

Assessment programme of *PM2.V* (Marshall Plan 2.Green, *Plan Marshall 2.Vert*)

Executive summary

THEMATIC ASSESSMENT 3 - FIRST EMPLOYMENT-ENVIRONMENT ALLIANCE

Section V of *PM2.V* (Marshall Plan 2.Green, *Plan Marshall 2.Vert*), entitled: “*A future strategy to be deployed: Employment-Environment Alliances*”, would aim:

- “To support a new economic, interdependent and sustainable development model, via employment-environment alliances that constitute opportunities in terms of employment, and economic development, and meet environmental challenges”

The first measure of that Section V (Formulation of the Multiannual Plan of the First EEA) introduces a mechanism encompassing various measures that are addressed specifically to the building industry, with the overall objective being:

- “To focus on the potential of the energy and environmental improvements of buildings in order to generate employment, create economic opportunities and increase training, especially in sustainable construction trades.”

As presented in the Multiannual Plan of the First EEA, the choice involving the building industry for this First Alliance was dictated on the one hand by the relative obsolescence of the Walloon housing stock and on the other, by the fact that the building industry constitutes a flourishing sector of the Walloon economy.

A series of measures has been installed in the context of the Multiannual Plan, some being completely innovative and others adapting and/or reinforcing existing mechanisms.

The evaluative questions addressed by the Walloon Government are the following:

- ***“To what extent have the actions of the first Alliance helped to stimulate private demand (with special attention paid to the distribution of the demand per income) in the fields of sustainable construction, energy performance of buildings and sustainable renovation, and what are the effects generated by the variation of the demand (private and public) in terms of employment and environment?”***
- ***“Have you assessed the extent to which green training could constitute an answer to corporate needs?”***

In line with these questions, the measures of the first Employment-Environment Alliance **assessed** in the context of this report relate to:

- Subsidies and loans intended for private housing; either “traditional” housing and energy premiums and the new Ecopack formula (introduced in May 2012); or the private demand;
- Measures intended to restart the renovation of the public housing stock;

- “Green training”.

The first stage of the assessment work concerned an analysis of the precise contents of the measures under review, and the reconstitution at the same time of the theoretical bases and the intervention rationale underlying the measures.

In order to deal with evaluative questions that had been raised, we have used several distinct methodologies with complementary results and have enabled the effects of the first EEA to be appreciated overall. On the one hand, we have made maximum use of the information contained in the administrative databases relating to the various aid systems at the disposal of private individuals in the field of the sustainable renovation of their accommodation. We have in particular carried out a detailed chronological analysis of the household demand for the various aid systems by putting the various developments in parallel with the many regulatory changes that have taken place during the period under scrutiny. We have also pursued a quantitative econometric approach in order to study the causal effect of the beneficiaries’ income on their choice in terms of the type of material used. On the other hand, we have conducted two qualitative surveys; the first among households benefiting from the Ecopack in order to glean an idea of the windfall effect relating to this policy, and the second among companies of the sectors concerned by the measures in order to try to identify the effects of the policies on their activity and to collect the entrepreneurs’ opinions of the measures.

The attached analysis of the results of these various approaches has led to a series of **observations**, the main ones of which are included here:

- Household demand for sustainable renovation works is highly sensitive to the changes of the technical and financial conditions relating to the public incentive systems. Consequently, overly abrupt or too frequent changes of the legislation are likely to induce erratic variations of the demand, which is harmful for the expansion of the building industry’s companies, which rather need stability to thrive.
- The proportion of the subsidized works carried out by lower-income households remains weak in the light of their weight within the Walloon population. Moreover, we note that a difference of access to natural materials or to those with higher insulating properties exists according to the income category to which the applicant belongs, with an appreciably higher probability of these materials being used for Category 3 and especially Category 4 households (higher incomes) compared to the others.
- The windfall effects of the “Ecopack” measure seem to be closely related to the income category to which the households belong: Whereas no household of the lowest income category has said that financed works would have been carried out in the absence of the measure, this proportion reaches practically 20% of the responses for higher-income households.
- The majority of the companies involved in the sectors concerned by the EEA1 measures has said that they needed to be trained on the new energy-saving techniques and materials. However, among those, the majority was unaware of the training-cheque system proposed by EEA1. The need to make this measure known is all the more relevant as the companies that have used it seem to be overall satisfied by the experience.

At the conclusion of this work, we can make several recommendations in order to increase the measures’ visibility, accessibility and overall effectiveness.

- **To improve the visibility of the policies**, it would be interesting to avoid complex and diversified incentive structures. We recommend a **simplification of the package of incentive measures** targeted on households. We also recommend that **special attention be paid informing the sector’s professionals**, not only on the purpose of the measures intended for private individuals but also on

the offers of vocational training, which do not seem to be known. The strategic role of those professionals in the introduction of the measures and the achievement of the expected results reinforces the weight of this recommendation.

- **In order to allow the measures to be accessible to as many people as possible**, we recommend a **thorough analysis of the reasons for the relatively small proportion of low-income households** among the beneficiaries of the measures, **as well as their lower propensity to use natural materials or ones with higher insulating properties**.

- **In order to improve the overall effectiveness of the studied policy**, we recommend **the avoidance of frequent changes to the content of the measures** (granting criteria, financial conditions, technical requirements, etc.) because they induce erratic sometimes significant variations of household demand; which usually disturbs the companies' forward view in terms of order books and adaptation of the work factor, and hampers their ability to provide households with updated information. We also recommend, in order to mitigate the windfall effect among top-income categories, **an in-depth analysis of the characteristics of the households** concerned; with possibly a view of refining the aid granting criteria **in order to limit the noted windfall effects**.