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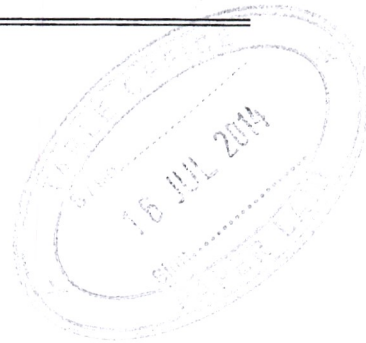
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REPORT OF THE DEPARTMENTAL COMMITTEE ON  
TRANSPORT, PUBLIC WORKS AND HOUSING

ON  
THE STUDY VISIT TO BRAZIL FROM 2<sup>ND</sup> TO 11<sup>TH</sup> MAY,  
2014

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JULY 16, 2014



Clerk's Chambers  
National Assembly  
Parliament Buildings  
NAIROBI

JULY, 2014

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## PREFACE

Hon. Speaker,

1. On behalf of the Members of the Departmental Committee on Transport, Public Works and Housing, and pursuant to the provisions of Standing Order No. 190, it is my pleasure to present to the House the Committee's Report on the Study Visit to Brazil that took place from 2<sup>nd</sup> to 11<sup>th</sup> May 2014.
2. The Departmental Committee on Transport, Public Works and Housing derives its mandate from provisions of Standing Order No. 216(5) which defines functions of the Committee as being:
  - a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
  - b) To study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
  - c) To study and review all legislation referred to it;
  - d) To study, assess and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objectives;
  - e) To investigate and enquire into all matters relating to the assigned ministries and departments as may be deemed necessary, and as may be referred to it by the House; and
  - f) To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider:-

- a) Transport
- b) Roads
- c) Public works
- d) Construction and maintenance of roads, rails and buildings
- e) Air and seaports
- f) Housing

The Committee oversees the following Ministries/Departments:

- a) Ministry of Transport and Infrastructure;

- b) Department of Housing and Directorate of Public Works in the Ministry of Lands, Housing & Urban Development.

**Hon. Speaker,**

The Departmental Committee on Transport, Public Works and Housing comprises the following Members: -

1. The Hon. Maina Kamanda, M.P. – (Chairperson)
2. The Hon. Eng. Mahamud Maalim, M.P. – (Vice Chairperson)
3. The Hon. Eng. Stephen Ngare, M.P.
4. The Hon. Ali Wario, M.P.
5. The Hon. Arch. David Kiaraho, M.P.
6. The Hon. Cecily Mbarire, M.P.
7. The Hon. Capt. Clement Wambugu, M.P.
8. The Hon. Eng. John Kiragu, M.P.
9. The Hon. Gideon Konchella, M.P.
10. The Hon. Barchilei Kipruto, M.P.
11. The Hon. Mark Lomunokol, M.P.
12. The Hon. Grace Kipchoim, M.P.
13. The Hon. Mathias Robi, M.P.
14. The Hon. Joseph Lomwa, M.P.
15. The Hon. Peter Shehe, M.P.
16. The Hon. Stephen Manoti, M.P.
17. The Hon. Emmanuel Wangwe, M.P.
18. The Hon. K.K. Stephen Kinyanjui Mburu, M.P.
19. The Hon. Suleiman Dori, M.P.
20. The Hon. Edick Omondi Anyanga, M.P.
21. The Hon. Simon Nyaundi Ogari, M.P.
22. The Hon. Johnson Manya Naicca, M.P.
23. The Hon. Mishi Juma, M.P.
24. The Hon. Aduma Owuor, M.P.
25. The Hon. Chachu Ganya, M.P.
26. The Hon. Omar Mwinyi, M.P.
27. The Hon. Ahmed Abbas Ibrahim, M.P.
28. The Hon. Omulele Christopher, M.P.
29. The Hon. Mukwe James Lusweti, M.P.

## ***Background of the Study Visit***

The Ministry of Transport and Infrastructure and the State Department of Housing, fall in the category of Physical Infrastructure Sector. This sector is very critical to the socio-economic needs of Kenya. Infrastructure is a major contributor to the creation of favourable environment for economic growth as it supports all other economic and social activities and is therefore critical to the achievement of the vision 2030. A well developed infrastructure network has the potential to reduce the distance between regions resulting in integrated national market.

Vision 2030 envisions elevating of efficiency and quality of infrastructure that will deliver the anticipated growth and positions the country to being globally competitive and prosperous. The demand for physical infrastructure and services, which provides a facilitative role for other economic sectors as envisaged under Vision 2030, therefore requires massive investment.

Indeed, the Government has been investing heavily in the physical infrastructure sector in particular on roads, rail and ports. Nevertheless, the sector continues to be faced by numerous challenges including:

- a. Poor quality of service, i.e. Poor quality of the construction projects realized from funding and untimely completion of construction projects.
- b. Inadequate integration of the physical infrastructure.
- c. Lack of co-ordination between institutions tasked with infrastructure development.
- d. Lack of streamlined funding mechanisms.
- e. Inadequate local capacity for contractors and professionals in the roads and construction sub-sectors.
- f. Inaccessibility of infrastructure development to all, especially in the rural areas.
- g. Inadequacy of affordable and decent housing.
- h. Low level of urban home-ownership.
- i. Extensive and inappropriate dwelling units and persisting slums and squatter settlements.

