



European Construction Sector Observatory

Policy fact sheet

SPAIN

Sustainable Construction Programme in Andalusia

Thematic Objective 1

November 2019



In a nutshell

Implementing body	Andalusian Energy Agency
Key features & objectives	Financial support programme featuring three main lines of action: <ul style="list-style-type: none"> • Renovation grant scheme to improve energy efficiency in buildings; • Financial support instrument for SMEs collaborating with the programme; and • Definition of a longer-term strategy through the creation of a Sustainable Construction Roundtable.
Implementation date ¹	02/2014 - 12/2015 (extended to 2020)
Targeted beneficiaries	Private homeowners; communities of proprietors or housing cooperatives; companies and freelancers; and foundations and non-profit associations.
Targeted sub-sectors	Residential and non-residential.
Budget (EUR)	2014-15: 242.2 million ² 2015-2020: 529 million ³
Good practice	★ ★ ★ ☆ ☆
Transferability	★ ★ ★ ☆ ☆

The Spanish construction sector was hit hard by the financial crisis. The new building construction annual rate fell sharply from 850,000 new houses in 2007 to 35,000 in the 2013-2014 period. Andalusia was one of the regions that was most affected by the collapse of the housing bubble. Indeed, the construction and real estate sector had accounted for 23% of the region's GDP⁴. In the aftermath of the economic crisis however, the region's new building construction annual rate fell from 44,000 in the 2005-2007 period to just 4,500 in 2014⁵ – an all-time low for the sector – resulting in a 40% unemployment rate in the Andalusian construction sector⁶.

Before the economic crisis, the Spanish construction sector had been focused on new building construction. Renovation had accounted for just 28% of the sector's turnover, which suggested a lot of potential for growth when compared to the average in Europe (41%) or Germany (56%).

In this context, renovation's untapped market emerged as an opportunity to bring the Andalusian construction sector back to life. Buildings are the main energy consumers in the European Union and one of the main consumers in Andalusia (23% of final energy consumption). According to the Regional Government's estimates, about 50% of Andalusian buildings were built before the introduction of energy efficiency regulations. Estimates also indicate that there is the potential to achieve energy savings in the region of 40% in the existing building stock, through building renovations and the use of renewable energies. Moreover, according to the Ministry of Public Works, renovation work generates three times more jobs than new constructions⁷.

Based on these findings, the Andalusian Regional Government decided to launch an urgent series of measures to stimulate the sector while setting it on sustainable growth track, markedly different from the speculation that had characterised the sector in the past⁸.

The Sustainable Construction Programme (PICS) aimed to simultaneously reinvigorate the construction sector and to set the basis of a new model based on energy efficiency, environmental protection and balanced urban development through the renovation of buildings already in use.

The PICS programme provides renovation grants to help homeowners to improve energy efficiency in buildings, as well as financial support for SMEs collaborating with the programme. These activity lines are intended to generate demand for renovation work, and to create sustainable opportunities and new jobs. PICS is also focused on defining a longer-term strategy to direct the future of the regional construction sector. This is to be

achieved through the creation of a Sustainable Construction Roundtable. Great emphasis has been placed on the close involvement of stakeholders in the process, in order to achieve greater transparency and accountability, and to improve collaboration with industry, trade unions and consumers.

To date, the programme has been in high demand. In the first edition (2014-2015), all grants were claimed in a matter of hours, although the number of renovation projects supported were roughly half the number expected. Due to high demand however, a decision was taken to extend the

programme until 2020 with an extra EUR 529 million in funding⁹.

It is estimated that the first edition of the programme helped to create 20,000 new jobs and helped to achieve 85,964 tons in reduced CO₂ emissions¹⁰. Additionally, and with the broad support of stakeholders, PICS produced the Integrated Sustainable Construction Plan for Andalusia that will guide construction policy until 2020. Despite provisional results being far from the expectations set by the programme, the programme has been welcomed by stakeholders and is considered to have significantly advanced sustainability in the construction sector.

1.

