

No.F.1(108)/DD-II/PPRA/2009
GOVERNMENT OF PAKISTAN
PUBLIC PROCUREMENT REGULATORY AUTHORITY
(CABINET DIVISION)
◁>◁>

Islamabad, the December 23, 2009.

From : Naeem Ahmed,
Deputy Director – II,

To : Syed Adil Gilani,
Chairman,
Transparency International-Pakistan,
5-C, 2nd Floor,
Khayaban-e-Ittehad, Phase-VII,
Defence Housing Authority,
Karachi.

Subject: **VIOLATION OF PUBLIC PROCUREMENT RULES, 2004 IN
PAKISTAN HOUSING AUTHORITY.**

Please refer to Transparency International-Pakistan's letter No. nil,
dated 1st December, 2009 on the above subject.

2. Your comments were forwarded to Pakistan Housing Authority for
disposal under Rule-48 of Public Procurement Rules, 2004. Procuring Agency has
given a detailed reply to the observations made by Transparency International-
Pakistan and the same is being enclosed for your kind perusal.

(NAEEM AHMED)



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**GOVERNMENT OF PAKISTA
MINISTRY OF HOUSING & WORKS
PAKISTAN HOUSING AUTHORITY**

Ground Floor, Shaheed-e-Millat Secretariat, Blue Area, Islamabad.
F.No. PHA/DG(C&PM)/ISL/09/ 714
Islamabad December 21, 2009

SUBJECT: JOINT VENTURE AGREEMENT WITH M/S MAYMAR HOUSING SERVICES

My dear *Hafeez sb*

Kindly draw your kind attention towards the letter No. F.1(108)/DD-II/PPRA/2009 dated 08.10.09 from your department regarding Violation of Public Procurement Rules, 2004 in Pakistan Housing Authority.

2. We would like to inform that PHA has not violated any Rules/Regulations to enter into this Joint Venture Agreement. As a compulsory procedure, the PHA initiated the Expression of Interest in national dailies by providing equal opportunity to all interested parties to adopt and submit their brief proposal on the approved principle by Prime Minister that "The PHA is allowed to enter into such agreement with Private Parties elsewhere if no financial implication are involved on the part of PHA/Government and the rights of the allottees are duly safeguarded".

3. A detailed brief in chronological order in respect of JV Agreement with M/s Maymar is enclosed for your kind perusal, review and consent of the process adopted as few other agreements are in pipeline with PHA/Ministry of Housing & Works which would be processed once the consent of your department is conveyed to us. It may be added that the country is facing a huge shortage in housing sector and we require a much large number of parties to cooperate in this regard. The role of PHA in the Joint Venture is much more of regulator rather than far material gain.

4. This needs your personal intervention as a matter of priority and kindly feel free to contact us for further information, if any

With profound regards,

Encl: (As Above)



Col. (Retd) Subah Sadia Malik
Managing Director

Mr. Hafeez-ur-Rehman
Managing Director, PPRA, Islamabad

Copy for Information:

1. Mr. Naeem Ahmed, Deputy Director-II, PPRA, Islamabad
2. P.S to Secretary Housing & Works, Ministry of Housing & Works, Islamabad
3. P.S to Minister for Housing & Works, Ministry of Housing & Works, Islamabad

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**PAKISTAN HOUSING AUTHORITY
MINISTRY OF HOUSING & WORKS
ISLAMABAD**

**A BRIEF ON THE JOINT VENTURE AGREEMENT BETWEEN PAKISTAN
HOUSING AUTHORITY & M/S MAYMAR HOUSING SERVICES (PVT) LIMITED**

After the announcement of the Prime Minister on the floor of House in March 2008 for the provision of housing facilities to the government employees as well as the general public, Ministry of Housing and works was entrusted the job of pursuing this programme who onward directed all its departments / organizations for proposals / plans. Pakistan Housing Authority (PHA) being one of its implementation arms also presented proposals and brief indicating the following basic ingredients of housing development as the prime movers:-

- Availability of suitable land at affordable price
- Assurance of utilities mains (electricity, gas, water & sewerage) at the periphery of site by the respective agencies
- Allocation of suitable funds for housing development activities.

Keeping in view the above principles in mind PHA started pursuing the events and same are briefed in chronological order as follows:-

1. PHA advertised, in the national dailies on September 10, 2008 including Dawn, Jang, Nawai-Waqt and Express, an Expression of Interest for JV. The Expression of Interest was called from land owners and from reputed national/ International housing development/ investment companies. The key parameters were defined as:-

For Land Owners

- i. Land being offered should be in compact piece and free from all encumbrances.
- ii. Only real owners with ready possession of land are eligible.
- iii. Demand price of raw land be indicated.
- iv. Availability of utility services at site duly substantiated with evidence.

For Builders/ Construction Companies/ Investment Groups

- i. Land will be arranged by PHA.
 - ii. Interested firms/ parties shall be responsible for designing/ planning, building/ construction, financing and marketing of the project with their investment proposed.
2. The last date of EOI was September 25, 2008 but later on extended October 25, 2008 and then December 25, 2008. Presently the same has been extended till further orders. All the extensions were duly advertised in newspapers.

