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# SOUTIEN À LA VAGUE DE RÉNOVATION - UN GUICHET UNIQUE EN WALLONIE

CONTRAT SPÉCIFIQUE N° REFORM/SC2022/046

## RECOMMANDATIONS POUR LA CONCEPTION ET L'IMPLÉMENTATION DE SERVICES INTÉGRÉS D'ACCOMPAGNEMENT À LA RÉNOVATION ÉNERGÉTIQUE EN WALLONIE

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## SUMMARY FOR POLICY MAKERS

***In a nutshell*** – Starting from the current support landscape, the following actions must be undertaken in the short term in order to establish conditions necessary to achieve the Walloon objectives (energy, climate, renovation):

1. **Adopt a strategic approach with operational regional management** of the energy renovation support ecosystem, to coordinate, pool, standardise and monitor. These missions can be delegated to a public structure (existing or to be created).
2. **Amplify project management assistance from A to Z (i.e. all-inclusive)** as delivered by local renovation platforms, by (1) formalising a sustainable and scalable framework, (2) increasing resources. Aim for a doubling of resources in 2024 vs 2023, and double again in 2025, open to different legal forms with a framework that defines the missions by Decree of the Walloon Government. As a target, at least thirty local structures will be needed, with a size of ~200 FTEs each.
3. **Ensure, through their training, that the renovation guides adopt a position of “selling” comprehensive energy renovation.**
4. **Implement support in project management** for households that need it. These services will ideally be initiated and deployed by a regional public-private structure to better associate the sector and capitalize on the existing momentum, in particular through the Reno+ initiative.
5. **Implement a strategy for detecting, activating and supporting vulnerable households**, by structuring the partnership with social support actors (CPAS and associations) and by mobilising the budget necessary for the realisation of this partnership.
6. **Structuring support processes and tools in such a way as to support the upskilling of energy renovation professionals and strengthen the attractiveness of the market.**
7. **Several EU funding programs are available and must be mobilised by Wallonia**, in particular the Horizon Europe, ELENA and LIFE programs.

### **MAKE STRUCTURAL CHOICES NOW, BY ADOPTING AN INTEGRATED VISION OF THE ISSUES (DEMAND, SUPPLY, ADMINISTRATION), TO TRIGGER THE WAVE OF RENOVATION**

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**Triggering the renovation wave requires strengthening the support landscape.** The Long Term Renovation Strategy (LTRS) sets targets for volumes (the majority of the fleet must be renovated by 2050), and quality (achieve on average the Energy Performance Certificate [EPC] A label, nominally carbon-free). Achieving these objectives requires, in the short term: (i) multiplying the volume of projects by at least 3 to 4 and (ii) increasing the average depth (i.e. level of energy saving) of renovations. However, the Region has not to date succeeded in triggering its renovation wave. To trigger this wave, a series of key measures must be activated, including the development of an Integrated Energy Renovation Support Services (abbreviated to SIARE in French).

**The accompaniment must be consolidated in an integrated vision of the issues.** Supporting all households represents a colossal challenge, the resources to be mobilised, amounting to between 250 and 500 M€/year. Today, Wallonia has a series of renovation support schemes. However, these initiatives are fragmented, and accompany renovations that are too few (number of renovations) and too shallow (in terms

of energy saving). The massification of the support should make it possible to increase the quality of the service offered to the renovator, to amplify the availability of this service and to optimise its cost, by standardising and/or pooling certain elements. In addition, the development of support systems should make it possible to get vulnerable households on board, potentially the first to be addressed by the EU and Walloon renovation obligation schedules but that rarely have the financial and power to afford renovation. The implementation of SIARE must reinforce the simplification and streamlining of administrative processes. Finally, if the intention is above all to radically increase the volume of projects, it would be dangerous not to take into account in its design the low level of structuring of the sectors and the lack of efficiency of the current administrative processes, which affect renovation dynamics.

In Europe, more than 63 initiatives have been identified that can inform the design and implementation of SIARE in Wallonia. However, none of the European systems is currently structured and financed in a way to meet all the challenges.

**Massification requires structuring choices** regarding the organisation of support services, and the implementation of a process of continuous improvement of its services, via monitoring and dedicated tools. These choices concern (1) SIARE's value proposition (services for households and businesses) and (2) the methods of organisation and governance to make this value proposition a reality. These structuring choices will have significant implications in terms of the resources to be mobilised. They induce a consequent transformation of the institutional landscape of support for renovation. This transformation will have to be progressive, piloted and supported. This report provides guidelines for this transformation, based on intelligence from similar European schemes and recognising the Walloon context.

**Implementation of the SIARE must constitute a course in the medium term, serving to structure the evolution of the landscape of support for renovation.** Given the urgency, some decisions will have to be made in the short term. It is important to enable Wallonia to immediately acquire a clear vision on the organisation of support, essential to make the right choices, to offer a lasting, stable framework, to avoid back and forth, to avoid breaking the impetus of the actors involved in the development of solutions.

