

## B.4 China, Sichuan - 2008 - Earthquake

### Case study: Cash distribution

Full case study

#### Country:

China

#### Disaster:

Sichuan Earthquake

#### Disaster date:

12 May 2008

#### Number of houses damaged:

5 million estimated.

#### Number of people displaced:

15 million estimated initially

#### Project target population:

63,000 families in 1 county in Sichuan

#### Occupancy rate on handover:

Expected to be near 100% at project completion

#### Shelter size:

Cash distribution project to support families with reconstruction of 50 - 150 m<sup>2</sup> houses

#### Materials cost per shelter:

60,000 to 120,000 RMB  
(9,000 USD - 18,000 USD)

#### Project cost per shelter:

3,000 to 10,000 RMB  
(440 USD - 1,500 USD)

#### Project timeline



#### Summary

Cash grants were distributed to around 63,000 rural households who fulfilled the selection criteria in Mianzhu County, Sichuan. Each household received the equivalent of 450 USD or 1500 USD (CNY 3,000 or 10,000) to help them to reconstruct earthquake damaged homes and housing related needs. As with most other aspects of the response, the government led on construction monitoring and training.

#### Strengths and weaknesses

- ✓ Very large-scale project.
- ✓ Cash distributions transferred directly into homeowners' bank accounts. This is different from most earthquake reconstruction funds in China which flowed through government managed accounts.
- ✓ Added transparency and error checking was made feasible by developing a beneficiary database.
- ✓ These funds make a significant difference to families' ability to pay down their debts, complete construction or buy essential furniture and household items.
- ✓ The government played a strong directive role, leading much of the project scope and activities.
- ✗ There were concerns about the potential for social instability resulting from inequality between original target area and their surrounding communities.
- ✗ There were multiple delays in developing a reliable list of names. As a result, homes were mostly built before funds were distributed.
- ✗ Limited and intermittent access to beneficiaries affected the organisations ability to monitor construction and guide on the technical issues.
- ✗ Given timeframes, technical support and training was no longer necessary or relevant.
- ✗ In some communities, only 30% of the population matched the criteria. This led to dissatisfaction of those unable to receive funds.
- ✗ There were concerns that this cash distribution will negatively impact the effectiveness of the other programs within the same area.
- ✗ While originally conceived as a way to encourage earthquake-resistant construction practices, the final shelter support programme had no control over how beneficiaries use the funds.
- Government management of the construction process and quality control greatly simplified the scope and technical aspects of the project.



Reconstructed houses in Sichuan, built within two years of the Earthquake  
Photo Melisa Tan

### Before the earthquake

Most of the areas affected by the earthquake are fertile farming lands. The natural resources in the area are very rich, with all-year cultivation. Forests, orchards and water are in abundance in the area. A majority of families were engaged in farming, forestry and other local industries such as coal mining, livestock farming, tourism and other small businesses. Farmers form the largest livelihood group in the area with about 78% of the families engaged in both agricultural and livestock farming. The main crops are rice, wheat, rapeseed and corn and the main livestock are pigs, chickens, ducks and rabbits. The average farmland is 330m<sup>2</sup> to 1000m<sup>2</sup> per person.

Most of the farming was managed by people over 40 years old. Most of those below 40 years work as migrant workers in larger cities. The majority of people have very little or no savings at all (average 300 to 450USD per family).

### First three months

The most powerful earthquake in 30 years with a magnitude of 7.9 struck on the afternoon of 12<sup>th</sup> May 2008, killing 70,000 people and leaving 12,000 missing. Hundreds of reservoirs were damaged and over 30 quake lakes (rivers blocked by landslides) were created.

The earthquake mainly affected three provinces: Sichuan, Gansu

and Shaanxi. Continuous aftershocks along with mudslides and flooding made the situation worse for affected people. County towns like Beichuan and Wenchuan were completely devastated.

An estimated 15 million people were made homeless and displaced by the earthquake, including 4 million people in the city of Chengdu. Many people sheltered in makeshift structures or tents. People moved to other towns in neighbouring counties and provinces. In remote and rural areas many people continued living in surrounding villages due to a lack of access to safer areas.

The government built hundreds of thousands of pre-fabricated cabins to house those living in centralised rural and urban locations.

Industries, agriculture (farming, forestry, livestock), mining, tourism and small businesses were severely affected. The loss per person due to the earthquake was equivalent to 15 years of their disposable income (net income) in rural areas. In the urban areas it was equivalent to 15 times their total annual income.

### 3 months to 1 year

The government began an ambitious reconstruction project to build about 5 million houses across the 3 provinces within 2 years. By the 1 year anniversary, reports indicate reconstruction was well ahead of this deadline. By Sept 2009, nearly 95% of houses were completed in Sichuan. The govt also announced 12 May 2010 as the deadline for all non-government organisations to complete all earthquake reconstruction projects.

In first three months the implementing organisation distributed 100,000 family tents and 300,000 quilts.

The maximum amount of support which households received is the equivalent of 1500 USD and this is equivalent to about six years' worth of pre-earthquake disposable income for the average farmer (per capita).

The government offered building subsidies (equivalent to 1500 USD) for homes and loans that were first interest-free and then low-interest. However these were substantially less than the cost of a house.

### 20 months later

Many families had begun moving into their completed homes. However, many families were still building their homes, and many hoped to complete by Spring 2010.

The situation was slightly different for families living in very rural remote areas such as those living in the mountains. In many instances, coupled with a lack of funds, the lack of access to these hard-to-reach areas also affected reconstruction progress.

### Implementation

The government was in charge of land allocation, preselection and qualification of construction teams, monitoring of materials suppliers, and the quality of construction.

### Selection of beneficiaries

The main requirement was that the cash would support towards the reconstruction of rural houses that were damaged by the earthquake.

Selection criteria were:

- families who had lost a family member in the earthquake
- families whose family member sustained permanent disabilities (handicap) from the earthquake
- families with an elderly family member (above age 60)
- families with a family member who was already seriously ill prior to the earthquake (cancer, leukemia, mentally disabled).
- all families in one particular township that had to be relocated due to new geological hazards.

Once beneficiary lists were collected and verified, posters announcing the project and the selection criteria were posted in all villages. Trainings for 1,300 people to explain the project information were started. Beneficiary name lists were also posted publicly. After posting and a period for revisions, the list was locked and funds were distributed to 63,000 homeowners' bank accounts.



Reconstructed houses in Sichuan. These families were supported by cash grants. Photos: IFRC