It is important to note that increased funding to the sector by the Government, does not translate to commensurate enhanced infrastructural facilities available to the public. The Government should therefore ensure more strategic measures are put in place to ensure the inherent challenges in the achievement of long term objectives of the infrastructure sector are overcome. The Government should also address the issues of capacity within the Ministry so that there is better supervision of the works and enforcement of the required rules. Further, the Government should learn from best practices as well as domesticate the lessons learnt to ensure elevation of efficiency and quality of infrastructure that will deliver the anticipated growth and

position the country to being globally competitive and prosperous.

It is with this regard that the Committee resolved to visit Brazil on a study tour of operations of the transport, public works and housing sub-sectors in the country, one of the fastest growing economies on Earth. In addition, Brazil is one of the countries with the best infrastructure in South America. The key objectives of the visit included to:-

- a. Learn how Brazil has managed to have one of the best infrastructure in South America.
- b. Study the transport systems available in particular air transport with a view to learning about how Kenya could benefit from the country's experiences.
- c. Hold discussions with the management of institutions providing housing with particular interest in low cost housing.
- d. Meet with senior government officials responsible for Transport, Roads, Public Works and Housing with a view to familiarize with their operations as well as share experiences.
- e. Meet with their counterpart Parliamentary Committee(s) responsible for Transport, Roads, Public Works and Housing in Brazil Parliament with a view to familiarize with their operations as well as share experiences.

### ***Composition of the Delegation***

The delegation comprised of the following eleven (11) Members of the Committee and an officer:-

1. The Hon. Eng. MahamudMaalim, M.P. – (Vice Chairperson)
2. The Hon. Eng. Stephen Ngare, M.P.
3. The Hon. Ali Wario, M.P.
4. The Hon. Arch. David Kiaraho, M.P.
5. The Hon. Cecily Mbarire, M.P.
6. The Hon. Mark Lomunokol, M.P.
7. The Hon. Mathias Robi, M.P.
8. The Hon. Suleiman Dori, M.P.
9. The Hon. Simon NyaundiOgari, M.P.
10. The Hon. Johnson ManyaNaiicca, M.P.
11. The Hon. Ahmed Abbas Ibrahim, M.P.
12. Mr. Samuel Kalama- Clerk Assistant/Secretary to the Delegation

**Hon. Speaker,**

The delegation made a successful study visit during which it held the following meetings and discussions;

- a. Meeting with the Kenyan Ambassador to Brazil, at the Embassy's office.
- b. Meeting with the Special Advisor in the International Advisory, Brazilian National Civil Aviation Agency-ANAC.
- c. Meeting with the Director of Planning, Department of National Transport Policy, Ministry of Transport.
- d. Meeting with the Manager, Department of Slum Upgrading
- e. Meeting with the Housing Department of the Municipality of Rio de Janeiro
- f. The delegation also made site visit to the Babylonia Housing project, Leme neighborhood

### ***Recommendations***

Consequently, the Committee recommends the following measures:-

1. The Ministry should promote construction of affordable housing in the Country as most available houses are beyond the reach of the majority of citizens.
2. The Government should offer incentives to the private sector involved in the provision of low cost houses.
3. The Government should have a certain fixed percentage of the National Budget towards provision of housing.
4. The Government should ensure National and County housing plans are complementary.
5. The Government should ensure that the construction of new homes is carried out with infrastructure such as water, electricity, sewage etc., Services such as trade, transport, etc., And community facilities such as schools, health clinics.
6. The Government should ensure recycling of waste from housing programmes.
7. The Government should give priority should be to public transportation over individual transport and as such incentives should be made available to encourage Mass Transport.
8. The National Treasury should increase funding to the infrastructure sector and ensure a balance in allocations to roads, ports and railways. The importance of rail and ports should not be underestimated as they have direct impact on cost of products and their competitiveness.

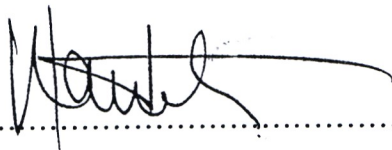
**Acknowledgements**

The delegation is grateful to the Honourable Speaker and the Liaison Committee for authorizing the visit, as well as the office of the Clerk for providing the necessary logistical and technical support. The delegation would also wish to express its appreciation to the Ministry of Foreign Affairs; the staff of the Kenya Embassy in Brazil led by the Ambassador, H. E. Mr. Kiremi Kiberia for all the support given before and during the visit.

Hon. Speaker,

It is my pleasant duty and privilege, on behalf of the Committee to table this report and commend it to the House for adoption pursuant to provisions of the National Assembly Standing Order 199.

Signed: .....



The Hon. (Eng.) Mahamud Maalim, MP

Vice Chairperson, Departmental Committee on Transport, Public Works and Housing

Date: ..... 16/2/14 .....



## **INTRODUCTION**

The Federative Republic of Brazil is the largest country in South America and the fifth largest country in the world, of with territorial size of 8,515,767 km<sup>2</sup> and a population of 198 million. Brazil border's Uruguay, Bolivia, Paraguay, Peru, Colombia, Venezuela, Guyana, Suriname and French Guyana.

The capital city is Brasilia and Portuguese is the official language. Brazil is a Federal Republic with 26 states and the Federal District.

## **SECTORS:**

### **POLITICAL**

Brazil has a federal system of Government, president is the head of state and leader of the government, presidential system leads for 2 terms mandate of 4 years each. The legislature is bicameral parliamentary system, of senate of upper house and deputies as the congress. The judiciary is purely independent lead by the President of the Supreme Court. The government is established on free, fair and obligatory election conducted by electoral court.

The current president was sworn in on 1<sup>st</sup> January 2011, who is H.E Ms. Dilma Rouseff, inaugurated as Brazil's first female President.

