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ASSESSMENT OF BUSINESS CLIMATE IN THE AGRICULTURAL SECTOR OF ALBANIA USING ECONOMETRIC MODELLING

Mira Andoni
Professional Academy of Business, Tirana, Albania
miraandoni@yahoo.com

Myslym Osmani
Agricultural University of Tirana, Tirana, Albania
mosmani@ubt.edu.al

Abstract

Business climate, in agriculture as elsewhere, is of special importance, for investments to increase and for the growth of agriculture sector. In our research we postulate, based on theoretical background and our experience, a number of factors that influence on the business climate quality in agriculture. Further, based on empirical ground evidence from the farming sector in the commune of Korça, we try to test our hypothesis. We use statistical methods and econometric models to identify the most relevant factors that actually contribute to the business climate in the agricultural sector of Albania. Among them we identified political instability, unfair competition in the trade of agricultural commodities, poor rural infrastructure, poor irrigation and draining system, lack of cooperation among farmers and along the value chain, and unsafe property rights. We urge government to address these issues, as ways to improve the quality of business climate and insure better investment in the sector.

Keywords: Investment climate, variables of investment climate, multinomial econometric model, agriculture sector, Albania

INTRODUCTION

Albania is a South-Eastern Europe, neighbor with Greece, FRJ of Macedonia, Monte Negro and Kosovo. Its population is hardly 3 million people, not considering about 1 million living in EU countries. Albania is a candidate country to EU, since 2014. It is considered a developing country, with a GDP per capita of 3200 Euros. In its economic structure, agriculture places a relevant role, while contributing with 18% of its GDP value. About 50% of Albanian working force is employed in Agriculture. Agriculture land of Albania is about 700 thousands of hectares. Formally, in Albania operate more than 350,000 farms, with an average of 1.2 hectares in 2012. Growth rate of agriculture production has been relatively high, from 2.7% in 2007 to 7.2% in 2012, but with oscillations. Productivity of labor in agriculture also rose significantly, about 1.6 times in 2012 as compared to 2007. Investment value in agriculture is still low (Albanian Government, 2014); in year 2011 the bill of investments, both private and public, has been around 20 million Euros. If agriculture has to be competitive, it has to raise its investment bill in the coming years (Albanian Government, 2014).

Commune of Korça (See Map below) is one of 61 communes of the country. It is situated in the South-East of Albania, bordering with Greece and FYR Macedonia. It is one of the most important agricultural areas of the country, with 9% of total agriculture land and 11% of total number of farms. Over 10 last years, considerable investments have been made in the fruit sub-sector, consisting in planting new fruit orchards and vineyards. Characteristics of Korça agriculture are its comparatively more educated and more hard-working farmers.

There exist a broad literature about business and investment climate. Usually these two concepts, business climate and investment climate are used as equivalents to each other. Investment climate is thought of as a significant component of a country's competitiveness in a globalized world. The investment climate is defined as the set of location-specific factors shaping the opportunities and incentives for firms to invest productively, create jobs and expand (World Development Report, 2005). Again according to WB (2009), business and investment climate is institutions and policies related with the adoption of knowledge and creation of capabilities, including the regulatory environment, access to finance, and quality of infrastructure services. To say concisely, investment climate is the institutional political and regulatory environment, in which companies operate. According OSCE the investment climate is determined by three complex variables: macroeconomic policies, governance and institutions, infrastructure. According to Investors Word, investment climate is the dominant public opinion about investments.

Investment climate can significantly impact productivity, growth and economic activity (Escribano A., et al. 2008), (Dollar et al. 2004, Rodrik and Subramanian, 2004; OECD 2001, Alexander et al. 2004; World Bank 2004).

Investment climate is a set of specific variables. Good policies and institutions; security of property rights, rule of law, corruption, political stability, civil liberty and democracy, protection of property rights, tax policy and fiscal incentives, product market regulations, taxes and regulations, financing, policy instability and uncertainty, and inflation matter most for company growth and investment (Hallberg, 2005), (Alesina et al, 2003), (Batra et al., 2003).

World bank CPIA criteria could also serve a good basis for the variables of investment climate; among 16 CPIA criteria, we could mention fiscal policy, trade, regulatory environment, property rights, transparency and corruption as major investment climate determinants (WB, CPIA criteria 2014), (OECD, 2013).

An interesting survey leaded by WBG for years 1999-2000, about WBES (World Business Environment Survey), including 80 countries shows that corruption, taxes and regulations, bank interest rates, lack of credit information, political instability, policy predictability, are important variables of investment climate (Geeta Batra, Daniel Kaufmann, Andrew H. W. Stone, 2003).

