



## **TERMS OF REFERENCE**

### **BILATERAL REMITTANCE CORRIDOR ANALYSIS**

*Italy-Albania Case Study and Bari Conference on Remittances*

**FEDERICO LAGI**

#### **I. Introduction and Background**

International flows of worker remittances have grown rapidly in recent decades, reflecting the increasing mobility of labor in a more integrated world economy. For many developing countries, inflows of remittances from their nationals working abroad have come to constitute an important share of incomes, particularly to lower-income families, and an important source of investment financing. In some cases, particularly for small economies, remittance inflows have increasing macroeconomic importance for the balance of payments and monetary policy. At the same time, the relatively unregulated nature of these flows has raised concerns that some portion of them may be used to finance illegal activities including the laundering the proceeds of crime and the financing of terrorism.

#### **II. Bilateral Remittances Corridor Analysis**

Main objective of the Bilateral Remittance Corridor Analysis (BRCA), therefore, is to develop a better understanding of the incentives and other factors that shape the remittance markets in sender and recipient countries in order to promote effective policies for inducing that shift. The analysis will be informed, to the extent possible, by the emerging General Principles for International Remittance Services that are currently being discussed by a WB-BIS co-led Task Force.

For all of these reasons, efforts are being made to better understand and monitor the size and nature of these flows, the incentives that influence them, and the mechanisms through which they are transmitted, in order to develop policies to lower their transaction costs, enhance their developmental impact in the recipient countries, and minimize opportunities for misuse. It is believed that all of these objectives will be furthered by encouraging senders to channel a growing proportion of remittances through formal financial institutions. The “formalization” of remittance flows can, *inter alia*, open the access of both senders and receivers to other financial services, providing both additional income-earning opportunities and enhanced capacity to manage their financial risks.

#### **III. The “Convergence” Program**

The “Convergence” Program has been set up to help financial sector authorities of seven South-East European<sup>1</sup> countries start incorporating considerations of market development issues in the regulatory fine-tuning work that is necessary to promote real convergence of their economies with the EU. In advanced economies, “business-friendly” issues are routinely taken into consideration in the legal and regulatory process owing to the

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<sup>1</sup> The countries are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro.



existence of large analytical capabilities in financial economics, banking and finance and legal and regulatory matters within their civil societies in the context of ongoing close consultations between authorities and market participants.

Towards this objective, “Convergence” will use two instruments: 1) to undertake, in open consultation with relevant country and international stakeholders, analytical studies of micro-structural issues that, if properly regulated, could increase growth and efficiency of financial sector intermediation; 2) supported by a specific “Convergence” *honest broker* opinion, to bring the results of these studies (and those sponsored by other institutions) to the attention of authorities for decision-making. It is expected that, by fostering public-private dialogue on the basis of professionally-prepared technical proposals, “Convergence” will create the incentives for private sector investment in collective analytical capabilities that will eventually strengthen the business relevance of financial sector regulatory activities.

#### **IV. Objective and Component of TOR**

Mr. Lagi’s work is as follows:

1. Research Analysis for the Bilateral Remittance Corridor Analysis (BRCA) case study Italy-Albania. Mr. Lagi will be part of a study team that will be composed by Mr. Jose de Luna (OPD) and Mr. Raul Hernandez-Coss (FSEFI), both acting as TTLs; Mr. Riccardo Brogi, of the Rome-based Convergence Operations Unit, whom will provide guidance, a possible a consultant working from Albania.
2. Logistic support for the Conference on Remittances to be held in Bari in February 13-14, 2006. [Co-TTL Mr. Raul Hernandez-Coss (FSEFI) and Mr. Isaku Endo (FSEFI)].

Mr. Lagi’s activities will include:

1. For Bilateral Remittance Corridor case study (Italy-Albania)
  - Using the BRCA Methodology, Mr. Lagi will conduct research on the First Mile (sending country: Italy), Intermediary (Technology and Payment Systems in Italy), and dialogue with Albanian *diaspora* in the Italy-Albania remittance corridor.
  - Traveling to conduct field research in Italy. (From the past experience, Mr. Lagi will travel within Italy to gather information on relevant remittance issues for the Albanian migrant community.).
  - Analyzing and drafting sections of the case study under the guidance provided by the study team.
2. For Preparation for Bari Conference on Remittances
  - Providing support on preparation for the conference including:
    - Preparation for letters of invitation
    - Conference website
    - Assisting in liaison with the Italian Regional Authority
    - Translation into Italian



Mr. Lagi is expected to report to Mr. Hernandez-Coss and Mr. de Luna for the case study and to Mr. Endo for the preparation for the conference. Mr. Massimo Cirasino, WB and Co-Head WB-BIS Task Force on General Principles for International Remittance Services, will be the peer reviewer. Riccardo Brogi, of the Rome-based Convergence Operations Unit, will provide guidance on the First and Last Mile to the study team and to Mr. Lagi on his research, including coordination with and access to industry working groups.

### **III. Activity Budget**

Mr. Lagi will work for a maximum of 15 days for FY06 at the rate of \$XYZ. He will start working with FSEFI on this “Convergence” assignment from approximately November 10, 2005 to February 28, 2006.

A total budget is estimated to be US\$XK.

1. Fees:
2. Travel cost:
3. Subsistence costs: US\$ per diem for Italy.

The money will be paid based on the following schedule:

1. Travel expense is according to Statement of Expenses as submitted. The consultant submits Travel Statement (Itinerary) and it will be approved and paid by the Bank. Per Diem and hotels will be paid upon the completion of the travel.
2. Fees will be paid bimonthly to the consultant.

### **IV. Resources**

Mr. Lagi is a qualified candidate for the opening position to carry out a remittance corridor case study project. Criteria for the position include 1) capability of conducting qualitative research on remittances, 2) experience in an international working environment, and 3) willingness to travel on mission. Mr. Lagi has a strong background in project management. As Camp Manager of the UNHCR D’jabal Refugee Camp, he was responsible to manage the activities in the camp. He worked as STC for the World Bank in April – October 2005 on the Italy – Morocco remittance corridor case study project. He possesses a Master in Mediterranean region and Latin America from the University of Bologna and Post Graduate Advanced Course for the Diplomatic Career from the University of Florence. He is fluent in Italian, English, French, good in Spanish, and intermediate in German.