General description

The Andalusian Regional Government launched the Sustainable Construction Programme (PICS) in 2014, regulated by the Decree Law 1/2014 of March 18th¹¹. Its implementation was managed by the Andalusian Energy Agency, a government-owned entity that is accountable to the Regional Ministry of Employment, Business and Trade.

The programme aimed to sustainably revitalise the construction sector by implementing three measures, the most significant of which was an incentive plan to promote energy-saving and energy efficiency improvements in Andalusian buildings.

PICS also included two other measures: a EUR 50 million loan scheme to support companies involved in the programme¹²; and the creation of a Sustainable Construction Roundtable, tasked with producing a long-term plan for the sustainable development of the regional construction sector¹³.

Investment in the PICS programme totalled EUR 242 million¹⁴, of which the European Regional Development Fund contributed up to EUR 132.8 million¹⁵.

The incentives programme targeted the renovation of buildings already in use, including buildings being renovated for a different use. It was open to a broad range of potential beneficiaries, including private homeowners, communities of proprietors or housing cooperatives, companies and freelancers, foundations and non-profit associations.

The programme aimed to support 68,000 energy efficient renovations and 10,000 collaborating companies, leading to a reduction in CO₂ emissions of about 168,000 tonnes a year¹⁶.

The programme supports two types of renovation work:

- Installation of environmentally efficient equipment for the generation, distribution and

use of energy, or for the use of renewable energies;

- Renovation work to improve energy efficiency in buildings to achieve better thermal and lighting performance.

In practice, these categories encompass a very wide range of renovations, including the installation of thermally insulated windows and wall insulating materials, renewable energy powered heating and water heaters, and renovations aimed at letting more natural light into buildings. Funding is also available to support project management activities related to the assessment of future renovation work (e.g. feasibility studies).

Grant funding covers between 40% and 80% of the total cost of a renovation project, depending on the type of action, as shown in Table 1, and the set of parameters used to measure the impact of the action in terms of energy efficiency/savings.

These parameters were designed to further incentivise ‘innovative actions’ such as bioclimatic architecture or microgeneration facilities. They also grant additional discounts for a series of concrete ‘high energy efficiency measures’, i.e. using isolating material with a thermal transmittance value below 1W/(m².K).

Table 1: Costs covered per type of action

Actions	Type	Percentage covered
Installation of environmentally efficient energy facilities	Conventional actions	60-70%
	Innovative actions	80%
Construction works to improve energy	Conventional actions (default)	40%
	Innovative actions (default)	50%
	Actions required civil works in	+30%

	more than 40% or integrating renewable energy solutions (additional)	
	Inclusion of high energy efficiency measures (additional)	+10%
Project management		80%

Source: Regional Government of Andalusia¹⁷

The role of collaborating companies was central to the design of the programme – construction solution providers were closely involved and acted as ‘one-stop shops’ for applicants. This meant that applicants could access information on the programme, request a budget, present the required documentation and contract, and pay for the required services at a single point through the collaborating company of their choice.

The grant payment procedure varies according to the quantity of the grant requested – i.e. above or below EUR 18 000 – as shown in Table 2.

Table 2: Procedures for grant disbursement

Threshold	Procedure
< EUR 18 000	Funds are reserved by the collaborating company and received upon completion of the construction works, directly transferred by the Andalusian Energy Agency. Beneficiaries only pay the difference between the price of services and the granted funds.
>= EUR 18 000	Beneficiaries pay for the full price of services to the collaborating company and receive the grant upon presenting proof of payment.

Source: Regional Government of Andalusia¹⁸

Collaborating companies can finance their operational costs through the ‘Joint Resources for Micro to Medium Enterprises (JEREMIE)’ financial support instrument, from the European Regional Development Fund (ERDF) Operational Programme ‘Andalusia’ 2007-2013, managed by the Innovation and Development Agency of Andalusia (IDEA) – linking the SME financial support to the incentives programme¹⁹.

Last but not least, PICS has brought together more than 70 experts from different disciplines for the Sustainable Construction Roundtable and shaped the Integral Plan for Sustainable Construction and Renovation in Andalusia 2014-2020²⁰, a document outlining a fully-fledged plan to sustainably support the sector in the longer term.

2.