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3. EOI were received mostly from land owners for sale of land and the PHA's land wing maintained that list. It is worth mentioning that M/s Maymar Housing Services has also applied as land owner of Gulshan-e-Maymar, Karachi.
 4. PHA had prepared some PCIs for the purchase of some selected private land but the CDWP accorded only the principle approval for the purchase of land which too only is the Government owned land, therefore, the both the avenues of EOI were blocked in the manner neither PHA can purchase any private land nor provide any land to interested builders/ construction companies.
 5. In line with decision of CDWP, PHA's land wing pursued all the Provincial Governments and govt. organization but no land has been offered by provincial governments except Govt. of Balochistan who provided two parcels of land free of cost at Quetta.
 6. In view of proceedings explained above the complete details were presented to the Prime Minister during the review meeting of housing programme on April 22, 2009. In that meeting the developers offer for housing development on their own lands and with their own funds was presented and was approved with the proviso that no financial liability be on the part of PHA/GOP.
 7. M/s. Maymar Housing Services offered the development of housing facilities on the lines agreed by the Prime Minister of Pakistan, in principle, on May 05, 2009. PHA authorities had decided that as PHA is maintaining a complete list of the owners and housing developers in response to the EOI published in the national dailies, we should have a set of uniform and transparent procedures for these housing proposals by the housing developers/land owners on the principles approved by the Prime Minister i.e. there will be no financial liability on the part of PHA/GOP. Therefore, a mechanism was developed that after receiving such a proposal from any company following steps would be taken:

Step-1 - The land documents provided by the Company would be sent to the respective revenue authorities as well as the DCO of the area for obtaining the confirmation/verification of the ownership and authenticity of the land area by the Land Wing of PHA. Also, a public notice would be issued in this respect.

Step-2 - The proposal so received by the Company would be analyzed in terms of financial feasibilities by the Financial Consultants of F&A Wing.

Step-3 - The technical aspects of the proposal would be reviewed by the Engineering Consultants of the C&PM Wing.

Step-4 - After having the land clarification and other inputs of the Financial and Technical Consultants it would be examined by an appointed Legal Advisor of PHA.

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Step-5 – Finally a complete JV Agreement would be sent to the Law and Justice Division through the Ministry of Housing and Works for vetting.

8. According to the procedures laid down in light of the EOI and the subsequent concept of development of housing facilities, an MOU was signed between PHA and M/s. Maymar on 25-05-2009 besides this PHA has also signed some MOUs on similar lines with other companies. The land verification had been made by the respective revenue authorities in Karachi and the same was confirmed by them to the Land Wing of PHA. Similarly, the financial and technical review of their proposal as well as the draft agreement was made and after detailed discussion of the Consultants with Maymar authorities and a concise draft of JV agreement alongwith enclosures showing complete details of the business model, its financial arrangements and technical details was sent to the appointed Legal Consultants of PHA for the purpose.
9. After internal legal vetting the draft JV agreement was sent to the Law and Justice Division through Ministry of Housing and Works and on receipt of the legal vetting and approval the JV agreement was signed between PHA and Maymar on 16-07-2009.
10. Another aspect of transparency was observed when, under the provisions of JV agreement, an advertisement was placed in the Press in light of the land verification inviting the parties to inform us if they had any claim or disputes with regard to the above land. So far no claims or disputes from any quarters have been received. After this the JV agreement becomes effective from the date it was signed.
11. A JV Company was established under SECP rules with the name of PHA-Maymar JV Company on 27-08-2009 and its Board Meeting was held on 31-08-2009 in which it was decided that after completing the formalities of the approval of plans by KBCA a project may be launched and may be inaugurated by the Prime Minister at Governor's House, Karachi at his convenience.
12. The project was accordingly inaugurated by the Prime Minister on 05-09-2009 at Governor's House, Karachi and formal sale of brochures started through advertisements in the national dailies by 16-09-2009. It is also pertinent to mention out that KCBA authorities issued all the necessary NOCs to the project of PHA-Maymar Towers after completing their codal formalities.
13. The closing date of the applications was 30-10-2009 and balloting was scheduled for 05-11-2009. The balloting was done on the scheduled date and the apartment numbers and floors identified for the applicants. Afterwards an offer letter was issued to them for depositing the

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downpayment by giving them sufficient time to arrange for this payment. It is also important to highlight here that all the matters starting from the sale of brochures to the issuance of offer letters have been strictly in accordance with PHA rules which were proposed for adoption by KBCA and which have been duly incorporated in their NOC.

14. After giving you all the details of the process adopted by PHA for completing a JV agreement with the housing developers on the concept approved by the Prime Minister of Pakistan under which no financial commitments/liabilities will be borne by PHA/GOP and the entire project will be completed by the developers on their own cost and own land. We feel that PHA has in no way misused the name of GOP nor has it misinformed the public in this respect. We would also like to reiterate that everything has been done in accordance with the NOC and no limits have been exceeded.

In the end it must be emphasized that complete transparency has been observed in the entire process and PHA has nothing to hide. Everything is open for all forums to come and see to check the accuracy. However, we are not supposed to reveal the information to anyone who is in no way related to the ongoing process. Nonetheless, should anyone desire to visit the office of PHA and see for himself the complete record of documentation or would like us to give a brief on the matter, he/she would be most welcome. Please do inform us in advance if you so desire.

We need all the support in this important initiative of the Government to provide housing to Government employees and general public to meet this all-important basic human need.