

## **Energy poverty and social entrepreneurship: strengthening pre-financing models for energy efficient electrical appliances through the ‘Energy for All’ programme**

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**Case Study N°13  
July 2015**

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## 1 The initiative and its organizers<sup>1</sup>

This report focuses on two innovative experiences: a training programme for Belgian projects called **'Energy for All'** and a Flemish experimental project called **'Energy Efficient Appliances for All'** that participated in this training programme. The latter project consists of two financing schemes for the purchase or rent of energy efficient electrical appliances by people in poverty: a pre-financing scheme that works with a 'rolling fund' and a rent arrangement. Community workers with expertise in energy poverty, who work for the Flemish organisation Samenlevingsopbouw, developed these financing schemes. During the training programme and the period of data gathering, both experiments were still in the preparatory phase. The pilot projects were supposed to start in the spring of 2015<sup>2</sup>.

In short, this case study does not report on the implementation of a socially innovative initiative, but on the development of social business models and the learning process of professionals from the social sector, who participate in a training programme to strengthen their entrepreneurial competencies, learn how to develop business models for the social sector and adapt to a changing policy context.

**'Energy for All'** is a training programme for social organisations that develop initiatives to target energy poverty in Belgium and is jointly organized by the King Baudouin Foundation and Ashoka Belgium. The main goals are to support local actors in the field of energy poverty to develop a phased business plan, to structure the development plan and to realise a sustainable economic model that helps to strengthen the social impact of their project (see Leviner et al., 2006 for Ashoka's take on social impact measurement). The training also includes sessions on communication and presentation strategies. At the end of the training, the jury selects three projects ('winners'), based on their business plan, potential impact and presentation and learning experience. The winners receive an extra €3.000 to be invested in the development of their activities.

**'Energy efficient Appliances for All'** is one of the selected projects and will be studied in more detail in this report. The main goal of this project is to enable deprived households to buy energy efficient appliances and lower their energy consumption. In order to do this, the project experiments with two alternative financing models: (1) a rolling fund which will be tested in the Flemish region Kempen (in the municipality of Beerse); (2) a leasing (renting) model which will be tested in the Flemish region Westhoek (in the municipality of Poperinge). Two energy consultants/social workers of Samenlevingsopbouw, working in different regions submitted a joint application to develop a pre-financing scheme for electric appliances that can be embedded within existing support schemes used

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<sup>1</sup> This report is based on document analysis and in-depth interviews. More information about methods used can be found in (Kazepov, Saruis, Wukovitsch, Cools, & Novy, 2014), accessible via <http://improve-research.eu/>. When information is drawn directly from one of the interviews or when one of the interviewees is quoted it will be referred to as (I: Alias of the respondent). The respondents allowed the researchers to use an alias that discloses their affiliation to the organisation. Appendix II provides an overview of all respondents. The authors want to express their gratitude to the interviewees for their participation and valuable input.

<sup>2</sup> The data for this case study were gathered between September 2014 and February 2015. In April 2015, when the researchers were finishing the report, the Flemish ministry of Energy introduced new measures, which changed the context. As a result, the pilot projects did not start yet. The researchers decided to follow up on these changes until June 2015. This report focuses on the period before April 2015, but it includes some of the important evolutions afterwards (in part 3 and part 7 of this report). We will explicitly point out when we discuss events and evolutions that took place after April 2015.

by social workers of Samenlevingsopbouw and/or local welfare centres. The project was granted €10.000 by the KBF.

We selected this project for several reasons. Firstly, representatives of the 'Energy for Everybody' programme (I: Representative KBF, Ashoka Belgium) regard this project as an interesting innovative experience. Secondly, the coordinators of the experiments pointed out that the training was a new and very valuable experience for them. Thirdly, this case offers an interesting mix of social, public and for-profit partners. As such it is a good case to study dynamics of social entrepreneurship in a sector with a lot of government involvement. The approach of the experiments, especially the cooperation with for profit partners, is regarded as new (and sometimes even a taboo) within the sector Samenlevingsopbouw.

**The King Baudouin Foundation is a Belgian fund “that supports projects and citizens for a better society”<sup>3</sup>.** The King Baudouin Foundation is an independent and pluralistic institute that was founded in 1976 during the 25<sup>th</sup> year jubilee of the rule of the Belgian King Baudouin I (1930-1993). Because the king did not want personal gifts the commission responsible for the jubilee decided to use the jubilee gifts to establish a foundation committed to the wellbeing of the poorest and most vulnerable citizens in his name. Over the years, the foci and structure have changed a bit, but the basic idea and the central themes have remained largely the same: supporting and connecting citizens, organisations and sustainable initiatives concerned with solidarity, heritage, citizenship, living environment and care for the future. The foundation is a big player<sup>4</sup> in these fields and the organisation always has an explicit concern with poverty. One could argue that the King Baudouin Foundation has been concerned with identifying and supporting social innovation in the field of poverty for over 25 years. Identifying and supporting new and better methods to generate social impact and bringing together different stakeholders in society is central to their mission (I: Representative KBF).

The approaches to pursue social innovation changed over time, adapting to the changing societal context and incorporating newly developed approaches to support citizens and projects. One relatively new and important approach is **venture philanthropy**. Venture philanthropy is an important source of inspiration for the rationale behind the 'Energy for Everybody' project *“and in that sense the Energy for Everybody project represents the new and different approach of the Foundation”* (I: Representative KBF).

**Ashoka** is the largest network for social entrepreneurs worldwide. Founded by the American Bill Drayton in 1982<sup>5</sup>, its mission is:

*“to support social entrepreneurs who are leading and collaborating with change makers, in a team of teams model that addresses the fluidity of a rapidly evolving society. Ashoka believes*

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<sup>3</sup> [www.kbs-frb.be](http://www.kbs-frb.be) (last accessed 03-06-2015)

<sup>4</sup> Today the King Baudouin Foundation supports projects in about two out of three Belgian municipalities. In 2013 the Foundation supported 269 individuals and 1,769 organisations for a total sum of 28,5 million euros. It launched 118 calls for projects and gathered 2,087 volunteers in independent juries, supervisory committees and steering groups. The organisation engaged in 69 government partnerships and assignments, it organised 68 roundtable, dialogue or exhibition events and published 66 rapports (including translations) that are freely available on its website. It manages 394 funds of individuals or enterprises and 455 project accounts that gather money for local projects (Koning Boudewijnstichting, 2014).

<sup>5</sup> Today Ashoka's network of about 3000 social entrepreneur fellows is active in over 70 countries across the world. About 130 to 150 new fellows join per year, after a careful selection procedure and 94% of the fellows are still active 5 year after their selection (when financial support has ceased).

*that anyone can learn and apply the critical skills of empathy, team work, leadership and change making to be successful in the modern world”<sup>6</sup>.*

To support ideas for social change, Ashoka developed an approach for interventions on three levels. Firstly, on the individual level, supporting social entrepreneurs. Ashoka has a network of ‘fellows’, which is a select group of social entrepreneurs who are supported by Ashoka (especially in the first five years). Secondly, on the group level by building networks and supporting cooperation and exchange between fellows and different partners including businessmen and women, researchers, philanthropists, etc. (I: Representative Ashoka Belgium). Thirdly, developing infrastructure for the sector, building bridges to business and academic sectors and advocating for frameworks that benefit their fellows and the social entrepreneurs in general<sup>7</sup>.

The organisation promotes the idea that everyone can be a change maker or a social entrepreneur. For Ashoka, a social entrepreneur is anybody who has an idea to change society for the better and strives to make it happen and have as much impact as possible in a creative and persistent way<sup>8</sup>.

**Samenlevingsopbouw**<sup>9</sup> has a long tradition in doing experiments with new models and approaches in the fight against poverty. This non-profit social work organisation aims to realise access to ‘fundamental social rights’ (sociale grondrechten) for vulnerable social groups as described in article 23 of the Belgian constitution. These social rights include the right to decent housing, education, social security, health, labour, a healthy environment and cultural and social development. The state has the duty to guarantee these rights in a way compliant to its capacities. This means that individuals who feel they are denied access to these rights cannot enforce its satisfaction from the state, hence there is often a need for public debate, political mobilisation and the development of adequate instruments to effectively realise these fundamental social rights (Stroobant, 2008). Steering these debates, organising mobilisation and developing instruments are key objectives of Samenlevingsopbouw. In other words “Samenlevingsopbouw strives for policies that are in tune with the needs and requirements of socially vulnerable groups” (Samenlevingsopbouw, 2014b: 5).

Samenlevingsopbouw consists of nine institutes<sup>10</sup> and is organised as a sector. There are eight regional institutes, one in each of the five Flemish provinces and in the cities Antwerp, Brussels and Ghent, and one institute for the whole Flemish territory. The regional institutes support social workers and community workers who realise local projects and they also offer their expertise to local and province governments. The Flemish institute aims to support the total of 250 professionals and over 150 projects. These nine institutes are recognized and subsidized by the Flemish government through the Flemish Minister of Well-Being<sup>11</sup>. The Samenlevingsopbouw professionals that coordinate the

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<sup>6</sup> <https://www.ashoka.org/visionmission> (last accessed 03-06-2015). It is noteworthy that this mission has been reformulated since 2010 when it was to “shape a global entrepreneurial, competitive citizen sector: one that allows social entrepreneurs to thrive and enable the world’s citizens to think and act as change makers” (cited in Nicholls, 2010). The current formulation puts more stress on the cooperation between different actors and the critical skills of social entrepreneurs, like empathy and teamwork.

<sup>7</sup> <https://www.ashoka.org/approach> (last accessed 03-06-2015)

<sup>8</sup> <http://belgium.ashoka.org> (last accessed 03-06-2015)

<sup>9</sup> The name Samenlevingsopbouw translates literally into ‘building up society’, which can be loosely interpreted as community development.

<sup>10</sup> <http://www.samenlevingsopbouw.be/overons> (last accessed 30-06-2015).

<sup>11</sup> Decreet Maatschappelijk opbouwwerk, 26 juni 1991

experiments are **energy consultants**<sup>1213</sup>. Their position is (at least partially) subsidized by the **Flemish Agency for Energy**. This agency is the administration for the Flemish Minister of Energy.

Local and regional chapters of Samenlevingsopbouw have been working on energy poverty since 1998 (see also chapter 3 of this report). Out of this localized practice grew a Flemish Samenlevingsopbouw programme called 'Energy and housing quality'<sup>14</sup>, which is focused on the 'Right to Energy'. The title of the programme already shows that the organisation frames the fight against energy poverty within the field of housing, but it also acknowledges the relations with issues of well-being, health and debt problems. This programme wants to enhance the changes of people in poverty to live in an energy sufficient way by working on the quality of people's houses, on their behaviour and to make policies sensitive for this part of the population. The energy consultants that work within this programme have the task to both assist people in energy poverty and to inform policy. The particular projects and financing schemes differ a little bit between the energy consultants of the Kempen and the one in the Westhoek, but overall we can assume that their approach, local network and context (policy, problems on the housing market) are in many ways very similar.

## 2 Basic information on the (local) context and the emerging problems

This part of the report provides background information about the context in which initiatives that fight against energy poverty operate. It is subdivided in two parts. The first section presents general information on housing in Belgium. Housing is recognised by academic experts, policy makers and experts from the King Baudouin Foundation as one of the crucial dimensions to understand and combat energy poverty (Delbeke et al., 2013; Hills, 2012 Huybrechts et al., 2011). The second section provides a discussion on the definition, causes, consequences and measurement of energy poverty in Belgium and Flanders. It ends with a brief overview of the situation with regard to housing and energy poverty in the two localities in which the experiments of Samenlevingsopbouw will take place.

### 2.1 Housing and social exclusion in Belgium

Looking at the field of housing in Belgium, the overall picture does not conform to the ideal-type of a corporatist welfare state<sup>15</sup>. This is particularly true for the low share of social housing in the total housing stock, 6,8% in 2012 (Centre Interfédéral pour l'Egalité des Chances, 2014). This is lower compared to all the neighbouring countries (Braga & Palverina, 2013). From a corporatist welfare state one would expect a more prominent place given to the de-commodification of access to housing through the provision of large stocks of social housing. Compared to its involvement in other social policy areas, the Belgian governments have historically taken on a rather residual role for social protection in the field of housing. This has resulted in a very liberal housing market.

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<sup>12</sup> <http://www.energiesparen.be/energieconsulenten> (last accessed 03-06-2015)

<sup>13</sup> The coordinator of the 'Kempen experiment' is fully appointed as an energy consultant. The coordinator of the 'Westhoek experiment' is funded partly by the Flemish Energy Agency.