Many sources discuss relationship among investment climate and private investments. (WB, 2004), affirms that between investment climate and private investment exist a positive relationship. The same is affirmed also by (Sinha &Fiestas, 2011), and (OSCE, 2006). But every country has different development backgrounds, and so every country should have its own strategy for investment climate (OSCE, 2006).

There are numerous sources generally evaluating the business climate in Albania. Investors cite endemic corruption, weak law enforcement, insufficiently defined property rights, government red tape, lack of developed infrastructure, and frequent changes in the legal framework as other major obstacles to investing in Albania (US Department of State, 2014), (EBRD, 2016) .

Turning now to agriculture, business climate in agriculture generally might be considered as a business environment within which agriculture activity is taking place. It is a set of conditions or factors, which affect the way, profile and characteristics, speed and methods of how agricultural production occurs. Differently stated, business climate could be thought of as a set of variables, both endogenous and exogenous, that is affecting the process of agriculture production at a specific point in time. Numerous sources concerning agriculture name corruption, law and order, weak extension services, public services related to agriculture, poor infrastructure, poor irrigation and drainage system, inefficient credit market and financing, small farms, high level of taxation, as major hurdles to investment in agriculture (OECD 2013a, OECD 2013a, WB, 2007).

The business climate as an environment for investment is not empirically investigated in Albania; we don't know which in fact are factors influencing more or less investment and pattern of agriculture development, which actually are the most important. And we, we don't have a farmers and agriculture specialists' perspective on the business climate in Albania, what is most important to their view. In other words, we don't know what they want to improve in terms of business environment, to improve their productivity, farm income and therefore their living. This is in fact the gap of knowledge about investment climate in the agriculture sector of Albania for which we want to give an estimate from the farmers' perspective.

Research Objective

To empirically assess the business climate from a farmers' perspective in the agriculture sector in the region of Korça-Albania and propose a Composite Climate Index for Agriculture (CCIA).
Specific objectives are:
-To test a set of potential factors or dimensions of business climate from a farmers' perspective
-To show which is actually the most important business climate dimensions in agriculture
-To show whether and how some socio-economic factors, such as farm degree of specialization, farmer gender, education level, farm size are related to business climate or vice-versa.

Research hypotheses

1-Business climate in agriculture of Albania is not related or could not be differentiated to gender, education level, age of farmers, level of specialization and size of farms.
2-The most business climate factors are political instability, (un)safety of property rights, poor agriculture and fiscal policies of government, (un)fair competition in the market of farm commodities, and inefficient stimuli and rules and regulations concerning production, marketing, and cooperation among farmers and actors in the value chain.

METHODOLOGY

Business and investment climate variables, as an environment or set of factors we split into 5 broad categories: Macroeconomic: monetary and fiscal policies of government, exchange rate policy, and inflation, exchange rates, could be named macroeconomic variables/factors of business climate. They influence from above the agriculture production process. Political: political stability, in terms of political conflicts, political war and disagreement among political players, influences the process of management of all economic sectors, policies adopted and their stability. Legal: legal framework is important for business climate. Through legislation enactment and enforcement government may control farmers behavior in certain aspect of their agricultural activity; it may, for example, impose restrictions for environment protection, stimulate ore impede certain farm practices and inputs or technologies, etc. If the relevant legislation is good it may be good also for business climate, or it may do harm to business climate if it is bad. Institutional: institutions serving agriculture and farmers, their organization and efficiency, influence the agriculture production in all its dimensions. Institutions could be both extra or intra sector organizations. Microeconomic: variables within the agricultural sector; farm size, farmers' education, availability and transfer of production technologies, cooperation among farmers, availability and efficiency of extension services, availability and hurdles to rural finance, marketing and competition, rules on production and marketing standards, safety of property, etc. could be named as microeconomic or intra-sector variables of business climate.

Table 1: Sample of farmers grouped by type, size and climate scores

Type	Size	0	1	2	3	Grand Total
0=Specialized	<5		5	2		7
	5-13	1	16	24	1	42
	13-21	1	12	15		28
	21-29	1	6	6		13
	29-37	1	8	8		17
	37-45		3	1		4
	45-53			1		1
	>53		2			2
0 Total		**4**	**52**	**57**	**1**	**114**
1=Not specialized	<5	3	7			10
	5-13		13			13
	13-21		5	1		6
	21-29		2			2
	37-45					
	>53		1			1
1 Total		**3**	**28**	**1**		**32**
Grand Total		**7**	**80**	**58**	**1**	**146**

The three first groups and part of the fourth are in fact exogenous, or external to farmers and generally to agricultural process. The microeconomic variables are generally endogenous. The business climate affects first of all the process, directions, speed, amount and quality of investment that takes place in agriculture. In such a role, it determines at a certain degree the rate of agricultural development.