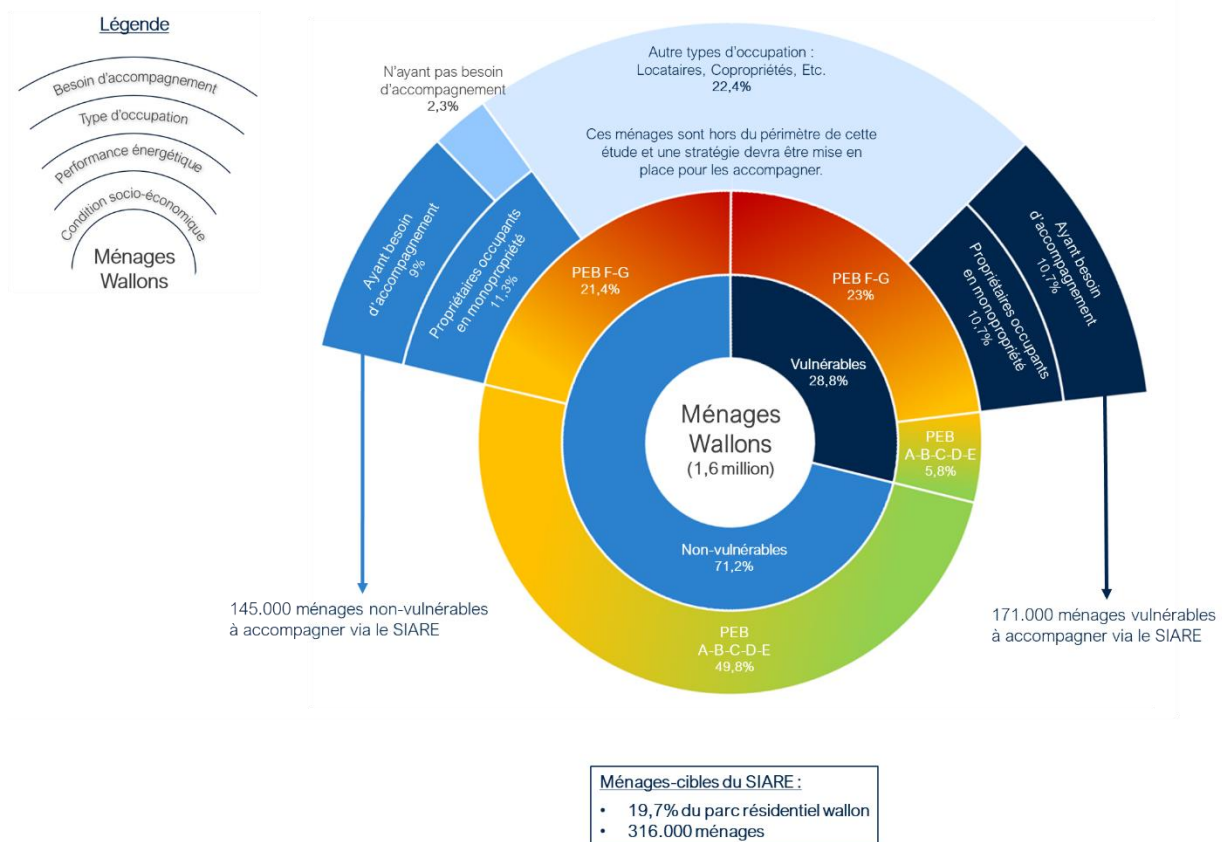
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## A SIARE TO PUT AN END TO ENERGY INEFFICIENT HOMES IN PRIORITY

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PACE (the region's Air Climate Energy Plan) sets a renovation schedule which requires the renovation of all EPC F and G label housing (44% of the housing stock) by 2035. This represents the renovation of 770,000 housing units by 2035, i.e. 77,000 dwellings per year over the next 10 years. **The extent of the solutions to be put in place and the resources to be deployed calls for prioritising the categories of households to be targeted by SIARE. The study suggests prioritising, for the implementation of SIARE in the coming months, owner-occupiers of single-family dwellings with labels F and G, regardless of socio-economic level (although the pricing of the service may differ by socio-economic segment).** This represents 20% of housing, i.e. a volume of 316,000. This targeting involves short-term sizing of services (volumes, types of services/toolbox) calibrated to the needs of single-ownership owners, with specific adaptation to meet the needs of vulnerable households. This thus requires a close understanding of household's needs. Nevertheless, (1) the development of a SIARE for vulnerable households only makes sense if financing solutions are made available and (2) to achieve climate objectives, support for non-vulnerable households is a basic essential to SIARE's action.

Once these priorities are implemented, the services will have to be extended to the specific needs of condominiums and the rental stock. Support for condominiums and owner-lessors must indeed be the subject of specific services. Particularly in terms of adapting the regulatory framework, to formulate the obligation at the scale of the building (and not only at the scale of the dwelling as today), and other tools (diagnosis, bonuses) for which discussions are underway within the Climate-Employment-Renovation Alliance. And to overcome the divergence of interests between landlords and their tenants for the renovation of the rental stock requires the implementation of a series of structuring measures (obligations, taxation, framework of rents, etc.) beyond support. However: (1) this does not imply that the SIARE excludes co-ownerships and lessor owners, (2) this targeting is only compatible with the LTRS and the calendar of future obligations on the condition of aiming to achieve these priority renovations by 2030 and then focus on activating other segments of households and buildings.



**Figure 1–** It is proposed to concentrate SIARE's efforts as a priority on owner-occupier households in single-ownership whose EPC label for the property is F or G. They represent 316,000 households (20% of the Walloon residential stock). The services will then have to be extended to meet the specific needs of other segments

## FROM SIMPLE ADVICE TO "ALL-INCLUSIVE" SUPPORT, A TAILOR-MADE OFFER FOR ALL OWNER PROFILES, AND VALUE CREATOR FOR COMPANIES

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**Increasing the volume of deep energy renovations requires mobilising all means to: (1) trigger more renovation intentions, (2) reduce the abandonment rate and (3) maximise the depth and quality of renovations.** The means to be activated concern the ability to support demand throughout the renovation process and the ability of the energy renovation sector to respond to it with appropriate solutions.

**We need to trigger MUCH more renovations, this implies a massification of support.**

The proposed prioritisation (priority targeting on EPC F and G label single-ownership properties occupied by their owner) involves activating **the renovation for 170,000 vulnerable households and 145,000 non-vulnerable households**, i.e. a total of **315,000 renovations, by 2030**. Although very large, these figures are necessary but not sufficient to achieve the objectives of the LTRS. Given the drop-out rates in the support process, the number of households to be "activated" is on average 3.5 to 5 times higher. Achieving these volumes requires reaching out to households to trigger as many renovation intentions as possible, individually or targeted by district. This is part of a major marketing strategy, more than a "simple" reactive support approach to requests. In addition, a specific mechanism for activating vulnerable households is necessary (already proposed in the LTRS, action 26.1), and the mechanism must be equipped with adequate human and social skills. The household renovation personnel will have to have the appropriate human and social skills. **The massification of housing renovation requires more standardisation of support systems at the regional level but also more personalisation of the support-supported relationship at the local level. This massification of support implies research into the effectiveness and efficiency of the systems mobilised. This brings out a series of tensions:** (1) *standardisation vs. personalisation* Who suggests standardising a certain number of procedures and processes upstream of the accompanied-accompanying meeting to allow a personalisation of the exchange during the interpersonal relationship, (2) *at home vs building* which leads to questioning the way in which the energy issue should be posed during the renovation support relationship, (3) *Imaginary face-to-face vs ecosystem* which invites addressing the question of accompaniment to renovation from a systemic angle, (4) *Taking your time vs managing your time*, which strongly influences the possible economic model of accompaniment, (5) *Listening vs persuading*, which suggests that the word accompaniment is likely to overshadow the need to arouse desire and sell energy performance.

