“Agricultural land rights in Albania and their impact on agriculture land market and investments”

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Abstract

In early 1990s, a land redistribution reform was endorsed by the government in Albania and implemented in various forms by rural communities. This land reform resulted in small and fragmented farms, and generated property rights insecurity due to overlap of claims between pre-collectivization “old owners” and post-1990’ “new owners” and due to inefficient land institutional functioning. This paper analysis perceived land property (in) security, its causes and impact on land tenure. The theoretical background of this study consists in transaction costs approach to property rights theory and the empirical research is based on a structured survey. The land tenure insecurity is evident in Albania and its manifestation is weaker when ancestral rights are combined with legal rights. Possession of both informal and formal rights, accompanied with other farms physical related factors, positively affects agriculture land related investments. Land market is still fragile due to capital constraints, social factors, high transaction costs and also low credibility for the legal ownership. Based on the findings of the study, several land security enhancement measures may be provided contributing towards the finalization of the land registration for the “new owners” and compensation process for pre-collectivization “old owners”, as well as coordination of the various institutions both in central and local level, responsible for enforcing property rights and promoting transaction costs shrinking measures.
1. Introduction

In the early 1990s, the Albanian government’s determination to establish a market-oriented economy led to the transfer of land and other state property to private agents. A land redistribution reform was endorsed by the government in 1991 transferring, free of charge, land ownership titles to former members of Agricultural Cooperatives and State Farms. Agriculture land was divided equally per capita within each village.

The land reform was not (fully) adopted in various areas of the country. Approximately 15-20% of agricultural land mainly the mountainous north east areas was distributed to the pre-collectivization “old owners” (or their descendents) on grounds of common understanding in respective communities (Morone, 1997; Bardhoshi, 2004). In some areas a mixed approach was used, distributing the land per capita but respecting pre-collectivization boundaries (Kodderitzsch, 1999).

The process of land distribution progressed quickly in the first three years, slowing down after 1995. This prolonged process officially ended in 2008, accomplishing the distribution of 98.8% of the total planned area (MoAFCP, 2007 (a)). Unlike other CEE countries, Government of Albania (GoA) did not take into consideration the rights of pre-collectivization (before 1945) owners from the very first steps of land reform in 1991. These rights were however brought into focus when the exclusion of the “original owners” from the already implemented land distribution, brought forth a restitution/compensation scheme. The scheme provided for the land restitution if possible (excluding the agricultural land which had already been distributed) and compensation in kind or in cash. This policy has undergone several adjustments since its inception, but it is failing to address completely the rights of pre-collectivization owners. Therefore the land tenure insecurity emerged since in the beginning of the land reform (Lemel, 2000).

Since the beginning of reforms, the agricultural land market in Albania was envisaged to serve as an important instrument for the consolidation and efficient distribution of land, as well as a device for restructuring the agricultural sector (Kolderitzch, 1999). However, the agricultural land market was, and continues to be, weak, informal and distorted (WB, 2006). Theory and practice state that insecure land tenure is strongly linked to long term
land decisions, generating poor use of land, weak land market and disincentives for investments (Deninger, 2003; FAO, 2002; Feder and Feeny, 1991; Bromley, 2008).

There has been limited research on the long-term decisions of Albanian farmers in the light of post-1991 land administration. A few studies have partially addressed the issue of land rights impact on land use and land market decisions for the 1994-1998 period (Lemel, 2000; Musabelliu et al, 2004; Civici, 2003). Few others have addressed agricultural land issues in the following years such as Stahl (2007) who studied land use change in South East Albania using a Political Ecology approach and exploring the villagers’ behavior towards natural resources whereas Guri (2007) explored land use and land market decisions under tourism and urbanization pressures on the Albanian central coastal area.

The current challenges faced by the Albanian land policy-makers remain the same as more than one decade ago: to reinforce land rights and reestablish a functional land policy framework to support a more active land market and more sustainable use of Albanian agricultural land (MoJ, 2008). The study’s objective is to understand how farmers perceive land rights based on the type of land distribution, and how their perception of property rights affects investments in transactions of agricultural land. The main hypothesis is that incomplete land rights in rural areas are a hampering factor to farmers’ decisions to make land transactions and investments.

Previous studies (Lemel, 2000; Musabelliu et al, 2004; Civici, 2003; Guri, 2007; Stahl, 2007) have attempted to assess the land right security through questions on the availability of documentation, whereas Zhllima et al (2010) has used focus group methods to assess the perception of insecurity among farmers. This study makes a step further by combining both qualitative and quantitative approach in order to investigate the land tenure security perception impacts on the land investments and land market.