The current political dispensation in Brazil is predisposed towards more political and economic cooperation with developing countries including African countries marked by increased high level visits and expansion of diplomatic representation in Africa. Former President Lula Da Silva was among the architects of the Africa – South America Forum. Today Brazil is hosting 34 African Diplomatic Missions with 17 Missions opened five years ago, likewise Brazil has opened 31 missions in Africa, with 20 out of this opened in the last five years.

Today Brazil is viewed as region power in Latin America, and also a major partner in the South–South cooperation, the G-77, G-20 and other organizations bringing together the developing countries.

### **ECONOMY**

Brazil has highly diversified and industrialized emerging economy, largest in Latin America, ranking 6<sup>th</sup> largest economy in the world with a GDP of over US\$ 2.52 trillion and increasing per capita income of US\$ 10 thousand. The economy has grown at its fastest rate (2.7%) in the first three months of the year 2010 raising the Gross Domestic Product by 9% (data as of 2012).

The country has mature manufacturing, mining and agriculture sectors and rapidly

expanding technology and services industries. It is also home to the most sophisticated and diversified science, technology and innovation system in Latin America. Its industrial products include: textiles, shoes, chemicals, cement, iron ore, tin steel, aircraft, motor vehicle parts, other machinery and equipment.

Brazil has a well-developed renewable energy sector and is the 1<sup>st</sup> largest producer of sugar based ethanol in the world.

Much of Brazil's economy is driven by domestic consumer demand. Brazil is among a group of four emerging economies referred to as BRIC (Brazil, China, India and Russia), who are said to be among the fastest growing in the world today.

Brazil's growth in the 21<sup>st</sup> century has been attributed to five catalysts: the ending of cycles of domestic and foreign indebtedness; the modernization of industrial plants with particular focus on mechanical and electrical engineering; expanded access to credit by both industry and Brazilian families; the emergence of a new middle class to become strong consumers, an estimated of 40 million people crossed to middle income within span of less than ten years; and finally recognition within Brazil of the value of innovation and technical creativity.

The Brazil economic reforms adopted moderate free market and export-oriented economy which steadily improved its macroeconomic stability, building up foreign reserves, and reducing its debt profile by shifting its debt burden toward Real denominated and domestically held instruments. In 2008, Brazil became a net external creditor and international ratings agencies awarded investment grade status to its debt. After record growth in 2007 and 2008, the onset of the global financial crisis hit Brazil in September 2008. Brazil experienced two quarters of recession, as global demand for Brazil's commodity-based exports declined and external credit dried up. However, Brazil was one of the first emerging markets to begin a recovery. Consumer and investor confidence revived and GDP growth returned to positive in 2010, boosted by an export recovery. Brazil's strong growth and high interest rates make it an attractive destination for foreign investors. Large capital inflows over the past years have contributed to the rapid appreciation of its currency and led the government to raise taxes on speculative foreign investments.

The agricultural sector contributes a lot to the economy through progressive agronegócio (agribusiness sector). This has been remarkably dynamic for two decades, which kept Brazil amongst highly productive countries in food production, particularly in the rural Agriculture. Agriculture is a major sector and key component for economic growth, which directly and indirectly accounts for 25% of the Gross Domestic product, 37% of the labor work force and 40% of the Brazilian exports (data 2012). Brazil is the largest producer of coffee, beef, orange juice, poultry and sugar in the world. Other agricultural major products are: soybeans, wheat, rice, corn, cocoa, fruits and textile.

## **FOREIGN POLICY**

Brazil's Foreign policy is synonymous with its trade policy. The developers of trade

policy are the same as the drafters of foreign policy.

Its Foreign Policy can be summed up as; reforming world multilateral forums, building closer ties with Africa, promoting alternatives like IBSA or BRIC as well as following through with established strategic partnerships. Brazil champions South-South Cooperation and provides leadership in forums like the G-20 at the World Trade Organization (WTO), G77 and a tri-partite alliance with India and South Africa under (IBSA), created to assert the needs of developing countries in their trade negotiations with the European Union, Japan and the United States.

Brazil supports reform of the United Nations. In January 2010, Brazil assumed a nonpermanent seat on the UN Security Council for the 2010-11 term.

Brazil is also a member of diverse economic organizations both regionally and internationally, such as Mercosur (South American Common Market), Union of South American Nations, G8+5, G-20 and the Cairns Group.

### ***KENYA/BRAZIL RELATIONS***

The two countries share warm and cordial relations. Brazil established a resident diplomatic Mission in Nairobi in 1967 with the current Ambassador being H.E. Ms. Marcela Maria Nicodemos, while Kenya established an Embassy in Brazil in October, 2006.

The opening of the mission in Brasilia has helped to cement these relations even further. Before the opening of the missions, relations between the two countries were mainly at multilateral level. Despite existing cordial relationship both countries have not effectively explored diplomatic reciprocity that defines their relation. This is evident in ownership of properties and administration of privileges and immunities. Kenya does not own property in Brazil; instead rents its premises, but options are being discussed such as exploring of reciprocity based ownership to reduce cost of administration.

Brazil has always considered Kenya as an important Eastern African partner the importance was further underlined by official visit of the Brazil's former President H.E. Lula da Silva, 5<sup>th</sup> to 6<sup>th</sup> July, 2010, the first visit by Brazilian to Kenya. The return visit of President Lula was completed by official visit to Brazil by Hon. Moses Wetang'ula, Minister for Foreign Affairs in September, 2010. During the visit of 14<sup>th</sup> September, 2011, the Minister officially inaugurated the Kenya Embassy's Chancery in Brasilia, Brazil.

