

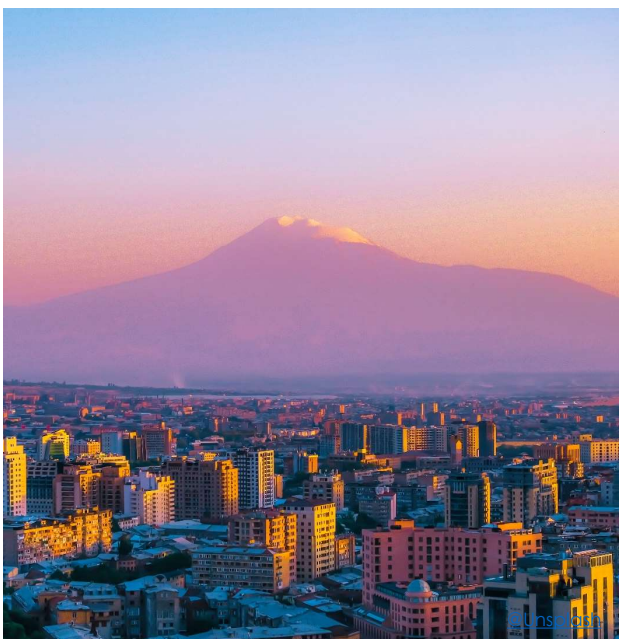
ESTEEM

Exposure to Structural Transition in an Ecological-Economic Model

The macroeconomic modelling tool **ESTEEM** makes it possible to identify the transition risks (external, fiscal, socio-economic) to which the economies of developing countries are exposed.

In its current version, it is a decision-making tool for transitions to lower-carbon economies.

Unlike the **GEMMES** model, **ESTEEM** does not produce scenarios but presents a sectoral assessment of transition risks.



Objectives

Better understand the dynamics of the ecological transition in a multidimensional framework.

Strengthen the public policy dialogue through an analysis of the macroeconomic vulnerabilities of each country by identifying transition risks.

Clarify decision-making by taking into account the specific economic, social and environmental characteristics of the countries concerned, so that countries can define an appropriate transition trajectory.



Beneficiaries

Governments (ministries of finance, development, and/or environment, energy, central banks, local development banks)

ESTEEM versions developed (or under development) by AFD:

- Uzbekistan
- Vietnam
- Armenia
- Bolivia

ESTEEM has also been applied to the Carbon Border Adjustment Mechanism to identify the macroeconomic implications of its potential implementation for the European Union's trading partners.



Characteristics

Type of instrument: Grant

Budget: €150 K – €350 K

Targeted projects: Economic modelling

Operation: ESTEEM uses the different economic characteristics of a country to identify the macroeconomic and social risks to which it is exposed by engaging in a low-carbon transition

5 steps:

- Contact with the partner country
- Joint development of an inventory
- Identification and grouping of data needed for analysis
- Deployment of analysis, data processing and adjustment of priorities
- Sharing results and using the model



Examples

Uzbekistan: Uzbekistan's economy is a major emitter of greenhouse gases in key transition sectors, such as electricity and construction. An appropriate transition trajectory could be developed by activities to strengthen productive and technological capacities, with job creation, while avoiding external fiscal imbalances.

Vietnam: Vietnam is a socio-economically exposed economy, particularly due to the concentration of well-paying jobs within the emissive industries. The agriculture sector could be strongly impacted, which would jeopardize the country's economy. However, Vietnam is a dynamic economy with a strong ability to migrate to green products, which can contribute to the success of the transition.