A purposive sample survey was conducted with 621 households representing different types of agriculture land tenure deriving from the 1990 land reform. In-depth interviews were carried out with 20 farmers in several villages covered by the structured survey. In addition, complementary data and reports from the administrative resources and direct observation of documentation are analyzed.
2. Theoretical background

New Institutional Economics (NIE) acknowledges the important role of institutions, within the framework of neoclassical economics, accepting the self-seeking attribute of individuals attempting to maximize an objective function (Kherallah and Kirsten, 2002), in a situation of scarcity and competition (North, 1992). NIE views individuals with bounded rationality and puts in evidence the presence of transaction costs as well as the opportunistic behaviors of the agents (Ingram and Clay, 2000). This school of thought tends to analyze the efficiency of the institutional mechanisms regulating the competitive use of scarce resources by individuals under conditions of incomplete information and bounded rationality (North, 1992).

The theoretical background of this study consists of the property right theory, part of the NIE school, as a basis for understanding how property rights structure the incentives of farmers to invest on agriculture land; as well as their decisions or willingness to make land rental and sale arrangements. The theory of property rights is called by Platteau (1996) “the Evolutionary Theory of Land Rights”. Platteau (1996) describes the communal property rights systems evolving in private systems as long as demographic, price factors and knowledge of society changes. The increasing demographic pressure intensifies the land competition and conflicts, resulting into a change of patterns of rent distribution and forcing individuals to require a more detailed delineation of the property rights. Authors such as Swanson (2003), Furbotn and Richter (1997) show that transferring ownership from a common system to exclusive individual rights increase incentives for improving efficiency and productivity in a world of positive transaction costs (Allen, 1999). To maintain an environment with well defined property rights NIE considers the State as a central actor in enforcing individual property rights (Davis et al, 1999). The clear definition of the individual land rights, accompanied with land registration, is recognized by many economists as a means to create secure tenure and help farmers to resolve land disputes, being thus an investment and land mobility enhancing factor (Demsetz, 1967; Feder and Feeny, 1991; Binswanger et al, 1995; Feder and Nishio, 1996). Titling improves the transferability (temporary through rental agreement or permanent through land sale) of land to cultivators who have the resources to make better use of it.
(Binswanger et al, 1995). The distribution of individual land titles also increases the ability of farmers to use land as collateral in formal credit markets.

**Figure 1:** Conceptual framework of the impact of property rights on agriculture development

These concepts are reflected in the conceptual framework illustrated in Figure 1, in which the land market and the capital market are supposed to properly fit together, assuming full access to the input and output markets. It also shows the direction of the impact by strata of interventions.

Correct physical and legal delineation of the property – from the process of registration, titling and enforcement – increases property rights security and decreases related costs. It facilitates land transactions and has a positive impact on the demand for investments.
Furthermore titling creates consolidation of scattered holdings and efficient input and output choices (Platteau, 1996).

The assumed smooth synergy of the capital and land markets is thought to boost investment and reduce physical obstacles on the micro level. This results in an increase of wealth for both buyers and sellers. Those who buy and use the land enjoy higher yields and an increase in agricultural turnover. Because of the increase of the land value from consolidation effect and increase of investment, those who sell land have more financial leverage to shift to off-farm activities. This equilibrates the structural change of economic actors on the meso-level, generating an increase of the welfare of land holders and those who sell or tend out land in the rural areas.

Such approach was the basis for the titling reforms carried in the 1980s and 1990s, for the developing countries which implemented land reforms for allowing redistribution and reducing poverty and inequality (Buquet, 2009). These state-led reforms aimed at achieving tenure security, distribute individual and transferable property titles (for some countries not since in the beginning) as well as formal registration of land transfers (Deininger, 2003). The same approach was used also for the CEEC post communist countries. In these reforms, the state took a primary role on promoting land redistribution and registration that have established family farms out of former state farms or cooperatives (De Janvry et al, 2001; Sikor and Mueller, 2009). Thus the stronger the credibility of a right to property the larger will be the investment in improving the productivity of the property (Furubotn and Richter, 1997).