<sup>14</sup> [http://www.samenlevingsopbouw-antwerpenprovincie.be/nl/programmas-en-projecten/recht-op-energie/energie-en-woonkwaliteit-provincie-en-vlaanderen\\_83.aspx](http://www.samenlevingsopbouw-antwerpenprovincie.be/nl/programmas-en-projecten/recht-op-energie/energie-en-woonkwaliteit-provincie-en-vlaanderen_83.aspx) (last accessed 03-06-2015)

<sup>15</sup> Referring to the worlds of welfare literature pioneered by Esping-Andersen, 1990.

Strategies of stimulating home ownership through direct and indirect measures have for more than a century played a much more important role in Belgian (and Flemish) housing policy (Deleeck, 2008)<sup>16</sup>. This implies that housing is less seen as a social right (although the access to housing is mentioned as a right in art. 23 of the constitution), but as an individual responsibility that is strongly financially supported by the government. Both scholars and social organisations have argued repeatedly that the ‘right to housing’, and related documents like the ‘Flemish Housing Code’ (Vlaamse Wooncode), have to a large extent not been implemented in Belgium/Flanders (Goossens, 2008; Samenlevingsopbouw, 2014)

People who rent their house spend a larger portion of their income on housing compared to owners. Especially for low-income families the norm of 30% of their income is often exceeded (Hubeau & Vermeir, 2013). From this perspective the Belgian housing market reinforces inequalities, because those who cannot afford their own home, pay more – in the long run – for access to housing. Against the background of growing home ownership, Hubeau and Vermeir (2013) observe tendencies towards more precariousness in the private rental market. People who are renting have a higher risk of poverty and are more likely to live in a house with structural problems<sup>17</sup>. The private rental market is functioning as a kind of residual-market for more vulnerable families who cannot afford their own home and have not found access to social housing. Some of the worst cases of energy inefficient houses are to be found in the lower segments of the private rental market. This poses specific challenges to the fight against energy poverty in reaching tenants, homeowners and in the implementation of quality criteria (Samenlevingsopbouw, 2013, Koning Boudewijnstichting, 2013). The social rental segment of the housing market is often better regulated than the private rental market. Nonetheless, increasing the energy efficiency of the social housing patrimonial also remains one of the important challenges in the fight against energy poverty. This is explicit goal of the ‘énerJ’innov’ project described in Appendix I. The Samenlevingsopbouw project that we analyse in this report focusses predominantly, but not exclusively on tenants in the private rental market.

One of the big problems in the private rental housing market is called the ‘split incentive’ (Delbeke et al., 2013) or ‘principal-agent problem’. The tenant pays for the use of energy, while the landlord pays for changes in the infrastructure like windows or a boiler. As a result, both parties do not have enough incentives to make energy saving investments in the house. People who depend on this lower segment in order to have access to housing often lack resources to make investments and they are not motivated to do so if they have no guarantee that they will enjoy the returns. At the same time landlords often lack incentives (and possibly also resources) to invest because the demand for housing is high and there are always plenty of people that have no other option than to accept low quality housing.

A related problem is that policies that target structural problems of the houses have potentially negative social effects. In previous projects the King Baudouin Foundation observed that strategies that focus on implementing relatively high quality criteria, using the Energy Performance Certificate (Energie Prestatie Certificaat – EPC), risk broadening the gap between vulnerable tenants and the rest of society instead of closing it (Koning Boudewijnstichting, 2013). In many cases such approaches lead either to a rise of housing prices or a situation in which the tenants have to move out. The social work

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<sup>16</sup> Since 1980, Belgian housing policy has been gradually regionalized. The Flemish regional government has not changed the basic orientation of housing policy on home ownership and the residual nature of the social housing sector.

<sup>17</sup> [http://www.armoedebestrijding.be/cijfers\\_kwaliteit\\_huisvesting.htm](http://www.armoedebestrijding.be/cijfers_kwaliteit_huisvesting.htm) (last accessed 03-06-2015)



professionals of Samenlevingsopbouw decided to develop an instrument for energy efficient domestic electric appliances such as fridges because it bypasses these difficulties. The tenants own (or rent) their own fridge and benefit directly from the fact that it is more energy efficient (Coordinators Kempen and Westhoek experiment).

In Belgium, housing is a regional competence, but it is only since May 2014 that the rent legislation and housing subsidies were also devolved to the regional level (Cantillon et al., 2011)<sup>18</sup>. Differences exist between the regions not only in housing policies, but also in the average building year of residences, the overall quality of the housing stock and the ways in which people heat their house (Meyer & Huybrechts, 2012). The next section will provide general information about energy poverty in Belgium, Flanders and the local areas in which these pilots will take place.

## **2.2 Energy poverty in Belgium**

Energy poverty is defined by the International Energy Agency (IEA) as *“a lack of access to modern energy services. These services are defined as household access to electricity and clean cooking facilities (e.g. fuels and stoves that do not cause air pollution in houses)”*<sup>19</sup>. This lack of access includes a variety of factors and dynamics depending on the context in which energy poverty is studied and defined. Despite the many differences, most arguments on energy poverty include references to social needs, environmental challenges and financial interests and reflect how these are clearly intertwined and possibly in conflict with each other<sup>20</sup>. Points of discussion and opportunities for improvement and innovation range from energy efficiency of houses and appliances, to dynamics of social exclusion, basic social needs, individual consumption behaviour, budget management and minimum guaranteed provision. In Europe a diversity of legal definitions exists. From a more academic perspective, Huybrechts and colleagues (2011) propose the following definition that was also adopted by the King Baudouin Foundation in one of their publications on energy poverty (Koning Boudewijnstichting, 2013):

*“Energy poverty refers to a situation in which a person or household experiences problematic difficulties to provide in his/her residence the energy needed to satisfy basic needs” (Huybrechts et al., 2011: 163)”*.

In their extensive report on energy poverty in Belgium these authors list the most prominent causes of energy poverty: a low income in relation to the expenditures on energy needed to satisfy basic needs, low energy efficiency of the house, the situation of health and employment (which would result in a higher energy consumption at home for people without access to work) and rising energy prices. Looking at possible consequences the report mentions hardship and debt with possible long-term negative effects on health, the condition of the house and social exclusion (Huybrechts et al., 2011).

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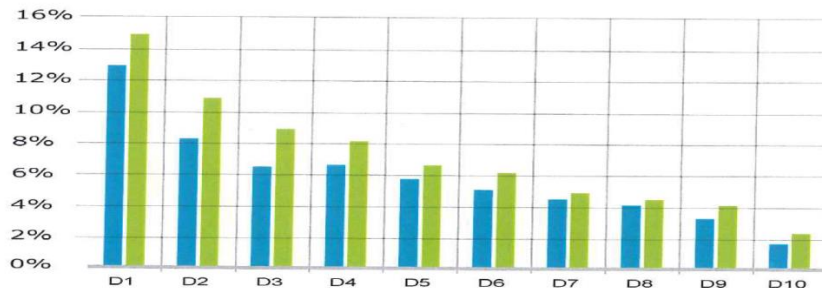
<sup>18</sup> See also the website of the Flemish government: <http://www.vlaanderen.be/nl/vlaamse-overheid/staatshervorming/staatshervorming> (last accessed 03-06-2015)

<sup>19</sup> <http://www.iea.org/topics/energypoverty/> (last accessed 03-06-2015)

<sup>20</sup> For instance, the idea to guarantee access to energy for people who are not able to pay for it is in conflict with profit motives of energy providers in a liberalized energy market. Enabling people that deliberately use less energy than needed to use more is in conflict with environmental objectives to use less (Delbeke et al., 2013).

Research on energy poverty (or fuel poverty as it is often called in the UK) acknowledges that there is a strong coincidence and two-way relationship with income poverty (Hills, 2012).

**Figure 1: Share of the average energy expenses per income decile in Belgium, 1999 (blue) and 2009 (green). [D1 is the lowest decile, D10 the highest.]**



Source: *Gezinsbudgetenquête 1999-2009 in Koning Boudewijnstichting, 2013: 2*

Figure 1 shows the average share of income given to energy expenses per income decile in 1999 (blue) and 2009 (green). The graphs show that the lowest decile (D1) spends over 14% of their income while the highest decile spends under 3%. The figure also shows that overall the share of income spent on energy has gone up, but it has grown faster in the lowest deciles.

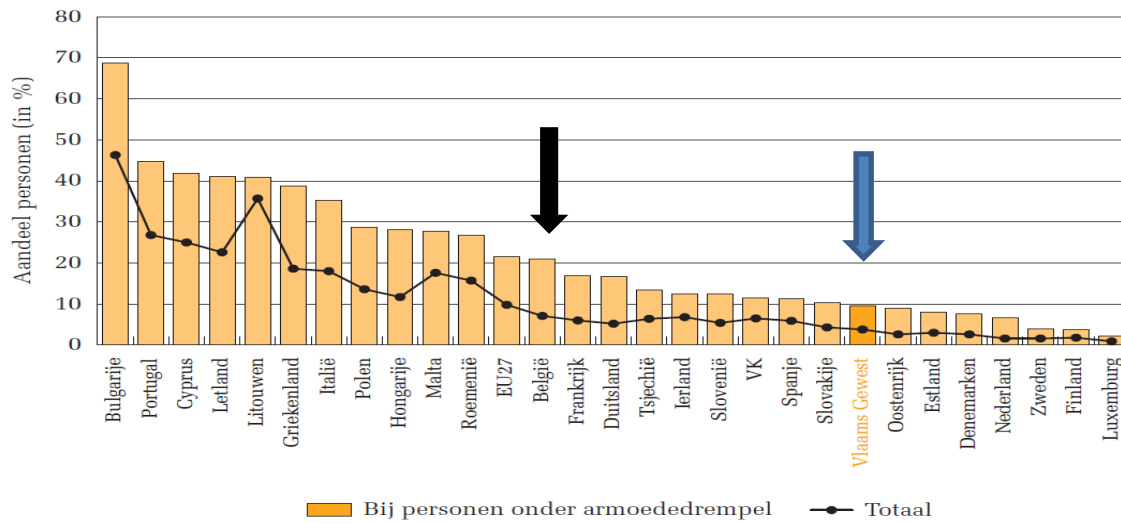
Energy poverty and income poverty are strongly related, but not synonymous. Important reasons to treat energy poverty as a distinct problem are the fact that it is clearly intertwined with environmental challenges and that it targets a specific need related to access to affordable energy, which is directly related to specific dimensions of social inclusion such as health (Hills, 2012) and the use of electrical appliances. The concept is helpful to focus on how these different social needs relate to each other in order to develop socially innovative responses to these different challenges on the individual and systemic level. ‘Energy poverty’ also fits in future horizons (collective imaginaries) such as the ‘right to energy’ or a ‘sustainable economy’ (for instance a carbon-neutral energy supply). These themes are less controversial politically compared to themes like poverty reduction and they are understood to guide social and economic development strategies (IAEA, 2005). Internationally there has been a lot of attention to the theme of energy poverty and sustainable energy use in general. The United Nations declared 2012 the International year of sustainable energy for all<sup>21</sup>, which inspired and boosted a lot of national and regional actions.

Indicators of energy poverty are included in the EU SILC database. Figure 2 shows the percentage of households who could not afford to heat their house in an appropriate way in 2011 per EU27 country. The black line shows the percentage of energy poor households in the total population. The orange bars show the percentage of energy poor amongst the part of the population that is living below the 60% of median income line. Belgium (black arrow) performs modestly with 7.1%<sup>22</sup> of the households. This is slightly better than the EU-27 average, but worse than most West-European countries. The Flemish region (blue arrow) has about 5% of the households who cannot afford to heat their house appropriately. In this regard Flanders performs better than Brussels and especially the Walloon region.

<sup>21</sup> <http://www.un.org/en/events/sustainableenergyforall/> (last accessed 03-06-2015).

<sup>22</sup> About 790,000 people

**Figure 2: Percentage of household who cannot afford to heat their house in the appropriate way in 2011.**



Source: EU-Silc, 2011 in Delbeke et al., 2013

The prevalence of energy poverty is most often measured using either income and expenditure statistics or surveys on people’s own experiences with regard to energy use and costs. The first method measures the household expenditures on energy in relation to the household income. Households who spend more than 10% of their monthly income on energy are regarded to be ‘energy poor’. The second approach, used in the EU-SILC database, asks people about their experience using two questions: ‘Did you have trouble heating your home adequately this year?’<sup>23</sup> and ‘Did you have arrears on your utility bills this year?’ (Delbeke et al., 2013). The 2011 report on Energy poverty in Belgium (Huybrechts et al., 2011) reported that in Belgium about 14.5% of the Belgian households is energy poor when measured as paying more than 10% of the income, 7.1% are energy poor when it is measured as an experience. The researchers estimate that about 3.4% live in ‘hidden energy poverty’ which means that people use less energy than needed in order to contain costs. When using these national percentages for Flanders, one most likely overestimates the number of households in energy poverty.