In the development cooperation the two countries have shared excellent relations, which are pursued through a framework of Joint Commission for Cooperation. The lead agencies coordinating Brazil international cooperation are Ministry of External Relations which gives the policy guide and approvals, and Brazil Agency for international Cooperation (ABC), which monitors and implement official cooperation. On the other hand, BNDES (Brazil Development Bank) funds international development projects. These agencies closely work together and also monitor and follow up on Brazil international development cooperation.

Ideally JCC is the mother of bilateral cooperation and it is supposed to meet after every 2 years. The Kenya/Brazil one had the first session held in Brazil in 2005 and the 2<sup>nd</sup> Session meeting was held in 2008 in Nairobi and the 3<sup>rd</sup> session is supposed to be held in Brazil in 2010, which has not seat yet. The two governments have been consulting and discussing, on the next meeting.

The inception of the JCC has seen the two countries have intensified bilateral relation. Agreements concluded in different areas of cooperation including HIV/AIDS, Malaria Prevention and Control, Institutional Strengthening of Kenya Wildlife Service, Kenya Airports Authority and Nairobi City Council and Visa exemption for holders of Diplomatic and Official Passports, BASA, agreement on food security with ABC. Pending but progressing agreements include-Agriculture, tourism, and energy.

Generally Kenya/Brazil relation has assumed some degree of trust, which made interactions to bypass intergovernmental bureaucracies and protocols. This is attributable a great deal to the message of international partnership, which was clearly conveyed by President Lula to Africa, and also Brazil demand for diversification of market and trade partnership is one factor.

Other cooperation areas include tripartite project on social security services such as conditional cash transfer, which is being implemented by Ministry of Social Development of Brazil in conjunction with DFID of British and Ministry of Children and Social Services; similarly Ministry of transport of Kenya has engaged Brazil private sector in maintenance of locomotive.

### **KENYA/BRAZIL ECONOMIC AND TRADE INTERACTIONS**

Trade between the two countries is largely in favour of Brazil, in 2009 Kenya exported goods worth Ksh.81m against imports of Ksh.5b from Brazil. Kenya imports have been increasing at a higher rate than the exports over the years. This has seen the widening of the trade balance.

The main imports to Kenya are agricultural machinery, tractors, road motor vehicles, trailers and semi-trailers, electric power machinery, and aircraft. Kenya's main exports to Brazil are primary agricultural products such as skin and leather, milk and milk products, tea and mate, and wood products.

To improve trade, the parties proposed an elaborate 'Kenya week in Brazil' and 'Brazil Week in Kenya' to take place in both countries. Both countries have also agreed to support and organize workshops and seminars to exchange views on common trade and economic interests. Kenya is also looking at establishing a strong agreement on bilateral trade that can reduce double taxations, and also reduce non-trade barriers.

Currently the two countries have experienced growing business and commercial interaction with political leaders in forefront facilitating the process. For instance Brazilian business representatives visited Kenya from 12th to 17th January, 2009 and

carried out a feasibility study on the available investment opportunities in the fields of pharmaceuticals, services, construction, tourism, bio- fuels, and hotel industry among others. Another Brazilian delegation went to Kenya from 14-25th June, 2009 to explore business opportunities.

The renewed economic interaction has also increased promotional activities and rise in exchange of ideas and technology, as exemplified by Brazil week in Kenya of June 2010, and the 1<sup>st</sup> and 2<sup>nd</sup> Brazil Eastern Africa Expo.

Kenya has increased interaction with strategic agencies in Brazil that can facilitate transfer of vital technologies such as EMBRAPA (Brazil agricultural research agency), FIESP (Federation of Industries in Sao Paulo) and UNICA (Brazil union of sugar industries). Kenya has directly engaged these institutions through study tour, and major projects are being outlined along the finds and recommendations of the study reports.

Additionally, joint business collaborations between private sectors are establishing quite well. This includes EMBRAER & KQ collaboration, which is progressing toward establishment of regional EMBRAER maintenance workshop in Kenya; also UNICA is working on transfer of ethanol technology to Kenya, under which Kenya is pursuing acquisition of Flex-Fuel technology from Brazil

## **OVERVIEW OF TRANSPORT SYSTEM IN BRAZIL**

### ***Road Transport***

This is the most important mode. It is divided into three jurisdictions namely Federal, State and Municipal. Federal roads are administered by DNER (National Department of Roads). Roads under State's jurisdiction are controlled by DER (State Departments of Roads). Local bureaus are responsible for municipal roads.

Brazil has more than 1.7 million kms of federal roads, most of which are in the Southeast Region, which alone accounts for some 500,000 km.

Currently, highways are one of the main means of transport for cargo and passengers in the country, and hence they are connected to the growth and the development of all regions. Road transport handles a large percentage of cargo in the country.

Road transportation by regular buses transports more than 140 million passengers per year. There are about 200 companies working in the sector, amounting to 13,900 buses and about 2,600 lines. The interstate service, with a total fleet of some 13,400 buses, is responsible for some 95% of total journeys made in the country. It has a significant participation in the Brazilian economy as a whole, generating a total income of R\$ 2.5 billion.

The National Agency of Terrestrial Transportation (ANTT) grants permission and

authorization to the interstate highway and international passenger transportation operation, by way of the company associations created for such purpose. Passenger transportation is regulated and inspected at the following three levels of government:

- a) Municipal – town halls take care of transportation within the cities (urban);
- b) State – state governments are responsible for the lines connecting towns within the same state (inter-municipal);
- c) Federal– the federal government oversees the transportation from one state to another and across terrestrial borders with other countries (interstate and international).

