

WE CAN WORK IT OUT

The energy efficient renovation of buildings is an engine to power Europe's economic growth. It creates jobs and releases billions to create more. It's time for governments to turn the key.

RENOVATION CAN
CREATE

900,000-1,800,000

JOBS IF

EUROPE CUTS ITS ENERGY BILL BY

€200 BILLION

KNAUFINSULATION
it's time to save energy

Luis Bravo Gonzalo



Luis Bravo Gonzalo, a construction site foreman, lost his job along with millions of others when the financial crisis swept through Spain.

The company he worked for collapsed overnight and the 37-year-old found himself unemployed. Luis didn't find another job for four years.

In December 2013 he completed his Knauf Insulation SUPAFIL training and now works as an approved blowing wool installer for a company called Reintec in Pinto, a town close to Madrid.

Schemes like this are not only putting Luis and many like him back to work, but they are helping customers reduce their heating and cooling energy bills by up to 50%. This has a compound effect; with fewer unemployed, fewer public resources are being spent on benefits, money is coming back to the countries in the form of taxes, plus customers reduce their fuel bills so that they can either cool or warm their home to the minimum healthy level of 18 degrees, but by paying less. It's win-win all round.

"My hopes for the future? I just want to keep working," Luis says.

In Spain alone over 100 people have completed the Knauf Insulation Blowing Wool training programme since it began in 2012. It is expected to train up to another 30 blowing wool installers in 2015, but that number could be even higher if there was a bigger demand for energy efficient homes.

Spain is not the only country where people like Luis are getting a new chance in life thanks to building renovation programmes. In Slovakia there will be 700 more people like Luis enjoying a new job with the new government programme for energy efficiency renovation of single family houses (see story on page 32).

When renovation initiatives are scaled up they drive incredible levels of growth. According to the 2015 Energy Productivity and Economic Prosperity Index there could be between 900,000 and 1.8 million more workers enjoying a new job if Europe's energy bill was cut by €200 billion.

And buildings offer the biggest potential to save this energy because in Europe they are responsible for 40% of energy use. The vast majority of these buildings are energy inefficient and up to 90% of those standing today are expected to be still around in 2050.

"Making buildings more energy efficient is the perfect way to power growth across Europe and create hundreds of thousands of jobs," says Knauf Insulation's CEO Tony Robson.

"There is no downside. As a result of renovation we save energy, help the planet and save billions in energy bills that can be used to create employment for people like Luis."

That money is desperately needed. The 2008 financial crisis may seem like history, but its chill still freezes the hearts of many of Europe's economies.

"The crisis has taken its toll," said Jean-Claude Juncker when he took over as President of the European Commission. "More than six million people lost their job during the crisis. Youth unemployment reached record highs and several of our Member States are still far away from sustainable growth and adequate levels of investment."

When Juncker became President he immediately put jobs and growth at the heart of the European Commission's new agenda, boosted by the mobilisation of an Investment Plan which intends, among other things to mobilise at least €315 billion in additional investment across the EU over the next few years through a dedicated European Fund for Strategic Investments (EFSI).

The European Commission in its communication on a strategy for an Energy Union described EFSI as *"an opportunity to leverage major investments in renovating buildings. Investments in this area can provide great returns in terms of growth and jobs"*.

And the plan is already helping to deliver increased investment in energy efficiency. However, the actual volume of renovation projects coming through for financing is still far too low. There is an estimated gap of up to €100 billion per year to 2020 to meet the EU's 2020 goal of increasing the energy efficiency of the EU economy by 20% and a fivefold increase in current investment levels is needed to close the gap in the buildings sector according to environmental think-tank E3G.

Fighting for investment to be prioritised for renovation projects and rolling out projects through a Europe-wide renovation programme is going to be key.

"I believe a considerable percentage of this money should be ring-fenced for investment in the renovation of buildings across Europe to make them more energy efficient because of the incredible potential for jobs and growth," says Robson.

The European Commission's own in-house science service agrees. A 2015 report by the Joint Research Centre described energy renovation of existing buildings as a 'win-win' option for the EU economy as a whole. ▶

SLOVAKIA SUCCESS AS 700 NEW JOBS CREATED

Up to 700 new jobs are to be created and at least 5,000 families every year will have their lives transformed thanks to a campaign driven by Knauf Insulation to unlock at least €30 million in annual funds to pay for the energy efficient renovation of single family homes.

Plans are also in the pipeline to release millions more in funding for multi-family dwellings that could see the creation of a thousand more jobs and energy-saving renovation for thousands more families every year.

Knauf Insulation and groups united under the Buildings for Future platform worked for 18 months to campaign for an incentive programme to renovate single-family homes.

“Existing soft loans proved to be unattractive to this segment, causing renovation rate and quality to remain low,” explains **Peter Robl**, Public Affairs Manager, Knauf Insulation Slovakia.

But now, following the campaign, a government social package has been approved that includes a 30% subsidy for the energy efficient renovation of single-family dwellings.

“In 2016 alone the budget of up to €30 million will create more than 700 new jobs, generate €40 million in additional public budget revenues and will lead to the unlocking of a further €70 million invested from private capital,” says Peter.

Now the campaigners with Knauf Insulation are working to release millions more to help renovation programmes for thousands of multi-family buildings.

Soft loans, available since 1996, have successfully driven the renovation to almost 3% of these buildings every year for between 22,000 and 25,000 families a year. Unfortunately, demand was exceeding the money available by 40% on average and slowing growth. Energy efficiency improvements were also not achieving their potential.

“So, we made the business case and approached the government to use allocated European Structural and Investment Funds to leverage private capital to increase the number of multi-family dwellings being renovated in the long term.”

“We are still fine tuning this financial instrument to make it happen but we expect to create a thousand new jobs as a result as well as renovate the homes of up to thousands of families a year,” says Peter.

In the meantime, the government has agreed to write off up to 15% of a multi-family renovation loan's principal if it meets ambitious energy efficiency requirements.

► The report also concluded that *“an EU renovation plan is needed to phase out inefficient buildings from the European building stock while ensuring a sustainable economic recovery of the building sector.”*

The report also stated that in 2011 the construction sector had been responsible for 7% of the EU's gross domestic product and employed more than 11 million people. When the crisis swept through Europe some countries lost up to 60% of their construction jobs. However, because specialised construction activities such as renovation and energy retrofits account for two thirds of building jobs, there is a huge opportunity to grow this sector.

“Small and medium-sized enterprises are the economic drivers of construction in Europe particularly when it comes to the renovation of buildings,” says Robson. *“Investing in energy renovation of existing buildings would significantly increase the contribution made by these companies to growth and job creation in the EU.”*

“An EU-wide renovation plan would also drive innovation,” says Robson. New skills, new products, new approaches and – as a result – new jobs would all be needed to be developed for different buildings in different climates and environments around Europe if a serious commitment is made to save energy.

One action we are taking is working with the European Insulation Manufacturers Association (EURIMA), whose members include Knauf Insulation, to fight for a major portion of the €31.5 billion European Fund for Strategic Investments (EFSI) to be dedicated to energy efficiency and building renovation.

“Energy efficiency investments are among the most societally attractive investment choices for their delivery... the amount and type of jobs they bring, their positive energy security, resilience and environmental benefits and their direct fiscal returns” says **Jan te Bos**, Director General of EURIMA.

JUST THE JOB

“Energy efficiency, if applied to existing as well as new buildings, could generate thousands of new and local jobs throughout Europe. It would reduce unemployment, generate much-needed investment, contribute to improved energy security and bring important environmental benefits.”

Bernadette Ségol,
General Secretary of the European
Trade Union Confederation