In practice social workers work with both the budget and experience approach to energy poverty, depending on the situation (I: Coordinator Westhoek experiment). It is possible that people are at risk of energy poverty in the one approach and not in the other, depending on their behaviour, housing conditions and budget. As with poverty, there is not one profile of people or households at risk of energy poverty. Like poverty, energy poverty is multidimensional. Overall, the most important risk factors are: to rent, to live in an older house, having a low income, having a low educational level, being single or a single parent, being unemployed and being older than 65 (Delbeke et al., 2013).

Unsurprisingly, the identification of energy poverty by local welfare centres or social organisations often coincides with the emergence of problems of debt to private energy providers. The federal approach against energy poverty can best be summarized as ‘protecting the consumer’ (Meyer & Huybrechts, 2012). In Belgium, when an energy provider drops a client, this client will automatically be provided energy at a ‘social rate’ for gas and electricity by the organisation that manages the

<sup>23</sup> The focus on heating is relevant not only because of the obvious relation with hardship but also because two thirds of the energy bills in Belgium go to heating (Eandis, 2012).

distribution network. It is important to note that the prices of this social rate are often higher than the lowest prices on the free market. This is understood as an incentive to buy energy on the free market but in practice it tends to aggravate the debt problems. This network manager cannot just drop clients. When there are problems with payments to the network manager, the clients will have to appear in front of the Local Advisory Commission (LAC). They will decide on the payment, the possibility of installing a budget meter and in extreme cases the access to energy can be closed off (Delbeke et al., 2013). Local welfare centres (OCMW in Dutch, CPAS in French) coordinate these measures. In general these approaches are curative. They secure access to energy and attempt to reduce debts “as there are not enough resources to organize more support and supervision in energy use” (Meyer & Huybrechts, 2012: 182).

In Flanders, the manager of the organisation managing the distribution network is obligated to perform a number of public services within the Rational Energy Use framework<sup>24</sup> (REG – Rationeel Energie Gebruik). This includes a variety of services for ‘protected customers’ such as a variety of financial premiums for certain purchases, adjustments like roof insulation and, most relevant to our case, **energy scans** in households at risk of energy poverty. Table 1 gives a list of the different priority groups for these scans and the number of people in Flanders who are in these different priority groups. For these groups, the scans, which often includes minor changes like installing energy efficient lamps (up to €20), are free. In several Flemish municipalities energy scans are performed by the **Energy Cutters** (Energiesnoeiers<sup>25</sup>).

Another important institution in this regard is the **Fund for the Reduction of Global Energy cost** (FRGE), an ‘enterprise of public law’ (N.V. van publiek recht),<sup>26</sup> established by the federal government but devolved to the regions on 1 January 2015. This fund has the task to support households, and especially households in poverty, to enhance the quality of their houses in order to lower their energy use and bills. This fund already uses social loans, for instance for the purchase boilers and roof insulation. The social workers of Samenlevingsopbouw, who inform people about these possibilities, experienced that these instruments are often not accessible for poor people and tenants. The development of ‘Energy Efficient Appliances for All’ has to be understood in this context. Recently, the FRGE has become a Flemish competence.

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<sup>24</sup> The obligations for the network manager to urge their customers to save energy exist since 2003 and have been changed over the years. The REG-public service obligations are regulated by law in article 7.5.1 of the Energy decree and further specified in title VI, chapter IV of the Energy resolution of the 19<sup>th</sup> of November 2010 <http://www.energiesparen.be/reg-openbaredienstverplichtingen> (last accessed 03-06-2015).

<sup>25</sup> This social economy initiative, which could be regarded as a social innovation in its own right, combines the task of performing energy scans with job opportunities for people who were (long-term) unemployed. [http://www.energiesnoeiers.net/es/energiescans\\_42.aspx](http://www.energiesnoeiers.net/es/energiescans_42.aspx) (last accessed 03-06-2015)

<sup>26</sup> The FRGE was established in 2006 by the federal government as a daughter company of the Federal Participation- and Investment Company. <http://www.frge.be/> (last accessed 03-06-2015)

**Table 1 Estimate of people in Flanders in different priority groups, entitled to energy scans in 2013**

Category	Number of household in Flanders
Cat 1. Protected consumers	Between 200,000 and 230,000
Cat 2. Request for cut off by provider at LAC	+31,500
Cat 3. Rent max. €450	Unknown
Cat 4. Most impoverished of FRGE	
Cat 4.1 Modest incomes	Unknown
Cat 4.2 Debt counselling or collective debt arrangement	62,183
Cat 4.3 Social or budgetary support from OCMW	+ 15,000
Cat 4.4 RVV or OMNIO-statute <sup>27</sup>	+ 21,000
Cat 5. Tenants via a Social Renting Desk (SVK) <sup>28</sup>	+ 6,000
Cat 6. Tenants of a Social Housing Association	+ 140,000
Cat 7. Customers with a budget meter (second half of 2013)	Electr.: 44,035 Gas: 27.232

Source: Numbers of KOMOSIE vzw used in Samenlevingsopbouw, 2014b: p.22

Table 1 helps us to better understand the institutional landscape that is relevant for the fight against energy poverty. It is however not very helpful for getting a good measure of the target population because the categories in the table do strongly overlap. To get an idea of the problem in the municipalities where the experiments will be carried out, the professional from Samenlevingsopbouw used two estimates: firstly, the national percentage of households that pay more than 10% of their budget on energy bill (14,5% but they levelled it off to 15%) and the share of these families that would have a problem with purchasing energy inefficient electrical devices (based on their practice they estimated this group at 30% of the population). The test municipality Beerse in the region Kempen has 6.817 households. This would mean that 1.022 households live in energy poverty and 340 families belong to the target population with old, inefficient appliances. 8.062 families live in the test municipality Poperinge in the region Westhoek. Using the same calculations 1.209 families are expected to live in energy poverty and 362 families would qualify for the financial scheme (Samenlevingsopbouw, 2014b). Based on the literature review one can expect this to be a slight overestimation, but it does give a good idea of the size of the problem and the target population. Differences between the two regions might be relevant for very particular cases, but in general differences in the overall quality of houses, energy supply or local policy context are not so big that one should expect totally different challenges.

<sup>27</sup> People entitled to a higher reimbursement on medical costs

<sup>28</sup> Organisation that rents houses from private landlords in order to make them available for tenants, under conditions similar to those for social housing.

### 3 Genesis of the initiative

This chapter describes the genesis of the Samenlevingsopbouw project and the 'Energy for All' programme. The first section discusses venture philanthropy, an approach to supporting social initiatives and social enterprises which is relatively new in Europe and inspired the 'Energy for All' programme. The second section describes how this 2014 Impact programme came about and the third section focuses on the project that was initiated by the social workers of Samenlevingsopbouw.

#### 3.1 Venture philanthropy in Europe

*"In the last twenty years, philanthropic and voluntary organisations have been put centre stage in debates on how to innovate social services and make them more responsive, or even as part of an attempt to reduce the size of the welfare state. In this way, philanthropies and the welfare services they fund are becoming key players in what has been termed the shift from government to 'network governance'" (Villadsen, 2011: 1058).*

The 1997 landmark article 'Virtuous Capital: What Foundations Can Learn from Venture Capitalists' by Letts and colleagues explains that venture philanthropy grew as an implementation of venture capitalists' methods and insights in foundation's strategies for funding non-profit associations. The main goal is to strengthen the organisational capacity and competencies of non-profits in order to increase social impact and the longevity of the organization. Social impact refers to the social return on investment. Increasing social impact is the main goal of a venture philanthropist. According to Nicholls (2010: 622)

*"this venture approach legitimates grants as investments that demand a maximum "return" on capital. As a consequence, demonstrating effective return on investment becomes the key self-legitimizing logic".*

Originated in the United States, venture philanthropy started in the UK in the early 2000s, mainly in the private equity and venture capital world<sup>29</sup>. In the following years foundations took it on as it spread across Europe<sup>30</sup>. The spread and manifestations of the approach is contingent on, amongst other factors, the cultural tradition of charity and the third sector, legal frameworks and the institutional context of welfare states. Buckland and colleagues (2013) hint at an ambiguous relationship between venture philanthropy and welfare regimes. Up until now this approach flourished more in a context in which private investors, businesses and funds have historically played a bigger role in social service provision. It is less spread and developed in West European countries (Schuyt, 2010) such as France and Spain where the state takes on a more central role in the provision of social services. In general the American and Anglo-Saxon tradition is one in which private initiatives tend to oppose state

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<sup>29</sup> Foundations, enterprises and governments are experimenting with this approach as an alternative way to tackle social problems, giving social enterprises and social entrepreneurs a more prominent role in the mixed economy of welfare (Buckland et al., 2013; BEPA, 2010). The Big Society Capital, launched by UK Prime Minister David Cameron and The Momentum Project of the large Spanish bank BBVA are two of the largest, well-known (but also contested) examples of big funds that promote this approach (Buckland et al., 2013).

<sup>30</sup>The European Venture Philanthropy Association (EVPA) was established in 2004. Online: <http://evpa.eu.com/about-us/history/> (last accessed 11-05-2015).

intervention, whereas the European, Continental tradition tends more towards welfare partnership models, emphasising links between philanthropy and state (Buckland et al., 2013, Villadsen, 2011).

Although the promoters of venture philanthropy do not propose state retrenchment explicitly, fiscal austerity offers opportunities for venture philanthropy to present itself as an alternative to state-based provision. However, the authors note that state retrenchment could also harm the possible impact of social enterprises as their business plan is often in some way depending on public resources and state led programmes. Welfare states on their part “may see philanthropy as a supplementary or complementary source of income for the public good” (Schuyt, 2010: 785).

Given the complex relations between voluntary, philanthropic organisations and public institutions and the many ways in which philanthropists operate it seems impossible to give an overall appreciation of ‘venture philanthropy’ and its impact and welfare reform (Villadsen, 2011). Nonetheless, the distinct characteristics of venture philanthropy can best be understood in contrast with, or even as a critique on the perceived organisational weaknesses of classical charity supporting philanthropy, corporatist non-profit organisations and service providing public bureaucracies. Critics of the ‘return to philanthropy’ warn that this approach undermines rights based social protection and shifts the focus of social work and social policy from structural social problems to individual morality and will-power, self-development and consumerism (Villadsen, 2011).

Based on the limited literature (Buckland et al., 2013) and the interviews for this case study it seems that in Belgium venture philanthropy only has the ambition to influence and stimulate existing traditions like the social economy sector, rather than replacing them. As such the approach could play a role in the “welfare partnership model”. Ashoka Belgium and the King Baudouin Foundation share this vision (I: Representative of Ashoka Belgium, KBF).

It should be noted that the Energy for All programme is inspired by, but still different from the typical ‘venture philanthropy approach’. This programme supports projects in an early stage for a relatively short period of time. A typical venture philanthropy approach entails a long-term cooperation between advisors and the management of an organisation, in which the goals, vision and identity of the entire operation is questioned and possibly revised. So while the methods and strategies used to support the projects in the Energy for All programme are borrowed from the venture philanthropy approach, they are applied in a particular way that fits the purpose of this programme better (I: Representative KBS).

### **3.2 Energy for All: The 2014 Impact programme**

The coordinator of Ashoka Belgium met with a project coordinator of the KBF during a meeting on the 2013 *Impact Programme* on energy efficiency (Efficacité Energétique) organised by Fondation Rexel and Ashoka in France. From there the idea grew to co-create an *Impact programme* on energy poverty in Belgium (I: Representative of Ashoka Belgium). The foundation organised an ‘Energy for All’ project before in 2011 without Ashoka. The Foundation has developed know-how on the topic (see for instance Koning Boudewijnstichting 2013) and has coordinated several projects and platforms on the topic of energy poverty. The two organisations found each other in this project because of the shared interest in social entrepreneurship, social impact and venture philanthropy. For The King Baudouin Foundation this project on energy poverty was innovative because of the intensive training project offered by Ashoka. For Ashoka Belgium it was the first time they organised a thematic Impact programme (and their second time to organise an Impact programme). For Ashoka it is a good

opportunity to work together with this established organisation who can introduce them to a wide variety of possible new partners (fellows).