### ***Rail Transport***

The main use of railways in Brazil is for transporting cargo, but there is also passenger transport, especially the metro. Railways are also used for tourism through leisure trains. Railways are characterized by capacity to transport large volumes of cargo with high power efficiency, and have a lower accident rate compared to roads.

The grid for the public cargo transport service contains 28,500km of track, with the greatest concentration in the North, Southeast and South. Among the typical cargo items transported are iron, mineral coal, fertilizers and composts, containers, cement and lime, grains and iron products.

### ***Air Transport***

Air Transport in Brazil is very vibrant. There are 67 airports (28 international), 80 air navigation support units and 33 shipping logistics terminals. Infraero (Brazilian Airports Authority), under the Ministry of Defense, is the body in charge of the administration of the airports. In addition to passengers, Infraero operates airports equipped with helipads, cargo logistics and hazardous shipment handling.

### ***Port Sector and Water Transport***

Brazil has a coastline of more than 8,500 km in length, as well as 50,000 km of navigable rivers. The Brazilian port system consists of Government ports, either on rivers or the sea. There are also some privately used terminals and three port complexes which operate under concessions to private enterprises.

95% of the merchandise exported goes through the ports, which goes to show the importance of ports to the country's economy. The port sector handles over 700 million tonnes of a wide range of goods, and US\$ 100 billion per annum. The inspection of port activities is the responsibility of the National Water Transport Agency (ANTAQ).

## **MEETING WITH THE KENYAN AMBASSADOR TO BRAZIL**

The delegation held a meeting with the Kenyan Ambassador, H.E Kiriimi Kaberia. The delegation was informed that Brazil is one of the biggest economies in terms of

agriculture and aviation industry. In 2011/2012 Kenya was one of the largest importers of aircrafts from Brazil. The delegation heard that Brazil is the third largest manufacturers of aircrafts.

Brazil is considering establishment of EMBRAER maintenance workshop in Kenya to serve both Africa and the Middle East. He further informed the delegation that Kenya signed a mechanization Agreement with Brazil. The delegation also heard that Brazil has a financial agreement which requires any company awarded a tender to approach the Ministry concerned to discuss funding arrangements. Consequently he challenged members of the delegation to restructure our policies in terms of funding and come up with laws to provide for borrowing mechanisms by contractors. He informed the delegation that Brazil has an Equalization policy which allows the Government to bridge the difference between concessional loans and the competitive loan.

On training, the Ambassador informed the delegation that Kenya has collaborated with Brazil to offer trainings to Brazilians. Kenya Wildlife service personnel have been invited to train fire fighters in Brazil and lastly Kenya Railway Corporation is collaborating with a Brazilian based Company to offer trainings.

The Vice-Chair/Leader of delegation expressed his gratitude to the Embassy for their good work. He pointed out that the programme of the visit/tour is concentrated on the Transport and the housing sectors at the expense of the infrastructure sector but expressed optimism that the programme will offer an opportunity to delegation to learn more about slum upgrading programmes and how Brazil has managed to provide cheap housing facilities to her people. He thanked the Ambassador for the well reception accorded to the delegation.

## **MEETING WITH THE SPECIAL ADVISOR IN THE INTERNATIONAL ADVISORY, BRAZILIAN NATIONAL CIVIL AVIATION AGENCY-ANAC.**

The delegation held a meeting with the Meeting with the Special Advisor in the International Advisory, Brazilian National Civil Aviation Agency-ANAC.

The delegation was accompanied by an officer in the Kenya's Embassy in Brasilia, Ms. Peris Kariuki.

The delegation heard that the aviation industry in Brazil is very vibrant with over 67 airports (28 international) and 80 air navigation support units. Infraero (Brazilian Airports Authority), under the Ministry of Defense, is in charge of the administration of the airports. In order to promote the aviation industry, improvement of the economy is key so as to improve people's disposable income, which would in turn encourage air travel. There is also need to form partnerships amongst aviation players to be able to offer competitive rates. Further, there is need to improve airports' infrastructure.

Brazil has a comprehensive policy for the Civil Aviation industry. This was necessitated by the huge demand for air transport.

He also highlighted main Challenges facing the civil Aviation industry, which include:-

- i) Need for expansion of the airports/ infrastructural expansion at the airports.
- ii) High demand for air transport.

The delegation heard that, Brazil has implemented a robust programme referred to as Logistics Investment Programme/Regional Airports concept. This is a programme that seeks to ensure that every region have adequate airports in the country. The main objective of the programme is to integrate all regions, development of regional centers and stimulation of regional tourism. There are 270 regional airports but the government is currently working to improve the capacity of the airports to allow operation by large aircrafts. Moreover, there are 241 airports in localities and municipalities.

Lastly, the delegation heard that international Aircraft traffic in Brazil has been growing tremendously over time. Over 200 million passengers are handled by airports in Brazil within a year and the fundamentals attributable to rapid increase in demand for air transport include:-

- a) Increase in income by the Brazilians.
- b) High Population- the Brazilian population has been integrated into the market.
- c) Competition in the civil aviation industry which has seen more airlines/companies brought on board.
- d) Brazil has elaborate policies to open up the market.

Brazil has collaborated with PANAMA and African countries on the area of air transport.