**Although the notion of accompaniment refers to a universe of listening and personalisation of the relationship, many aspects of the accompaniment process can be standardised to gain in effectiveness and efficiency.** In the cleaning process, it is for example a question of reducing the steps for the identification of needs, of automating technical, economic and administrative pre-diagnostics, of centralising information on the household project in a tool accessible by all players in support and connected to the future building passport. On the professional side, it is a matter of standardising communications (standard documents, digital platform for requesting prices), or even standardising certain recurring technical solutions.

**Reducing the dropout rate requires putting the user experience as the driving force behind SIARE design.** It is crucial to integrate sociological, psychological and communication considerations into the design of the integrated service.

Strengthening the quality of support services means developing support for all aspects of a renovation project and ensuring that the support meets all the needs of households, including works and post-works control if necessary. It is therefore a question of developing coordination (level 2) and all-inclusive (level 3) services among the three levels of service identified during the analysis of the best foreign initiatives:

- **Level 1: Advice** – The first level is reactive, it involves advising and informing the household that requests it. The administrations can process all the information necessary for the household at any time during the renovation<sup>3</sup> and relay to quality professionals.
- **Level 2: Coordination** – This level assists the renovator throughout the process, like a co-pilot, and accompanies him/her in their interactions with the various professionals and the administrative processes. The household maintains a contractual relationship with each of the professionals with whom it works.
- **Level 3: all-inclusive** – This level offers complete management of the renovation project. Support includes project management and the provision of (third-) financing solutions. Householders have a single point of contact (trusted by the household) that drives the renovation project forward – the only contractual relationship is with this service.

Today in Wallonia, the support offer is mainly based on a level 1 (through the energy counters or one-stop shops) and the level 2 offer was recently initiated through the local energy renovation platforms (PLRE).

**The priority is to strengthen level 2 support (coordination), to offer assistance to the contracting authority, or even a delegation of contracting authority according to needs.** It is also to combine this offer with a proactive approach (given the volumes to be triggered), social (vulnerable households being a priority target), and centred on the household and its project. The design of services must also be guided by the search for a balance between standardising what can be standardised to reduce costs, and keeping the household and its project at the centre of support to reduce the drop-out rate. Finally, positioning oneself as a coordinator of the entire renovation process makes it possible to activate the first levers to support the structuring of the offer.

**To ensure that the support meets all the needs of the households, it must for some be able to go as far as the conduct of the works and the post-works control if necessary.** Such a service may be particularly required for vulnerable households, and it becomes all the more necessary when a regulatory framework imposes energy renovation. In addition, contractualising the work directly with SIARE would make it possible to fully address the challenges of structuring the sectors, in particular those of productivity and quality. Finally, by giving SIARE control over the entire renovation process, a level 3 model promotes the activation of deep renovations.

If the volumes of projects launched in the coming years are there, it is not excluded that private players (industrialists, general works companies, design offices, etc.) position themselves on support by endorsing a role of general contractor for deep energy renovation. With the current level of maturity of the energy renovation market, strong public impetus is still needed to bring about such services, the economic model of which remains uncertain.

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<sup>3</sup> (project design, list of auditors, order of work, bonuses and subsidies, financing, list of contractors, etc.)

To increase the renovation rate, Wallonia must offer households level 3 monitoring; 'all in'. This is not possible overnight. A phasing is proposed:

**Table 1: Service development phase**

'Today'	Level 1 receives the most resources and yet fails to increase the renovation rate. Level 2, PLRE, exists but is too light. Level 3 is non-existent.
'Tomorrow'	Level 2 services must be intensified via an amplification of PLREs. These will encompass Tier 1, integrated into the Tier 2 service offering.  The level 3 offer is non-existent today. Tomorrow we explore this formula, we implement it on a small scale, to activate its massification in 2 or 3 years until it is mature in 2030. Little by little the first 'all in' projects are taken care of.
2030	SIARE operates autonomously and encompasses levels 1, 2 and 3. A budget increase is necessary to meet demand. After 2030, the SIARE will have to have refined the services for the co-ownership and the rental stock.