Achieved or expected results

The latest figures available on the results of the programme that have been published by the Andalusian Energy Agency²¹ cover the period 2014-2015. Over those two years, PICS invested a total of EUR 242.2 million in the programme, including EUR 164.46 million in grant funding. It supported just under 36,500 energy efficiency actions, with the lion’s share of the grants going to the provinces of Sevilla, Málaga and Cádiz. Collaborating companies totalled 8,143 by the end of 2015. The distribution of programme participation per province is shown in Table 3.

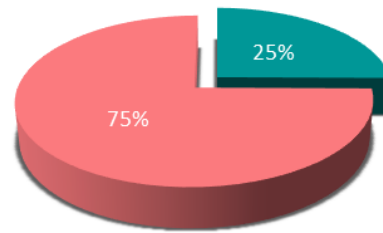
Table 3: Distribution of programme participation per province

Province	Nº of Actions	Invested (M EUR)	Grants (M EUR)	Nº of Firms
Huelva	2,122	14.47	10.06	527
Sevilla	9,837	57.46	37.7	1,841
Córdoba	3,412	23.38	16.5	989
Jaén	2,694	19.56	13.81	894
Almería	2,876	20.76	13.78	781
Granada	3,539	27.01	19.02	1,168
Málaga	6,754	44.12	29.74	1,202
Cádiz	5,185	35.44	23.85	741
TOTALS	36,419	242.2	164.46	8,143

Source: Andalusian Energy Agency²²

Figure 1 shows the distribution of grants per action type. Construction works to improve energy efficiency in buildings accounted for three quarters of the total number of grants awarded (approx. 27,260 actions financed). The purchase and installation of environmentally efficient energy equipment such as water boilers, stoves and heaters, as well as renewable energy generation units such as solar panels, accounted for the other quarter (approx. 9,160 actions financed).

Figure 1: Percentage of the actions funded per type of action

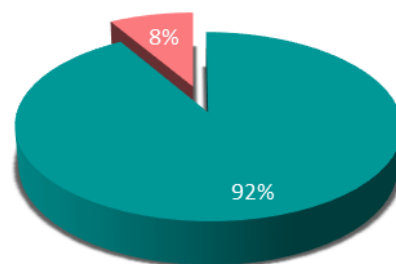


- Environmentally efficient energy equipment
- Construction works to improve energy efficiency in buildings

Source: Andalusian Energy Agency²³

Figure 2 shows the distribution of grants per type of beneficiary. The overwhelming majority (92%) of grants awarded went to private citizens (almost 33,350), with just 8% (approx. 3,080) being awarded to companies, neighbour associations and other types of beneficiaries.

Figure 2: Percentage of the actions funded per type of beneficiary



- Private citizens
- Companies, neighbors associations and others

Source: Andalusian Energy Agency²⁴

Figures 1 and 2 show that the majority of actions funded were for construction works initiated by private citizens to improve energy efficiency in buildings. These results point to a strong demand on the side of private citizens to renovate and better insulate their houses through soil or wall insulation or high insulation windows, in line with the age of

the housing stock in the region. The reason behind this preference for renovation construction works might be its accessibility in comparison to the installation of renewable energy generation units. These need enough space in a single household or a high coordination among communities of neighbours in buildings. Another factor that might have influenced this preference is the legal framework regulating self-consumption of power since 2013²⁵, which was considered by many to be a disincentive. However, it has been recently repealed, which might have an influence on the demand of this type of action in subsequent editions²⁶.

By the end of 2015, PICS funding had helped to reduce CO₂ emissions by 85,964.46 tons per year²⁷.

The creation of 20,000 jobs was also attributed to actions undertaken through the programme²⁸, with more than 55% of the companies involved stating that they have taken on new staff.

Despite the positive advances, the results obtained during the 2014-2015 period clearly did not achieve

the original objectives of the programme. The total number of actions funded (36,419) was significantly lower than the target of 68,000, which is equivalent to a 54% success rate. The number of companies collaborating in the programme (8,143) also fell short of the original target (10,000), amounting to a success rate of just over 80%. Similarly, in terms of CO₂ tonnes saved, the actual savings totalled half of what had been expected²⁹. The results of the overall programme (extended to 2020) remain to be published.

