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LAND RESTITUTION EVALUATION STUDY

How do land restitution awards
impact beneficiaries' lives over
the long run?



Impact evaluation brief



UNIVERSITY OF CAPE TOWN
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SALDRU
Southern Africa Labour and
Development Research Unit

South Africa's land restitution programme has been implemented, at scale, since the democratic transition 29 years ago. The Restitution of Land Rights Act of 1994 (and its various amendments) as well as Section 25, paragraph 7, of the Bill of Rights of the Constitution, are the two main pieces of legislation that mandates land restitution in South Africa. These laws mandate "equitable redress" to families and communities dispossessed of land rights under apartheid spatial planning policies.

Restitution awards can sometimes be quite large. But even awards that are relatively small might be expected to have an impact. The international evidence on housing voucher programmes (1-2), cash transfer programmes (3-5), and asset transfer programmes (6-8), shows long-term positive impacts for the beneficiaries of those interventions. The South African restitution programme might therefore be expected to generate similar impacts, especially since the average restitution award value is about R39000 or 5484 US Dollars PPP; an amount that is more than 5 times the size of the most comparable of these types of programmes (7-11).

Main findings

- **Large awards have large impacts:** whether in cash or the value of the land rights conferred, large restitution awards causes sustained improvements to beneficiary well-being.
- **Estimates of impact are long-term effects:** data collected on restitution awards cover the period 2013-2022.
- **Large study sample:** primary data collected of 3735 individuals, across 2646 households from 505 claims.
- **Economic well-being:** mean per-capita consumption is estimated to be 25-26% higher for households that receive restitution awards (or value in land) above R200000, compared to households that receive R25000.
- **Psychological well-being:** The risk for depression decreases by 10% for individuals that receive restitution awards (or value in land rights) of R250000, compared to households that receive R25000.

Evaluation approach

Land reforms ultimately stem from political processes, whether in an effort to rebuild society after civil conflict, or as the direct result of political transformation. Although restitution programmes contribute a small fraction to land reforms world-wide, where such programmes have been undertaken and carefully studied, the local political landscape turns out to be a key driver. We use this key insight to build our evaluation approach. We construct a set of polity variables that plausibly control for unobservable factors in modelling the determinants of restitution awards, and then utilise a novel statistical method to calculate bias-adjusted impacts of the programme.

Findings

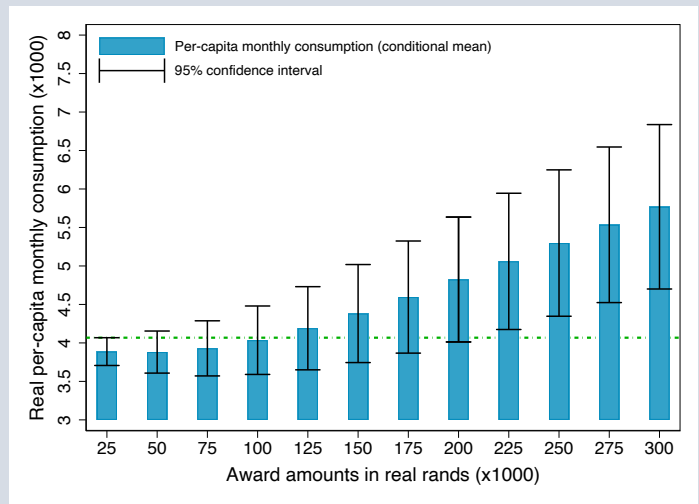
The results show large impacts of receiving large as opposed to small restitution awards (either in cash compensation or a share of the value of restored land).

- Restitution can break the cycle of poverty.
- The average restitution award value is about R39000 or 5484 US Dollars PPP. This is more than 5 times the size of the transfers analysed anywhere in the world currently in the evidence base.
- The study sample is quasi-experimental.
- Control group fieldwork took place 2018-2019 (random sample of 150 settled but not “finalised” claims).
- Treatment group fieldwork took place 2022-2023 (random sample of 355 claims finalised over the last decade).