Recommendations report

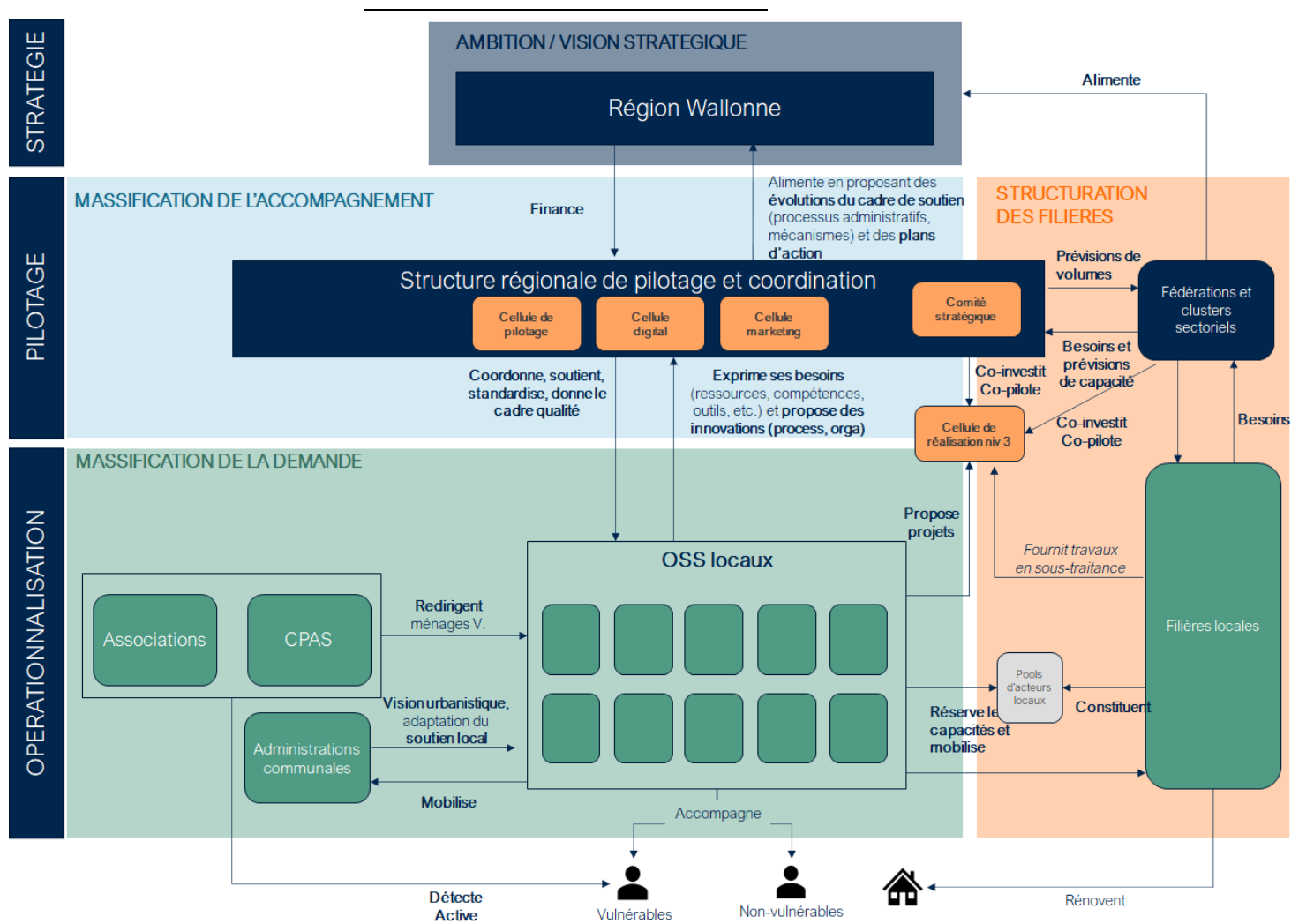


Figure 2 : Schematization of the SIARE journey at the operational, steering and strategic level and their links. From the household to the Walloon region



**Anchored at both regional and local level, SIARE must act as a driving force for energy renovation.**

Whatever the level of support and its possible variation by household profile, access to the support service must be simple. To mobilise all households, a variety of entry points must exist. Nevertheless, regardless of their entry point, the renovator must be able to be redirected to the most appropriate support formula for their needs and situation.

The challenges of structuring the sectors are key to the success of SIARE because such a **service will only be truly effective if the supply of labour and materials is able to keep up with demand**. The sector is currently suffering from a shortage of skilled labour and the gradual deployment in the renovation of "low-carbon" techniques and technologies will require an increasing level of skills. Faced with this shortage, which also affects sustainable building materials, a sharp increase in demand would increase the difficulties. Consequently, **the structuring of the sectors (works and materials) is a sine-qua-non condition for the achievement of ambitions, and the establishment of SIARE represents an opportunity to support it**.

Thus, the Region must aim to **create a dynamic and attractive renovation market for businesses, in order to support their growth (in number and size)**. The implementation of SIARE should contribute to this by strengthening the visibility and predictability of the volumes and types of energy renovation work, by simplifying the execution of projects to improve business productivity, by aggregating projects to improve profitability, promoting the industrialisation of renovation techniques that can be, by increasing the overall quality (support, works, depth of renovations and durability of materials) and by communicating/sharing good practices and successes. The SIARE should also aim to reduce **the transaction costs of companies by relieving them of certain non-productive tasks** (awareness raising, quotes on immature requests, etc). This should ultimately reduce the cost of the work.

The objective is not to standardise the entire energy renovation process and related techniques. While certain renovation techniques can be consolidated, they cannot be a response to all situations. Moreover, not all companies are destined to develop in the same proportions. A number of artisans voluntarily choose to limit their number of projects. SIARE will therefore have to surround itself with partners of all sizes, taking care to preserve local crafts and employment.

**Positioning oneself as a coordinator of the entire renovation process makes it possible to activate the first levers for structuring the offer**, which are relatively simple to implement and have already been able to prove themselves within several European one-stop shops. The SIARE has the following advantages for professionals: (1) Reduction in the cost of acquiring customers, (2) Management of the relationship with the household, (3) Administrative follow-up and (4) Support in the technical complexity of the renovation energy.

**The implementation of the SIARE must constitute a journey in the medium term, serving to structure the evolution of the landscape of support for renovation.** Beyond recording the objectives and priorities to move forward in full awareness of the necessary means, **this journey should carry a strong vision (1) of the organisation and (2) of the governance of the support ecosystem**.

**Concerning the organisation, it will be a question of structuring the landscape of energy renovation by clarifying the role, the field of action and the responsibilities of the different territorial levels**

**(regional, supra-local, local), between them and within them.** Between the different territorial levels (regional and local), the organisation must make it possible to ensure the same level of quality and accessibility of service for all households, throughout the territory. Today this is not the case since (due to a pilot framework), identical services are sometimes offered, sometimes not, by PLREs active in different territories. This structuring raises three tensions, which it will have to address: (1) Centralisation vs. Decentralisation of services, (2) Network of small structures vs. Some large structures (support, works), and (3) Activation of deep renovations vs. Activating volumes. The choices will have to take into account the strong disparities between the territories (*typology - big city/peri-urban/rural -, level of maturity of the local sectors, socio-economic and even cultural characteristics*) and local and European feedback.

**It will also be a matter of relying on multi-party governance, in the service of stakeholder support and sustainability.** Choices in terms of governance must be at the service of a series of issues in the implementation of SIARE: the support of all stakeholders, effectiveness and efficiency, equity and inclusion, sustainability and scalability of systems, support for the local economy, guaranteeing compliance with SIARE's guiding principles.

Building on the key success factors of the 300 territorial platforms for energy renovation in France, a three-level model seems appropriate for the Walloon Region:

- **The Region, strategist and guarantor of the framework, budgets, consistency and adequacy of the SIARE model** to the challenges of the various stakeholders.
- **A regional implementation structure** in charge of the federation of actors throughout the territory and the coordination of local systems.
- **Local operations**, responsible for activating demand and supply.

The regional implementation structure will have the following missions: **the adherence of stakeholders** to SIARE, **the establishment of an effective and efficient SIARE** through the appropriate articulation of activities at regional and local level, **the deployment and development support** throughout the territory and in the volumes required, and the **overall quality** of the support. In addition, like an incubator, it will implement level 3 services to initiate and validate them. A key success factor will be to experiment and co-construct the value proposition with local systems (which now have support expertise) and sectors.

