



6th September 2011

Mr. Faisal Saleh Hayat,
Minister of Housing & Works,
Block B,
Pak Secretariat,
Islamabad.

Sub: Complaint of Violation of Public Procurement Rules, 2004 in Inviting Expression of Interest for Award of Commercial Units and Apartments on 3.2 Acres Prime Land in Karachi- Allegation of Corruption in value of Land

Dear Sir,

Transparency International Pakistan refers to Invitation of Expression of Interest for Award of Commercial Units and Apartments on 3.2 Acres Prime Land in Karachi on PPRA website on 29 August 2011, and the News in Daily Express on Tuesday 6th September on the allegation of collusion in undervaluing land worth Rs 5 Billion to only Rs 35 Carores to favour an already selected party.

The Expression of Interest is violating Public Procurement Rules 2004, on absence of Prequalification Documents under Rule No 16. The rule is stated below for your reference;

16. Pre-qualification process.- (1) *The procuring agency engaging in pre-qualification shall announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criteria, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for prequalification.*

(2) *The procuring agency shall provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any.*

Kindly refer to Public Procurement Regulatory Authority's directive (F.2 (9)/ DD-II/PPRA/2009) dated 07th July 2009, which has reminded your ministry also to strictly follow this rule.

This is important to point out that the evaluation criteria in the pre-qualification documents shall contain marks for each sub category of the following mandatory requirements under Rule No 15;

Rule 15 (2) A procuring agency while engaging in pre-qualification may take into consideration the following factors, namely:-

- (a) relevant experience and past performance;*
- (b) capabilities with respect to personnel, equipment, and plant;*



- (c) financial position;
- (d) appropriate managerial capability; and
- (e) any other factor that a procuring agency may deem relevant, not inconsistent with these rules.

The above information is forwarded for the purpose of avoiding the mis-procurement charge under Rule No 50, and with request to re-invite the tender under the prescribed procedures.

The following allegations published in daily Express also needs to be clarified by PHA;

1. PHA does not have the mandate to build commercial units, as it was formed only for the purpose to provide economic housing g to government officers.
2. The value of 3.12 acres Land is Rs 5 Billion, and it has been evaluated by PWD and PHA as Rs 35 million only.
3. The land does not belong to PHA and is not held in its name, then why the expression of interest has categorically stated that the land belong to PHA.
4. Why actual value of Land Rs 5 Billion as PHA equity, is not declared to the bidders,

If above fact as reported in the Daily Express are true, TI Pakistan request the Minister to order an inquiry on the violations of Rules, and actions under the rules against the officer responsible for these violations, and recover the loss to exchequer from the violators/suppliers, and report the case for action NAO 1999.

Your sincerely,


Syed Adil Gilani,
Adviser

Copies forwarded for the information of,

1. Chairman Public Accounts Committee, National Assembly, Islamabad
2. Registrar, Supreme Court of Pakistan, Islamabad
3. Chairman NAB, Islamabad
4. Auditor General Pakistan, Islamabad
5. Managing Director PPRA , Islamabad

August 29, 2011

Prime Minister's Housing Programme
Expression of Interest

Joint Venture (JV)

Pakistan Housing Authority (PHA)/Ministry of Housing & Works is undertaking a mega project for construction of Apartments and Commercial units (High Rise) at its plot measuring 3.14 acres located at Cantt. Saddar Area, near Cantt. Station, Fatima Jinnah Road, Karachi. Expression of Interest (EOIs) are invited for the Project Development from well reputed housing development/investment and management companies. Interested parties/ groups or consortium, with vast experience in the relevant area and excellent resources, may apply with business plan they have or may bring together the different skills and resources (including financial resources) needed for successful undertaking of the housing project.

1. Key parameters for active participation in housing developments by investment and management companies/ consortium:

- A) Land ownership with position is of PHA/Ministry of Housing and Works and value of land will be accounted towards equity PHA in the project.
- B) Interested Companies shall be responsible for building / construction, financing, marketing / sales of the project in collaboration with PHA through a JV company.

2. Following details must be provided with proposals:-

- a) Full name of the company, group etc., and permanent address with evidences of incorporation and structure of consortium.
 - b) Detailed status of the company, group or consortium.
 - c) Structure of the company (organization chart and Curriculum vitae (CV) of key personnel for the project such as Chief Executive, Project Manager, Marketing Manager, Construction Manager and Finance Manager detailing the relevant experience and qualifications).
 - d) The overall project time line shall be submitted.
 - e) The proposed building plan for the project comprising of financial model (project balance sheet, earning statement, cash flow statement and profit & loss statement) for each operational year.
 - f) The business Plan shall describe:
 - Sales and Marketing Strategy
 - Advertising Agency
 - Delivery and Facility Management Strategy
 - Construction Supervision Strategy
 - Schedule Showing Profit Disbursement Ratio and Plan
 - Conditions and Investment
 - g) Yearly turnover for last 10 years of the company.
 - h) Experience of similar works with relevant details.
 - i) Experience of marketing of projects (local and international).
 - j) Details of already executed projects, along with project cost, covered area and number of storeys (residential or commercial)
 - k) Financial status (bank statement, balance sheet and audit reports for last 3 years)
 - l) Bank certificate showing financial worth of the company shall be provided (addressed to PHA).
 - m) Copy of NTN certificate.
 - n) Undertaking that the company has never blacklisted by any government / semi-government department(s).
 - o) Undertaking that the company has never involved in any litigation with any of its clients.
 - p) In case of foreign company, the name of local company/group which would be associated in the project.
- IV. Detailed TORs can be obtained from PHA on payment of **Rs. 5000/-** in shape of Bank Draft/Pay Order issued in favour of PHA.
- III. Authority reserves the right to reject all the bids/proposals at any time prior to the acceptance of a bid or proposal. However, it shall communicate the grounds for rejection of all proposals on request but is not required to justify those grounds.
- IV. EOIs must reach within fifteen (15) days from the date of publication.



Pakistan Housing Authority
Ministry of Housing & Works, Government of Pakistan



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