The Vice-Chair/Leader of delegation briefed the meeting that Kenya has signed a number of Bilateral Air Agreements but it has no flights to Brazil. Second, Kenya is negotiations with the relevant authorities in Brazil with a view to have the EMBRAER maintenance workshop established in Kenya. He further sought a clarification on the issue of concessioning of airports to the private sector. In particular, he wanted to know the



scope and the period of the concessions, which the Special Advisor, ANAC informed the delegation that the concession period is between twenty (20) to twenty five (25) years. A number of Airports in Sao Paulo are managed by private companies and the companies are also involved in the collection of taxes for the government.

## **MEETING WITH THE DIRECTOR OF PLANNING, DEPARTMENT OF NATIONAL TRANSPORT POLICY, MINISTRY OF TRANSPORT**

The delegation held a meeting with the Director Planning, Department of National Transport Policy, Ministry of Transport. The delegation was accompanied by an officer from the Kenya's Embassy in Brasilia, Ms. Peris Kariuki.

The Director of Planning highlighted the functions of the Department of the National Transport as follows:-

- a) Management of highways in the country (Federative government)
- b) Supervision of private railways
- c) Management of inland water highways (Water navigation).

The Director informed the delegation that:-

- a) Brazil has a comprehensive National Plan for national transport and logistics.
- b) The country depends on transportation for most of its economic activities and that road transport is no longer viable hence the shift to rail transport. The railway lines connect the production areas to the ports.
- c) Railway transport is operated by the private sector under concession for thirty (30) years. The railway infrastructure is however, owned by the government.
- d) Under the highway sector, over ninety five thousand (95, 0000) kilometers of road network is maintained by the federative government. Over 15000 kilometres of road network has been conceded to the private sector. The country has an elaborate programme of road concession guided by concession laws. They have toll stations operated by the private sector. The concessionary entities are obligated to maintain the standards of each railway or highways. In addition, there are several agencies which supervise the concessions and they are expected to provide reports on the condition of the highways. More often than not, the supervisory agencies receives complains from the road users and then the agencies mounts investigations into the complains.
- e) The country has an elaborate law and criteria on classification of roads that was passed by Parliament.
- f) Most of the cargo in Brazil sixty percent (60%) is transported using road, twenty five to thirty percent (25%-30%) of the cargo is moved using railway and six percent (6%) of the cargo is transported using waterways.
- g) With regard to road safety, the delegation heard that Brazil had managed to curb road carnage through ensuring huge penalties for non-compliance with rules and regulations in place. To curb traffic in major cities, some municipalities had introduced a system whereby access by private cars to cities is controlled including the concept of number plate usage of vehicle. There is also a National Traffic Board which has representatives from the ministry of Transport. The board

coordinates traffic regulations and road safety. It is important to mention that the coordination of road safety programmes is done by the Ministry of Justice. Over speeding is one of the major causes of road accidents in the country and to control speed, speed control gadgets have been mounted on all concessional highways, fixed installation on pavements. In addition, police officers are deployed on the roads to ensure compliance. Ninety percent (90%) of road accident in Brazil are attributable to human factors and as such the government has developed safety programmes including safety campaigns, construction of slow truck lanes and duelling of roads.

- h) Every city with over 500,000 people is obligated to develop a transportation plan/ urban mobility plan.
- i) The Brazilian Director observed that for a long time, the Country concentrated on development of roads and highways at the expense of rail and ports, which was a major mistake as rail and ports are very crucial in cargo transportation and advised Kenya against making a similar mistake. Road cargo transportation increases the cost of products and their competitiveness. Allocation of funds should thus take into account the importance of rail and ports.

The delegation observed that Kenya's infrastructure had grown significantly over the past few years especially the roads sub-sector, after years of stagnation due to neglect. There were also plans to upgrade the rail, air and sea ports infrastructure. The government is keen on the construction of the Standard Gauge Railway.

## **MEETING WITH THE MANAGER, DEPARTMENT OF SLUM UPGRADING**

The delegation held a meeting with the manager, Department of Slum Upgrading, Ms. Julia Spinelli. The delegation was accompanied by Ms. Peris Kariuki, an officer from the Kenya's Embassy in Brasilia.

The Vice-Chair/Leader of delegation briefed the meeting that sixty percent (60%) of city dwellers in Kenya lives in slums. This makes it necessary for the country to invest adequate resources in slum upgrading programmes. He underscored the need reasons why the Committee/delegation was interested to know how Brazil has solved the problem slums and that of shortage of housing.

On the other hand, the Manager for Slum Upgrading informed the delegation that the problem of slums affects Brazil greatly but the country has somehow managed the problem through scaling up slum upgrading and prevention through national policies and programmes.

She further pointed out that Brazil is experiencing a rapid urbanisation and thus transformed rural to urban settlement.

The slum problems were addressed through the following interventions

### ***Slum Upgrading Program (PAC)***

This programme has implemented the following measures:-

1. Provision of services and infrastructure
2. Regularization of land tenure
3. Erecting high rise structures with all basic facilities
4. Provision of social and physical infrastructure namely; daycare centers, schools, commercial centers, banking services, digital centers, theatre halls and studios, playing grounds for children and health centers
5. Capacity building and skills development
6. Slum pacifications through state and municipal guards
7. Relocation of families from protected and risky settlements areas to pave way for the new social and physical development. The relocation option include;
  - a) Giving families new homes in social housing schemes
  - b) Compensation
  - c) Facilitating families to settle in another area by paying their rent

It is important to note that relocation is done within the settlement. Some of the relocation from protected areas is housed in social housing free of charge.