Ashoka started its Belgian activities in 2007. The Impact programme of Ashoka, which aims to support initiatives in an early phase, can be regarded as a side project of Ashoka Belgium, which aims to spread its expertise to a wider group. Initiatives by social entrepreneurs that turn out to be very promising in the programme might become fellows of Ashoka afterwards (I: Representative Ashoka Belgium).

For KBF, this cooperation fits well with their shift towards a more 'Venture Philanthropy' inspired approach. The adaption of this Venture Philanthropy approach is an answer to the critique that the King Baudouin Foundation predominantly used the strategy of short-term financial support for specific projects (De Rynck, 2013). In 2009 the Foundation launched the Venture Philanthropy Funds in an attempt to modernise and diversify its philanthropic instruments. In 2011 the Foundation became a full member of European Venture Philanthropy Association (EVPA)<sup>31</sup>. The venture philanthropy of KBF on the other hand fitted well with the social entrepreneurship approach promoted by Ashoka (I: Representative Ashoka Belgium, KBF). In the co-operation, Ashoka brought in the training and specific expertise on social entrepreneurship. The KBF added financial support and expertise on the theme of energy poverty.

Hence, the basic idea of the 2014 'Energy for Everybody' programme is not only to support organisations financially and to facilitate exchange, but also to bring in external know-how and to strengthen networking. In comparison to previous programmes (like the first 'Energy for All') this approach represents a more long-term vision in which the competencies of organisations are strengthened to develop models that will enable them to be resilient in the future. This corresponds with less financial support and more training and tailored advice.

For both partners this programme is only one way to fulfil their missions. By supporting different interesting projects in this rather short-term trajectory, they expect that a few of them can grow and turn into sustainable innovations. So although this programme teaches us a lot about the approach to social entrepreneurship and social innovation that is promoted by both Ashoka and the KBF, it should not be mistaken for their overall approach, which also entails many other activities such as long term partnerships with social entrepreneurs (for instance the fellows of Ashoka), making publications and policy recommendations (especially by the KBF).

Nine projects went through the whole programme. They received up to €10.000 of financial support from the King Baudouin Foundation. The concept of an Impact programme, which also exists in France and Switzerland, offers the local project promoters a free training programme. This consists of three times three-day sessions in Brussels over a period of six months and customised supervision by a coach from the private or social entrepreneur sector over an overlapping period of four months. The call for projects was launched in October 2013 and projects could apply before mid-January 2014. The selection of projects was announced mid-February 2014. The three three-day workshops were held in March, May and June 2014. The final presentations for the jury were organized in October 2014.

Appendix I of this report provides a table that describes the different projects that participated. The table shows that a variety of organisations were selected including non-profit associations, federations

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<sup>31</sup> <http://evpa.eu.com/#&panel1-2> (last accessed 03-06-2015)



and advocacy organisations, local welfare centres, a housing company, a cooperative business, and a social economy enterprise<sup>32</sup>.

All projects have their own approach but recurrent strategies can be identified across the different projects. Most projects work with the assumption that decreasing energy consumption and increasing energy efficiency for consumers at risk of energy poverty can generate money. The ways in which this generates revenues for the organisations differs both in method and in importance, depending on their financial and organisational model. Some gather money as a return on investment (using part of the savings on energy bills to pay for the investment and generate some profit). Others want to gain money by providing a service that is not only interesting from the tenant's perspective but also for others that have interests in reaching the target population such as landlords, housing associations, local welfare centres and producers of appliances or energy providers (for instance: preventing debt or enabling repayment). Connecting these different partners in a productive way is an important challenge for all projects. Most of them also pursue a form of participation and a change in the behaviour of the target population. One way of changing this behaviour is by informing and sensitizing people about their use of energy, but also and more importantly, performing energy saving changes in their house. These interventions and the distribution of knowledge about possible interventions often involve a specialist, coach, workgroup or information centre. Some of the projects stress that the process of gaining knowledge and skills on these matters is an empowering process for people of the target population.

### **3.3 Energy efficient Appliances for All**

The relation between energy and poverty was first addressed in 1998 with a local project of Samenlevingsopbouw in Turnhout (Region Kempen, the same region of one of the pioneers of the project under scrutiny). Driven by the work of Mieke Clymans and colleagues the project grew into the Flemish Samenlevingsopbouw programme called 'Right to energy' that argues for 'the right to energy' as a fundamental social right to allow for dignified participation to society. The programme works on two interrelated themes 'energy and housing quality' and 'energy and poverty'. The 'energy and poverty' work has three pillars: (a) strengthening people in poverty with a participative approach, (b) influence policy to obtain structural improvements in the situation of people in energy poverty, (c) create support for sensibilisation and influencing policy through cooperation. The programme is involved in several dossiers such as the privatization of the energy market and reducing debts of people with budget meters<sup>33</sup>.

Two social workers for Samenlevingsopbouw working for the 'right to energy' programme, one in the region Westhoek (South-West of Flanders) and the other one in the region Kempen (North-Central Flanders), encountered the same problem: a lot of people in poverty use old electrical appliances that are not energy efficient at all, but these people often do not have the resources to buy new, more energy efficient appliances. Because of the use of old appliances, their energy bills are too high.

*"People with horrible third and fourth hand appliances. Freezers that are on 24/7 and that consume incredible amounts of energy. Up to 150 euro per month only for that freezer or fridge.*

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<sup>32</sup> 'Energy for All' targets every organisation with a social goal that is active in the fight against energy poverty and that aims to "shift their project into a higher gear" (I: Representative KBF).

<sup>33</sup>[http://www.samenlevingsopbouw-antwerpenprovincie.be/nl/programmas-en-projecten/recht-op-energie/energie-en-armoede-vlaanderen\\_84.aspx](http://www.samenlevingsopbouw-antwerpenprovincie.be/nl/programmas-en-projecten/recht-op-energie/energie-en-armoede-vlaanderen_84.aspx) (last accessed 20-04-2015)

*And we could tell them that they would benefit from new windows or a new boiler, but in most cases this was not an option because of budgetary reasons, even when they could get support from the FRGE. We also meet frequently with tenants and in their case it is even more difficult because the landlord has to replace it, but they are often not motivated to do it. The freezer is the tenant's property, but in many cases they do not have money to replace it either.” (I: Coordinator Kempen Experiment)*

*“I have called lawyers and debt councillors and I have asked: Can you provide 400 euros for a new fridge or freezer because then the energy bill of this person will drop. They would respond: No, we cannot make new debts as long as the old ones are not paid for. So then you are stuck. You can say okay bad luck, but you can also try to get around these blockades and that is what we try to do.” (I: Coordinator Westhoek Experiment)*

Knowing the many thresholds for vulnerable groups to perform energy saving investments in their house, especially when they are tenants, the two social workers (together with local partners) came up with the idea of a social pre-financing and rent model for small purchases of electrical appliances. This idea is also a reaction to the observation that the existing social loan instruments, mostly for €1.200 and more, do not benefit the most needy. Depending on how the experiments turn out, bigger purchases like boilers could be considered. Both the social workers and their teams, which meet each other from time to time in Flemish and Belgian platforms of Samenlevingsopbouw and meetings on energy poverty, decided to apply for the training programme ‘Energy for All’ together, but to hold on to their slightly different project ideas. Doing so they want the two experiments to inform and strengthen each other (Samenlevingsopbouw, 2014b).

The social work teams decided to apply for the ‘Energy for everybody’ project in order to better prepare their pilot projects and enjoy the financial support. This programme turned out to be different from previous programmes of the KBF on energy poverty, which they participated in. Both involved social worker professionals state that this training programme exceeded their expectations and that it has been a very intensive and valuable learning experience for them, which helped them to further develop their models and their networking and communication skills.

The pilot projects were supposed to start in the spring or early summer of 2015. However, the 24<sup>th</sup> of April 2015 the Flemish minister of Energy Annemie Turtelboom announced that zero interest loans for energy efficient appliances would be included in the Flemish Energy Loan<sup>34</sup> by the 1<sup>st</sup> of July 2015<sup>35</sup>. This means that the basic idea of the schemes of the social workers will be implemented all across the Flemish territory by the minister before the local pilots would be implemented. Therefore, the coordinator of the Kempen experiment and colleagues decided not to start the pilot project. The coordinators of the Westhoek experiment are currently investigating the added value of implementing it. In the meantime the coordinators are taking on a more advisory role in relation to the new government scheme (further discussed in part 7.2 and 7.6 of this paper).

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<sup>34</sup> <http://www.energiesparen.be/energielening> (last accessed 30-06-2015).

<sup>35</sup> <http://annemieturtelboom.be/energielening-voortaan-ook-voor-installatie-van-zonnepanelen/> (last accessed 30-06-2015).

## 4 The activities and organization

### 4.1 *The experiments with energy efficient electrical appliances*

The projects of Samenlevingsopbouw grew from the practice of energy consultants/social workers whose task it is to develop preventive rather than purely curative approaches to the problem of energy poverty. Their practice includes, amongst many other things, home visits and monitoring on energy use and changes in the house of people who have to appear in front of the Local Advice Commission (LAC). The financial schemes and the related support schemes have to be situated within this context.

The two experiments pursue the same three goals. The first goal is to lower the energy use and energy bills of vulnerable groups. A second goal is to work on the energy awareness of vulnerable families, through visits at home and (possibly) group sessions. The third goal is to enable a more proactive, preventive approach that could be implemented for instance by social workers of the local welfare centres<sup>36</sup>.

In both projects, the idea is that the initial cost of a new freezer, fridge or washing machine will be easily recovered over time by the savings on the energy bills. Both projects try to allow for some consumer choice, allowing the client to choose between a limited number of appliances that fit the scheme. The target population is also the same: people entitled to the social rate for electricity and gas, people who have an active budget meter and people who are in the priority group of the Fund for the Reduction of Global Energy cost (see table 1 on the priority groups in chapter two of this report). Depending on how the experiments turn out, other criteria, like being a client of the network manager, could be included. Another important similarity is that the ambition to involve a network of social organisations that are responsible for case management of the target population (like the OCMW) and performers of energy scans (in these cases the Energy Cutters) in the projects. However, in both projects it is not yet entirely clear what the support trajectories will look like. It will depend, amongst other things, on the conditions under which energy scans can be performed (see also part 6 of this report).

As the models in both projects are similar in many ways, its promoters expect to learn from each other and avoid double work, for instance in the contact with the producer of appliances, measurement of models of devices and writing communication documents. Besides these similarities the two experiments have some important differences, summarised in table 2 below.

**The rent model**<sup>37</sup> aims to enable people with limited resources to use an energy efficient device by renting it from the producer or a third party, with the rent including maintenance costs and repair services. The client pays the rent to the producer or a third party (local provider). This model is inspired by the principles of the circular economy. People do not own their own devices, but have access to the

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<sup>36</sup> The local welfare centres do not have specific responsibilities related to energy poverty. They receive money from the Energy Fund, which they can use for a variety of things such as the organisation of debt counselling, paying off bills or developing preventive approaches to energy poverty online: <http://www.mis.be/be-nl/ocmw/energiefond>s (last accessed 03-06-2015). Hence, local welfare centres can choose to what extent they take up the issue of energy poverty. Social organisations like Samenlevingsopbouw did a lot of work to raise awareness and to encourage local welfare centres to address energy poverty and the right to energy.

<sup>37</sup> The rent model was originally called 'Lease model', but it is not a lease formula for technical and juridical reasons.

functions of the devices. The idea is that after the rent period of five to seven years, the producer will take back the device to recover and re-use the raw materials (Samenlevingsopbouw, 2014b). At this moment however, the producer that has accepted to be partner in this project is not yet ready to operationalize such a cradle-to-cradle approach, but sees it as a realistic future perspective.

An important challenge is to make an arrangement in which the client will have paid less rent over the course of five years than he/she would pay when buying the device. At the moment, the mainstreaming strategy of this project is predominantly oriented to the Westhoek region and the Province of West-Vlaanderen. Professional social workers from Samenlevingsopbouw will take on a coordinating role in the support of the families, also after the pilot phase.

**The rolling fund model**<sup>38</sup> is a pre-financing scheme in which the electrical appliances are purchased with money from the fund<sup>39</sup>. The client pays back, without interest, an amount of about €10 per month to the fund over a period of three years. As the money returns to the fund it can be used again for other purchases. During this period the client already saves a small amount on the energy bills. After the three years she/he owns the device.