However developing countries, especially the post socialist countries, demonstrated severe problems in establishing the credibility of their systems of property rights because of political instability and a low understanding of the role of private property in market economies (Furbotn and Richter, 1997). Land reforms have been focused on the land registration and titling without giving importance to the discrepancy between land certificates and actual practice on accessing the land (Sikor, 2006). According to these studies, state failed to properly combine the new formal rules of the land redistribution and registration with the local and customary systems of property rights (Platteau, 1996;
Swinnen et al, 2006). In this formal-informal crash, social identity and access to authority are very important (Ribot and Peluso, 2003).

The failures in the land reforms in the last 40 years history show that the property rights theory (named by Eggertson (1990) as naive theory of property rights) cannot explain the situation in cases of strong institutional changes. Furbotn and Richter (1997) call the attention for rent seeking activities, linking this theory with the interests’ group theory of legislation and government. This theory shows that, under transaction costs, free riding and asymmetrical information, special interests groups act to maximize their wealth seeking favorable changes in laws and regulation and creating as a result substantial output losses to the community as a whole (Hanisch, 2004).

In countries where distributional measures are implemented by the state, conflicts arise when property rights are coercively redistributed with little or no compensation for the original owners. Disadvantaged parties will oppose the new arrangement, emphasizing the need for determined state intervention in the promotion and establishment of titles to land through compensation or restitution (De Soto, 2001; Platteau, 1996).

Ribot and Peluso (2003), promoters of “access theory”, argue that property rights may be not sufficient, to guaranty for security, but other instruments such as market of factors, networking, authority, sources of revenues etc. are important. In particular, land sales markets and land decision making are strongly affected by capital, labor, input and output markets, as well as general and direct perceptions of insecurity which stem from the relations between formal and informal institutions.

3. Methods

3.1. Selection of the sample

A purposive sample survey was carried out in five districts of Albania (Korçë, Pogradec, Kavajë, Shkodër and Durrës) covering North Western, Central, Coastal and South Eastern part of the country. The districts were selected based on the interviews with key experts from Ministry of Agriculture, Food and Consumer Protection (MAFCP), Ministry of Justice (MoJ), surveyors and real estate agents in defining areas where exist
possibilities of finding the effects of several types of land distribution. In each district was selected one commune. The selection of communes and villages was done taking into consideration both types of land distribution, and other aspects (socio-economic and land characteristics). In each commune were selected 2-3 villages representing different land distribution schemes, which in total sum up to 15 villages. In total there were 9 villages applying mixed distribution and 6 villages applying per capita distribution.

### 3.2. Statistical methods and hypothesis

In this study, tenure/ownership perception security is defined as the level of certainty regarding the probability or likelihood of losing ownership of a part or the whole of one’s land by governmental actors, co-villagers and other claimants or other factors that threaten a tenure situation, without the owners’ consent (Bouquet, 2009; Sjaastad and Bromley, 1997; Holden and Yohannes, 2002; Alemu 1999). Taking into consideration the situation of land rights in Albania, one may assert that the threat of the continuing reforms on land brings high insecurity of evictions from state or possible claimers inside the village such as the pre-1945 owners. Therefore the first hypothesis of the study is:

**Hypothesis 1.** Insecurity is lower in the plots where the farmers enjoy customary rights (acquisition of predominantly ancestral land) and is higher on the plots taken through the legal redistribution with no indications of inherited rights.

An ordinal regression is used to evaluate the factors influencing the security perception of the farmers. Ordinal logistic regressions are suitable models for outcome categories that can be ranked such as opinions or, in this case, perceptions (Long and Freese, 2001).

The hypothesis on tenure security has been tested through the following logit function:

$$
Function 1: \quad \text{Lins}_{ijk} = b0 + b1\text{placement}_{ijk} + b2\text{plot}_{inherited}_{ijk} + b3\text{conflict}_{ijk} + b4\text{title}_{ijk} + b5\text{distance}_{ijk} + b6\text{surface}_{ijk}
$$

- **Lins** is a logit transformation of the tenure security on plot $i$ belonging to household $j$ in village $k$. The dependent variable is ordinal varying from 1 to 3 where 1 is unsecure 2 is more or less secure and 3 is very secure.
• **Placement** such as being positioned on a flat or hilly area (terrain). The land that was acquired in a hilly area (especially land that did not experience a change in use, such as olive groves) was less exposed to being subject of a land division, if compared to the land in the flat areas; therefore farmers (new owners) to whom was allocated hilly land, are subject to insecurity. On the other hand owning land in a flat area means that the land has been subject to the distribution law and therefore is well documented.

• **Plot\_inherited** – if the plot has been ownership of farmers’ predecessors before 1945.