Data we used to carry out our research come from observation; we collected data from 200 randomly selected farmers in the area of Korça. We focus on Korça area because it is a prominent agriculture area of the country; and we are conscious that result might not be fully representative for all the country's agriculture. Table 1 presents a breakdown of sampled farmers by specialization, size and scores of business climate.

Before going to data collection process, we organized a round table with agriculture development experts (agronomists, economists, extension specialists) to draft a set of factors potentially having an effect, on the investment climate in agriculture.

After the group-discussion, main variables for which almost all of experts agreed are presented in Table 2.

Table 2: Observed variables

Political stability	X_1	Market competition	X_6	Land irrigation	X_{11}	Age of farmer	X_{16}
Business corruptive practices	X_2	Access to Finance	X_7	Cooperation	X_{12}	Type of farm	X_{17}
Regulatory environment	X_3	Rural infrastructure	X_8	Property rights safety	X_{13}	Gender of farmer	X_{18}
Taxes/Tax policy	X_4	Farm size	X_9	Demand for farm products	X_{14}	Income	X_{19}
Agriculture policies	X_5	Cost of resources	X_{10}		X_{15}	Klima	Y

Farmers were asked to state their degree of agreement with the sentence *"The following factors actually have a positive effect on the business climate in agriculture"* on a 4-level scale for all factors (independent variables) from X_1 to X_{15}:

0=strongly disagree

1=partially agree

2=Agree

3=strongly agree

For Y dependent variable, the sentence farmers were asked to state their degree of agreement with the sentence "Business climate in agriculture actually is favorable":

0=strongly disagree

1=partially agree

2=Agree

3=strongly agree

Type of farm is a binomial variable with 0 for specialized farms and 1 for not specialized farms. Gender also is binomial with 0 for females and 1 for males. Age is a continuous variable expressed in years, income also is a quantitative variable expressed in Albanian Currency (Lek=ALL)

As research methods, we use statistical groupings and econometric modeling; specifically we use the dummy and multinomial variable econometric modeling. The dummy variable approach consists in estimating and commenting on the binary k-factorial logistic model:

$$P(Y=1)=\frac{\exp(a+b_1X_1+b_2X_2+...+b_kX_k)}{1+\exp(a+b_1X_1+b_2X_2+..b_kX_k}, \quad \mathbf{P(Y=0)=1-P(Y=1)}$$

Business climate is an ordered multinomial dependent variable with J=4 classes. We use ordered multinomial logistic model. For each class of Y, except for the base class, we estimate a specific model. In our case we should estimate three separate models. Taking the last class as base, the logistic ordered cumulative models would be:

$$P_j=P(Y\le j)=\frac{\exp(a_1^j-(b_1X_1+b_2X_2+...b_kX_k)}{1+\exp(a_1^j-(b_1X_1+b_2X_2+...b_kX_k)}, \text{ j=1, 2, 3}$$

$\mathbf{P_4=1}$

Non-cumulative probability $\mathbf{p_j}$ for each class would be:

$\mathbf{p_1=P_1 \quad p_2=P_2-P_1 \quad p_3=P_3-P_2 \quad p_4=1-P_3}$

The ordinal model takes into consideration a number of dichotomies equal to the number of cut-offs. In our case the multivariate variable Klimadami takes four alternative values, so we have three cut-offs as follows:

(0= vs. (1, or 2, or 3), (0, or 1) vs. (2, or 3), (0, or 1, or 2) vs. (3)

For each dichotomy we could estimate a separate dummy variable model. The three dichotomies are:

(1) vs. (0), (2, or 3) vs. (0, or 1), (3) vs. (0, or 1, or 2)

By means of the ordinal model we could calculate odds, and relative odds. Odds could be calculated:

$$\frac{P(Y \le j)}{1-P(Y \le j)} = \frac{P(Y \le j)}{P(Y > j)} = \exp(a_1^j - (b_1 X_1 + ..b_k X_k)$$, per j=1, 2, 3

Exponentiated coefficients exp(b_i) indicate the change of odds of being in the higher half of the dichotomy, compared to the lower half of the dichotomy, when a specific factor X is changed by one and the other factors remaining unchanged.

