ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Please note that this presentation was given during the United Nations Climate Change Conference (COP-15) in Copenhagen, December 7-18, 2009 for more information please visit http://www.cop15.state.gov/ .

How might CCTII be constructed?

$$CCTII = \sum_i \theta_i t_i$$

$$\sum_i \theta_i = 1$$

Challenges for an CCTII

t_i

- Identify and quantify the individual components of the index ;
  - Decide which measures related to index purpose
  - Collect the information ;
  - Categorise the components so that useful sub-indices can be created
  - Quantify/assign scores to the components:
    - Expert judgement,
    - Statistical methods,
    - Econometric methods

Challenges for an STRI 3

$\sum_i$

- Which measures can be aggregated into one index?
  - "apples with apples", "oranges with oranges"
  - Apples and oranges (fruits) if a common measure can be found (value, weight, calorie content, vitamin content….);
- A common denominator is required. The more aggregated the index, the more general the common denominator.

Challenges for CCTII: how to weight θ_i

- By contribution to variation?
- Unweighted (i.e. equal weights) ?
- Are categories of measures to be aggregated into a sector index?
- No single correct answer – it depends on what the index will be used for;
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Questions

- The structure and approach to developing the CCTII depend on what it will be used for – so what uses appear most practically relevant?.
- Which intermediate inputs would be of particular interest to users?
- Which type of sub-indicators would members find most useful
  - By sector (energy; renewable energy; other CC-relevant indicators; services)
  - By regulatory measure
  - -- Soft (perceptions) vs hard data