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 What's at Stake for Countries in Climate Change Negotiations?

The global climate change agenda is increasingly in the news in the run up to the United Nations Climate Change Conference in Bali this December. In a timely brief, Craig Meisner and Uwe Deichmann describe research that provides insights on the attitudes that countries are likely to display on international treaties regulating carbon emissions. The analysis classifies countries in terms of their vulnerability along two dimensions. The first dimension is "source vulnerability", which looks at access to fossil fuels and renewable energy, and the potential size of employment and income shocks following the introduction of some form of carbon tax. The second is "impact vulnerability", or susceptibility to climate-related hazards and sea-level rise. The research uses composite measures drawn from a geo-referenced database of indicators related to global change and energy. Findings suggest that there is enough regional clustering to warrant some attention to regional strategies. For example, human vulnerability to weather events is much higher in general in South and East Asia than in the Middle East and North Africa. But countries within regions sometimes vary widely in their orientation toward a global protocol, and there is a strong case for country-specific tailoring. Most importantly, mechanisms for compensation and cross-subsidy are vital when negotiating with the group of countries that have both unfavorable stakes in a global protocol and very high existing CO2 emission levels.

[Research Brief](#)
[Policy Research Working Paper](#)

 Entrepreneurship and Firm Formation across Countries

A new research brief by Leora Klapper introduces the 2007 World Bank Group Entrepreneurship Survey, which measures entrepreneurial activity in 84 developing and industrial countries across the world between 2003 and 2005. This survey allows greater cross-border comparability of data than a similar 2006 survey. The new data reveal a significant relationship between entrepreneurial activity and a host of other indicators, including economic and financial development and growth, the quality of the legal and regulatory environment and governance. The entry rates of new firms (defined as newly registered firms as a percentage of total registered firms in the previous year) range between 7 and 9 percent among various regions. In contrast, business density (total firms as a share of working age population) varies far more widely—from over 6 percent in industrial countries to less than 1 percent in South and East Asia. Data are also available on electronic business registration, which is shown to be related to lower costs and a shorter number of days required to start a business. Case studies highlight the impact of regulatory, political, and tax changes on new firm registrations. The new data raise questions about the effects of changes in the business environment on entrepreneurial risk taking, and about which reforms will spur faster firm registration.

[Research brief](#)

 How Effective are Development Projects? New Website on Impact Evaluation

A new website provides comprehensive information on the Development Impact Evaluation (DIME) initiative—an effort to evaluate the development impact of World Bank projects under the guidance of the Bank's Chief Economist Francois Bourguignon. DIME seeks to increase both the number of World Bank-supported impact evaluations and the ability of staff to design and carry out such evaluations in close collaboration with government agencies in developing countries. A key aspect of the initiative is to organize clusters of impact evaluations of priority interventions in a coordinated manner across countries in different regions of the world. This focused approach enables comparison of the effectiveness of specific development interventions in different country or regional settings and across alternative policy designs. The current list of themes available online includes: early childhood development, education service delivery reforms, conditional cash transfers, HIV/AIDS prevention and treatment, local development, malaria control programs, pay-for-performance in health, rural roads, rural electrification, urban upgrading, and youth school-to-work transition. The website also provides a feed of policy research working papers associated with DIME.

<http://www.worldbank.org/dime>

 Knowledge in Development Notes

Updated for the Annual Meetings of the World Bank and International Monetary Fund in October 2007, these Notes summarize the state of knowledge on important development issues. Broad topics include development and aid effectiveness, private sector development and growth, trade policy, equitable growth, governance, aid and the Millennium Development Goals, health, education, international migration, and many others. New notes have also been posted on tropical deforestation, security, and assessing results using impact evaluations. These notes provide a concise but reasonably deep background on recent research findings from both inside and outside the Bank. They identify critical linkages and challenges in development and explore what policy works, what doesn't, and what remains uncertain. They illustrate the central role that knowledge can play in development practice and the importance of rigorous analysis in generating that knowledge. Finally, they lay out research questions for

the future.