8. Provision of social assistance e.g. social work, development of skills etc
9. Subsidized utility services
10. Integration of slums with formal urban development
11. Socioeconomic mapping of possible areas of employment relevant to the market needs.
12. National database of all beneficiaries of slum upgrading in the country

### ***Social housing for;***

Relocation of settlement from protected areas and provision of houses for free but payment for basic services required.

### ***My house, My Life Program***

This is a program that addresses housing deficits and is a form of subsidized tenant purchase scheme.

It aims at increasing opportunity for accessible housing, generating employment in the construction industry and delivering three (3) million houses. The instruments used are the tax incentives on companies and developers, reduction of taxes for materials and subsidy policy for families.

## **MEETING WITH THE CONGRESSIONAL COMMITTEE ON URBAN**

## **DEVELOPMENT AT THE BRAZILIAN CONGRESS**

The Chair of the Congressional Committee on Urban Development welcomed the Kenyan delegation. He reiterated the fact that the cordial relationship between the former president, H.E Lula and there is need for the same to be continued. He outlined the mandate of the Committee which among them entails the oversight of the policies regarding urban development.

He informed the delegation that:-

1. Majority of Brazilians currently lives in decent houses. The ministry of Cities is responsible for financing housing projects in the country.
2. Development of houses and any other infrastructural projects takes into consideration of the needs of all persons living with disabilities. More often than note the government has been undertaking programme to accelerate urban development in the country.
3. Majority of the people in Rio De Janeiro lives in slum settlement and the government is in the process of moving the people to another regions to allow for the development of such areas.
4. The program My house my Life emanated from the executive but the members of the congress perfected the idea since most of them had served as mayors of Cities and they were conversant with the housing problems in Brazil. The program involves the private sector in the implementation of the programme. Private companies are involved in the construction of the houses. The government buys the land and the private companies are contracted to construct the houses which are in turn sold to members of the public at a fair price.

On the other hand the leader of the delegation thanked the Committee for the invitation. He indicated that the Committee was more interested in getting firsthand experience on how the government of Brazil manages the housing sector. Further the delegation wanted to understand how the agenda of the public gets to the Committee.

## **MEETING WITH THE HOUSING DEPARTMENT OF THE MUNICIPALITY OF RIO DE JANEIRO**

The delegation held a meeting with the Managing Director of the Housing and Urban Development of the State of Rio De Janeiro. The delegation was accompanied by Ms. Peris kariuki, an officer from the Kenya's Embassy in Brasilia.

The Manager of the housing department informed the delegation that:-

The Department of Housing is responsible for the conduct of housing policy of the State of Rio De Janeiro. Its mandate is to set out guidelines, goals, plans and develop specific programs targeting housing assistance to low-income, with incomes between 1 and 10 minimum wages. The beneficiaries pay 15% of their salaries towards the mortgage for each family with a contract guarantee of 25 years. The mortgage is highly subsidized. The company also has a new program where it is offering housing leases of approximately 5

years.

The housing department has invested exorbitant resources to the housing project for the growth of the city. More importantly, the program integrates both the higher and lower level income earners. Further, the program has integrated the city and the mountains (Bablonia Mountains).

The houses are built increasingly making use of technological innovations, such as solar heating and universal design, which responds to the needs of accessibility, especially for seniors and persons with disabilities. The delegation observed that construction of new homes is carried out with infrastructure such as water, electricity and sewage.

The success of the program/project is attributable to the social policy that has been integrated in the entire Slum Upgrading programme and the design and architectural designs allows for full utilization of the space and ventilations. However, the programme has faced a number of challenges, which include, a competition between the owner (s) of illegal structures and the tenants, secondly, the municipality is forced to refund or compensate the people for the cost of putting up structures in the environmental protected area. Lastly, the project is capital intensive and the estimated cost putting up one apartment is about R \$ 150,000

Over the years, the company has developed over 500,000 units with over 6,000 units under construction. The private financing mortgage period is between 5 and 30 years for low cost houses, and beneficiaries pay 15% of their salary. For houses built on public land, beneficiaries pay a token upon occupation.

Unlike in Kenya whereby, the National Housing Corporation (NHC) utilizes its own resources to put up houses, in Brazil similar companies utilize bank resources to finance the construction. This has ensured that the companies are able to construct a huge number of units at any one time.

The macro challenge for the Department is to promote the provision of housing and urban improvement, guiding the application of resources to reduce the housing needs in the State of Rio De Janeiro.

These programs ensure that the construction of housing for low-income people meet with other public policies aimed at improving the quality of life of the population to benefit directly and the surrounding population as a whole.

The delegation observed that the National Social security Fund in Kenya could be explored in the provision of low cost housing.