The bank KBC manages the fund. The financial construction behind the rolling fund is complex. Firstly, some profit has to be made, because the money comes from people who want to invest in social projects in return for a small interest. So for this reason and in order to counter inflation, part of the money will be invested in other ventures. Secondly, the scheme consists of the rolling fund and of a local risk fund, which has the function to secure to sustainability of the rolling fund when the returns to this fund from clients are lower than expected. In the test phase the risk of non-payment and costly problems with the appliances is estimated to be 10%. This would mean that every fund of €10,000 should be complemented with a risk fund of €1,000. It is important for this model to get this proportion right after the experimental phase because this would offer a lot of advantages for upscaling, since the partner bank KBC is willing to match the money of the rolling fund with a risk fund that. The project developers suggest that this could be gathered by a variety of local actors, for instance by donations or money raising activities. The risk fund does not have to consist of public money (Samenlevingsopbouw, 2014b).

The rolling fund model is very much designed as an instrument for small and low cost loans similar to microcredit<sup>40</sup>. It is a financial product that can be used in every Flemish municipality where you have a risk fund, an energy scan provider and a case manager. The latter two are expected to provide the support part of the model. Samenlevingsopbouw is theoretically not needed in this model after the experimental phase.

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<sup>38</sup> The rolling fund refers to the financial scheme used in the project and was used as the working title. In the pilot phase the project will probably take on the name 'Apparaat op maat' 'Device ('Customized device').

<sup>39</sup> As explained above, the Fund for the Reduction of Global Energy cost (FREG) has similar social loans, but the most vulnerable groups cannot benefit from it.

<sup>40</sup> This practice of giving small low cost loans to people in poverty was developed in Bangladesh by the Grameen Bank in 1983 as a way to create opportunities for making small investments. Microcredit has been celebrated as well as criticized over the years (for a critical view see for instance Bateman, 2010).

**Tabel 2: Main differences between the two models**

<b>Model</b>	<b>Rent model</b>	<b>Rolling fund (Apparaat op maat)</b>
Region	Westhoek (Poperinge)	Kempen (Beerse)
Scheme/ Product	Circular economy scheme / rent model	Rolling fund/ Financial product that combines social investments (bank) with social loans (target pop.)
Mainstreaming ambitions	First in the region Westhoek and province	Virtually every municipality in Flanders (under the right conditions)
Role Samenlevingsopbouw after the experiment	Involved in the coordination of the support	Theoretically, Samenlevingsopbouw is not (necessarily) part of the model after the experiment phase.
Ownership of the devices	Rents for about 5-7 years (producer remains owner)	Pays back the price within three years (owner at the end)

Source: *Samenlevingsopbouw, 2014b and Interviews*

For the target population of these schemes, these models do not really introduce new activities, especially when they are already acquainted with the OCMW and the energy scans, but mainly add the option to purchase or rent a fridge, freezer or washing machine while being in debt counselling. For the local OCMW (or other case manager) and the Energy Cutters (or other providers of energy scans) the activities do not add much extra work either. The coordinators of the model aim to invest in user friendly ICT and forms to avoid extra burdens for these partners.

From the perspective of the social entrepreneurs of Samenlevingsopbouw the development of the model includes both activities that were already part of their daily practice (e.g. contact with the target population and other social organisations) and some that are new to them (e.g. cooperation with for profit organisations). In order to forge partnerships with for profit organisations and develop their model the professionals of Samenlevingsopbouw had to engage in activities such as: give presentations and go to meetings to convince business people after making contact with them, negotiate prices and conditions with them, gather evidence from measurements of different appliances, make estimations about the problem and the impact of the models. A lot of these activities were written down in the social business plan, which they had to write during the ‘Energy for All’ programme (Samenlevingsopbouw, 2014b). Some of these activities were suggested during the training programme.

#### **4.2 A management approach for more social impact**

For the KBF, this programme in cooperation with Ashoka fits within their shift towards venture philanthropy. Venture philanthropy aims to combine social objectives and entrepreneurial models and cultures. It is essentially a management approach (I: Representative Ashoka Belgium, KBF) that regards social entrepreneurs and their organisations as the main drivers of social innovation (Jessop et al., 2013). This particular vision on social innovation (which differs from the ImPRovE definition used in chapter five) represents an evolution towards business-like professionalization and strategy development of social projects and organisations, without turning them into for profit businesses (necessarily). It combines amongst others tailored financing, organisational capacity development and performance management (Buckland et al, 2013).

*“If you look at what these people [coaches via Ashoka] propose, these arguments are often fairly logical and rational. Their insights can be applied on virtually all economic activities. But you have to know them and think about it to do it and this is hardly done from within the sector. That is what is a little bit new and alternative of the venture philanthropy. Making some know-how from the industry and the business-world accessible for the social sector. Overall this sector is not very familiar with it, but they could very much benefit from it. Without abandoning your social goals. It is really about how these business skills can help you to develop your project... Although these approaches originate from the for profit business world I do not think it is a business approach per se, it is a management approach that can be applied by different organisations.” (I: Representative KBF).*

Since the professionals of Samenlevingsopbouw are mainly working with public funding and cooperating with public institutions and not-for-profit organisations, venture philanthropy challenges them in the way they mobilize funding and organise themselves to deliver projects.

*“If you think about it, if you want to have a sustainable model, it is good to not depend entirely on one partner financially” (I: Coordinator Kempen experiment).*

*“It surely opens perspectives as you learn to look differently at your own operation. One of the things we learned is a scheme that shows that you have indirect and direct customers and indirect and direct beneficiaries. The customer is the one who pays or gives discount in the case of the producers... In our model the energy provider could be regarded as an indirect beneficiary if we make it easier for their clients to pay their bills so they have to spend less time collecting debts. The trick is to make beneficiaries into customers, paying money or contributing otherwise. This way of thinking, normally we do not apply that in our sector” (I: Coordinator Westhoek experiment).*

The Ashoka training programme consisted of three times three-day sessions in Brussels over a period of six months. During a part of this period the participants had contact with a coach from the private or social entrepreneur sector who could give tailored advice. Some of the more concrete activities and exercises were: working on a pitch presentation, developing a business plan and using the co-creation canvas for their project (see part 6 of this report). Although the training programme took a lot of time to digest, the participants of Samenlevingsopbouw describe it as a valuable learning experience (interviews).

During the training sessions, the participants were presented with a variety of social enterprise models, examples and strategies. The Samenlevingsopbouw participants recall that they were struggling with the idea of social business and social enterprise at first. Being energy consultants and social workers they were not interested in running an enterprise. Instead, their ambition was to develop a model that would convince and assist economic partners to act in a more socially responsible way. The framework of ‘co-creation’ was an eye-opener in that regard.

*“Then we saw how you can set up a scheme in which everybody plays their role and that you try to strengthen each other” (I: Coordinator Westhoek experiment).*

## **5 The innovative dimension of the initiative**

In this report, we analyse a nested case of social innovation: the ‘Energy for All’ 2014 *Impact programme*, a training and support program that promotes social entrepreneurship and the ‘Energy Efficient Appliances for All’ project, which encompasses two experimental models, for the purchase or use of energy efficient electrical appliances for people suffering from energy poverty. In this paragraph, the socially innovative dimensions of the ‘Energy for All’ and the ‘Energy Efficient Appliances for All’ experience are analysed more in depth through three basic components of social innovation (Gerometta, Häußermann and Longo 2005; Moulart et al. 2005a): (a) the satisfaction of basic social needs (content dimension); (b) the transformation of social relations (process dimension); (c) and the empowerment and socio-political mobilization (the political dimension linking the process and content dimension).

### **5.1 Content dimension**

The development of the ‘Energy Efficient Appliances for All’ schemes reacts against thresholds and lock-in situations that make it difficult to help people in poverty reduce their energy bills and/or enhance the energy efficiency of their house so they can provide in their residence the energy needed to satisfy basic needs (e.g. keeping the house warm and free of moisture) and to stay out of debt.

Neither of these needs can be considered as new. The experiments from Samenlevingsopbouw do not directly address the structural causes of energy poverty, i.e. insufficient income or energy inefficient house, but tries to create opportunities for modest improvements in a situation in which more structural solutions are not readily available. The schemes also cater for the need to develop the competencies of families in energy poverty to save energy and thus reduce their energy bills. This shows in the ways in which the models do not merely present a financial instrument but aim to add it to the toolbox of organisations such as local welfare centres, which are amongst others responsible for debt counselling, and the Energy Cutters, who check on the energy efficiency of houses and provide advice for lowering the energy consumption. The rent model also envisions a coordinating role for social workers of Samenlevingsopbouw. As such the models aim to forge a strong link between the financial scheme and a variety of supporting and enabling services.

### **5.2 Process dimension**

The rolling fund and rent model do not aim to radically change the social relations between the target population and the providers of energy, the producers of appliances and/or case managers and debt councillors. On the contrary, the models are developed in order to easily fit within the existing practice of individualised consumption and individualised problem-solving in general. Social relations between energy providers and producers of electrical appliances and users - who have failed before to comply to the conditions of privatised provision of energy - are mediated by support services and a financial scheme to enable those users to lower their energy costs and to have access to quality appliances they cannot purchase on the market themselves. In that sense the nature of this market based relation does not change, but people are supported to successfully engage in such a relationship.

Still, the models do have the potential to affect and even change social relationships in at least three possible ways. Firstly, it changes social relationships to the extent that they are able to make the existing procedures more inclusive for the most vulnerable group. Secondly, to the extent that the models succeed at preventing problematic debt relationships and curative approaches. And thirdly it has the potential to make the consumer-producer relationship more about sustainability and energy efficiency than it was before.

Despite these important qualitative differences, the social position of the households in energy poverty seems to remain one of a 'protected consumer'. The specific loan and rent schemes mediate the relationships with the distribution network manager and producers of appliances in a way that is more fitting for the target population. Doing so, a small market segment to sell or rent electrical appliances to protected consumers is created (I: Coordinator Kempen Experiment).

Here, again, support schemes and awareness raising should be regarded as an important variable. The coordinators of the experiments stress the importance of embedding the models in the supervision of the local welfare centres and the performance of energy scans by the Energy Cutters. As with other instruments for more efficient use of energy, the individual households cannot be forced to engage in this scheme.

Behind this new instrument for access to energy efficient appliances one can observe a process of empowering the for-profit section in the welfare mix by forging new relationships between organisations from the public, profit and non-profit sector. In other words, there is a transformation of relationships on the level of project management and networking. The *Impact programme* 'Energy for Everybody' aims to influence the organisational forms and (business) plans used to address social needs and societal problems, confirm the venture philanthropy approach. More specifically, the training programme tries to strengthen social entrepreneurs from different sectors in order to promote a culture of cross sector partnerships. Models of co-creation and concepts like social impact and synergies are key in this regard. The organisers of the training session promote a diversification of the resource stream (beyond the reliance on government subsidies) and more cooperation between diverse actors, including private, for profit organisations. The training session offers tools and formats that can help organisations to forge partnerships. Forging partnerships is a pragmatic exercise that depends on the desired social impact and the interest and capacity of possible partners. Central in this new culture of management is doing away with stereotypes of for profit organisations in the public or private not for profit sector.

Before assessing the empowering dimensions of the projects we should consider, on a more abstract level, how venture philanthropy and micro loan/rent models change the relationships between the poor and the broader society. The scope of this report does not allow to fully discuss this matter, so here we restrict ourselves to two critical remarks. Firstly, the revival of philanthropy (in new forms like venture philanthropy) is often associated with the return to charity and the gradual dismantling of the post-war welfare state. Classic contributors like Marshall (1965) understood the essence of the welfare state as replacing social protection and poverty relief through charity with political and social rights that would ensure a more equal status to all citizens. While philanthropy might indeed have desirable social impact and help poor people, it does represent a trend in poverty reduction that moves away from a rights based relationships between the poor and the broader society. This trend has the tendency of replacing the structural protection of citizens for creating opportunities for individual consumers (Villadsen, 2011).



Secondly, it is important to point out similarities between the rolling fund and rent models and the often-celebrated practice of microcredit. The big difference is of course that the financial model is not meant to stimulate small entrepreneurship but to 'smoothen' consumption of appliances<sup>41</sup> and reduce energy consumption. Nonetheless it should be noted that growing body of literature, drawing on longitudinal research, argues that microcredit has some immediate positive effects in terms of alleviating immediate social needs, but in the long run poor people's position largely remains the same. This is mainly because of a lack of institutions that protect the collective interest of poor people beyond the 'micro level' (see for instance Bateman, 2010, 2011).

### **5.3 Empowerment dimension**

Empowerment is often used in very different ways. Interpretations range between empowerment as an individual process to processes of collective mobilisation, between legal and daily practices and from psychological well-being and self-confidence to interpretations that stress the access to resources and societal positions.

