Region, with the SWCS (in addition to FLW) serving as the main institution responsible for managing loans under the program. The SWCS functions as the lender, and its activities are overseen by Belgium's financial regulatory bodies such as the SPF Économie and the FSMA as explained above.

While the SWCS manages the loan aspect of the Rénopacks program, the Service Public de Wallonie (SPW) is responsible for administering the renovation premiums that are often bundled with these loans. Typically, the SPW

manages grants separately from loans, allowing people to apply for grants after completing renovations. However, when a Rénopack loan includes a grant, the SWCS assumes a delegated role to process and manage the grant applications on behalf of the SPW. In this capacity, the SWCS is required to ensure that all grants are administered in accordance with SPW regulations. In addition, while no formal audits have been conducted by the SPW since 2012, the SWCS must maintain proper documentation in case of future inspections.

The SWCS handles around 80% of the loans while the FLW handles 20%. This difference stems from their respective mandates: the SWCS serves a broader public, providing loans to all households, including those with up to two children, while the FLW caters specifically to larger families with three or more children. This narrower focus naturally limits the number of loans the FLW manages. The segmentation is historical, but the complexity remains of having two separate organizations for different family sizes. This adds complexity to the procedures as for example there are exceptions for families with disabled children, where one child may count as two. This adds further complexity, making eligibility for these loans dependent on family structure, with the SWCS or FLW determining who qualifies.

Persons working on the action:

The number of people working on Rénopack is difficult to quantify accurately due to the decentralized and hierarchical structure of the organizations involved. This includes local offices that are spread across different regions and handle the initial interactions with applicants, and third-party organisations such

	<p>as Liège Énergie which is accredited by SWCS to grant Rénopack loans, etc.</p> <p>It is difficult to give an exact figure because almost everyone at SWCS is involved in some capacity, as the Rénopack have become one of their key products. There are about 30 experts who work on the ground, handling both property and renovation aspects. Additionally, there are the dossier managers and even the legal team involved. Essentially, at some point or another, almost everyone, including those in IT (Information and Technology), contributes to the Rénopack operations. It has been estimated by an interviewee from the SWCS that, including all those involved in various roles, around 130 people work on Rénopack. On a day-to-day basis, the number might be closer to 80 or 90. This count does not include the local entities and service points, which would raise the total number to approximately 250 people.</p> <p>The SWCS has seen significant growth in personnel over recent years due to increasing demand for Rénopack. This expansion has brought about some human resource challenges, especially as the organization continues to grow. SWCS is even planning to move to a new building, originally designed for 90 people, but which will now need to accommodate their current staff of 130. To address the growing workload, SWCS is implementing software solutions to streamline processes. The aim is to reduce time spent on simpler cases, allowing staff to focus on more complex projects.</p>
External governance	<p>No public information regarding reporting obligations is available. The Walloon society for social credit (Société wallonne du crédit social),</p>

however, publishes yearly reports where it provides information about the loans granted.

The FLW, for instance, has reporting obligations towards to the national bank and therefore to the Walloon Region.

The FLW collaborates with local energy renovation platforms such as Liège Énergie and the CPAS of Charleroi. In total, the Housing Fund works with six local entities in total: Liège Énergie, Charleroi, Soignies, La Louvière, Luxembourg, Étalle, and Sambreville.

These local entities act as credit brokers for the FLW, meaning they prepare and handle loan applications on the behalf of FLW. They have a very local presence and cater specifically to a target audience that might not typically come directly to to the FLW. This includes more vulnerable populations who may not be aware of their eligibility or for whom accessing these resources might seem like an unattainable goal.

The Walloon Public Service (SPW) plays a crucial coordination role in the Rénopack system, ensuring the proper functioning of loans and grants without directly managing them. It oversees the funding mechanisms, verifying applications and facilitating financing from the Walloon government. The SPW works closely with the UAP (Unité d'administration publique), particularly the SWCS and the FLW, to prevent duplicate applications and ensure compliance with grant criteria. Regular jurisprudence meetings are held to align processes across departments, such as energy and housing.

There are also the “guichets d'énergie” and the CPAS Charleroi. Historically, the CPAS in Charleroi had a connection to the FRCE (Global Energy Cost Reduction Fund). The FRCE