[Knowledge in Development Notes](#)

Research in Practice at the World Bank

"The overall objective of research at the World Bank should be exactly the same as the Bank's overall objective: to fight poverty (in all its dimensions) through sustainable and inclusive processes of economic development," writes Martin Ravallion, recently appointed Director of the World Bank's Development Research Group. His thoughts on the role of research in the practice of development at the Bank and on how this role can be better served are outlined in an article entitled "Research in Practice at the World Bank". This covers several overarching themes including the ways in which development researchers can help development practitioners, and how research questions are chosen so as to be relevant to the practice of development.

[Article](#)

Meeting the Challenges of Global Development: A Long Term Strategic Exercise for the World Bank Group

The world has changed profoundly in the six decades since the International Bank for Reconstruction and Development began operation to support post-war reconstruction in Europe and other regions. The World Bank Group has transformed too—its current operations are far larger and more expansive than envisioned by participants in the Bretton Woods conference in 1947 when the institution was founded. Given the ever-evolving global environment and the changing needs of the Bank Group's clients, the institution conducted a Long-term Strategic Exercise (LTSE) in 2007, led by Chief Economist Francois Bourguignon. The final LTSE report published in October outlines four critical challenges that would be central to a World Bank Group strategy for global inclusiveness and sustainability: Sub-Saharan Africa, fragile states, inclusiveness among and within middle-income countries, and global public goods. To address these areas, the Group must work in innovative ways and expand its lines of business. In the new and expanded modes of intervention, knowledge services and learning will be overarching, the paper predicts.

[Paper](#)

Of related interest: World Bank Group President Robert B. Zoellick's 100-Day Speech delivered on October 10, in which he shares his initial impressions and ideas for strategic directions.

[Speech](#)

New Policy Research Working Papers

These papers, and all older papers, are also available using the [Document Search](#) on the Bank's Development Economics Research website and on the [Social Sciences Research Network](#).

[4341. Review of environmental, economic and policy aspects of biofuels.](#) (Deepak Rajagopal, David Zilberman)

[4342. Measuring the economic impact of climate change on Ethiopian agriculture : Ricardian approach.](#) (Temesgen Tadesse Deressa)

[4343. Clothing and export diversification : still a route to growth for low-income countries?](#) (Paul Brenton, Mombert Hoppe)

[4344. Estimating global climate change impacts on hydropower projects : applications in India, Sri Lanka and Vietnam.](#) (Atsushi Iimi)

[4345. Sovereign natural disaster insurance for developing countries : a paradigm shift in catastrophe risk financing.](#) (Francis Ghesquiere, Olivier Mahul)

[4346. Infant mortality over the business cycle in the developing world.](#) (Sarah Baird, Jed Friedman, Norbert Schady)

[4347. Non-traditional crops, traditional constraints : the adoption and diffusion of export crops among guatemalan smallholders.](#) (Calogero Carletto, Angeli Kirk, Paul Winters, Benjamin Davis)

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[4357. Structure and performance of the services sector in transition economies.](#) (Ana M. Fernandes)

[4358. A micro-decomposition analysis of the macroeconomic determinants of human development.](#) (Sylvie Lambert, Martin Ravallion, Dominique van de Walle)

[4359. Limited access orders in the developing world : a new approach to the problems of development.](#) (Douglass C. North, John Joseph Wallis, Steven B. Webb, Barry R. Weingast)

[4360. Foreign direct investment in Latin America during the emergence of China and India : stylized facts.](#) (Javier Cravino, Daniel Lederman, Marcelo Olarreaga)

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[4364. The economic impact of climate change on agriculture in Cameroon.](#) (Ernest L. Molua, Cornelius M. Lambi)

[4365. Fiscal policy in developing countries : a framework and some questions.](#) (Roberto Perotti)

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[4367. The vanishing farms? the impact of international migration on Albanian family farming.](#) (Juna Miluka, Gero Carletto, Benjamin Davis, Alberto Zezza)

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