In this case, empowerment emerges first and foremost as an individual process. The rolling fund and rent model aim to give energy consumers more control over their energy situation and related spending. The scheme gives these households more autonomy, because debt makes people dependent and coincides with a lack of resources - for instance to heat your home - which disables people to participate fully in society. As argued in chapter two of this rapport, the relation between energy poverty as a budgetary or infrastructural problem and participation in society has to be understood as multi-dimensional (ranging from social isolation and not inviting friends over to health problems and so forth).

These particular experimental models do not explicitly pursue collective mobilisation of the target group or formal changes in regulations related to energy provision and consumption. Its approach is more pragmatic in the sense of supporting energy consumers at risk of poverty where possible in their daily practice of using energy and making their appliances and house more energy efficient. The desired results of the rolling fund and rent model are presented in terms of access to resources (or less dissipation of resources) rather than in terms of psychological well-being. This is not to say that the social workers are not concerned with the psychological well-being and attitudes of their clients, but this is not necessarily regarded to be the key factor to get them out of energy poverty. The focus is much more on access to affordable appliances, knowledge and instruments to reduce costs. As the models aim to be tailored to individual clients, the focus can of course differ between cases.

Working in an 'empowerment oriented manner' is a very important dimension for professionals of Samenlevingsopbouw (I: Coordinators Kempen and Westhoek experiment). Their organisation has a tradition of rights based approaches, which shows in its efforts to defend the 'right to energy'. In these particular models the rights based approach is less prevalent. One could argue that the financial scheme help clients to realise the access to energy in practice, but it does not amount to an enforceable right. The focus of the initiative is more on the pragmatics of finding good opportunities to link the interests of the demand and supply side. This corresponds with the discourse and philosophy of social entrepreneurship, in which the collective dimensions of empowerment is less central.

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<sup>41</sup> See for instance Collins et al., 2009 on smoothing consumption as an argument in favour of microcredit.

This is not to say that the idea of a collective and right-based approach is entirely absent. During the project and the training the imaginary of ‘energy for everybody’ or the ‘right to energy’ is often used to stress the collective and societal dimension. In practice the focus seems to be on developing instruments that allow for a tailored approach towards ‘clients’ on the one hand. The coordinators and other organisations involved show a lot of attention to how these models could be embedded in governmental schemes and existing support practices, to anchor it structurally. Here the role, network and expertise of the KBF is relevant to make the connection between local initiatives and societal change.

During the interview, the coordinators argue that the empowerment dimension cannot be reduced to the effect of these specific experimental models for purchasing electrical appliances. In other words, access to these electrical appliances may be part of the empowerment process, but this is not *per se* the case and the access to appliances is not empowering as such. The projects’ potential of empowerment has to be understood in relation to the total approach and different instruments used to engage with the target population as individual households and/or as a group. The promoters of the projects are very nuanced and modest when it comes to describing their activities and these experimental models in terms of empowerment. Furthermore, an important aim of the project coordinators is also to strengthen preventive approaches to energy poverty. Preventing problems from getting worse is not entirely the same as trying to empower people to resolve their problems. Nonetheless, the coordinators believe that this instrument for the replacement of appliances might be a good way to overcome thresholds and to start a more encompassing trajectory.

## 6 Institutional mapping and governance relations

### 6.1 ‘Energy Efficient Appliance for Everybody’: a synergy of different interests?

As the models of ‘Energy Efficient Appliances for All’ are still being developed, its governance is also still under construction. The central actors in the two models are the two energy consultant/social workers from Samenlevingsopbouw.

Table 3 describes the main partners and their input to the Energy Efficient Appliances for All project. The figure displays where the different interests of the social and business partners overlap and differ and it shows their input of each partner in the joint project. The models simultaneously create a new instrument for poverty reduction and energy saving at the one hand, and a new small market segment that can also be used as an example of corporate social responsibility at the other hand. For the producer of appliances the model provides a limited number of new customers that would otherwise (most likely) not buy a new device of this price and quality. The bank can add this project to its offer for social investors. With this different interest and expertise, both business and social partners are willing to join forces to create social impact: less energy use and costs for poor households and more energy awareness.

**Table 3: Main partners of the ‘Energy Efficient Appliances for All’ project**

Partner	Description	Input
<b>Bosch and Siemens Belgium</b> [Most likely, negotiations are still ongoing]	Multinational company that produces electrical appliances and also offers repair and maintenance services.	<ul style="list-style-type: none"> <li>- Supply of electrical appliances</li> <li>- Pioneer in circular economy (Westhoek Experiment)</li> </ul>
<b>Argus</b>	Independent NPA, supported by KBC and CERA. Its goal is to support a transition to a sustainable Flemish society by initiating and supporting co-creation initiatives.	<ul style="list-style-type: none"> <li>- Financial resources</li> <li>- Network</li> <li>- Expertise in social-environmental entrepreneurship</li> </ul>
<b>KBC bank</b>	Commercial bank that wants to take social responsibility by making its financial expertise available for local initiatives.	<ul style="list-style-type: none"> <li>- Financial expertise</li> <li>- Setting up the financial platform (Kempen experiment)</li> </ul>
<b>Cera</b>	A cooperative company that invests together with a large group of associates both for financial and social purposes. Cera is a key stakeholder of the KBC group. The organisation’s investments are focused on poverty, cooperative entrepreneurship, locale initiatives and more. The organisation also offers counselling services.	<ul style="list-style-type: none"> <li>- Expertise in group purchases and negotiation with energy providers</li> <li>- Expertise in social impact</li> </ul>
<b>Komosie vzw (NPA)</b>	This umbrella of Environmental Entrepreneurs in the Social Economy coordinates the project ‘Energy Cutters’	<ul style="list-style-type: none"> <li>- Expertise in energy poverty</li> <li>- Perform energy scans</li> </ul>
<b>OCMW’s</b>	Local Welfare Centres take on tasks of case management and debt counselling for the people that could apply for the pre-financing or rent model.	<ul style="list-style-type: none"> <li>- Referrer</li> <li>- Expertise in tailored support</li> <li>- Local embedding of the project</li> <li>- OCMW of Beerse is also co-creator of the rolling fund idea.</li> </ul>

Source: *Samenlevingsopbouw 2014b and interviews.*

This network of partners evolved over time. No governance relations or direct contacts with for profit organisations existed before. These contacts emerged because a partner showed interest on a study day or because the coordinators contacted these partners themselves. For the Kempen experiment, the contact with Argus – which was established when Argus asked the energy consultant for new ideas – proved to be crucial to open up the network to KBC and Cera to Samenlevingsopbouw. The coordinators learned that in order to forge such partnerships and develop a model it is crucial to promote it on meetings and speak about it with people from outside the sector, something they hardly did before.

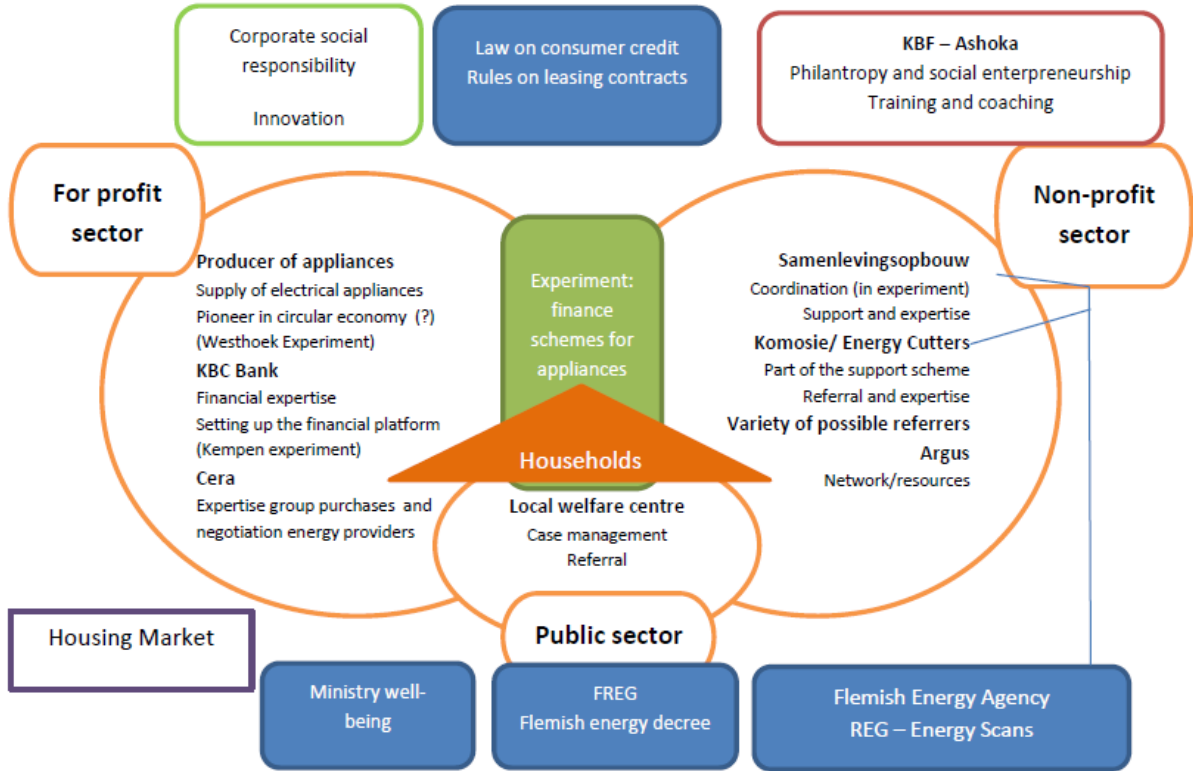
The choice to work together with a producer of electrical appliances is mainly due to the fact that they are able to offer a better discount. For the Westhoek experiment this is also interesting because of the focus on circular economy.

Up until February 2015 no government funding was requested for the development of these two experimental models<sup>42</sup>. This does not mean that government is not involved. Indirectly, different

<sup>42</sup> As described in part 1 of this report, the situation had significantly evolved by the end of April 2015. In the meantime the coordinators presented their model to the minister of Energy, who expressed her sympathy

governmental institutions are involved in funding the professionals of Samenlevingsopbouw (ministry for Well-being and ministry for Energy). Also, as discussed in part two of this report, different policy domains (housing, energy) set parameters for the fight against poverty through regulations and policies (ex.: ‘protected consumer’, Funds for the Reduction of Global Energy cost). The local welfare centre is a public organisation that is a direct partner in the experiments. Figure 4 shows the different partners and their input in the projects.

**Figure 4: Governance relations of the project as an overlap of different sectors**



Sources: Samenlevingsopbouw 2014b and Interviews.

In both experiments the local welfare centres and the Energy Cutters are crucial partners for referral and for case management and energy scans and support respectively. This connection is crucial because it connects the model to actors that address (energy) poverty, debts and sustainable use of energy at home on the local scale. The Energy Cutters are relatively new, as is the explicit policy attention for energy poverty and energy saving renovations (mid 2000s). Over the last years local welfare centres have been burdened with more responsibilities related to energy poverty, which often was difficult to carry in terms of expertise and resources (Representative KBF, Coordinator Westhoek experiment). The Energy Cutters were established in 2007.

This connection allows the initiators of the model to make it compatible with existing local policy structures, instruments and activities such as debt counselling and energy scans.

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for the project and by the 24<sup>th</sup> of April the Flemish minister for Energy announced that zero interest loans for electrical appliances would be included in the Flemish Energy Loan. As such the Flemish government will implement the basic idea of the experiment even before they were tested in practice. This will be further discussed in part 7.2 and 7.6 of this report.

It is important to note that the position of the Samenlevingsopbouw social workers and experts in energy poverty are partly funded by The Flemish Energy Agency (Flemish government). So both Samenlevingsopbouw and the Flemish government created this opportunity for experimentation, encouraging allowing the consultants for energy renovation some discretionary space to develop new, preventive approaches in order to reach vulnerable families.

*“That is a big advantage because we are small, independent and therefore flexible. You need that because a project like this grows fast into something more than you envisioned in the beginning. We can make time for projects like ‘Energy for All’”* (I: Coordinator Kempen experiment).

## **7 Governance challenges**

This chapter discusses the different governance challenges of the ‘Energy Efficient Appliances for All’ projects. Here the focus of the report is reduced to the concrete projects that aim to reduce energy poverty. The training programme will only be discussed when relevant to understand the governance challenges of the Samenlevingsopbouw projects (for instance related to challenge #1 mainstreaming and #6 avoiding responsibility). Given its aims - supporting concrete initiatives and promoting certain models and competencies for social entrepreneurship – and the fact that it is likely to be a one-time thematic training programme, the governance challenges of the 2014 Impact Programme fall outside the focus of our ImPRovE research.