• **Conflict\_Dummy** – for those plots having experienced a land dispute or conflict after the distribution there is perceived a higher insecurity.

• **Title\_Dummy** – such as having titles based on Law 7501, IPRO or the pre-1945 titles are assumed to increase the perceived security of ownership compared to plots without formal titles.

• **Distance from home** – The higher the physical distance from the owner’s home, the higher is the perceived property insecurity.

• **Surface/size of the plot** – There can be presumed that the bigger is the plot size, the higher is the rent from the plot and the higher is the risk that the plot is claimed by more former-owners.

The incentive to undertake long term investments is affected by the expectation of the farmers for benefiting from (increase of productivity or income), the costs and the accompanying risk endowed (rise of conflicts and block of transaction, eviction and theft) (Van Gelder, 2007). Taking into consideration these factors another hypothesis is used:

_Hypothesis 2_. Higher perceived tenure security, leads to higher level of land related investments controlling also for household and plot characteristics.

We are compelled to use dummy variables to assess the importance of investment behavior. The investments have been identified in plot level. First, we can resort to a single dummy variable taking on the value 1 when the households has undertaken at least one type of investment, whatever the type involved, and the value 0 when no investment has taken place. The questionnaire does not allow gathering more than one type of investment for each plot. However, at household level the questionnaire provides several
investments, during the period taken in consideration (5 years). In order to estimate several factors, which influence the decisions of a farmer to invest in agricultural land, a binary logit regression is used.

See the following function:

\[
LI_{ijk} = b_0 + b_1 \text{title dummy}_{ijk} + b_2 \text{old perennials}_{ijk} + b_3 \text{conflict}_{ijk} + b_4 \text{placement dummy}_{ijk} + b_5 \text{irrigation}_{ijk} + b_6 \text{surface}_{ijk} + b_7 \text{plot distance}_{ijk} + b_8 \text{plot inherited}_{ijk}
\]

where

\( LI_{ijk} \) is a logit transformation of the investments as a binary variable in plot level, on plot \( i \) belonging to household \( j \) in village \( k \).

- **Title_Dummy**—such as having titles of Law 7501 and IPRO titles are assumed to facilitate the investment directly or indirectly though the access to credit. In this relation there is a risk of endogenous relation which is not covered from this study. Thus farms with lower security could be more willing to opt for title. However in most of the villages the titles has been acquired in groups (this is the case for the Act of Acquiring the Land in Ownership). The case of endogenous effect is more relevant for farmers willing to apply for IPRO document (the Certificate of Ownership).

- **Plot_old_perennials** – is a dummy variable taking value 1 for plots with fruits planted before 2005. On plots with old perennials there is higher propensity of the farmer to carry other investment on perennial crops. This would then be a sign that farmers follow the inherited planting of the cooperative, when they make long term planting decisions.

- **Conflict_Dummy**—for those plots having experienced a land dispute or conflict after the distribution there is perceived a higher risk that the investment will not be enjoyed and as a result, there is lower investment occurring.

- **Placement_dummy** such as being in a flat area or hilly is a factor of influence. Most customary and outdated agricultural practices show that the fruit crops are mainly planted in the hilly area.
• *Irrigation_access_dummy* is a great potential advantage for starting an investment on land.

• *Surface of the plot* is a count variable showing the dimension of the plot. The higher is the land availability the higher is the possibility for the farmer to be more efficient in the investments. Other studies, in Albania, show that an increase of 10% of the land surface may increase the agriculture efficiency up to 5% (WB, 2007).

• *Plot_distance_from_home* is a count variable showing the distance of the plot from home. In the case of Albania, farm fragmentation is mentioned as an important factor hampering investment. Another study found out that on average a farmer should make on foot more than 6 km in order to travel from one plot to the other (Stahl, 2007).

• *Inherited_plot_dummy* is a variable taking value 1 if the plot was owned by the farmers’ predecessors before 1945 and 0 if not. Zhllima et al, 2010 show that owning inherited land can reduce insecurity and increase the willingness to invest.

To avoid multicolinearity, we did not include perceived security as explanatory variable, but are rather included variables that through affecting perceived insecurity (shown in Function 1) explain decisions on investments. To check whether there is difference in investment likelihood/choices between farmers who perceived their land plots property as secure versus those that perceive as insecure, we have done a cross tabulation (Table 3).