It will be composed of the following bodies to carry out its various missions:

- **A strategic committee** to guide the implementation of SIARE based on feedback from the field. It will lend legitimacy to decisions and facilitate networking, building strategic partnerships and sharing information. It will lay down the framework for the deployment and development of local systems to ensure access to the service throughout the territory.
- **A steering unit** should support the effective and efficient deployment of local support systems. It will carry out monitoring of the effectiveness and efficiency of the systems, will set up a process of continuous improvement and will take care to identify and put in place all the means which make it possible to achieve economies of scale by standardising and pooling a certain number Services.
- **Cross-cutting services: marketing and digital.** The marketing department should implement a large-scale outreach and communication plan to activate demand and attract business. The digital department develops and/or implements digital tools for the effectiveness and efficiency of business processes and the operation of local and regional systems.

**It should be endowed with strong political weight for the adhesion of the actors.** The implementation of SIARE takes place within a complex, fragmented renovation landscape, within which the Region is struggling to establish itself as a true driving force. Furthermore, this implementation will have a significant impact on the current institutional support landscape (energy counters, PLRE, etc.), and could compete with private initiatives, particularly in the case of a level 3 service. The very essence of SIARE is the activation of the complementarities of all stakeholders (companies, social actors, support actors, administrations) via advanced cooperation, it is essential that it obtain their support.

**It is recommended that the SIARE be coordinated by a mission delegated to an existing public company or a new one to be created.** Feedbacks call for capitalizing on a strong and already recognized existing structure.

**Boosted by regional steering and coordination, a strong territorial network should facilitate proximity and trust with citizens. As a target, at least thirty local structures will be needed.** They may be made up of decentralised reception points allowing the reception of households and the qualification of needs, in order to relieve the main local support structure.

**To bring out this ecosystem of local initiatives, a sustainable and scalable framework must be formulated, which stimulates experimentation and innovation.** The framework defining the action of the social credit counters can be replicated for support for energy renovation: any legal form is *a priori* eligible for an approval valid for 10 years which gives access to a lump sum remuneration for professional acts marked out by Decree of the Walloon Government. In addition, qualifying SIARE action as a “service of general economic interest” will make it possible to provide the significant public support necessary in compliance with the state aid regime.

Local anchorage should also be valued in order, on the one hand, to weave a close collaboration with the actors of the 1<sup>st</sup> social line to detect and welcome vulnerable households, and on the other hand, to structure and mobilise a community of energy renovation professionals.

**An implementation cell to experiment with the level 3 service, validate the value proposition of SIARE and its mode of operation.**

**Level 3 service may be particularly required for vulnerable households, and it becomes all the more necessary when a regulatory framework imposes energy renovation.** The development of an offer integrating project management is currently supported by a few players in the construction sector, but neither the current support players nor the construction companies are ready to support the deployment of such services today. We recommend that, like an incubator, a regional unit implement level 3 services to initiate and validate them. A key success factor will be to experiment and co-construct the value proposition with local systems (which now have support expertise) and sectors. The service will then need to be quickly scaled and replicated.

**The service offer should focus on deep energy renovation to trigger real savings,** experiment with performance approaches (energy performance contract), and the integration of financing solutions. The cell should:

- Activate renovation trains (1) by pursuing a strategy of activating renovation by district in collaboration with local authorities, (2) by developing standardised offers targeted at certain types of buildings and works;
- Process requests relayed to it by local systems which will limit their services to level 2 support.

**This implementation unit should be housed in a dedicated public-private structure**, for example in the form of a cooperative or public limited company. It could bring together, among other things, a financial player responsible for innovating in terms of financing solutions, such as French third-party financing companies. **European funding may be mobilised to finance (part of) the activities of the implementation unit.** In particular, the LIFE-2023-CET-OSS call makes it possible to finance 95% of the costs for the implementation of an integrated energy renovation service, for an average project volume of 1.5 million euros. The targeted services are also eligible for ELENA funding.

**At this stage, the priority is to experiment with the level 3 service, validate the value proposition of SIARE and its mode of operation. The experiment should quickly aim for a critical size, propose scalable and replicable initiatives.** The aforementioned volumes of renovations to be achieved by 2030 involve activating nearly 1000 renovations in 2025, scaling up in 2026 to activate more than 5000 renovations and then replicating the initiative to double the volume of renovations triggered each year, in 2027, 2028, 2029. **A deployment strategy should be developed in consultation with the** energy renovation sector, including local support systems. This strategy could be articulated around the following axes: (1) empower the bearers of local systems to strengthen their support with a level 3 service offer, (2) define the eligibility criteria for approval of structures, public, private or public-private, who wish to offer the service and set up a bonus scheme.

**Maintaining a service with strong public involvement seems fundamental for supporting households unable to pay for support**, and for which even the renovation will have to be financed in whole or in part from the public budget.

## DELIVERING SUPPORT REQUIRES AN UNPRECEDENTED VOLUME OF RESOURCES

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The SIARE will have to take on board multiple skills:

- **For level 1, strong consulting and commercial skills.** The quality of the first interactions of the household with its point of contact within the SIARE is decisive for maximising the rate of commitment and promoting the quality and efficiency of the support process (for example, via a correctly qualified need). Through their advice, the accompanying staff will therefore have to promote deep renovations and convince of the benefits of level 2 or 3 support.
- **For level 2, strong technical and interpersonal skills.** If the technical skills can be acquired by these personnel during their initial training, active listening must be acquired through specific continuous training, adapted to (deep) energy renovation. This service line will also have to host profiles with strong social skills and energy poverty knowledge, who will be mobilised as a single point of contact for the support of vulnerable households.
- **For level 3, organisational skills, logistics and team management.** The guide delivering a level 3 service will need a very wide range of skills. Beyond the skills required for level 1 and 2 support, the guide will have to manage the flows related to the construction site: trades, materials, technical details, administration, etc. For this, it must imperatively master the management of a construction site, its planning, risks, insurance, price influences and team management.

**The mobilisation of these skills will require strong managerial support translated into a clear strategy shared** with the accompanying persons as well as appropriate professional tools. For the management of local systems, this managerial line must above all bring together profiles with excellent managerial skills, and ideally experience in scaling up new business models. This managerial line should bring together profiles from the public administration, and profiles from the business world, who can provide the "customer" orientation that SIARE will have to adorn itself with.