For the ordinal logistic multinomial model these odds are constant for each dichotomy, because in the ordinal model we have the same coefficients for each of the three models or non-reference classes, except for intercepts. This property of the ordinal logistic model we call odds proportionality property. In practice for the model in hand it may hold or may not hold, and so it should be tested or discussed.

For a while we ignore the fact that business climate is ordered and we estimate also the unordered multinomial logistic model. Again we estimate one model for each of non-reference categories. If first category is taken as a reference category, the general form, of this model could be:

$$\log(\frac{P_j}{P_1}) = \exp(a_j + b_{1j} X_1 + ..b_{kj} X_k)$$, for j=1, 2, 3

The right side represents logs of odds. Exponentiated coefficients exp(b) indicate how many times are increased odds if a specific X is increased by one, the other X's remaining constant, whereas coefficients themselves indicate the percentage by which change the log of odds if a specific X is increased by one and other factors remain constant. This model doesn't assume proportionality of odds.

RESULTS

First we used descriptive tools to analyze data. Average rating for level of business climate in the agricultural sector is around 0.35 (the interval possible being from 0 to 2). This means farmers' evaluation for the actual situation of business climate is very low or as much as 68% of the maximum possible level. As by gender, female farmers tend to evaluate higher than males.

As per education level, low educated and high educated farmers tend to evaluate less than medium-educated farmers. Focusing on the variance of evaluations, female farmers are more homogeneous in their responses, and so tend to be high educated people as compared to low and medium educated (See table 2).

Table 2: Average and variance of business climate rating, by gender and level of education

Gender of farmer	Education	Average rating	Variance
Female	High	1.429	0.286
	Medium	1.464	0.258
	Low	1.429	0.286
Female Total		**1.442**	**0.252**
Male	High	1.143	0.143
	Medium	1.392	0.395
	Low	1.133	0.410
Male Total		**1.330**	**0.380**
Average		**1.363**	**0.343**

Turning now to farm size and type of farm, specialized farms give higher rating, and bigger farms give lower rating to level of business climate (See table 3).

Table 3: Average and variance of business climate rating by type and size of farms

Type of farm	Farm Size (dyn)	Average Score
0=Specialized	<5	1.286
	5-13	1.595
	13-21	1.500
	21-29	1.385
	29-37	1.412
	37-45	1.250
	45-53	2.000
	>53	1.000
0 Total		**1.482**
1=Not specialized	<5	0.700
	5-13	1.000
	13-21	1.167
	21-29	1.000
	37-45	
	>53	1.000
1 Total		**0.938**
Total		**1.363**

At last, older farmers evaluate the business climate higher than less older farmers; this means they think business climate is better than less older think to be (Table 4).

Table 4: Average of business Climate rating by age

Age (Years)	Average score
20-29	0.667
30-39	1.200
40-49	1.302
50-59	1.386
60-69	1.571
70-79	2.000
Average	**1.363**

Then we follow by using an econometric multinomial approach. The variable of business climate (marked by us as Y), is a multinomial (three category) ordered response variable. First we estimated an unordered multinomial logistic regression model.

For both classes 1 and 2, factors X3 and X8 result statistically significant; X1 is significant only for class 2. Variables X6 and Type are significant only for class 2. An increase of X3 by 1 leads to an expected increase of odds of climate business being partially favorable (1) compared to not favorable (o), by 6.5 times. For the first class the odds of specialized farms are 1.8 times higher than odds of not specialized farms. For the business climate to pass from 0 to 1st level the most influencing factors seem to be X3, then X8 and Type of farm, then X6. For the second class, the most influencing factors for the business climate to pass from level 0 to level 2 seem to be Type of farm, X3, and X8, then X1. Note that X6 is not significant for this class and X1 (political stability) results significant for this class. Odds for the business climate to pass from level1 to level 2 improve 40 times if farms specialize, and 9.7 times if X3 improves by one unit (other factors remaining constant). The following table shows results of Likelihood Ratio test for each of these variables. The results of this estimation are the following:

Table 5: Multinomial unordered logistic model

Klima[a]	B	Std. Error	Wald	df	Sig.	Exp(B)
X_1	.887	1.077	.677	1	.411	2.427
X_3	1.871	1.022	3.352	1	.067	6.498
X_6	-1.543	.766	4.054	1	.044	.214
X_8	1.695	.823	4.244	1	.039	5.446
[Type=0]	.598	.938	.406	1	.524	1.818
[Type=1]	0[b]	.	.	0	.	.