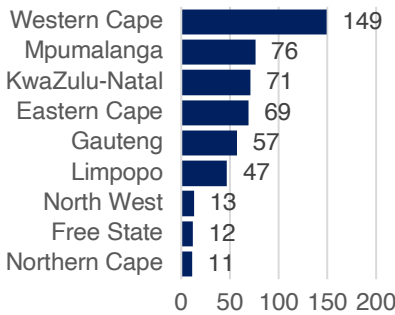
Respondents were hospitable when LRES visited them. Pictured here, The team wrapped in blankets and gifted fresh meat to braai with beneficiaries

Figure 1: Impacts on Consumption: policy relevant range - treatment effects



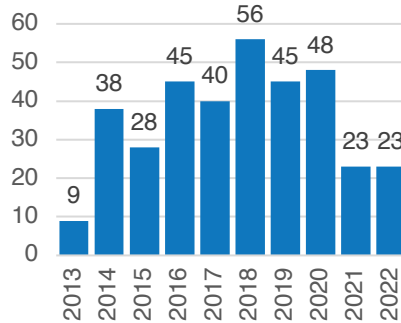
- Figure 1 shows that significant treatment effects are estimated for award amounts of R200000 and higher.
- The Commission recently increased the standard settlement offer to just over R200 000.
- From a policy standpoint, it makes sense to take this amount as the appropriate treatment level.
- For this award amount, compared to an award amount of R25000, we estimate a treatment effect of 25-26%.
- This is a large and statistically significant effect.
- When compared against the raw mean difference between the treatment and control group (31%), this finding is not altogether surprising.

Figure 2: Realised claim by province



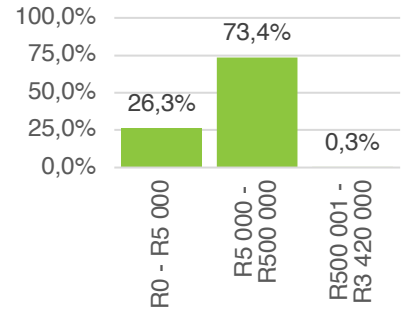
The above shows the number of claims in the quantitative study. In addition to the above, 6 qualitative claims were also studied, 3 in KwaZulu-Natal, 2 in the Western Cape and 1 in the Eastern Cape.

Figure 3: Quantitative study year of finalised treatment claims realised



The realised treatment group was sampled from the universe of all claims finalised in the period 2013-2022.

Figure 4: Distribution of award amount received.



The above graph displays the award amount in Rands received by beneficiaries who were part of the treatment group in the LRES study.

Policy Recommendations

The study sample comprises a total of 511 claims. Of these, 505 claims were analysed through quantitative methods and the remaining 6 through qualitative methods. The sample is roughly 10% of the claims that were yet to be settled when LRES commenced its work.

An economic case for “equitable redress”

- A generalised propensity score (GPS) is estimated for all treatment group beneficiaries.
- The GPS allows for the correction of selection bias, due to the quasi-experimental nature of the study sample.
- Bias-adjusted estimates of impact are large for large awards and are statistically significant.
- Bias-adjusted mean per capita consumption is 25-26% higher for households that receive restitution awards (or value in land) above R200000, compared to households that receive R25000.

Innovate the use of small groups when dealing with beneficiary settlement options.

Hear from the Beneficiaries

"I get confused when they do things in their Big English instead of IsiZulu because we don't know English, we know IsiZulu. So when the people you are with want to tell you things but speak in English so that we don't understand, you end up not knowing what was said. . . I then have to ask other people what the meeting was about. I am now not getting information from the horse's mouth, and they tell me whatever they want and I'll be none the wiser"

- Community fragmentation is a key impediment to effective restitution.
- Larger claims will be more likely to exhibit more fragmentation.
- Knowing the network structure of claims could be an innovative implementation tool.
- By using more granular data on the social ties between beneficiaries, the Commission will be able to mitigate hold-ups to settlement.

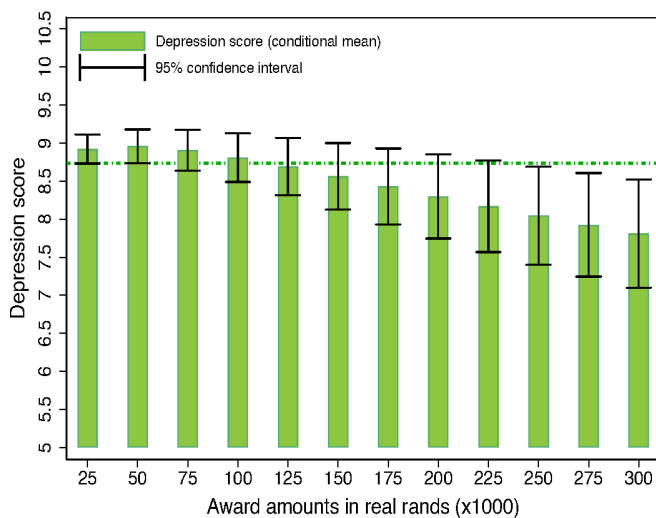
A restorative justice case for restitution