	<p>provided zero-interest loans granted by the federal government through locally established entities⁸⁸. Therefore, CPAS Charleroi had a dynamic system for loans that actually preceded the current Walloon policy. According to the Walloon Parlement, in its session No.: 11 (2014-2015) 1, the FRCE (Fund for the Reduction of the Overall Cost of Energy) is merged within the SWCS, after its regionalisation, with the Ecopack system, with a view to:</p> <ul style="list-style-type: none"> - strengthening the policy of granting zero-interest loans to households intended to finance energy-saving work, on the third-party investment model, by adjusting the rates according to the income and size of households; <p>ensuring, within the framework of available resources, support for borrowers and enhanced support for low-income and precarious households, by promoting the expertise of the eco-passeurs and local FRCE entities, in collaboration, where appropriate, with the CPAS, other competent social actors and the SLSP, and gradually generalising this specific support mechanism to the whole of Wallonia.⁸⁹</p>
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⁸⁸ The FRCE was created on 10 March 2006 and had the objective of intervene in the financing of structural measures aimed at promoting the reduction of the overall cost of energy in private housing. It is aimed in particular at the most deprived people by granting cheap loans in favour of structural measures . According to the arrêté of 17 June 2015 of the Walloon government, the FRCE was dissolved following the sixth State reform and and its powers were transferred to the Regions . In the Walloon Region, it is therefore the Walloon Social Credit Society which is authorised to ensure the activities of the Fund for the reduction of the overall cost of energy. See CPAS, 'Fonds de Réduction du Coût Global de L'Énergie' < <https://www.cpascharleroi.be/fr/actualites/fonds-de-reduction-du-cout-global-de-l-energie#:~:text=Le%20Fonds%20est%20une%20SA,%C3%A9nergie%20dans%20les%20logements%20priv%C3%A9s.>> and Benoît Lysys, 'La SWCS reprend les missions du Fonds de réduction du coût global de l'Énergie' (Wolters Kluwer, 2015) < <https://immospector.kluwer.be/newsview.aspx?contentdomains=IMMONEW&id=kl1893914&lang=f> r>

⁸⁹ Walloon Parlement, [The Global Energy Cost Reduction Fund \(FRCE\), Session :2014-2015, No.: 11 \(2014-2015\) 1](#)

The SWCS collaborates with a network of local partners, referred to as guichets, as well as other local entities. These guichets act as intermediaries, preparing loan applications for applicants. While these local entities handle the front-line application process, SWCS makes the final decision on credit approval and manages the financing. Rénopack involves external partnerships and collaborations, particularly with local entities. These collaborations include a network of local entities, which currently consist of six specific partners. The majority of these are local offices or "guichets," which serve as the main points of contact for citizens seeking information or support. These include energy guichets, renovation platforms, and private actors such as Credissimo⁹⁰. The nature of the partnerships varies, with some entities focusing on energy, others on financial services, and some operating as local intermediaries that assist with the administration and distribution of Rénopack loans.

As explained above, for transparency and accountability, the SWCS submits monthly reports to the Board of Directors. These reports include:

- The number of loan applications processed, including approvals, rejections, and any granted derogations (these are available in the SWCS annual reports as mentioned by the second interviewee)
- Compliance with the established regulations.

The government retains the right to audit the SWCS at any time to ensure full compliance with the rules set forth in the Rénopack framework.

⁹⁰ For more information see Credissimo's webpage on < <https://www.credissimo.be/fr/>>

	<p>Then, the second interviewee noted that the SWCS has multiple reporting obligations to both national and industry bodies. These include:</p> <ul style="list-style-type: none"> - SPF Économie: Every six months, the SWCS reports detailed information about the number of loans granted, their amounts, durations, and any loans in dispute. - Union Professionnelle du Crédit (UPC): As a member of this professional credit union, the SWCS is required to provide monthly reports that track loan activities, particularly whether at least 50% of the financed work is related to energy-saving renovations. These reports contribute to industry-wide statistics on loan trends.
<p>Funds</p>	<p>For 2024, 157 million EUR were allocated to Renopacks. The loans are funded by the Walloon region.</p> <p>In 2024, the budget allocated to the Rénopack program through the FLW for the loan component is 54 million euros. Last year, the budget was approximately 50 million euros, which proved insufficient due to an unforeseen increase in demand driven by the Green Certificate system for photovoltaic panels in the Walloon region. The system's deadline of December 31, 2024, led to a rush in installations, putting significant pressure on the FLW services and causing financial constraints that resulted in the postponement of several projects. This year, with a budget increase to 54 million euros and if there would be decrease in demand for loans, the FLW anticipates being able to manage within the allocated budget effectively.</p>

The Rénopacks are financed by the Walloon Region and managed by two distinct entities: SWCS which is a public organization, and the FLW which is a private entity. Indeed, the financing mechanism for the Rénopacks is based on a system called a "repayable advance." The Walloon Region provides a certain amount of money to the responsible organizations, such as the FLW and the SWCS. This process is similar to receiving a financial envelope, from which funds are drawn to lend to borrowers for renovation projects. Once the borrower completes the work and repays the loan, the organization returns the money to the Walloon Region, which then reissues the funds for new loans. This system allows the Region to recycle the funds, helping to limit its debt. The same financing structure applies to both the FLW and the SWCS.

The government defines a financial volume, and estimates are made based on this target. These estimates create an obligation for the UAPs (SWCS and the FLW) to meet specific objectives. The SPW closely monitors the declarations of claims to ensure the UAPs remain on track. The allocated amounts are substantial, running into tens of millions of euros. In addition, the demand might exceed the processing capacity, particularly in terms of the workload for the staff at UAPs. While the budget may be sufficient, she suggested that there are delays due to the volume of requests, which the UAPs struggle to handle with their current resources.