2	**Intercept**	-5.755	1.600	12.934	1	.000		Table 5...
	X_1	1.922	1.116	2.968	1	.085	6.837	
	X_3	2.269	1.093	4.307	1	.038	9.666	
	X_6	-1.103	.782	1.989	1	.158	.332	
	X_8	2.233	.868	6.624	1	.010	9.328	
	[Type=0]	3.690	1.462	6.371	1	.012	40.049	
	[Type=1]	0[b]	.	.	0	.	.	

McFadden R squared= 0.357

Table 6: Multinomial unordered logistic model

Likelihood Ratio Tests				
	Model Fitting Criteria	**Likelihood Ratio Tests**		
Effect	**-2 Log Likelihood of Reduced Model**	**Chi-Square**	**df**	**Sig.**
Intercept	117.652[a]	.000	0	.
X_1	128.791	11.139	2	.004
X_3	122.730	5.078	2	.079
X_6	126.134	8.481	2	.014
X_8	127.062	9.410	2	.009
Type	132.426	14.774	2	.001

To generalize, factors that influence significantly business climate seem to be: X_1=Political Stability, X_3=Regulatory environment, X_6=Irrigation of land, X_8=Rural infrastructure, X_{17}=Type of farm. The remaining factors (See table 1) result insignificant. Among the significant factors, the most important seem to be Type of farm, X3, then X8 and X1 and the last is X6.

At a second step we estimated a logistic multinomial ordered model, in two variants, with variable Type included (X_3 excluded) and with Type excluded (X_3 included), as follows:

Table 7: Ordered logistic multinomial model with variable X17=Type included

		Estimate	**Std. Error**	**Sig.**	**Exp(B)**	**95% Confidence Interval**	
						Lower Bound	**Upper Bound**
Threshold	**[Klima = 0]**	.270	.565	.633	.	-.839	1.378
	[Klima = 1]	5.529	.865	.000	.	3.834	7.225
Location	**X1**	1.016	.286	.000	2.76	.456	1.576
	X6	.397	.197	.044	1.49	.010	.784
	X8	.613	.272	.024	1.85	.079	1.146
	X13	.726	.296	.014	2.07	.146	1.307
	[X17=Type=0]	1.621	.597	.007	5.06	.450	2.791
	[X17=Type=1]	0[a]	.	.	.	.	.

McFadden Pseudo R-Square =0.319

Factors resulting significant from this model are (X_1, X_6, X_8, X_{13}, X_{17} Type of farm).

To interpret this model, we should bear in mind that in our case we have two dichotomies for the three class variable Klimabiznes: 2 *vs.* (0 or 1) and 1 *vs.* 0. The interpretation follows:

An increase by on in X1 leads to an expected increase of odds of business climate being in class 2 vs. (0 or 1) by 2.76 times. Also, an increase by on in X1 leads to an expected increase of odds of business climate being in class 1 vs. 0 by the same 2.76 times (odds proportionality property). Similar interpretations could be done for the remaining coefficients. The most influential factors seem to be, in order of magnitude: X17=Type of farm, X1=Political Stability, X13=Property rights safety, X8=rural infrastructure and X6=Irrigation of land.

Table 8: Ordered logistic multinomial model with variable X_3 included

		Estimate	Std. Error	Sig.	Exp(B)	95% Confidence Interval	
						Lower Bound	Upper Bound
Threshold	**[Klima = 0]**	-.183	.522	.726		-1.207	.841
	[Klima = 1]	4.870	.740	.000		3.420	6.320
Location	**X1**	.828	.307	.007	2.3	.225	1.430
	X6	.414	.202	.040	1.5	.018	.809
	X8	.500	.265	.059	1.6	-.019	1.020
	X13	.833	.296	.005	2.3	.252	1.413
	X3	.626	.387	.105	1.9	-.131	1.384

If we exclude X_{17} Type of farm and include X_3 instead, factors result significant for this model are (X_1, X_3, X_6, X_8, X_{13}). The most influential factors seem to be, in order of magnitude: X1=Political Stability, X13=Property rights safety, X_3=regulatory framework, X_8=rural infrastructure and X_6=Irrigation of land.