Regarding the reasons behind these results, some stakeholders point out that the grants were in high demand, but that the expectations generated did not match the funding available³⁰. In light of the demand for funding, the PICS programme was subsequently extended until 2020 with the allocation of EUR 529 million in extra funding. The combined funding is expected to generate 80,000 new jobs³¹.

3.

Perspectives and lessons learned

Despite modest provisional results, the PICS programme has been warmly welcomed by stakeholders.

It is recognised as a necessary measure both for the recovery of the construction sector and for the advancement of energy efficiency in Andalusian homes and buildings.

There are some positive examples of good practices in local areas, which confirm the value of the programme to homeowners and local communities. One example is the experience of the neighbours of La Plata in Jerez de la Frontera (Cadiz). They endorsed the programme, having received EUR 76,000 to support the renovation and insulation of six buildings, which led to a reduction of almost 30% in their energy bills. In their opinion, access to grant funding was pivotal, because their neighbours are mostly retired or unemployed and could not have funded the renovation on their own³².

In terms of lessons learned, there is a need to reconsider whether the ‘first come, first served’ assignment of grants is the best method through which to achieve the programme’s objectives.

This method resulted in the rapid allocation of grants³³, which meant that the funds were quickly exhausted in most provinces. In some cases, the funds ran out in as little as five hours, as was the case in the province of Granada.

The Association of Construction Companies and Promoters of Granada argues out that some beneficiaries received a grant regardless of the efficiency needs of their houses, and at the expense of other actions that would have achieved a higher impact. They also believe that the programme could have easily avoided these problems by only covering up to 30% of the costs or by requiring a previously signed contract from the collaborating and promoting companies³⁴. Other associations, such as the Consumer Union

Association of Granada or the Federation of Metal Companies³⁵ concur with this view³⁶.

It would also be advisable for the PICS programme to set feasible objectives and correctly manage the expectations of applicants and stakeholders in terms of what the programme can achieve.

This view is supported by the Consumers’ Association of Andalusia, particularly with regards to the rapid award of grants. They argue that expectations should have been better aligned with the actual budget assigned to the programme³⁷.

Stakeholders should not only be involved throughout the design of the programme, but also during its implementation.

Better communication with consumer associations during implementation might have produced a suitable solution to the rapid grant award issue. This is supported by the Consumers’ Association of Andalusia who concur that stakeholder involvement did not extend into the implementation phase. They say that they would expect greater stakeholder involvement in subsequent editions. In their view, the involvement of stakeholders during the PICS design process was a key strength of the programme and was one of the reasons behind the high demand it generated³⁸.

Stakeholder involvement in the design phase and in the Sustainable Construction Table was also welcomed by the Andalusian Association of Construction Contractors. They have voiced their satisfaction with the resulting Integrated Plan for Sustainable Construction, which in their view accurately reflects the views of industry³⁹. Stakeholders broadly welcome the plan, which brought together a wide range of experts and industry representatives from the energy, construction and finance sectors, trade unions, consumer representatives and other civil society organisations⁴⁰.

The PICS programme has also gained international recognition. It was awarded a RegioStar Award in 2015 and was highlighted as a good practice in

regional development⁴¹. Additionally, the Greek Government visited Andalusia to learn about its implementation in 2016⁴².

4.

Conclusion and recommendations

The PICS programme presented both significant strengths and weaknesses. The provisional results available were disappointing in comparison to the expectations set. Despite the 'modest' results, stakeholders still regard its impact as very positive. After the recent closing of the programme, some stakeholders praised its transformative ambition and pointed to the need for a new edition to underpin the advancements made during the 2014-2020 period⁴³.

Overall, while provisional results may not allow to label it as a good practice, the programme is still in high demand and initiated a conversation on sustainable construction in the region.

On this basis, it is a '3-star good practice' measure, using a scale of 1 (low) to 5 (high).

In subsequent editions, it is recommended that policy-makers take stock of lessons learned from this edition. One key recommendation would be to ensure that the objectives set are realistic and in line with the funding available, as well as adequately communicated to applicants.