### **7.1 Mainstreaming social innovation**

In the ImPRovE research the concept of mainstreaming is adopted to capture the evolution from a localized, particular solution to unmet social needs in a specific context to a more broadly accepted and applied idea and/or instrument that represents and enables a ‘better, alternative way of doing things’.

Supporting social entrepreneurs to mainstream their projects is an important part of the mission of both the King Baudouin Foundation and Ashoka. Here mainstreaming is mostly approached using the generic idea of ‘increasing social impact’. This can mean different things depending on the project (Leviner et al., 2006): reaching more households, spreading the model across a territory, lowering the use of energy, etc. Adopting insights from venture philanthropy, the King Baudouin Foundation adapted its approach to mainstreaming its programmes. *“The focus used to be more on the multiplication-effect: could X do in his area with Y does in his area?”* (I: Representative KBF). Now the idea of mainstreaming is more in line with the idea of increasing social impact by strengthening the organisation. *“How can an organisation that helps 100 families this year, help 200 next year?”* (I: Representative KBF). The focus is now much more on the competencies of the organisation to grow and adapt to changing circumstances. This shift in approach shows in the way that the programme to support local projects is structured: it used to be more about exchange between projects, but now more time is spent on intensive training and giving tailored advice for each organisation. Also, this approach urges organisations and social entrepreneurs to focus on niche activities and work together with partners if needed, rather than having a broad, holistic focus.

Reflecting on the Energy for All programme more than a half year later the representative of KBF (interview) considered that the support period in 'Energy for All' might be too short. Project coordinators are supported in the preparatory phase, but not during the implementation and mainstreaming phases in which they might also need support.

Identifying and experimenting with new models for neighbourhood development, social participation and the fight against poverty has been an important part of the mission of Samenlevingsopbouw for many years. Hence, the possibility of mainstreaming has been a concern throughout the project. Both models differ a bit in their approach but in both cases they want to develop a robust financial product, which is compatible with existing practices in the fight against energy poverty, such as debt counselling and energy scans. Doing this they can provide a support scheme together with the use of this particular instrument to replace energy inefficient appliances in poor households. The choice of partners like Energy Cutters and Local welfare centres (OCMWs) is strategic because these partners are well spread across the Flemish territory. Also, the focus on embedding the model in the existing activities (like Energy Cutters) and bureaucratic structures (like OCMW) fits within the mission of Samenlevingsopbouw to provide structural responses to social challenges. The coordinators also chose for these partners because it is a way to involve the public sector.

The choice of Samenlevingsopbouw to develop schemes that can be used and mainstreamed by other partners does divert in a way from the vision on mainstreaming by venture philanthropists described above. Samenlevingsopbouw will not necessarily take up the role of a social entrepreneur that continues to spread and develop its model.

This was confirmed by the position that the coordinators of the experiments took after the ministry of Energy announced that it would include small, zero interest loans for energy efficient appliances in its Energy Loan programme, late April 2015 (see also part 3 of this report). The coordinators of the Kempen experiment immediately decided not to implement their pilot because they did not see the use of having a parallel project. In a follow up interview the Kempen coordinator reaffirms that for Samenlevingsopbouw, the interest of the target population comes first. So while it might be frustrating on a personal level that all the preparatory work did not lead to a pilot project, he can put it in perspective<sup>43</sup>. In general he regards the policy evolution as positive for the fight against energy poverty. Since then the coordinator and his colleagues used their time to advise and follow up on the preparation and implementation of the policy. The coordinators of the Westhoek experiment are also involved in this, but as their scheme is a bit different, they are still investigating whether it is worthwhile to still carry out their experiment in a later phase.

Although the cabinet of the minister for Energy invited the coordinators to present their experiments early 2015 and expressed interest, the project coordinators and partners like the Flemish Agency for Energy and KOMOSIE, the umbrella of the Energy Cutters, were surprised by the decision to provide zero interest loans for electrical appliances<sup>44</sup> (I: Coordinator Kempen experiment).

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<sup>43</sup> The Kempen coordinator (interview) has the impression that the disappointment and 'loss' might be a bit bigger for some of the local partners, who invested a lot of time and wanted to play a pioneering role. They now feel that the Flemish ministry of Energy 'hijacked' their project.

<sup>44</sup> The zero interest loans for energy efficient appliances were announced together with other changes to the Flemish Energy Loan, namely the enlargement of the total budget and loans for the installation of solar panels. Online: <http://annemieturteboom.be/energielening-voortaan-ook-voor-installatie-van-zonnepanelen/> (last accessed 30-06-2015).

Like in the Samenlevingsopbouw schemes the access to such loans will be granted after an energy scan, which will most likely be provided by the Energy Cutters. It is relevant to note that less than a year ago, the Flemish minister for Energy publicly considered cutting budgets for this initiative, which provoked a lot of resistance from the sector (see also 7.6).

These policy developments can be regarded as a success in terms of mainstreaming because the goal of making these options available across Flanders is reached even before the pilot projects were implemented in the two municipalities. However, some of the partners who worked on the pilot schemes are concerned that the Flanders-wide application of the scheme might be rushed through to implementation and that some crucial points of attention that emerged from the experiences in Kempen and Westhoek will be overlooked in the process as the development of the scheme will now be detached from the local contexts. In these two areas local partners have built up expertise, which is not the case elsewhere. Furthermore, there are many local differences within Flanders, like the size and resources of local entities, which are relevant to the implementation of this scheme, but difficult to capture in top down prescriptions. Samenlevingsopbouw wants to continue to play a role by bridging the top down scheme of loans with the local context and the needs of people in energy poverty (I: Coordinator Kempen experiment).

In May 2015 the Samenlevingsopbouw coordinators and partners made a document titled 'Energy loans for energy efficient appliances: questions, concerns and offer from the project 'Apparaat op Maat' (Samenlevingsopbouw, 2015). Based on their experience over the last year and a half they raise a variety of concerns related to: thresholds for the target group (for instance: how will the loans be linked to guidance and support? What in the case of payment arrears?); organisational thresholds (What is the role of Energy Cutters besides the energy scan and how will the communication with other partners be organized? How to facilitate or encourage local cooperation? Is there a role for local welfare centres?); maximizing the pay off for the target population (How to select appliances that suit the needs of the households? How does the appliances relate to other energy saving measures?); practical issues (Which are the procedures to compare prices of appliances? What about warranty and service costs?).

The authors of the document offer their expertise, which has been welcomed by the ministerial cabinet and the Flemish Energy Loan (I: Coordinator Kempen experiment). The rapid developments in mainstreaming the small, social loans for electrical appliances made the Samenlevingsopbouw coordinators change their role from pioneers and organizers to policy advisors who can also play a bridging role between actors at the local level.

## **7.2 Governing welfare mix: avoiding fragmentation**

Driven, amongst others, by a marketization of services and a localization of responsibilities, all in context of austerity politics, local welfare mixes (the configuration of local actors involved in service provision) risk to become increasingly complex and competition driven. This can hamper the possibility to share policy strategies and aims among stakeholder, which limits possibilities of social innovators to impact broader systems of governance and welfare provision.

The above shows that the professionals from Samenlevingsopbouw are very much concerned with avoiding fragmentation. The models are designed to fit with the existing practices and to avoid much extra workload for the ones who will be using this instrument. The project pursues a diversification of

the available instruments. The aim is not to implement a radically new approach or to establish a new service provider (although possible involvement in an energy cooperative is being looked at). The recent developments in which the Flemish government would add the models (in some way) to their instruments of energy loans can be regarded as a success in terms of avoiding fragmentation for these particular models.

However, this was not yet known when the models were developed and when case study research was on going (November – January 2014-2015). If the Flemish government was not to take on the models, increasing the power of philanthropists to decide in which type of charity and welfare to invest, is a choice to promote innovation (in the sense of introducing new activities) as well as to foster fragmentation (making the existence of the model dependent on local fund raising and cooperation between local partners).

In terms of working with different types of partners, ‘governing the welfare mix’ emerged as an important challenge for the project coordinators. From the perspective of Samenlevingsopbouw, the cooperation with the for profit actors is new and demands new competencies and strategies, to which the *Impact Programme* proved to be a valuable experience. Within the Samenlevingsopbouw sector colleagues are often suspicious of these new partnerships. The image of collaborating with “the enemy” still exists (I: Coordinators Westhoek and Kempen experiment). From their experiences the coordinators believe that a lot of valuable coalitions and synergies are possible. Private partners can be flexible, some of them also have the resources and vision to experiment, which is not always evident in the public sector.

*“We from the social sector collide regularly with the energy providers. But, yeah, if you can provide them a service, which helps your clients and they are willing to pay part of the costs, why not. It is the principle of play the game. Play it smart enough and they? will contribute to your cause. But you have to be alert, because they have been playing it for way longer and they are better in it.”* (I: Coordinator Kempen experiment)

At the same time the professionals from Samenlevingsopbouw are very much aware of the tensions in the field of social entrepreneurship. Being a third sector actor Samenlevingsopbouw has always taken an intermediate position between public and private actors in the welfare mix (Evers, 1995), but here the development of governance relations clearly demands from them a more economic perspective. While the contacts with the staff of the businesses are very good the coordinators do struggle, both personally and strategically, to balance economic rationales and opportunities with their social mission and beliefs. A first issue is the awareness that the project might be used for advertisement as social corporate responsibility. This is not regarded to be negative as such. It is perceived as justified that companies advertise their involvement in a social project. However there are no clear rules about what is appropriate. This poses a moral dilemma especially in relation to bigger business because they are often involved in a wide variety of activities that are in many cases not in line with the vision of sustainability that is central to the rather small social project (for instance, energy providers who invest in nuclear energy also support sustainability programs).

Secondly, there is a mismatch in resources and organisational capacity, which makes the experimental project vulnerable. *“In the social sector €50,000 is a lot of money. For them it is peanuts”* (I: Coordinator Kempen Experiment). This mismatch in power demands a lot of awareness of the coordinators who want to protect the values of their socially innovative scheme. This is for instance tangible during the preparation of contracts. Samenlevingsopbouw does not have its own lawyers, while the for-profit



partners do. Samenlevingsopbouw has to find external expertise to make sure they do not make mistakes for instance with exclusivity clauses. But, also on a more principal level the social workers express the fear of *selling out* or being used as an example that government could give the responsibility to businesses.

*“I am constantly going back and forth between two things. On the one hand: pragmatism, you can make things happen. I learned so much over the last year on how to organize a project, to diversify sources of income, how to look at your project in an economic way. On the other hand I am constantly asking questions: Is this really the way to go? (I: Coordinator Kempen experiment)*

These hybrid coalitions around a specific kind of social impact are a pragmatic balancing act. This shows itself for instance in small organisational decisions like the selection of the jury for the ‘Energy for All’ programme, where a good balance of people the poverty sector and businesses was not evident. Also, the discussion during training programmes and meetings changed, as more private actors got involved as a partner. The latter are willing to go in discussion but they bring in a more “solution oriented approach” (I: Representative KBF).

On a more abstract level one could make the argument that the focus on social impact and synergies unite diverse actors, but it also diverts attention away from discussions on a shared ideological frame or vision of a future society (Jessop et al., 2013). Hence, discussions on what systemic social innovation or structural change really means (enabling the right to energy or the creation of a new market segment) cannot be central and will disappear behind social impact measurement.

### **7.3 Governing welfare mix: developing a participatory governance style**

Social innovation for social inclusion aims to bring a participatory governance style to the existing welfare mix. The challenge here is to design a framework for localized forms of welfare provision that includes decentralized participatory (deliberative) institutions in a way that the social needs and interests of excluded groups are represented and recognized and makes institutions more responsive to them.

The framework of co-creation offered by Ashoka during the trainings can be regarded as a format for deliberative governance between different organising actors from various sectors. The idea of finding synergies through deliberation with independent, autonomous partners who can each play their role, is a reoccurring in the training sessions and the discourse of Ashoka and the KBF and it is pointed out by the coordinators of the training programme as one of the crucial dimension of social innovation (I: Coordinators KBF and Ashoka Belgium).

With regard to the target population there is not one coherent vision on its involvement. The schemes for replacing appliances, which can be regarded as financial products, do not explicitly address this governance challenge. The dimension of deliberative governance only shows when assessing the broader support schemes and the relations with social workers and Energy cutters. From this perspective the initiative does not seem to be very innovative or different from existing practice.