### 4. Results

#### 4.1 Agriculture land property (in) security

The logit model shows that the Pseudo R-Squares are satisfactory, explaining that the model properly reflects a good part of the variability of the perception of tenure security, resulting from the influence of the predictors (Table 1).

**Table 1:** Ordinal regressions pseudo R squares

<table>
<thead>
<tr>
<th>Pseudo R-Square</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cox and Snell</td>
<td>0.170</td>
</tr>
<tr>
<td>Nagelkerke</td>
<td>0.230</td>
</tr>
<tr>
<td>McFadden</td>
<td>0.139</td>
</tr>
</tbody>
</table>

*Link function: Logit.*

*Source: Field survey results*
Table 2 shows that except for the distance of a given plot from home and the surface of the plot, the other predictors are statistically significant. As expected, the availability of formal property titles reduces perceived land ownership/property insecurity whereas occurrence of conflicts related to the land plots, increases perceived land ownership/property security. Moreover plots which are inherited (owned by descendents of original pre-1945 “Old owners”) are associated with higher level of perceived property security. In addition, land situated in the flat areas are positively associated with the increase of security.

Table 2: Ordinal logit regression parameter estimates

<table>
<thead>
<tr>
<th>Depended Variable: Tenure security</th>
<th>Estimate</th>
<th>Std. Error</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement_flat</td>
<td>.306</td>
<td>.129</td>
<td>.018</td>
</tr>
<tr>
<td>Title_dummy</td>
<td>1.950</td>
<td>.170</td>
<td>.000</td>
</tr>
<tr>
<td>Plot_inherited</td>
<td>1.353</td>
<td>.128</td>
<td>.000</td>
</tr>
<tr>
<td>Conflict_dumy</td>
<td>-2.175</td>
<td>.247</td>
<td>.000</td>
</tr>
<tr>
<td>Dis_home</td>
<td>-.002</td>
<td>.003</td>
<td>.515</td>
</tr>
<tr>
<td>Surface</td>
<td>-.027</td>
<td>.014</td>
<td>.060</td>
</tr>
</tbody>
</table>

Source: Field survey results

4.2 Impact of land tenure security on investments

There appears that farmers are more likely to invest in plots whose perceived property security is higher. The property of 10% of the land plots on which there have been no investments is perceived as highly insecure as compared to only 3.8% of land plots on which there have been investments in the last 5 years. Alternatively of 55.2% of the land plots on which there have been no investments is perceived as very secure as compared to only 67% of land plots on which there have been investments in the last 5 years (Table 3).

As is always the case with categorical predictors in models with intercepts, the number of coefficients displayed is one less than the number of categories of the variable. In this case, the coefficient is for the value of 1. For simplicity we have deleted the rows for the category 2 of the variable which has coefficient of 0.
Table 3: Propensity for agriculture land/plot related investments in context of perceived land property security

<table>
<thead>
<tr>
<th>Investment in the plots in the last 5 years</th>
<th>Land security</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insecure at all</td>
<td>Slightly insecure</td>
<td>More or less secure</td>
<td>Secure</td>
<td>Very secure</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>151</td>
<td>65</td>
<td>126</td>
<td>332</td>
<td>832</td>
<td>1,506</td>
</tr>
<tr>
<td>Frequency</td>
<td>10.0%</td>
<td>4.3%</td>
<td>8.4%</td>
<td>22.0%</td>
<td>55.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percentage</td>
<td>3.8%</td>
<td>5.7%</td>
<td>8.2%</td>
<td>15.3%</td>
<td>67.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>21</td>
<td>30</td>
<td>56</td>
<td>246</td>
<td>367</td>
</tr>
<tr>
<td>Frequency</td>
<td>3.8%</td>
<td>5.7%</td>
<td>8.2%</td>
<td>15.3%</td>
<td>67.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percentage</td>
<td>3.8%</td>
<td>5.7%</td>
<td>8.2%</td>
<td>15.3%</td>
<td>67.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>165</td>
<td>86</td>
<td>156</td>
<td>388</td>
<td>1,078</td>
<td>1,873</td>
</tr>
</tbody>
</table>

Chi-Square = 0.000

The surveyed farmers were asked about the investments that have been out carried during the last five years at plot level. To observe for the factors influencing the land investment in plot level a binary logit regression model was used. The model parameters show a good performance as referred to the pseudo R squares (See table 4).