Another key recommendation would be to reassess whether the first-come-first-served system currently in place for the assignment of the grants is the most adequate. Complaints regarding the assignment of grants to actions without high environmental impact, in combination with the poor performance in tonnes of CO₂ saved in relation with the objectives set, support this view. A competitive application system designed to prioritise the allocation of grants to those projects with more energy saving potential might be better suited to achieve the objectives of the programme.

Finally, it would also be highly recommended to ensure that the involvement of stakeholders extends to the implementation phase. Effective communication might offer valuable insights on why the expected results are not being achieved and key inputs to redirect the programme towards the completion of its objectives.

The measure also receives a 3-star ranking for 'transferability'. For the measure to be transferable to another country or region, the existence of an untapped renovation market is a key consideration. The identification of a growth niche that remained to be exploited and that could bring benefits to owners, companies and the environment lies at the heart of the design of the programme. Those countries or regions with already developed renovation sectors or relatively new and efficient buildings may not have enough renovation demand to replicate PICS. However, the PICS programme could be transferable to countries or regions where, like in Spain or Andalusia, new building construction has dominated the landscape for a long time, or where a significant share of the building stock was built before energy efficiency regulations were in place.

Policymakers would need to consider the lessons learned in Andalusia, prior to replicating PICS. Interestingly, although PICS did not achieve its objectives, it did attract enough interest from the Greek Government for them to visit Andalusia to review it. It remains to be seen whether the measure is replicated in Greece.

Endnotes

- 1 European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- 2 Andalusian Energy Agency, Results from Sustainable Construction Programme, 2016
<https://www.agenciaandaluzadelaenergia.es/guiainteractivaPICS/DATOS/secciones.php>
- 3 European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- 4 L.M.R, ABC de Sevilla, Andalucía, de las más golpeadas por la crisis, 2014
<https://sevilla.abc.es/economia/20140223/sevi-economia-crisis-riada-201402222113.html>
- 5 Ministerio de Fomento, Número de edificios según tipo de obra, Andalucía, 2000-2018
<https://apps.fomento.gob.es/BoletinOnline/?nivel=2&orden=10000000>
- 6 L.M.R, ABC de Sevilla, Andalucía, de las más golpeadas por la crisis, 2014
<https://sevilla.abc.es/economia/20140223/sevi-economia-crisis-riada-201402222113.html>
- 7 Andalusia Regional Government, Official Bulletin from 26th March 2015, N.58 pp.9, 2015
https://www.agenciaandaluzadelaenergia.es/sites/default/files/pics_decretoley_1_2014.pdf
- 8 Ibid
- 9 European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- 10 Andalusian Energy Agency, Results from Sustainable Construction Programme, 2016
<https://www.agenciaandaluzadelaenergia.es/guiainteractivaPICS/DATOS/secciones.php>
- 11 Andalusia Regional Government, Official Bulletin from 26th March 2015, N.58 pp.9, 2015
https://www.agenciaandaluzadelaenergia.es/sites/default/files/pics_decretoley_1_2014.pdf
- 12 European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- 13 Construible, Interview with Susana Diaz Pacheco, President of Andalusia's Regional Government, 2014
<https://www.construible.es/2014/03/27/susana-diaz-pacheco-presidenta-de-la-junta-de-andalucia>
- 14 Andalusian Energy Agency, Results from Sustainable Construction Programme, 2016
<https://www.agenciaandaluzadelaenergia.es/guiainteractivaPICS/DATOS/secciones.php>
- 15 European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- 16 Andalusia Regional Government, Sustainable Construction Programme for Andalusia, 2015:
https://www.agenciaandaluzadelaenergia.es/sites/default/files/pics_resumen_programa.pdf
- 17 Ibid
- 18 Ibid
- 19 Andalusia Regional Government, Sustainable Construction Programme for Andalusia, 2015
https://www.agenciaandaluzadelaenergia.es/sites/default/files/pics_resumen_programa.pdf
- 20 Andalusia Regional Government, Integral Plan for the Promotion of Sustainable Construction and Renovation in Andalusia,
https://www.juntadeandalucia.es/export/drupaljda/Plan_Integral_Construccion_Sostenible_Andalucia.pdf
- 21 Andalusian Energy Agency, Results from Sustainable Construction Programme, 2016
<https://www.agenciaandaluzadelaenergia.es/guiainteractivaPICS/DATOS/secciones.php>
- 22 Ibid
- 23 Ibid
- 24 Ibid
- 25 Royal Decree 900/2015, Ministry of the Presidency, Relations with the Courts and Equality, 2015
https://www.boe.es/diario_boe/txt.php?id=BOE-A-2015-10927
- 26 Royal Decree 15/2018, Head of the State, 2018
<https://www.boe.es/buscar/doc.php?id=BOE-A-2018-13593>
- 27 Andalusian Energy Agency, Results from Sustainable Construction Programme, 2016
<https://www.agenciaandaluzadelaenergia.es/guiainteractivaPICS/DATOS/secciones.php>
- 28 Ibid
- 29 Andalusia Regional Government, Sustainable Construction Programme for Andalusia, 2015:

- https://www.agenciaandaluzadelaenergia.es/sites/default/files/pics_resumen_programa.pdf
- ³⁰ Interview with Juan Moreno, Secretary-General at the Consumers' Association of Andalusia. Sevilla, 26/09/2019
- ³¹ European Commission, Making Andalusia's construction sector more sustainable, 2015
https://ec.europa.eu/regional_policy/en/projects/spain/making-andalusias-construction-sector-more-sustainable
- ³² J.P Lobato, Un ejemplo de barrio sostenible, Diario de Jerez, 2016
https://www.diariodejerez.es/jerez/ejemplo-barrio-sostenible_0_993500695.html
- ³³ Construible, Interview with Susana Diaz Pacheco, President of Andalusia's Regional Government, 2014
<https://www.construible.es/2014/03/27/susana-diaz-pacheco-presidenta-de-la-junta-de-andalucia>
- ³⁴ Ibid
- ³⁵ Europapress, Fedeme pide a la Junta que no repita los "problemas" derivados de la "deficiente gestión" de la construcción sostenible, 2016
<https://www.europapress.es/andalucia/sevilla-00357/noticia-fedeme-pide-junta-no-repita-problemas-derivados-deficiente-gestion-construccion-sostenible-20160616182506.html>
- ³⁶ Miguel Allende, Ideal, Critican la asignación exprés de ayudas de mejora energética para los hogares, 2015
<https://www.ideal.es/granada/201502/19/critican-asignacion-expres-ayudas-20150219002112.html>
- ³⁷ Interview with Juan Moreno, Secretary-General at the Consumers' Association of Andalusia. Sevilla, 26/09/2019
- ³⁸ Ibid
- ³⁹ 20 Minutos/EuropaPress, Fadeco valora que el Plan de Construcción Sostenible es "serio y con soporte económico" y no "una carta a los Reyes Magos", 2015
<https://www.20minutos.es/noticia/2372017/0/fadeco-valora-que-plan-construccion-sostenible-es-serio-con-soporte-economico-no-carta-reyes-magos/>
- ⁴⁰ Agencia Andaluza de la Energía, Los consejeros participan en la primera sesión plenaria, que aglutina los intereses de los actores comprometidos con esta actividad, 2014
<https://www.agenciaandaluzadelaenergia.es/es/actualidad/la-mesa-de-la-construccion-sostenible-impulsara-la-estrategia-del-sector-ante-el-nuevo-marco-europeo>
- ⁴¹ El Plural/Andaluces Diario, Europa premia el programa andaluz de Construcción Sostenible, 2015
https://www.elplural.com/autonomias/andalucia/europa-premia-el-programa-andaluz-de-construccion-sostenible_93307102
- ⁴² Econoticias, ¿Construcción sostenible en Andalucía?
<https://www.ecoticias.com/bio-construccion/114964/Construccion-sostenible-Andalucia>
- ⁴³ Interview with Juan Moreno, Secretary-General at the Consumers' Association of Andalusia. Sevilla, 26/09/2019