#### **7.4 Equality and diversity**

Given that the pilot still has to start and the recent developments, it is too early to say something about this challenge.

#### **7.5 Uneven Access**

Access to the rolling fund or to the rent model is based on a variety of criteria (described in part 4 of this report) and the discretion of referrers. Given that the pilots were not (yet) implemented and that the government loans are only available by July 2015 it is too early to say something about this challenge. In the pilot phase, the coordinators will regulate the access. It is yet unclear how the Flemish Energy Agency and partners will organize the access to the schemes.

#### **7.6 Avoiding responsibility**

This challenge relates to the position of socially innovative activities in the context of retrenching welfare states and austerity and the challenge faced by social innovation initiatives of being used as a vehicle for governments withdrawing from earlier responsibilities.

The venture philanthropy approach does not explicitly promote government retrenchment, but it often promotes itself as the new way to go in a context of diminishing public funding. Rather than talking about the responsibility of government, it is regarded as the responsibility of managers and project leaders to secure the longevity of their project, without depending solely on government subsidies. In this regard, a diversification of funding streams is often promoted. In the training programme participants learned that they could and should include possible governmental support in their business plans, but also that they should not necessarily wait on government to get funding or start a project. Depending on the project, actors like KBF or Ashoka Belgium will help social entrepreneurs with lobbying for desired government action (I: Representative Ashoka Belgium).

The coordinators of Samenlevingsopbouw do have concerns about who should take responsibility in the fight against energy poverty. They are convinced that the public sector should continue to play a role. The support schemes that should complement their models depend on the practice of energy scans and the services of Energy Cutters, who depend on government support. When the minister of Energy announced that some of these budgets would be cut, it was argued by the third sector organisations that the government should continue to take its responsibility in the fight against energy poverty<sup>45</sup>. The coordinators are convinced that it is part of their responsibility to develop new models and work together with private actors, because they support the idea that private actors share in social responsibility. Still, they would regret it if they were used as an example that private actors can take over responsibilities of government (I: Coordinator Kempen experiment). The coordinators believe that government can and should have an important influence through regulations, that it can influence the power balance between partners and secure rights to citizens. As we conducted interviews between September 2014 and February 2015, it was not clear what the ideal role for public institutions would be (see below on the situation after April 2015).

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<sup>45</sup> Komosie published an open letter to the minister of Energy in the newspaper De Standaard: [www.standaard.be/cnt/dmf20141022\\_01336229](http://www.standaard.be/cnt/dmf20141022_01336229)

As often stated by promoters of venture philanthropy, anchoring the models to existing (government funded) practice does have the disadvantage that the sustainability of the model depends on political decisions. This was very tangible when the new Flemish Minister of Energy announced that funding for the energy scans would be cut. After some lobby work, this decision changed, but this would have been very problematic for the experiments and especially the development of support schemes. The political discussion already delayed the experiments.

At the same time the coordinators from Samenlevingsopbouw believe that it is crucial that the government stays involved in one way or another, because the fight against (energy) poverty should remain a core task of government. Therefore the coordinators also explored the opportunity to embed their schemes within the Fund for Reduction of Global Energy cost.

As it happened, in April 2015 the government recently decided to take on the basic idea behind the 'Apparaat op Maat' model as a kind of zero interest energy Loan, provided by the Flemish Energy Agency. This obviously changes the context for developing and spreading the model. Based on these developments it cannot be said that the socially innovative initiative taken by Samenlevingsopbouw did contribute directly to government avoiding responsibility, rather on the contrary. However, as described in part 7.2 of this report, the involvement of the central government does not guarantee an effective implementation of the scheme. It will be interesting to see to what extent the coordinators of Samenlevingsopbouw and partners will be involved in this process.

The decision of the Flemish ministry for Energy can be regarded as a policy shift because less than a year ago it questioned the use of subsidizing energy cutters, whereas today they support a scheme in which the energy scans (and possible other services) of Energy Cutters are a central element. One can only speculate about the real reasons behind this shift (I: Representative KBS, Coordinator Kempen experiment). Some suggest that looking at local projects like those of Samenlevingsopbouw convinced the Minister of this practice. Others suggest, and this does not necessarily contradict the first suggestion, that it was a pragmatic and rather superficial adaption of an instrument for Energy Loans that targets the less well off as the Energy Loans predominantly benefit the middle class.

### **7.7 *Managing intra-organisational tensions***

Both the training and the experiments on which we have focussed represent a shift towards a more economic perspective and business like management approach in projects and organisations with a social purpose. This encounter of different organisational cultures does create a tension which shows itself for instance in remarks from colleagues from Samenlevingsopbouw and in personal struggles of the coordinators who do not want to abolish their social mission. The organizers also observe this tension but they are convinced that this doubt disappears in most cases as the training progresses and when different partners have met face to face. It is believed that the drive and possibilities to reach social goals and create social impact together overcomes these tensions. Up till now, this seems to be the case for the 'Electrical Appliances for All' project. In this preparatory phase, no big problems within the organisation or between the partners were mentioned.

## **7.8 Enabling legal framework**

The complexity of contract law posed a challenge for the Samenlevingsopbouw coordinators, as they do not always have the required juridical expertise to deal with it. This is a good example of competencies that social organisations need if they want to forge partnerships and sign contracts with large private partners. Using their network, the professionals from Samenlevingsopbouw were able to get juridical advice.

After a while the coordinator of the Westhoek experiment found out that in juridical terms a lease model was much more complicated compared to a rent model. This turned out for the better. The Kempen experiment decided to take the legislation for Consumer Credit as a guideline. This law prescribes that the payback period for small loans should not exceed three years. In theory this is not necessary because in this case it is technically not a commercial loan but a bridging-credit, but the coordinator decided to use the three year maximum because it is in line with the idea of decreasing the client's debts.

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## Appendix I

### Organizations and projects supported by 'Energy for Everybody' in 2014<sup>46</sup>

Organisation: project	Project description	Where	Support
Bond Beter Leefmilieu  [A non-profit organisation and federation of environment and nature associations]	The goal is to stimulate deprived household to save as much energy as possible during the winter months and to mediate the often problematic relationship with energy providers. The main strategy is to help the households to implement saving tips under supervision of energy specialists.	Brussels (B)	€10.000
Bronsgroen  [A cooperative company with a social purpose <sup>47</sup> that aims to invest in renewable energy and ways to save energy.]	This organisation is involved in different projects using ESCO financing <sup>48</sup> . The most successful is 're-lamping' schools: changing their lamps for LED lights. Bronsgroen makes the investment and profit is made from the savings. The organisation aims to reach the target population by making them a shareholder of their cooperative and by using part of their revenues to make houses of people in energy poverty more energy efficient under supervision of an expert.	Bilzen, province Limburg (F)	€9.870
CPAS de Bruxelles: 'Mon installation de chauffage: je surveille!  [Project by the local welfare centres of Brussels.]	To inform and sensitize deprived families on matters concerning their heating and warm water installations in order to minimize the risk of CO2-poisoning and to decrease energy bills.	Brussels (B)	€10.000
Empreintes: Eco Watchers  [Non-profit organisation that is involved in a variety of projects in the broader area of Namur.]	Strengthening the knowledge and agency of people in a precarious situation by developing working groups that meet regularly to gain knowledge to energy consumption, energy saving and related matters (twelve people once a month for one year). The project combines individual energy saving actions at the household level and emancipatory group processes. Participants get support from an individual coach. The idea is that after the programme, the group has become an autonomous group of eco watchers.	Namur (W)	€9.120
Fédération des services sociales : 'Le service Energie : vers un accompagnement global des ménages en difficulté'  [Federation of organisations in the field of social and psycho-social work in Brussels and Wallonia]	Supports vulnerable groups in finding ways to reduce their energy consumption and increase energy efficiency. The organisation follows up households over a year. There is a double approach of an outreach team on the one hand and an online information and call centre on the other.	Anderlecht (B)	€10.000

<sup>46</sup> The Samenlevingsopbouw project is not taken up in the table here as it is discussed throughout the report.

<sup>47</sup> Coöperatief Vennootschap met sociaal oogmerk (cvba-so).

<sup>48</sup> ESCO stands for Energy Savings Company. ESCO financing usually uses the model of an energy savings performance contract (ESPC). In most cases the company makes investments that will achieves energy savings at a property. This model guarantees savings for a set period of time in exchange for payment from the energy cost savings. For more information we refer readers to the website of the European Institute for Energy and Transport: <http://iet.jrc.ec.europa.eu/energyefficiency/european-energy-service-companies/financing-options>.



Le Logis Châtelettain SCRL : énerJ'innov  [Social Housing Association]	The project starts from the observation that most approaches from public welfare centres are predominantly curative and most projects from the municipality predominantly targets homeowners. This project aim to mobilise social tenants to be actively involved in adapting environmental strategies through playful, fun and participative activities that are organised in parallel with large renovation projects. One of the strategies is to start a counter with information on how to change consumption behaviour and lower energy costs in the social housing area.	Chatelet (W)	€10.000
Levanto : An Isolation coach for handy people.  [A social economy business in the region of Antwerp]	The basic idea is that many people in the target population have valuable skills and opportunities to make their homes more energy efficient, but they often do not do it because they lack knowledge or confidence. Levanto combines its project of 'Energy Cutters' <sup>49</sup> with other Antwerp partners, such as housing associations, to support people how want to do it their selves.	Deurne (F)	€10.000
OCMW partnership: Balen, Dessel, Mol, Retie: More roof isolations for rental housing  [partnership of local welfare centres]	The main goal is to make vulnerable tenants and landlords isolate their roof. The project starts from the observation that the financial incentives from the Flemish government are hardly used. The idea is to inform, sensitise and mediate with tenants and landlords to make them use the resources and isolate their roofs.	The municipalities Balen, Dessel, Mol and Retie (F)	€10.000

Source: The description of these projects is based on the description found on the website of the King Baudouin Foundation, information from the website of the individual projects and the presentation of the project promoters for the jury in October 2014.

### Selection criteria

In order to participate in the programme, projects were selected on the basis of the quality of the written dossiers and the oral presentations of the project. An independent jury appointed by the King Baudouin Foundation took into account the following five selection criteria: (1) The goals of the project. It needs to be a concrete project that has the fight against energy poverty as its' main goal. (2) Target group: The project has to show it reaches people in a precarious situation and how it will involve and guide this group towards more rational energy consumption. (3) Innovation, environment and social impact of the project. (4) The growth potential and the development strategy of the project. The feasibility of the economic model and the creativity of the implementation and growth strategies. (5) The entrepreneurial qualities of the project promoter. These include: the motivation of the project promoter and his or her availability to participate in the program, the explicit support of the main governing bodies of the organisation<sup>50</sup>.

<sup>49</sup> A social economy initiative that educates formerly unemployed people to perform energy saving measures in buildings. These initiatives are also important partners in the project of Samenlevingsopbouw.

<sup>50</sup> <http://www.kbs-frb.be/call.aspx?id=308029&langtype=2067>

## Appendix II

The data collection for this ImPRovE case study consists of:

- Extensive literature and document study on the topics and projects at hand.
- Four in-depth qualitative interviews involving:
  - o A King Baudouin Foundation staff member with experience many years of experience in poverty (I: Representative KBF)
  - o The coordinator of Ashoka Belgium (I: Representative Ashoka Belgium)
  - o The energy consultant for Samenlevingsopbouw in the Westhoek region (I: Coordinator Westhoek experiment)
  - o The energy consultant for Samenlevingsopbouw in the Kempen region (I: Coordinator Kempen experiment)
- Four follow-up conversations with respondents who read the pre-final version of this report.
  - o Mail correspondence on the report en the recent developments with the energy consultant for Samenlevingsopbouw in the Westhoek region and comments on the report via email from the coordinator of Ashoka Belgium.
  - o A short phone conversation with the King Baudouin Foundation staff member.
  - o A follow-up interview over the phone with the energy consultant for Samenlevingsopbouw in the Kempen region.
- Observation and informal talks during the closing event of the 2014 Impact programme 'Energy for All', where all participants presented their project and future plans after which a jury selected the winners. When the research was conducted (September 2014- January 2015) the training project was finishing and the pilot projects of Samenlevingsopbouw were still in a preparatory phase. Therefore the researchers decided that it was more fitting to attend the closing event instead of organising a focus group with the different partners involved.

## **ImPRovE: Poverty Reduction in Europe. Social Policy and Innovation**

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

How can social cohesion be achieved in Europe?

How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7<sup>th</sup> Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website <http://improve-research.eu>.

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