The Rénopack are funded by the Energy Fund (Fonds énergie), which is part of the Walloon Region. This fund is primarily financed through contributions from consumer energy bills. It is important to note that this funding does not come directly from the Walloon regional

	<p>budget, which is supported by taxes and contributions. Instead, the financing is generated through a levy on energy bills. This raises concerns about equity, as households that cannot afford to undertake renovations but are still contributing to the fund through their energy bills. The same situation applied to photovoltaic panels where households that cannot afford solar panels continue to consume energy from the traditional market and indirectly contribute to these initiatives. Although green certificates have been phased out, the logic of financing through energy bills raises questions about fairness, particularly for low-income households.</p> <p>Concerning the financial sources of the Rénopack, the action is funded primarily by the Wallonia region. Additionally, the Walloon Kyoto Fund⁹¹ contributes to energy-related renovation efforts. The Kyoto Fund is not</p>
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⁹¹ The Walloon Kyoto Fund is intended to finance climate policies for the transition to a low-carbon Wallonia (Noah Lecocq, 'What about the Walloon Kyoto Fund?' (Canopea, 2019) < <https://www.canopea.be/quel-avenir-pour-le-fonds-kyoto-wallon/>>

In the words of Henry Philippe (Previous Minister of Climate, Energy, Mobility and Infrastructure): "The Kyoto Fund is a Fund in perpetual motion. Its funding depends essentially on the price of CO², and it is almost systematically reassessed upwards or downwards during the adjustment. To show this volatility, the 2021 Fund was assessed at 111 million euros, but ultimately had a greater growth than expected in 2022. The 2022 programming was revised at the end of the year to allow for greater support for the Ecopack/Renopack system. The final programming stands at 174.6 million euros. This late reprogramming had to be done to the detriment of other actions that were postponed to 2023, allowing more time to better prepare them." See, Parlement de Wallonie, 'Le Fonds Kyoto (Session 2022-2023, No. 269) < <https://www.parlement-wallonie.be/pwpages?p=interp-questions-voir&type=28&iddoc=116524>>

At its meeting of 17 May 2023, the Council of Ministers approved the 2023 programming of the Kyoto Fund. This programming provides 22.5 million euros for "investment aid to private companies". This programming provides 70 million euros for "grants of credits to private companies". See, Parlement de Wallonie, 'La programmation du Fonds Kyoto pour l'année 2023' (Session 2023-2024, No. 161 (2023-2024) 1) < <https://www.parlement-wallonie.be/pwpages?p=interp-questions-voir&type=28&iddoc=124673>>

To be also noted: A degree was adopted by the Wallonia region amending the decree of 10 November 2004 establishing a system for the exchange of greenhouse gas emission quotas, creating a Walloon Kyoto Fund and relating to the flexibility mechanisms of the Kyoto Protocol, with a view to partially transposing Directives (EU) 2023/959 and 2023/958 of the European Parliament and of the Council of 10 May 2023 < http://nautilus.parlement-wallon.be/Archives/2023_2024/PARCHEMIN/1696.pdf>

directly funded by European money but through revenues from the sale of CO2 emission allowances under the EU Emissions Trading System (ETS). This system allows companies to sell surplus emission quotas, generating funds that are channelled into sustainability and energy-saving projects in Wallonia.

In terms of financing, the Rénopack program is funded through a revolving budget that is not subject to fixed limits, allowing continuous operation as long as funds are replenished. Based on the SWCS 2023 annual report, the interviewee highlighted that in 2023, the SWCS provided over €191 million in renovation loans and the average loan amount is approximately €24,000⁹². The program's budget is regularly adjusted based on demand, with indexation to account for economic changes. Additionally, the renovation loans (referred to as PAT or prêts à la rénovation) benefit from a non-restrictive budget structure, unlike mortgage loans that face closed budget envelopes. This flexibility ensures that the Rénopack program can meet rising demand, which has significantly increased, especially following the energy crisis.

Indeed, there is no fixed budget allocated for Rénopack; rather, the budget is considered "unlimited" by the government because the demand for renovation loans is so high. In 2022, SWCS was able to provide loans totalling €191 million, and for 2023, as of August, they had already distributed €140 million, with projections to reach €210 million by the end of the year.

⁹² SWCS, '[Rapport Annuel 2023](#)', p 38

<p>Other aspects to be considered</p>	<p>Complaint mechanism:</p> <p>People dealing with the FLW are informed of the complaint mechanism from the start. The procedure is clearly explained on the FLW's website⁹³. The complaint process starts by contacting the applicants usual contact person at the FLW or request to contact another person at the FLW through an online declaration form to try to find a solution. If the applicant is not satisfied, they can send their complaint in writing to the General Directorate of the Housing Fund or fill out the online reporting form, specifying that their complaint has already been processed within the department. Lastly, if you do not agree with the response provided by the General Management, they can contact either Ombudsfm (Financial Disputes Ombudsman) or the Insurance Ombudsman.</p>
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⁹³ On the FLW's website, there is a dedicated page to contact them or raise a complaint "introduire une réclamation", for more information see the organisation's webpage on <https://www.flw.be/accueil-2/contactez-nous/>, on the dedicated page related to introducing a complaint "introduire une réclamation" there is a detailed explanation on the complaint mechanism and process, please see <https://www.flw.be/accueil-2/contactez-nous/reclamation/>