**The volume of resources required puts the success of the system at risk.** Indeed, triggering these renovations requires mobilising up to more than 6,700 FTEs by 2030, while factoring in a learning effect of 24% over the 2024-2030 period. This volume of FTE is unprecedented. It greatly exceeds the volumes activated by the other European mechanisms, which however trigger too few projects compared to national ambitions. This volume of FTE poses a strong risk to the success of SIARE. It questions as to the real ambitions that it is possible to aim for, with regard to the means that can be mobilised.

An action plan should be implemented as a priority to secure the availability of these resources. It will be a matter of **working as a priority to make support more efficient**, in order to drastically reduce the volume of resources necessary for its implementation and to **prepare a recruitment strategy**. Courses of action are proposed in the following section.

**€1.6 billion will have to be mobilised to support owners between 2024 and 2030 in order to trigger the targeted project volumes, which represent household investment expenditure of around €16.5 billion.** Cumulative expenditure by 2030 for support for target households (owner-occupiers of single-family houses with EPC F and G labels) is ~400 million euros for support for non-vulnerable households, ~800 million for support for vulnerable households and ~400 million for other costs (operating, equipment, etc.).

Salaries represent the largest cost item, and are more than proportional to the volume of renovations triggered, as a direct result of the rate of abandonment of households. At a similar volume of renovations triggered, support for vulnerable households accounts for 2/3 of these costs.

## SIARE'S ECONOMIC MODEL REQUIRES SUPPORT AND SUSTAINABILITY

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**The efficiency of support must absolutely increase, in order to reduce the number of FTEs to be mobilised and to reduce costs.**

- Projections of FTE volumes to be mobilised are based on an average commitment rate of 24%. In other words, it is necessary to carry out more than 1.3 million accompaniments to trigger the 316,000 target renovations. **Increasing the household commitment rate is the first lever to activate to improve the efficiency of spending.** Achieving an average commitment rate of 60% by 2030 (compared to 20% for non-vulnerable households and 28% for vulnerable households) would reduce the number of FTEs by 2030 by more than 40% and consequently the total costs by over 40%.
- **Maximise learning effects to reduce the volume of days needed for support.** Gaining 5% rather than 3% for each doubling of the volume of renovations triggered would reduce the volumes of FTEs needed by 20%.
- **Create 3 support lines to optimise the costs of the system,** by mobilising less expensive profiles in the first reception stages and by dedicating expensive profiles to support. In addition, it makes it possible to distinguish activities requiring commercial skills from those requiring technical skills.
- **Support should aim to trigger a maximum of deep renovations.** Beyond consistency with quality objectives, triggering deep renovations makes it possible to optimise support (larger volume of investments generated, support will only take place once, rather than several light renovations over a period of time). A training plan for the sale of comprehensive and efficient renovations must be set up from 2024.
- **Achieve economies of scale by standardising and pooling a number of services** (marketing/communication, information system, mobilisation and partnership with professionals). This pooling will also contribute to the harmonisation of services between the different local systems.
- **Achieve economies of scale by collectivising the activation and support of renovation.** To do this, it will be necessary to initially concentrate the proactive canvassing actions of the local and regional SIARE systems in the streets and neighbourhoods with high potential for standardisation of the diagnostic stages and technical solutions.
- To identify them, carry out a systematic analysis of all the streets and neighbourhoods of Wallonia to characterise the potential of an approach by neighbourhood.

**Some hypotheses are structured to evaluate the resources to be mobilised.** For some hypotheses, the data available to support them is meagre. Strengthening the understanding of household needs and the resources to be mobilised to meet them is crucial for monitoring needs and adapting the planning of support resources if necessary. **The conversion rate at each stage by level of support is a parameter that particularly impacts** the estimate of the resources required. Beyond being a calculation hypothesis,

this conversion rate (and the underlying brakes and drivers) will have to be the subject of particular attention in terms of monitoring and policies and measures to contribute to it.

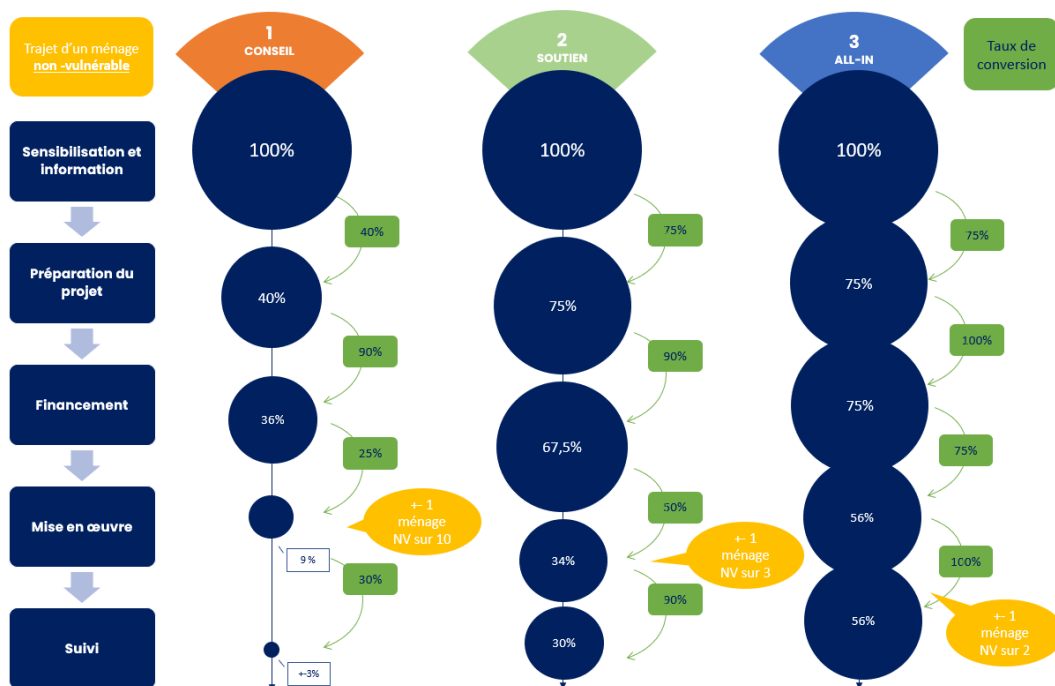
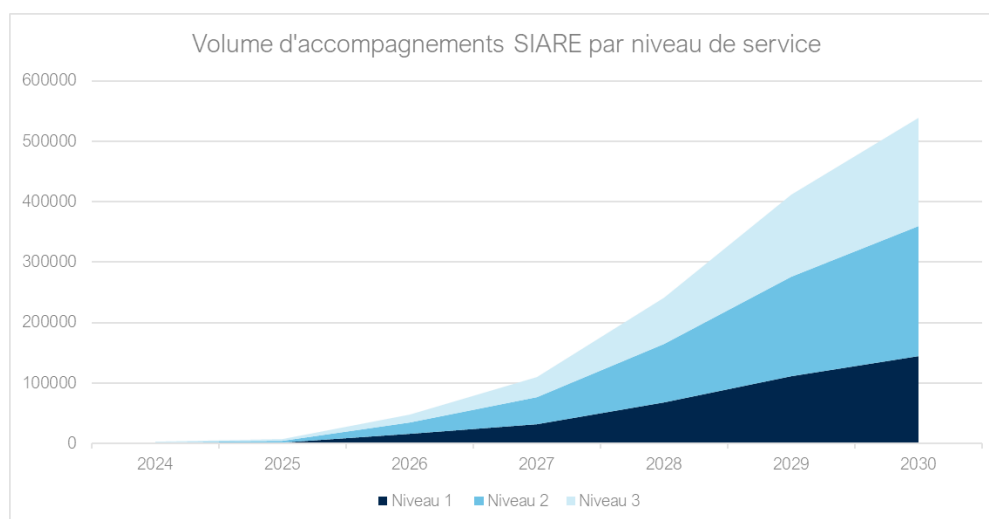


