

Session 2:

Case study: Public procurement for innovation

Energy efficiency in Norland

On-line training session on STI policy and policy instruments

for SDGs for Asia and the Pacific

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Public procurement as a tool to stimulate innovation

1. Procure specific innovative technologies, products and services
2. Stimulate development of
 - absorptive capacities,
 - innovative capabilities, and
 - **firm-level competitiveness**
3. Support pre commercial development; share market risk with firm and provides cash flow
4. Catalyst role, linking firms and stakeholders



Overview of NTPP Initiative – *Norland Technology Procurement Program*

- The NTPP started in 2008, **objective:** reduce electricity use and improve energy efficiency.
- **Goal:** Cut electricity demand by 7.5 TWh by 2025, down from 50 TWh.
- **Focus:** energy-efficient refrigerators-freezers, refrigerators use 30% of household electricity.
- **How:** A purchasing group was formed with agencies like NAPD, SchoolTek, and NAHCoop.
- **Instrument:** Group to procure refrigerators if 40% more efficient than current models
- **Instrument:** 30% subsidy for initial purchase.



Success and Impact of the Program

- Electroland SA won the bid with a model using 0.80 kWh annually.
- The chosen model, EL-RF2010L, was 33% more efficient than the best on the market.
- The initial order grew to 7,320 units, with 3,350 more sold privately by 2015.
- Total energy savings reached 1 GWh by 2015, with a projected 1 TWh annually by 2025.
- Success in exports to Europe after certifications, boosted Eletroland market presence.