Table 4: Pseudo R squares model summary

<table>
<thead>
<tr>
<th>-2 Log likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1452.281</td>
<td>.189</td>
<td>.300</td>
</tr>
</tbody>
</table>

Source: Field survey results

The plot surface size and the perceived tenure security do not result to have statistically significant influence on land related investments while all the other factors are all significantly related to investments (Table 5). The most important predictors which influence the choice to invest are related to having a plot covered with old perennial crops (more than 5 years old), that in the past were owned by ancestors, as well as having access to irrigation channels. The decisions to invest are positively related with the possession of a valid title for the plot and the likelihood of having this plot as previous ownership of farmer ancestors before 1945. Conflicts and distance of the plot from home although are slightly less significant, contribute negatively to the occurrences of investments. Thus, factors which are found to impact perceived property security, such as
occurrence of conflicts (related to the land plots), and having plots inherited from pre-1945 “old owners” do have statistical significant effect on likelihood to invest.

Table 5: Binary logit model parameters table on investments

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>surface</td>
<td>.001</td>
<td>.015</td>
<td>.948</td>
<td>1.001</td>
</tr>
<tr>
<td>location(1)</td>
<td>-.545</td>
<td>.150</td>
<td>.000</td>
<td>.580</td>
</tr>
<tr>
<td>dis_home</td>
<td>-.007</td>
<td>.004</td>
<td>.099</td>
<td>.993</td>
</tr>
<tr>
<td>conflict(1)</td>
<td>1.016</td>
<td>.449</td>
<td>.024</td>
<td>2.763</td>
</tr>
<tr>
<td>trees_old(1)</td>
<td>-3.382</td>
<td>.216</td>
<td>.000</td>
<td>.034</td>
</tr>
<tr>
<td>title(1)</td>
<td>.077</td>
<td>.244</td>
<td>.751</td>
<td>1.080</td>
</tr>
<tr>
<td>old_owner(1)</td>
<td>-.515</td>
<td>.153</td>
<td>.001</td>
<td>.597</td>
</tr>
<tr>
<td>irrigation(1)</td>
<td>-.328</td>
<td>.164</td>
<td>.045</td>
<td>.720</td>
</tr>
<tr>
<td>Constant</td>
<td>1.369</td>
<td>.493</td>
<td>.005</td>
<td>3.931</td>
</tr>
</tbody>
</table>

Source: Field survey results

5. Conclusion

This paper analyzes perceived property (in)security related to agricultural land with focus on its causes and impact on land tenure. Perceived tenure insecurity (i.e. likelihood of losing ownership) is still common in rural Albania. Insecurity is found to be lower for the plots acquired through customary rights (predominantly ancestral land) where not characterized by overlaps and claims between “new post 1991 reform owners” and “pre-1945 collectivization” owners as compared to plots acquired through state reform that were exposed to such overlaps and claims. In line with our hypothesis the availability of land titles positively affects the tenure security in and the occurrence of conflict reduces the perceived tenure security (for the plots under dispute/conflict). Finally the study found a positive impact of the perceived land security on investments, in addition to other factors such as farm size and income. Moreover, the study found a positive impact of the perceived land security on investments, in addition to other factors such as farm size and income.
Secure property rights are key factors to promoting investments and developing agriculture land market which is indispensable to achieve consolidation of the highly fragmented agriculture production base in Albania. Therefore addressing the issue of strengthening the property rights should be a priority for Albanian policy-makers. The state should take the lead on organizing bottom up-community based interventions in increasing the security of titles and achieving the enforcement of contracts, accompanied with programs which facilitate the access of farmers to soft credit lines, in order to create a better environment for the investments on agriculture sector.

Based on the findings of the study, several land security enhancement measures may be provided:

- Finalization of compensation process for “pre-1945” owners, in order to diminish possible claims and reduce the threat perceived by the post-collectivization farmers.

- Taking into consideration the negative influence of disputes and conflicts as well as the positive influence of clear titles there is a need of coordination of the various institutions responsible for defining and enforcing land titles, and the empowerment of local cadastres at commune level to assist farmers in solving problems and in providing the needed information to them and other stakeholders regarding registration and transaction procedures.

- Finalization of the agriculture land registration and reviewing the registration for areas with property problems and overlaps. The local government could be the promoting body with the financial support of central government and donors. One reason for promoting active involvement of local cadastres and communes is the trust that farmers have in local institutions compare to a more central institutions (Zhllima and Imami, 2012). The new practices of registration of land should be accompanied with a bottom up approach where community participation and transparency are underlying principles. Campaigns are substantial in raising the awareness of farmers to accomplish and support the land registration.
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