Hear from the Beneficiaries

"I feel that she had hoped that receiving the compensation would be the turning point in her life. Had she received a decent house her life would have improved considerably. She is poor but she knows that there are people who have it worse. I wish there was a way for the government to interview people like her to ukubona ukuthi isilonda sabo singapholiswa yini [to assess how this wound can be healed]. She was not around when her mother and her siblings were forcefully removed but it is clear to me that this event has impacted her life tremendously"

- A key motivation behind most restitution programmes, including the South African case, is to effect psychological closure for past injustices.
- LRES measures psychological well-being by screening beneficiaries for risk of depression.
- Restitution has a positive impact on psychological well-being; increases in award amount causes a reduction in depression scores.

Figure 5: Treatment effects: CES-D 10 depression scores



- For larger award values (R250 000 and higher), there is clear evidence of a strong impact on reducing depression scores.
- The treatment effect amounts to a reduction of depression scores of about 1 point compared to the smaller award of R25000.
- This decrease in depression scores represents a 10% reduction in the risk of depression and is equivalent to approximately 0.15 of a standard deviation.

Conclusions and Recommendations:

LRES asks simple and tractable questions that together gives a detailed enough picture of beneficiary well-being, while at the same time ensuring the largest study sample ever collected on settled and finalised restitution claims; a total of 3735 individuals, across 2646 households from 505 claims, along with a further 6 claims for detailed case study.

We estimate that large magnitude transfers, whether in cash or land rights, causes sustained improvements to beneficiary well-being. Per capita consumption, the standard way to measure individual economic well-being, is estimated to increase by 25-26% in the long run, for award amounts of approximately R200000, compared to award amounts that are about 10 times smaller. The impact on psychological well-being, as measured by a decreased risk of depression, again for the same large and small award values, is estimated to be about 10% lower.

- These estimates can be interpreted as long-term impacts.
 - The impacts of standard settlement awards are high.
 - The findings for large award amounts (or equivalent value in land rights) affords stakeholders a platform to formalise an operational definition of "equitable redress". If historical valuations of dispossessed properties are generally unreliable, is there scope to radically simplify this part of the process? The evidence suggests there are sizeable impacts of settlement awards that are more or less the same as the standard settlement offer.
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About this brief

Malcolm Keswell

Dr Keswell served as the project's Lead Principal Investigator. He is an associate professor in the University of Cape Town (UCT) School of Economics, and a research associate at the Southern Africa Labour and Development Research Unit (SALDRU), UCT. He has a PhD from the University of Massachusetts at Amherst. His research and teaching interests are in behavioural economics, experimental economics and development economics. His current research focuses on the economic, behavioural and psycho-social dimensions of distributive justice. He has served as a consultant to the World Bank and held fellowships at the Santa Fe Institute. During President Mandela's term in office, he served as a staff researcher in the Parliament of the Republic of South Africa. He received the 2005 JJI Middleton Medal, awarded by the Economic Society of South Africa.

Mvuselelo Ngcoya

Dr Ngcoya served as a Principal Investigator on LRES with a special focus on qualitative research. He holds a PhD in International Relations. He teaches in the Development Studies programme in the University of KwaZulu-Natal (UKZN) School of Built Environment and Development Studies (SBEDS) where he has been since 2010. His other academic interests include land reform and investigating the role of subjugated philosophies in International Relations. He is particularly interested in the local and global significance of ubuntu, especially the contested social and political uses of this worldview. Prior to joining UKZN, Dr Ngcoya taught at American University in Washington D.C. and worked as a research analyst for the Service Employees International Union (SEIU).

Source material

"Land Restitution Evaluation Study (LRES) Analysis of Qualitative Case Studies Version 2.0.0"

by Malcolm Keswell, Mvuselelo Ngcoya, Tim Brophy, Patricia Chirwa and Kim Ingle

"Land Restitution Evaluation Study Impact Evaluation Report"

by Malcolm Keswell, Tim Brophy, Patricia Chirwa and Kim Ingle

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