Figure 3: Engagement rate of non-vulnerable households by stage and by type of support

A gradual development trajectory is considered, with the constraint of having activated the renovation of priority profiles by 2030. If this timing is a *sine qua non* condition for achieving the objectives, it represents a major challenge not only for the scaling up of support systems but also for all the processes, tools and players involved in energy renovation. After the ramp-up of processes and tools by 2030, these will have to be mobilised for (1) the renovation of non-prioritised segments and (2) activating the following work packages of the light renovations carried out.

Given the commitment rates illustrated in the figure above, the volume of support to be triggered is significantly higher than the volume of renovations targeted. The assumption is made that 20% of non-vulnerable households do not need any form of support whatsoever, and that all vulnerable households require some form of support. It follows that **200,000 accompagnements must be triggered annually, for a total over the period of 1,360,000 accompagnements by 2030** (including 700,000 accompagnements beyond the first stage of general information). **The slower the start, the more the volumes to be activated later are colossal, with an annual volume of 540,000 accompagnements to be triggered in 2030.**

**Various levers will reduce this need, including (1) simplifying all the steps** to reduce the need for support and maximising the rate of engagement of supported households, and **(2) ensuring faster scaling up** to reduce the pressure on later years.



**Figure 4:** Volume of support projects by type of service

**The resources to be mobilised for the implementation of this massification of support amount to 1.6 billion euros:** 400 million euros for support for non-vulnerable households, 800 million euros for vulnerable households, 400 million for other operating costs. **This represents 10% 16.5 billion euros of energy renovation investments to be triggered.**

**The current support staff (counters, PLRE) constitute a first base of resources allowing to initiate the dynamic by amplifying the initiatives in place.** According to this schedule, the human resources to be mobilised are nearly **700 FTE** support in 2026, increasing to **6,800 FTE** in 2030.

**SIARE's value proposition can make it possible to generate income from activity, by (1) invoicing part of the level 2 and 3 support to households able to pay and by (2) capturing part of the productivity gains accruing to companies, with a fair distribution of value.**

Some initiatives are already setting up a billing model for support ( En'Hestia, Hauts-de-France Pass Rénovation, One-Stop shops SEAI, FaciRénov ). However:

- Support should be offered to vulnerable households.
- Level 1 must be offered to all households.
- It is not fair to pass on the cost of aborted cases and free support to households able to pay.

In addition, SIARE's value proposition will reduce the costs of partner companies or subcontractors. The amounts saved should above all reduce the investment cost for the household. However, part of it may be captured by SIARE via a partial retrocession of the margin points thus earned and via billing to households (vulnerable and non-vulnerable) for its project management service.

The revenue model presented in the table below makes it possible to theoretically balance SIARE's balance sheet by 2030.



**Tableau 2** : Calculation of theoretical income for SIARE

	Level 1	Level 2	Level 3	Underlying
<b>(1) Invoicing of support to households not vulnerable</b>	-	1500€	2500€	Level 1 support must be offered for all Support must be offered to vulnerable households
<b>(2A) Retrocession of part of the increased margins of the companies</b>	-	10%	-	Partner company costs must be reduced by at least 20%
<b>(2B) Project management service</b>	-	-	8%	Costs of subcontracting companies must be reduced by at least 16%

Figure 5 - SIARE costs over the period 2024 – 2030 (in M€)

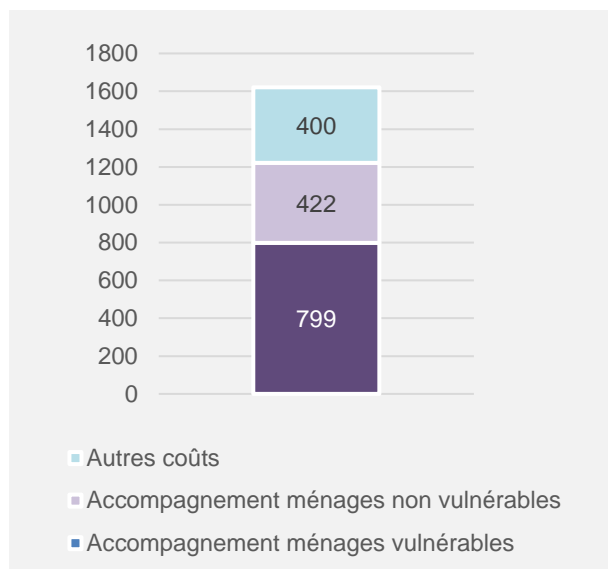
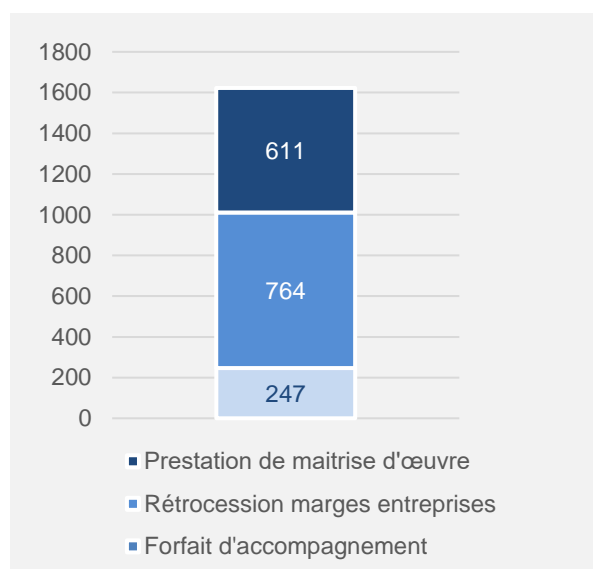