## **TOUR TO THE BABYLONIA HOUSING PROJECT, LEME NEIGHBORHOOD**

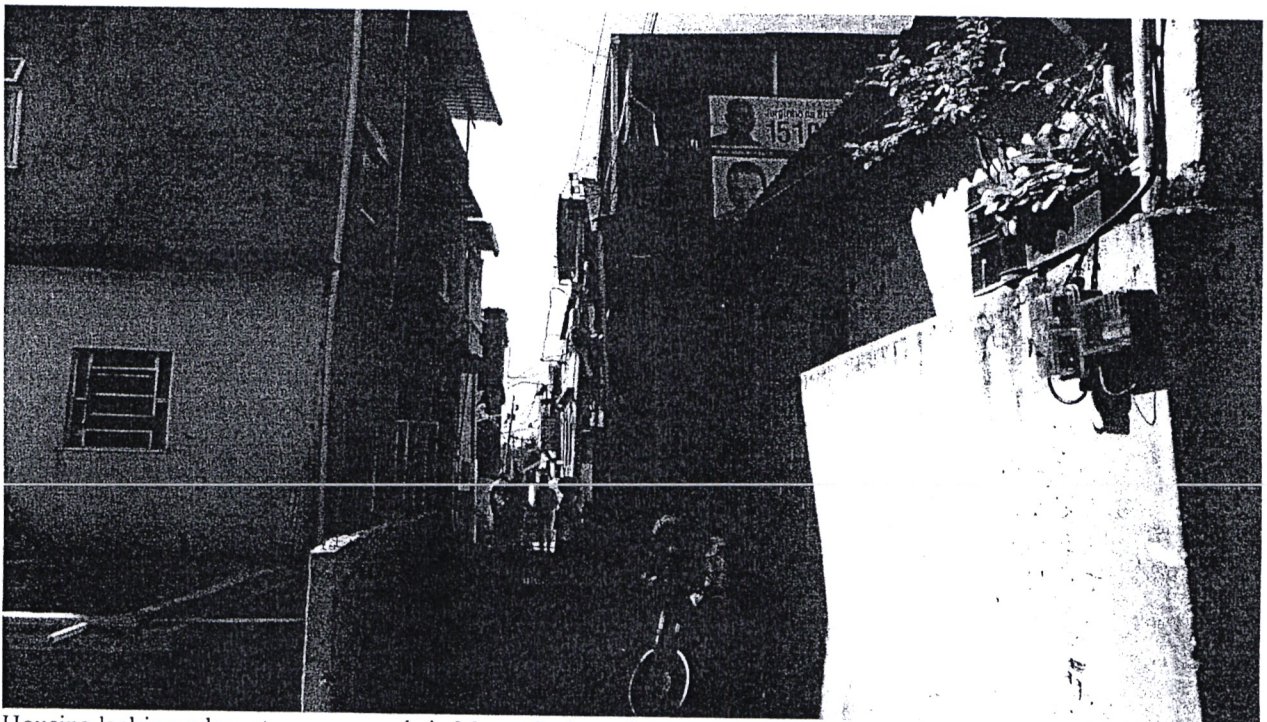
The delegation was taken on an inspection tour of housing projects in Rio De Janeiro.

The delegation was accompanied by Ms. Peris Kariuki, an officer at Kenya Embassy in Brasilia. The made the following observations that:-

1. Different institutions are involved in slum upgrading initiatives and any inadequacy in one institution is addressed by the other institution. For instance the municipality provided land and infrastructure in Rio de Janeiro while the State of Rio provided Cable cars for transport and related infrastructure.
2. The municipality of Rio De Janeiro has invested in social housing prevent the mushrooming of new slums the Government must invest in social housing. The Federal Government of Brazil allocates funds for social housing to benefit the low income earners. In the States of Rio De Janeiro the houses are given for free but pay for utility services though at subsidized rates.
3. For success slum upgrading should be mainstreamed in every sector the ministry of Cities only providing Secretariat and coordination.

The delegation also observed that most of the slums were located on the periphery of cities and especially on hilly terrain not serviced by adequate infrastructure and sanitation facilities. Secondly there were Settlements in risky and protected areas i.e. gazette forest areas. Some slums are precariously located in hilly terrain which predisposes them to mud slides and flood waters. Their presence on protected areas ruins the ecological balance of these areas due to human interference.

Another challenge that was observed by the delegation is that there no basic public facilities. The lack of physical planning has led to construction of houses in the slums in a haphazard manner making it impossible to include basic public facilities like schools, playgrounds and health centers in their locality.



Housing lacking adequate access roads in Morar Carioca slum (Rio de Janeiro Municipality)

# CONCLUSION AND RECOMMENDATIONS

## *CONCLUSION*

The delegation held a successful visit to Brazil. The delegation witnessed a firsthand working of various institutions with a common goal of transforming the public system and housing and slum upgrading programmes in Brazil.

Indeed, Kenya can draw from the Brazilian experience for best practices in the Transport and housing subsectors. Brazil has highly diversified and industrialized emerging economy, largest in Latin America, ranking 6<sup>th</sup> largest economy in the world with a GDP of over US\$ 2.52 trillion and increasing per capita income of US\$ 10 thousand. The economy has grown at its fastest rate (2.7%) in the first three months of the year 2010 raising the Gross Domestic Product by 9% (data as of 2012).

The country has mature manufacturing, mining and agriculture sectors and rapidly expanding technology and services industries. It is also home to the most sophisticated and diversified science, technology and innovation system in Latin America.

Brazil has well-developed infrastructural systems with sound housing programmes, notably the My House My Life Programme.

## *RECOMMENDATIONS*

- i) The Ministry should promote construction of affordable housing in the Country as most available houses are beyond the reach of the majority of citizens.
- ii) The Government should offer incentives to the private sector involved in the provision of low cost houses.
- iii) The Government should have a certain fixed percentage of the National Budget towards provision of housing.
- iv) The Government should ensure National and County housing plans are complementary.
- v) The Government should ensure that the construction of new homes is carried out with infrastructure such as water, electricity and sewage; Services such as trade and transport; and community facilities such as schools and health clinics.
- vi) The Government should ensure recycling of waste from housing programmes.
- vii) The National Treasury should increase funding to the infrastructure sector and ensure a balance in allocations to roads, ports and railways. The importance of rail and ports should not be underestimated as they have direct impact on cost of products and their competitiveness.
- viii) The Kenya Parliament should fast track the establishment of the Kenya-Brazil Parliamentary Caucus.