RESTRICTED ACCESS

CASE-10 · PUBLIC ADMINISTRATION & POLICY

A €500 million incentive to accelerate the adoption of a technology

A broad incentive to hit a public target, perceived as popular and «good for everyone».

THE JUDGMENT
broad → targeted

CALIBRATED CONFIDENCE
40%

SECTOR
Public policy

EXECUTIVE VERDICT

Most of the spend goes to those who would have acted anyway.

THE CALL

broad → targeted

CONFIDENCE

40%

IN ONE LINE

Same target at a **fraction of the cost**; avoided a €500M transfer benefiting the wealthiest.

§ THE PROTAGONIST & THE CONTEXT

The head of the technology-policy unit, with a deployment target to hit within the legislative term and a package already approved in principle by the government.

A ministry with a mandate to accelerate the adoption of an emerging technology — renewable, energy efficiency or similar — in a context where current penetration stands at 12% and the stated target is 35% within five years. The €500 million budget is the backbone of the plan.

§ BACKGROUND

Evaluations of analogous technology-incentive policies in other countries reveal a systematic pattern: on average, 40–60% of applications come from parties who would have adopted the technology within one to two years regardless of the incentive. The phenomenon — known as «deadweight loss» in the policy-evaluation literature — is amplified when the incentive is universal and access barriers are low. On the supply side, vendors of the incentivised technology tend to raise list prices in proportion to the available subsidy, eroding net benefit for the end recipient and shifting value up the supply chain. The income distribution of the benefit is rarely neutral: technologies with high upfront costs are adopted faster by higher-income segments that can advance the spending.

§ COUNTER-INTUITIVE SCENARIO

Much of the money risks going to **those who'd have acted anyway**: you pay for something that would have happened regardless, and the cost per «additional» effect explodes. It can also be unfair (it rewards the wealthiest) and suppliers can simply **raise prices**, pocketing the incentive. The real result is much smaller than the amount spent.

IMPLICIT ASSUMPTIONS

- The incentive really changes behavior.
- No one takes it to do what they'd have done anyway.
- The cost is sustainable and the effect lasting.

FALSIFICATION TESTS

- How many beneficiaries would have acted even without the incentive (from similar studies)?
- How much of the incentive ends up in price increases?
- How do the beneficiaries break down by income?

QUESTIONS THAT RAISE THE BAR

- What is the cost per «additional» effect actually generated, not per beneficiary?
- Who really cashes in: the target citizen or the supplier?

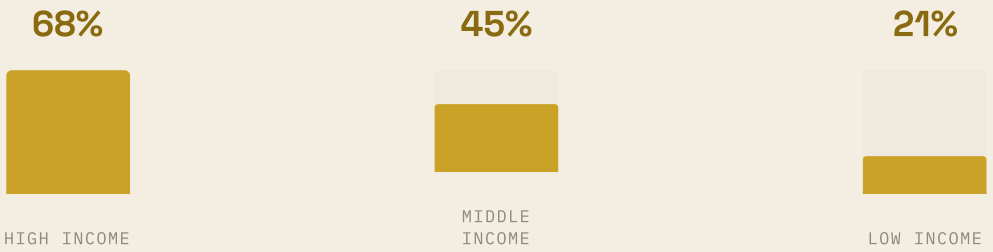
CALIBRATED CONFIDENCE & PROVENANCE

that the broad incentive is good value for money on the target

Provenance: evaluations of similar policies · market data · income simulation · red-team base.

Who would have acted anyway: estimated share by income

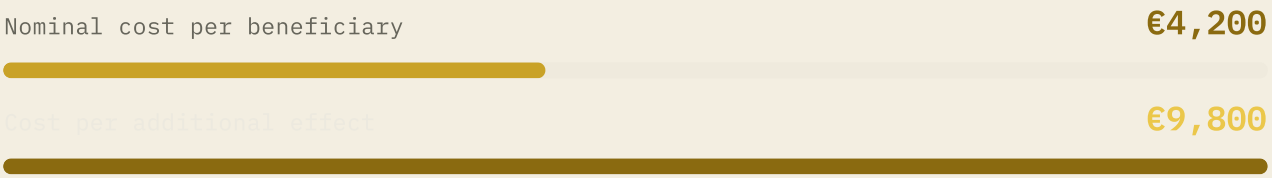
ILLUSTRATIVE DATA



Estimated percentage of beneficiaries who would have adopted the technology without the incentive, by income bracket — the share is highest among those who need it least (illustrative data).

Real cost per additional effect vs nominal cost per beneficiary

ILLUSTRATIVE DATA



Estimated cost per incremental adoption genuinely generated by the incentive versus the nominal cost per beneficiary stated in the plan (illustrative data).

OUTCOME

Redesigned as a **targeted, tapering** incentive, with a price cap and clauses against those who'd have done it anyway.

VALUE

Same target at a **fraction of the cost**; avoided a €500M transfer benefiting the wealthiest.

METHODOLOGICAL NOTE — READ FIRST

Composite cases, in the method of the Harvard Business Review: reconstructions based on real, recurring situations in each sector, merged and anonymized to protect confidentiality. The decision dynamics are authentic; names, figures and details are altered and not traceable to any single client or case. The «provenance» notes describe the type of evidence the engine cites with traceability in production. The Δ-CSI values illustrate the intensity of the pressure the contradiction put on the assumptions.