Figure 6 - SIARE's activity income over the period 2024 - 2030 (in M€)



**Over the period 2024 – 2030, the 3 sources of income must be activated to balance the balance sheet.**

- **Offering a support package** at €1500 for level 2 and €2500 for level 3 covers **20% of total costs**;
- **Capturing on average 10% of the investment cost** via a retrocession of the additional margins of the companies makes it possible to cover **30% of the total costs**;
- **Invoicing a project management service at 8%** of the investment cost makes it possible to cover **50% of the total costs**;

The joint activation of these 3 sources of income makes it possible to reach a theoretical economic equilibrium in 2029.

**Contributing to significantly reducing the costs of partner companies and subcontractors must therefore be a high priority in the short and medium term.**

If the implementation of flat-rate billing of support services to households able to pay raises no doubt as to its feasibility, **asking partner companies for a partial retrocession of their additional margin points will have to be the subject of in-depth exchanges with industry partners**, so as to ensure (1) that additional gains are indeed created thanks to an adapted value proposition and (2) that the distribution of value is equitable, and allows partner companies to grow and to invest in training.

Some key actions must be launched from 2024:

- Study the market and identify partner companies;
- Launch pilot collaborations ;
- Co-construct the value proposition and an initial quality framework with clusters and sectoral federations.

**Many risks weaken SIARE's economic model and will test its resilience**

- The financial contribution of companies could be lower than the 10% modelled
- The cost of works for a deep energy renovation, here calculated at 120 k€, are sometimes calculated at 80 k€.
- The potential complexity of setting up SIARE could generate a certain inertia, which would partially cancel out the learning effects
- Without the activation of training dedicated to the sale of deep energy renovations, it is very likely that the rate of deep renovations triggered will only reach 10% of the volume of projects supported by SIARE (which would remain a high rate with regard to the current volumes)
- The volume of non-vulnerable households actually in need of support is very hypothetical, and could be lower than expected.
- the total volume of projects triggered could be much lower than forecast.

These risks, presented above in decreasing order of impact, could impact SIARE's economic balance sheet from a few million to several hundred million euros over the period 2024 – 2030.

### Public support is therefore essential to launch and sustain SIARE.

In the short term, the Region must intervene to finance the launch of SIARE, with **first of all (1) the amplification of support systems (2) the creation of the regional coordination and management structure and (3) the structuring SIARE**, which will require large investment expenditure (technical and market studies, information system). Thus, over the next 3 years, approximately €80 million will have to be released to launch SIARE, in line with the target volumes.

We recommend that the Walloon Region mobilise European funds to co-finance SIARE:

- **From 2024, apply for an ELENA grant** to finance the launch costs;
- **In addition, open a line of credit with the EIB to finance CAPEX** (in particular for the implementation of Level 3). The EIB has, among other things, **solid experience in providing financial support to one-stop shops/third-party financing companies**;
- **Apply for LIFE program calls for projects**. In particular, the [LIFE-2023-CET-OSS](#) call makes it possible to finance 95% of the costs for the implementation of an integrated energy renovation service, for an average project volume of 1.5 million euros. The targeted services are also eligible for ELENA funding.

**To sustain SIARE in the medium term, a regional fund should be set up**, which can be funded taking into account the various benefits generated by the investment program.

**To ensure the sustainability of what is implemented, the regional institutional and financial support must be made structural and resilient to political cycles**, so that subsequent decisions can only contribute to strengthening the ambition, the effectiveness or the efficiency of the SIARE (and not to unravel it).

**The vision and ambition that Wallonia has set itself in terms of massification of support for renovation, and more broadly the objectives and strategic orientations of the renovation strategy, must be formalised in a decree**. This proposal is already the subject of action 0.2 of the LTRS: "Based on the Climate Decree, study the possibility of including the objectives and intermediate milestones of the renovation strategy in a decree to ensure its sustainability, and invite future governments to formulate the necessary means".

This decree will lay down a strong legal basis on which the government will be able to build the implementation of a regional fund providing structural and long-term security for the public resources necessary for the massification of (support for) energy renovation.

**If the budgets to be mobilised may seem substantial in view of the current support for support, they should however be highlighted with the volume of public support for investment and the co-benefits provided.**

Of the €18.5 billion needed to renovate owner-occupied F and G housing, **between €8.6 and €10.5 billion of public support will be needed**.

If SIARE achieves the targeted objectives, **700,000 tonnes of CO<sub>2</sub> equivalent will be avoided each year from 2030, i.e. 12% of annual GHG emissions from the residential sector**. By 2030, all the renovations triggered will avoid 1,200 ktonnes of CO<sub>2</sub> equivalent.

As a reminder, the targets for reducing GHG emissions defined for 2030 in the *Walloon Renovation Strategy* are set at -55% for 2030 compared to 1990 (7 million tonnes of CO<sub>2</sub> equivalent). Currently, to meet these objectives in 2030, 3.1 Mt of annual emissions need to be reduced. Thus, the renovations initiated by the SIARE would make it possible to achieve **23 % of the 2030 objectives**.

In addition, the benefits of the budgets mobilised (for support and investments) are multiple: social benefits (improvement of living and health conditions), economic (reduction of energy bills, real estate value of goods, macro-value economic of the activities generated, avoided impacts of climate change), and environmental (reduction of energy consumption and GHG emissions). For each euro invested in energy renovation, these multiple benefits amount to between 1 and 5 euros.