Additionally we use a dummy modeling approach. The property of odds proportionality, assumed by the multinomial ordered logit, may not hold. More, respondents frequently are not able to differentiate between multiple classes of the dependent variable; generally differentiation of answers among fewer classes is easier and more realistic. So we can gain more information about factors influencing on Climate of business by reducing the number of classes of the dependent variable. To use this approach we first created a dummy variable named *Klimadami*. Klimadami 0=strongly disagree *or* partially agree, 1=Agree or strongly agree.
The model we estimated is binary logistic model:

Table 9: Binary logistic model for the dependent variable Klimadami

Variables in the Equation						
	B	S.E.	Wald	df	Sig.	Exp(B)
Type(1)	2.867	1.155	6.161	1	.013	17.580
X_6	.498	.213	5.475	1	.019	1.645
X_8	.520	.310	2.808	1	.094	1.682
X_{13}	.727	.364	3.997	1	.046	2.070
X_1	1.067	.314	11.542	1	.001	2.906
Constant	-6.724	1.365	24.283	1	.000	.001

MacFadden R-squared=0.393

Table 10 presents classification of respondents by the model. The model classifies correctly 78.1% of the respondents.

Table 10: Classification Table of individuals by expected probabilities

		Predicted		
		Klimadami		Percentage
Observed		0	1	**Correct**
Klimadami	**0**	71	16	81.6
	1	16	43	72.9
Overall Percentage				78.1

a. The cut value is .500

Looking at the table below, we can identify easily very distinct differences between means of explanatory variables for two levels of the dependent variable.

Table 11: Categorical Descriptive Statistics for Explanatory Variables

	Mean		
Variable	**Dep=0**	**Dep=1**	**All**
X_1	0.724138	1.474576	1.027397
X_6	0.885057	1.644068	1.191781
X_8	1.137931	1.932203	1.458904
X_{13}	1.218391	1.881356	1.486301
TYPE	0.356322	0.016949	0.219178

Based on results of tables 10 and 11 above, and the McFadden R-squared=0.393, the binary model could be accepted. The most influential factors seem to be, in order of magnitude: X_{17}=Type of farm, X^1=Political Stability, X_{13}=Property rights safety, X_8=rural infrastructure and X_6=Irrigation of land. A summary of results from all models follows:

Table 12: Summary of results from four models

Model	Multinomial unorderd logit	Ordinal logit with X_3	Ordinal logit with X_{17}=Type	Binary logistic with Type=X_{17}
Significant factors	X_1	X_1	X_{17}	X_{17}
	X_3	X_{13}	X_1	X_1
	X_6	X_3	X_{13}	X_{13}
	X_8	X_8	X_8	X_8
	X_{17}	X_6	X_6	X_6

We can conclude that X_1, X_{17}, X_{13}, X_8 and X_6 are ultimately the most influential factors of business climate in the Albanian agricultural sector.

CONCLUSIONS AND DISCUSSION

Main factors influencing on the business climate in the agricultural sector of Albania, to the view sector experts, seem to be political stability, government agricultural policy, access of farmers to rural finance, market competition in the sense if there is a fair competition or not, farms size, property rights safety, type of farm if they are or not specialized, cooperation among farmers in the sense of being or not cooperated, rural infrastructure and regulatory environment, not to forget demand for farm products and access to irrigation water.

From a farmers' perspective, it is political stability, unfair market competition, weak rural road infrastructure, unsafe private property rights, and insufficient specialization of farms which have a significant role on the business climate.

We propose to call the average rating of all factors a Composite Climate Index for Agriculture (CCIA). As such for year 2016 we evaluate it at 1.36, from minimum 0 to maximum 3.

We urge government to design and adopt a separate strategy and action plan, for how to create a better climate for more investment in agriculture. Government should every year perform evaluation and monitoring activities, for the implementation of both the strategy and action plan.

We recommend government to take immediate actions for a more composite and complex CCIA, including other categories and variables, and collecting data to evaluate it every year.

SCOPE FOR FURTHER RESEARCH

As it is clear, our study is a local because it includes only a specific region of Albania, despite the fact that it is a very potential farming area; there is a need to carry out a country-wide research, to ensure proper generalization of results against all the population of Albanian farms; and other regions could also have particular pattern of investment climate variables.

Furthermore the study is limited in Investment climate dimensions; other variables of interest could be taken into consideration. Access to advanced farm technologies, trade policy and agriculture information could be examples of these variables. Investment risks could also come from the latter instances of the value chain of agriculture products and their inclusion in the study as a potential variable could be contributing to a more comprehensive investigation of investment climate framework.

At last, it would be valuable to investigate investors' perspective and their actors, such as banks and, government officials and then match finding from all groups included in the investigation. This could contribute to the consistency of the research results. It's our aim to go further in the study of this issue.

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